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WEALTH CREATION THROUGH ECONOMIC VALUE ADDED. AN EXAMINATION FROM ONE OF THE WORLD'S LARGEST GROWING ECONOMIES

Profit maximization as a concept is age-old, wealth maximization is matured and value maximization is today's wisdom. There is a radical change in the performance and measurement criteria of corporate entities from the traditional profit based measures like Earning Per Share, Return On Capital Employed, Return On Net Worth, Net Profit Margin, Operate Profit Margin to the new value based feat measures like Market Value Added, Shareholder Value Added, Cash Value Added, and Economic Value Added. Among these concepts, Economic Value Added (EVA) has received attention and recognition in accounting and financial literature as a vital tool to measure corporate performance. As a measure of performance, EVA comes closer than any other tool representing the true economic profit of an enterprise. **Objective:-**This study aims to measure the wealth creation by FMCG organizations through economic value added concept between 2011-12 to 2018-2019. **Methods:-**For this study, top 10 organizations with high market capitalization was selected from the Bombay Stock Exchange (BSE India) listed fast moving consumer goods

company (FMCG) companies. The analysis of wealth creation through economic value added concept is done in two parts:

I. The relationship between economic value added and shareholder's value created.

II. The relationship between economic value added and market value added.

(Rappaport A. , 1986), (Monks, R.A.G, & Minnow, 2011)(Jenson, 2002) and (Smith, 2003) opined that, in order to create value for shareholders, management is required to maximise shareholder returns. In order to evaluate the position of wealth creation of listed companies, the shareholder's return is often compared with other benchmarks. **Findings:-**By comparing the shareholders return with other benchmarks, it was found that FMCG companies in BSE has created wealth for their shareholders in the period of study. There is a significant relationship between EVA and Created Shareholders Value (CSV) of FMCG sector companies. The analysis shows that there was also a noteworthy relationship between CSV with Market Value Added (MVA). MVA is a concept that is equal with total of present value of future stream of EVA.