11 Lecture - MGT201

Important Mcqs

- 1. Which of the following is a special area of capital budgeting?
 - a. Payback period
 - b. Strategic investment decisions
 - c. Net present value
 - d. Internal rate of return

Answer: b. Strategic investment decisions

2. Real options analysis is an approach used to:

- a. Determine project cash flows
- b. Evaluate the timing of cash flows
- c. Incorporate uncertainty into capital budgeting decisions
- d. Calculate the profitability index

Answer: c. Incorporate uncertainty into capital budgeting decisions

3. Green investment decisions refer to investments that:

- a. Have a positive impact on the environment
- b. Are financially unprofitable
- c. Do not require significant funding
- d. Are unrelated to environmental sustainability

Answer: a. Have a positive impact on the environment

4. Which of the following is not a special area of capital budgeting?

- a. Risk analysis
- b. Joint ventures
- c. Profitability index
- d. Divestitures

Answer: c. Profitability index

5. Mergers and acquisitions are an example of:

- a. Green investment decisions
- b. Strategic investment decisions
- c. Real options analysis
- d. Risk analysis

Answer: b. Strategic investment decisions

- 6. Which approach is used to evaluate the value of management flexibility in making investment decisions?
 - a. Real options analysis

- b. MIRR
- c. Payback period
- d. Profitability index

Answer: a. Real options analysis

- 7. Which of the following is a key factor in assessing the risk associated with a capital budgeting project?
 - a. Project timing
 - b. Net present value
 - c. Inflation rates
 - d. Uncertainty

Answer: d. Uncertainty

8. Divestitures refer to:

- a. Investments made in green technology
- b. Selling off a portion of the company
- c. Investment decisions made by joint ventures
- d. Investments made to expand the company's product line

Answer: b. Selling off a portion of the company

9. Joint ventures are a type of:

- a. Strategic investment decision
- b. Real options analysis
- c. Green investment decision
- d. Risk analysis

Answer: a. Strategic investment decision

10. Risk analysis involves:

- a. Determining the value of management flexibility
- b. Evaluating the environmental impact of a project
- c. Analyzing the likelihood and impact of various risks
- d. Calculating the profitability of a project

Answer: c. Analyzing the likelihood and impact of various risks