

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