



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024_2 EXAMINATION**

COURSE TITLE:	PROJECT EVALUATION
COURSE CODE:	ECO 329
CREDIT UNITS:	3 UNITS
TIME ALLOWED:	3 HOURS
INSTRUCTION:	ANSWER QUESTION ONE AND ANY OTHER THREE (3) QUESTIONS

QUESTION ONE

- 1a. Describe the five basic forces that influence the state of competition within an industry. (10 marks)
- 1b. Discuss how the threat of new entrants and substitute goods can influence competition in an industry. (6 marks)
- 1c. Define and differentiate between direct and indirect labour in the context of a manufacturing project (4 marks)
- 1d. Discuss the importance of proper job definitions and departmentalization in project planning and structuring. (5 marks)

QUESTION TWO

- 2a.** How can an evaluation support decision-making and future planning in project management? (7.5 marks)
- 2b.** What are the key components you would evaluate in the Technical and Engineering Segment of project evaluation? (7.5 marks)

QUESTION THREE

- a) Define the concept of Discounted Cash Flow (DCF) methods and why they are preferred over traditional methods. (3.75 marks)
- b) Explain the Net Present Value (NPV) method and its interpretation. (3.75 marks)
- c) Discuss the limitations of the NPV method. (3.75 marks)
- d) Define and explain the Internal Rate of Return (IRR) method and discuss its strengths and weaknesses. (3.75 marks)

QUESTION FOUR

- a) Explain the concept of "Subjective Risk and Attitude to Risk". Discuss the three different attitudes towards risk. (5 marks)
- b) Discuss the challenges in calculating objective estimates of future loss probabilities in risk management. (5 marks)
- c) Explain the relationship between a person's risk aversion and uncertainty. Discuss the influences on a person's risk aversion. (5 marks)

QUESTION FIVE

- a. Discuss the importance of project feasibility study and give examples. (7.5 marks).
- b. Define what a Project Life Cycle is and discuss its stages. (7.5 marks)