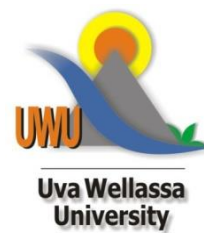


**Uva Wellassa University**  
**Faculty of Animal Science & Export Agriculture**  
**BSc in Tea Technology & Value Addition**



**End Semester Examination June / August 2016**  
**Year III Semester I**

**Tea Resource Economics (TEA 341 – 2)**

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**Instructions**

Answer **all** questions

No. of questions : Three (03)

No. of pages : Two (02)

Total marks allocated : 60 %

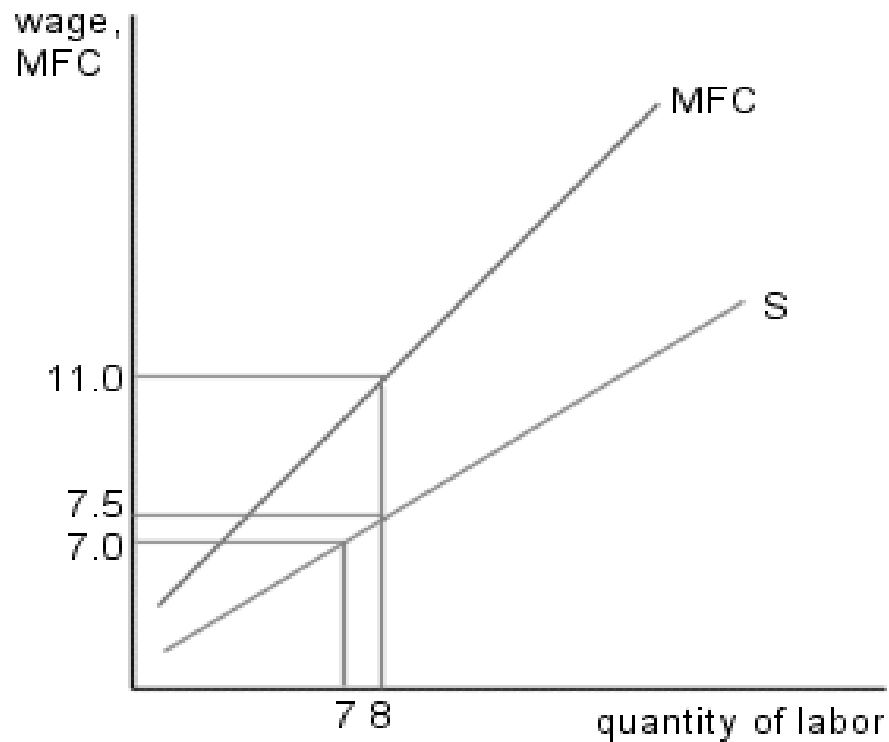
Time : One Hour (1hr)

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**PART I I– ESSAY**

1.
  - a. Distinguish between the followings:
    - i. Demand and Derived Demand
    - ii. Marginal Revenue Product (MRP) and Value Marginal Product (VMP) of labor
    - iii. Substitution effect and income effect of labor
    - iv. Monopoly and Monopsony
  - b. Briefly explain what firms do when;
    - i.  $MRP > MFC$
    - ii.  $MRP < MFC$
  - c. Derive the equation for MRP curve and briefly explain it using illustrations

- d. The following graph shows the Supply Curve (S) and the Marginal Factor Cost curve (MFC) of labor. Briefly explain it.



2.
  - a. Briefly explain the factors that affect for the valuation of a tea bush.
  - b. Explain the two (02) approaches that can be used to estimate the value of tea as a perennial crop.
3.
  - a. What is meant by project appraisal?
  - b. Briefly explain the stages in a project appraisal