



BSc in Tea Technology & Value Addition
Third Year First Semester Examination –June/ July 2017

Tea Resource Economics (TEA 341 – 2)
Section I – Structured Questions

Instructions:

Answer **all** questions in the given space.

No. of questions : Three (03)

No. of pages : Two (02)

Time : One (01) hour

Total marks allocated : 40%

Index Number

1.

(I) Define the term project appraisal

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(II) List five roles of project appraisal

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(III) Identify the stages of project appraisal

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(IV) List two major points of view of project appraisal

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(V) The table given below compares financial project appraisal and economic project appraisal. Fill it with three main differences between them.

Economic Appraisal	Financial Appraisal
a)	
b)	
c)	

(VI) List two undiscounted cash flow techniques of financial analysis of a project.

a)

b)

(VII) List three advantages in the use of either (a) or (b)

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(VIII) Net Present Value (NPV) is discounted cash flow method of financial appraisal of a project.

a) List five cash inflows and five cash outflows

Inflows

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Outflows

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b) What is meant by time value of money

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c) Define the term NPV (you are required to write the mathematical formula)

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d) What is the decision made by you if

NPV = 0

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NPV > 0

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NPV < 0

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e) Compare the project A and B using given data. Use NPV method of evaluation

Project – A

Investment on the project : Rs 10,00,000/-

Life of the project : 5 years

Period of implementation : 1 year

Cost of capital : 15%

Year	1	2	3	4	5
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Cash Inflow	2,00,000/-	3,00,000/-	4,00,000/-	3,00,000/-	1,00,000/-

Project – B

Investment on the project : Rs 10,00,000/-

Life of the project : 5 years

Period of implementation : 1 year

Cost of capital : 13%

Year	1	2	3	4	5
Cash Inflow	3,00,000/-	4,00,000/-	4,00,000/-	3,00,000/-	2,00,000/-

[End of the Section I]