



Uva Wellassa University
Faculty of Animal Science & Export Agriculture

BSc in Tea Technology and Value Addition
End Semester Examination September/October 2012



**Uva Wellassa
University**

Year III Semester II
Tea Resource Economics (TEA 341 -2)

Instructions

Answer all the questions

No. of questions : Three (03)
No. of pages : Three (03)
Time : One hour (01 hr)
Total marks allocated: 60%

Index No:

Part III - Essay

Question 01

- I. Explain the factors that affect on worker supply and demand.

- II. What are the strategies that could be adopted to overcome worker imbalance in tea plantations?

- III. Explain the factors that influence on the efficiency of the work force in tea sector.

Question 02

Project appraisal is a detailed examination of several aspects of a given project before recommending the same.

- I. Briefly explain the following using simple examples**
 - a. Undiscounted measures of project appraisal**
 - b. Discounted measures of project appraisal**

- II. Identify**
 - a. types of secondary cost and benefits of project**
 - b. intangible benefits of project**

- III. What is meant by shadow price?**
- IV. How does it help in project appraisal**
- V. What is the problem of using world market price to reflect the true value of products?**
- VI. How do you value the following in project appraisal?**
 - a. Labor**
 - b. Land**
 - c. Capital**
 - d. Foreign exchange**

Question 03

Suppose you are a superintendent of a tea estate and you will have to make a decision on replanting of 20 ha of tea lands. Given table gives a stream of benefits and costs per hectare that would occur within 15 years. Would you continue with replanting? (Discount rate is 9.5 %.) Discuss.

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Benefits															
Annual yield	0	0	0	0	3485	3776	5685	2755	3694	4003	6026	2920	3694	4003	6026
Revenue	0	0	0	0	1216405	1317853	1983998	961476	1289368	1396925	2103038	1019165	1289368	1396925	2103038
Cost															
Replanting cost	661742	80142	1020943	323487	233546										
Plucking cost			0		407792	438026	648068	327839	428558	464307	686952	344589	428558	464307	686952
Processing cost			0		214631	232531	350071	169650	227505	246483	371075	179829	227505	246483	371075
Fertilizer application						70377	70378	60178	70378	70378	70378	60178	70378	70378	70378
Other maintenance cost					199453	199453	199453	199453	199453	199453	199453	199453	199453	199453	199453

