



Uva Wellassa University
Faculty of Animal Science & Export Agriculture
BSc in Export Agriculture



End Semester Examination March/April 2013
Year IV Semester I

Agricultural Project Analysis EAG 425 - 2

Instructions

Answer all the questions

- No. of questions : Two (02)
- No .of pages : Three (03)
- Time : 01 hour
- Total marks allocated: 50 %

Index No:

PART II - ESSAY

Question 01

(25 marks)

- I. What is project scheduling?
- II. Define the following basic network terminology.
 - a. Concurrent Activity
 - b. Preceding Activity
 - c. Succeeding Activity
 - d. Dummy Activity
- III. Using Gantt chart, estimate the project completion time for the following project.

Activity	A	B	C	D	E	F
Preceding Activity	None	None	A	A	B	D & E
Duration (days)	10	8	14	7	6	8

- IV. AIC Agro Foods Ltd is planning to introduce a new product for sale in the market. The table below provides a list of the activities required to plan and control this marketing project effectively.

Activity	Immediate predecessors	Expected duration
A Initial discussions	-	6
B Product design	A	22
C Market Survey	A	17
D Market Evaluation	C	3
E Product costing	B	9
F Sales plan	C	12
G Product pricing	D,E	4
H Prototype construction	F,G	22
I Market information	B	15
J Prototype testing	H,I	17

- Draw a network to represent the various activities of the marketing project.
- Determine the critical path and minimum project time.

Question 02

(25 marks)

I. The details of a proposed are as under:

- Capital investment : Rs. 20, 00,000
- Life of the project : 6 years
- Project implementation period : 1 year
- Cost of Capital : 14%

Year	1	2	3	4	5	6
Cash flow (Rs)	200,000	300,000	500,000	400,000	400,000	300,000

Assess if the project is worthwhile to be taken up for implementation. Use NPV method of evaluation.

II. Two projects A & B have initial capital investment of Rs 10, 00,000 each. The cash inflows of the two projects are as under.

Year	Project A (Rs)	Project B (Rs)
1	4,00,000	2,50,000
2	5,00,000	3,50,000
3	1,00,000	2,50,000
4	25,000	1,50,000
5	25,000	2,00,000
6	20,000	1,75,000

Choose one out of the two projects on the basis of pay-back period method of evaluation.