

FINAL YEAR SECOND SEMESTER EXAMINATION IN AGRICULTURE 2007

AEC 4108 AGRICULTURAL PROJECT ANALYSIS

END SEMESTER EXAMINATION

Time allowed: Two hours

Answer all questions.

1. (a) Define

(i) Project

(ii) Programme

b. List the practical limitations of project analysis.

c. Differentiate the economic analysis from the financial analysis.

d. What are the elements of FOB (Free On Board) and CIF (Cost, Insurance and Fright) prices?

e. What is meant by Environmental Impact Analysis ?

f. Why does the sensitivity analysis important in project analysis ?

(40 marks)

2. (a) Explain on the importance of different activities involved in the project cycle.

(b) You as a project leader of a consultancy firm have been requested to identify the Benefits and cost of the following project. List only the items / components involved.

i. Irrigated land settlement project

ii. Forestry Project

(20 marks)

3. (a) Why does money have time value?

(b) Define the pay back period for an Agricultural Project. Briefly discuss the advantages and limitations of this project measure.

c. State the different measures that are employed to measure of profitability which relates income to investment.

(20 marks)

4. The following hypothetical information were given on two pump irrigation projects 'A' and 'B'.

Project – A

Year	Gross Cost (Rs)	Value of incremental Production
1	30,000	-
2	5,000	20,000
3	5,000	20,000
4	-	-

Project – B

Year	Gross Cost (Rs)	Value of incremental Production
1	30,000	-
2	5,000	7,000
3	5,000	31,000
4	5,000	19,000

Using the above information calculate Net Present Value, Benefit Cost Ratio and the Internal Rate of Return at 12 % discount rate.

Show how would you make your choice between these two projects?

(20 marks)