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by

Mukumban/Thshiyhase tea estate, Vhembe District, Limpopo Province
Economic analysis of value addition on tea: A case study of the

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Key words: Benefit cost ratio, net present value, profitability index, strategies, tea.

Value addition

Costs.

Investing on capital than on human capital since labor contributes 60% of the total costs, high minimum wages and stiff competition. One of the strategies could be to revise its strategies. The identified challenges include high input costs. This entails that the initiative is not viable and there is need for the economic conditions to improve. The NPY and BCR were found to be -69881.19 and 0.380647627 respectively. The results show that the net present value was not viable for the period under review. Using a 10% discount rate, the NPY and BCR were found to be -69881.19 and 0.380647627 and the benefit cost ratio (BCR) were used. The time series primary data used sold for the analysis were obtained during 2005-2012 period. The results show that the results may add value by blending, branding or packaging by tea before sale.

Cost-benefit analysis is a strategy or formula for evaluating the potential for any type of operation cost incurred and the benefits accrued when the operation is conducted. This study seeks to determine the costs and benefits associated with the value.