THE OPEN UNIVERSITY OF SRI LANKA

ENTREPRENEURSHIP AND SMALL

BUSINESS MANAGEMENT PROGRAMME

FINAL EXAMINATION – 2006/2007

MCC 1103 – BASIC STATISTICS & ECONOMICS

DURATION : TWO (02) HOURS

Date : 27th January 2007   Time: 10.00 a.m. – 12.00 noon

GENERAL INSTRUCTIONS.

1.   Answer Four (04) questions, selecting TWO (02) questions from PART 'A' and TWO (02) questions from PART 'B'.
2.   It is advisable to spend one hour for each part.
3.   Provide answers for each part separately in separate answer books and hand over them separately.
4.   Graph papers will be provided.
5.   Non programmable calculators are allowed.
6.   All questions carry equal marks.

PART - A

01.   i.   Using the production possibility curve explain the following
            a.   choice & scarcity
            b.   inefficient level of production
            c.   unattainable level of production

                                                                    (4x3=12)

       ii.   Briefly explain how a country that has market economic system could solve the three fundamental economic problems.

                                                                    (13 marks)

02.   i.   What is the law of demand?   (3 marks)

       ii.   "Change in demand and change in quantity demanded do not mean the same" Do you agree? Explain using illustrations.

                                                                    (10 marks)

       iii.   Using the demand and supply analysis explain the market outcome of the following conditions.
            a)   Severe drought destroys the banana cultivation in the island.
            b)   People expect the price of Motor cycles to rise in the future.
            c)   When price of wheat flour increases market for bread.
            d)   When income of people increases, market for colour T.V.

                                                                    (3x4=12 marks)

03. Write brief notes on the following.

 a) Increasing opportunity cost
 b) Normative Economic analysis
 c) Oligopoly
 d) Effect of taxes and subsidies on supply
 e) Advantages of specialization

(5x5=25 marks)

04. Suppose a friend of yours is planning to start a restaurant. As a person who has knowledge in market structures, explain to your friend the kind of market in which he is going to operate. How will this knowledge help him to operate his business successfully?

(25 marks)

PART - B

01. i. Evaluate

 a) $\dfrac{\lfloor 14}{\lfloor 4 \ \lfloor 11}$

 b) $8 \times (4)^{-\frac{3}{2}}$

 c) $\log_3 243$

(09 marks)

 ii. Solve the following equations.

 a) $3x^2 = 5(x^2-10)$

 b) A man moves from A to B at the rate of 4 km per hour. Had he moved at the rate of $3\frac{2}{3}$ km an hour, he would have taken 3 hrs more to move that distance. Find the distance between A and B.

(16 marks)

02. i. Explain the following concepts

 a) Sample frame
 b) Sampling error

(08 marks)

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ii. Explain the difference between primary and secondary data.

(5 marks)

iii. Discuss the advantages and disadvantages of the following methods of collecting data.

a) Direct observation
b) Postal questionnaire
c) Interview

(12 marks)

03. The following data relates to the number of days of leave taken by 30 employees during the previous year.

32	32	33	32	31	32
33	31	34	33	32	32
30	34	32	30	31	33
33	32	33	31	32	31
32	30	33	33	31	34

a) Construct an ungrouped frequency distribution for the above data.

(8 marks)

b) Draw a suitable chart to present the above data.

(07 marks)

c) Calculate the mean and Standard Deviation.

(10 marks)

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