

**UNIVERSITY OF COLOMBO, SRI LANKA
FACULTY OF MANAGEMENT AND FINANCE**

**Bachelor of Business Administration (Level II – Semester VI)
Examination – December 2017**

BEC 2212 – Economics of Small and Medium Size Enterprises

Two (02) Hours

Answer Three (03) Questions Including Question 1. This is an Open Book Examination.

1. “Small and Medium Enterprises (SMEs) have many benefits which help to promote economic development in Sri Lanka. However, Sri Lankan SMEs have not realized their full potential compared to other nations. Specially innovation, which is essential for development, is not adequate in Sri Lankan SMEs and is dependent on firm and owner characteristics. All in all the government needs to take many steps to promote Sri Lankan SMEs to help them overcome their difficulties and reach their full potential.”

Critically evaluate the validity of the main points in the above paragraph.

(60 Marks)

2. “There are two main arguments as to why self-employment arises. In Sri Lanka it appears that both arguments are applicable”. Do you agree with this statement? Justify your answer.

(20 Marks)

3. “Entrepreneurial networks provide many resources to Sri Lankan SMEs which have an impact on their performance”. Do you agree with this statement? Justify your answer.

(20 Marks)

4. ‘Clusters, though common in many sectors in Sri Lanka, have not reached their full potential.’ Do you agree with this statement? Justify your answer.

(20 Marks)
