

IC-104

Fellowship

# EXAMINATION QUESTION PAPERS MAY 2006



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INSURANCE INSTITUTE OF INDIA  
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Sir P. M. Road, Fort,  
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**FELLOWSHIP EXAMINATION**  
**STATISTICS**

Time: 3 Hours]

[Total Marks : 100

Answer any FIVE questions only.  
All questions carry 20 marks each.

(An extract from the table of areas of the standard normal curve  
between 0 and x is given at the end)

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|----|--|-------|
|    |  | Marks |
| 1. | a) The probability that at least 2 of 3 persons X, Y and Z will survive for 10 years is $\frac{247}{315}$ . The probability that Y alone will survive for 10 years is $\frac{4}{63}$ and the probability that X alone will die within 10 years is $\frac{2}{9}$ . Assuming that the events of survival of X, Y and Z can be regarded as independent, calculate the probability of each person surviving 10 years.  | 12    |
|    | b) Buses of 4 routes A, B, C, D call at a certain bus-stop, and out of every 14 buses it can be assumed that 5 are 'A', 4 are 'B', 3 are 'C' and 2 are 'D'. Two types of buses, old and new, are in service in equal numbers taking all 4 routes together, but the numbers of new buses on the different routes are such that if a person boards a new bus without noticing its route indication, it is equally likely to be on any of the 4 routes. A person boards an old bus without noticing its route indication. Calculate the probability from first principles that the bus is on route 'A'. | 8     |
| 2. | An agricultural experiment gave the following results for the cost of production of wheat per acre. Columns correspond to blocks and rows to treatments. Discuss the variation of the cost of production with each of the two factors.   | 20    |

TREATMENTS	BLOCKS					
	I	II	III	IV	V	VI
A	3.5	4.7	2.8	4.5	3.8	4.7
B	4.0	5.3	3.0	3.6	2.2	5.1
C	2.5	5.6	2.8	4.0	2.0	6.0
D	3.7	4.0	4.2	3.4	4.6	4.3
E	4.3	4.4	3.2	5.5	3.4	3.9

Given that  $F_{0.05} = 2.87$  for degrees of freedom 4 and 20 and  
 $F_{0.05} = 2.71$  for degrees of freedom 5 and 20

3. a) Two unbiased dices are thrown. Find the probability of the product of numbers appearing on upper faces 12  
 i) 6 or less  
 ii) 18 or more
- b) Just before the polling day of election, a newspaper conducts a survey for estimating the proportion of voters likely to vote for the party X. What should be minimum size of the sample if the editor wants to be 90% confident that error in estimate will not exceed 0.05? 3
- c) In what way the answer will differ, if it is known that the required proportion will be between 5  
 i) 0.5 & 0.6  
 ii) 0.3 & 0.4  
 iii) 0.7 & 0.8

4. The table below gives a frequency distribution of the marks obtained in 'English Subject' by 1000 successful candidates at a recruitment test conducted by an Insurance Company.

Marks in English X	50	51	52	53	54	55	56	57	58	59	60	61
No. of Candidates f	16	93	181	196	163	120	83	56	38	26	17	11

Using the above data, calculate in respect of variable 'X' the following :

- i) a) Mean b) Mode c) Median 10  
 d) Lower Quartile e) Upper Quartile
- ii) a) Quartile Deviation 2  
 b) Standard Deviation 3  
 c) Mean Deviation 5
5. The Table below gives the observed values of Y corresponding to the given values of X.

Variable X →	21	24	27	29	30	32	35	38	40	43
Variable Y →	21	23	25	26	27	28	30	32	33	35

- i) Find the co-efficient of co-rrlation between 'X' and 'Y'. 10
- ii) Find the equation of the regression line of 'Y' on 'X' and calculate the value of Y when X = 46. 5
- iii) Find the equation of the regression line of 'X' on 'Y' and calculate the value of X when Y = 37 5



6. a) What are the Type I Error and Type II Error ? 2
- b) A company manufacturing biscuits, packs its products in packets of 100 gms. The packets will not usually weigh exactly 100 gms. but will either weigh slightly less than or greater than 100 gms. The standard deviation of the weights of packets is known to be 3 gms. from the past experience. The quality control section takes a sample of 36 packets every day and finds its average. If the probability of Type I error is fixed at 5%, what should be the minimum value for the sample mean, to adjust the machine, if the sample mean is found to be less than this minimum prescribed value. 10
- c) Calculate the probability of Type I error. When population mean is 8
- i) 99 gms.
- ii) 98.5 gms.
7. a) A random variable  $X$  is defined as the number of failures before the first success in a sequence of independent Bernoulli trials, where the probability of success is  $\theta$ , at any trial and it remains the same throughout. Derive the probability distribution of  $X$ , state the formulae for expected value and variance of  $X$ . 15
- b) A box contains 100 balls, of which 20 are red and the remaining balls are white. After shaking the box well, one ball is drawn at random, its colour is noted and the ball is replaced in the box. The process is repeated a number of times. 5
- i) Find the probability that the red ball will appear for the first time in the 4<sup>th</sup> draw.
- ii) Find the probability that the red ball will appear for the 2<sup>nd</sup> time in the 4<sup>th</sup> draw.
8. The figures of consumption of cold drinks are tabulated below :-

Consumption of Cold Drinks in '000 bottles

Year → ↓	Quarter	Quarter	Quarter	Quarter	Total
	I	II	III	IV	
2001	90	75	87	70	322
2002	75	80	78	75	308
2003	80	75	75	72	302
2004	85	82	80	81	328
<b>Total :</b>	<b>330</b>	<b>312</b>	<b>320</b>	<b>298</b>	<b>1260</b>

- a) Obtain trend value for each quarter 10
- b) Isolate random variations taking the following as quarterly Indices estimated from recent past experience. 6

QUARTER →	I	II	III	IV
INDEX →	104.66	101.63	100.73	92.98

- c) Ignoring the random variations, forecast the quarterly consumption of cold drinks for the year 2005. 4

TABLE SHOWING AREAS OF THE STANDARD NORMAL CURVE FOR VALUE OF 'X' BETWEEN '0' AND 'x'			
X	AREA	X	AREA
0.1	0.0398	1.1	0.3643
0.2	0.0793	1.2	0.3849
0.3	0.1179	1.3	0.4032
0.4	0.1554	1.4	0.4192
0.5	0.1915	1.5	0.4332
0.6	0.2257	1.6	0.4452
		1.645	0.4500
0.7	0.2580	1.7	0.4554
0.8	0.2881	1.8	0.4641
		1.9	0.4713
0.9	0.3159	1.96	0.4750
		2.0	0.4772
1.0	0.3413	2.58	0.4951
		3.0	0.4987

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