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Name.....

Reg. No.....

**FOURTH SEMESTER M.A. DEGREE (CCSS) EXAMINATION
JUNE 2015**

Economics

ECO 4E 03—APPLIED ECONOMETRICS

(2013 Admissions)

Time : Three Hours

Maximum : 80 Marks

Section A

*Answer all questions.
All questions carry equal marks.*

Choose the correct answer :—

1. A stochastic process is said to be weakly stationary, if :
 - (a) Only mean and variance is constant.
 - (b) Only variance is constant.
 - (c) Only mean and auto co-variance is constant.
 - (d) None of the above.
2. The range of ρ_i in a qualitative response model is :
 - (a) -1 to $+1$.
 - (b) 0 to 1 .
 - (c) Less than 1 .
 - (d) Greater than 1 .
3. All cumulative distribution functions (CDF) are :
 - (a) L shaped curves.
 - (b) S shaped curves.
 - (c) Horizontal.
 - (d) Vertical.
4. Probit model is also known as :
 - (a) Binary model.
 - (b) Threshold model.
 - (c) Normit model.
 - (d) Censored regression model.
5. If each cross-section unit has the same number of time series observations is called :
 - (a) Unbalanced panel.
 - (b) Balanced panel.
 - (c) Pooled panel.
 - (d) None of the above.
6. Least squares dummy are able model is associated with :
 - (a) Random Effects Model.
 - (b) Fixed Effects Model.
 - (c) Error Components Model.
 - (d) All of the above.

Turn over

7. "Box-Jenkins" methodology is popularly known as :
- (a) Auto Regressive model. (b) Moving Average model.
(c) ARIMA model. (d) None of the above.
8. $Y_t = \rho Y_{t-1} + u_t$; $-1 \leq \rho \leq 1$; if $\rho = 1$:
- (a) Unit root problem. (b) Random walk.
(c) Random walk with drift. (d) None of the above.
9. The term 'mean reversion' is associated with :
- (a) Non-stationary stochastic process. (b) Stationary-stochastic process.
(c) Spurious regression. (d) None of the above.
10. Q statistics is defined as :
- (a) $Q = n \sum_{k=1}^m \hat{\rho}_k$. (b) $Q = n \sum_{k=1}^m \hat{\rho}_k^2$.
(c) $Q = n \sum_{k=1}^m \hat{\rho}_k^2$. (d) $Q = \sum_{k=1}^m \hat{\rho}_k^2$.

(10 × 1 = 10 marks)

Section B

*Answer any **eight** questions.
All questions carry equal marks.*

11. Write a short note on linear probability model.
12. What are the salient features of Logit model ?
13. What is trend stationary ? Explain with an example.
14. Write a short note on auto correlation function (ACF).
15. Briefly explain the methodology of Phillips Perron test.
16. What is single equation regression model forecasting ?
17. What are the salient features of ARMA model ?
18. What is VAR model ? Explain its significance.
19. Write a note on Error Components Model (ECM).
20. Briefly explain the Fixed Effects Model (FEM).
21. Explain the significance of econometric applications in macro-economic issues.
22. Discuss the limitations of econometric approach.

(8 × 5 = 40 marks)

Section C

*Answer any **two** questions.
All questions carry equal marks.*

23. Explain the methodology of Probit model.
24. Discuss the methodology of Augmented Dickey Fuller (ADF) test.
25. Explain the significance of Box Jenkins methodology.
26. Explain the estimation of panel data regression model.

(2 × 15 = 30 marks)