

C 25298

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Name.....

Reg. No.....

FOURTH SEMESTER M.A. DEGREE EXAMINATION, JUNE 2017

(CCSS)

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. In a LPM model $E(Y_i | X_i)$ must lie between :
 - (a) - 1 and + 1.
 - (b) 0 and 1.
 - (c) - 1 and 0.
 - (d) None of the above.
3. All cumulative distribution functions(CDF) are :
 - (a) L shaped curves.
 - (b) S shaped curves.
 - (c) Horizontal.
 - (d) Vertical.
4. Tobit 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 different number of time series observations is called :
 - (a) Unbalanced panel.
 - (b) Balanced panel.
 - (c) Pooled panel.
 - (d) None of the above.

Turn over

6. Least squares dummy variable model is associated with :
- (a) Random Effects Model. (b) Fixed Effects Model.
(c) Error Components Model. (d) All of the above.
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. What is qualitative response model ?
12. What are the salient features of Tobit model ?
13. What is difference stationary ? Explain with an example.
14. Write a note on co-integrated regressions.
15. How will you transform a non-stationary process into stationary process ?
16. What is simultaneous equation model forecasting ?

17. What are the salient features of AR model ?
18. What is GARCH model ? Explain its significance.
19. Write a note on "need of panel data".
20. Briefly explain the limitations of panel data approach.
21. How will you estimate Cobb-Douglas production function?
22. Write short note on future of econometric approach.

(8 × 5 = 40 marks)

Section C

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

23. How will you estimate the parameters of Logit model ? What are the economic inference of the estimates ?
24. Explain the methods of estimating of Auto Correlation Function.
25. Explain the various approaches to econometric forecasting.
26. How Random Effects Model (REM) is different from Fixed Effects Model ? Comment.

(2 × 15 = 30 marks)