

31021

M.A. DEGREE EXAMINATION, NOVEMBER 2016.

THIRD SEMESTER

Economics

Paper I — ECONOMETRIC METHODS

Time : Three hours

Maximum : 75 marks

(No additional sheet will be supplied)

PART A — (5 × 3 = 15 marks)

Answer any FIVE questions.

Each question carries 3 marks.

Each answer should not exceed 1 page.

1. Define Econometrics. What are its uses?
2. Distinguish between exogenous and endogenous variables.
3. State the assumptions of simple linear regression model.
4. What is the problem of autocorrelation?
5. What is dummy variable? Give a suitable example.
6. Point out the uses of lagged variables in economics.
7. State the order and rank conditions for identification.
8. Explain the concept of indirect least squares.

PART B — (4 × 15 = 60 marks)

Answer ALL questions.

Each question carries 15 marks.

Each answer should not exceed 6 pages.

9. Explain the steps involved in the construction of econometric models.

Or

10. Discuss the relationship between econometrics, mathematical economics and statistics.
11. Show that OLS estimators of a General Linear model are BLUEs.

Or

12. Explain various tests to detect the presence of multicollinearity in an econometric model.

13. What is distributed Lag model? Explain adaptive expectation model.

Or

14. Discuss Koyck's approach to distributed Lag model.

15. What do you understand by indirect least square method? How is it different from the 2SLS method? Substantiate your answer.

Or

16. Explain the problem of Identification with suitable example.

