19P327 (Pages: 3) Name……..

Reg. No…….……

THIRD SEMESTER M.A. DEGREE EXAMINATION, NOVEMBER 2020

(CBCSS-PG)

CC19P ECO3 C11 - BASIC ECONOMETRICS

(Economics)

(2019 Admission Regular)

Time : Three Hours Maximum : 30 Weightage

Part A

Answer ***all*** questions. Each question carries 1/5 weightage.

1. The value of d- statistic (Durbin-Watson) lies in between _____

   a) 0 and 1 b) 0 and +1 c) 0 and 4 d) 0 and 8

2. The standard errors of the regression co-efficient become _____ in the presence of Perfect Multicollinearity

   a) 0 b) 1 c) -1 d) Infinite

3. Independent variable is also known as _____ variable

   a) Response b) Predictand c) Regressand d) Exogenous

4. The value of the Co-efficient of Determination lies in between _____

   a) 0 and 1 b) -1 and +1 c) -1 and -2 d) None of the above

5. _____ is an *if –then* proposition

   a) Law b) Theory c) Hypothesis d) Model

6. The mean value of U_i as per Classical Linear Regression Model is _____

   a) 0 b) 1 c) -1 d) Infinity

7. When R^2 is adjusted to _____, it is known as Adjusted R^2

   a) Variables b) Parameters c) Both a and b d) Degrees of freedom

8. _____ refers to perfect linear relationship among explanatory variables

   a) Multicollinearity b) Heteroscedasticity c) Autocorrelation d) OLS

9. F test is a _____ sample test

   a) Small b) large c) Both a and b d) None of the above

10. Park test is used to detect _____

    a) Autocorrelation b) Heteroscedasticity c) Multicollinearity d) All the above

11. Instrumental variables are also known as _____ variables

    a) Disturbance b) error c) stochastic d) proxy

12. A theory is a _____ hypothesis

a) Invalid b) Validated c) True d) Real

13. r^2 = 1- _____

a) $\frac{RSS}{TSS}$ b) $\frac{TSS}{RSS}$ c) $\frac{RSS}{ESS}$ d) $\frac{ESS}{RSS}$

14. Rejecting the null hypothesis when it is true is known as _____

a) Type I Error b) Type II Error c) Both d) None

15. _____ Model includes lagged values of the dependent variables among its explanatory variables.

a) Distributed Lag b) Autoregressive c) Auto correlated d) Stochastic

(15 x 1/5 = 3 Weightage)

Part B (Very short answer Type Questions)
Answer any ***five*** questions. Each question carries 1 weightage.

16. Define econometrics.
17. Write a note on the concept of PRF.
18. Explain the concept of Standard Error.
19. Explain Adjusted R^2 .
20. Write a note on Qualitative response regression models.
21. What do you mean by Coefficient of Determination?
22. Write a brief note on ANOVA.
23. Explain Multiple Regression Model.

(5 x 1 = 5 Weightage)

Part C (Short Answer Type Questions)
Answer any ***seven*** questions. Each question carries 2 weightage.

24. Briefly explain the main assumption underlying the method of OLS.
25. Explain Multicollinearity and its causes.
26. Point out the main remedies to solve the problem of Heteroscedasticity?
27. What are the different functional forms of regression models?
28. Explain dummy variable trap.
29. Write a note on multiple coefficients of determination R^2.
30. Explain the procedure for testing the overall significance of regression model.
31. Explain regression through origin.
32. Explain the method of OLS.
33. Give a brief note on the consequences and remedies of Multicollinearity.

(7 x 2 = 14 Weightage)

Part D (Essay Type Questions)
Answer any ***two*** questions. Each question carries 4 weightage.

34. State and Explain the BLUE properties.
35. Write an essay on the Econometric Model Building Stages.
36. Define autocorrelation? What are the main causes of autocorrelation and how it is detected?
37. Explain the different types of model specification errors. Also bring out the detection and consequences of these errors.

(2 x 4 = 8 Weightage)

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