



M 27281



Reg. No. :

Name :

II Semester M.A./M.Sc./M.Com. Degree (Reg./Sup./Imp.)
Examination, March 2015
ECONOMICS
(2013 and Earlier Admn.)
Paper – VI : Basic Econometrics

Time : 3 Hours

Max. Marks : 80

Instructions : Part A : Answer **all** questions. **Each** question carries **one** mark.
 Part B : Answer **any eight** questions. **Each** question carries **3** marks.
 Part C : Answer **any four** questions. **Each** question carries **5** marks.
 Part D : Answer **any two** questions. **Each** question carries **13** marks.

PART – A

- The error term in regression model makes the relation as
 - Stochastic
 - Deterministic
 - Realistic
 - Theoretical
- Pooled data represents
 - Time series
 - Cross section
 - Combination of both
 - All of the above
- In OLS method, the sum of squares of error should be
 - Zero
 - Minimum
 - Maximum
 - Infinity
- Auto correlation refers to
 - Correlation among the random error terms
 - Correlation among the X variables
 - Correlation between X and Y variables
 - Correlation between X and error terms

P.T.O.



5. When population is heterogeneous, it is advisable to use
- Simple random sampling
 - Systematic sampling
 - Stratified random sampling
 - Quota sampling
6. The goodness of fit of regression model is tested with
- t test
 - F test
 - Chi square test
 - Freedman test
7. The impacts of omitted variables in a regression model is represented in
- Error term
 - Constant term
 - Slope
 - Dependent variable
8. The violation of the assumption of no correlation between independent variables in a model leads to the situation of
- Multicollinearity
 - Auto correlation
 - Heteroscedasticity
 - All of these
9. The correlation coefficient between two variables lies between
- 0 and 1
 - 1 and 0
 - 1 and +1
 - Less than two and more than one
10. The power of a test is given by
- Probability of type I error
 - Probability of type II error
 - Both
 - None of these
- (1×10=10)**

PART – B

- What is null hypothesis ?
- Define degrees of freedom.
- Distinguish between statistic and parameter.
- Define sample regression function.
- What is best estimate ?



- What is a proxy variable ?
- Distinguish between a mathematical model and econometric model.
- What is interval scale ?
- Define time series data.
- What is a dummy variable ?
- Explain dummy variable trap. **(3×8=24)**

PART – C

- Explain the assumptions relating to the behavior of random error term.
- What are different sources secondary data relating to economics studies ?
- Explain two situations where F test is used.
- Explain causes of multicollinearity.
- Briefly explain Almon's contributions to lagged model estimation.
- Explain the use of dummy variable in gender studies. **(5×4=20)**

PART – D

- State and prove Gauss Markov theorem.
- Explain various sampling methods used in econometric studies.
- Explain the causes of auto correlation and suggest remedial measures.
- For the following data, compute consumption function and interpret the value of marginal propensity to consume :

C	471	457	547	520	678	751	647	547	547
Y	700	700	800	600	900	800	700	700	600

Where C represents consumption, Y income, both measured in rupees. **(13×2=26)**