Mid-West University

Examinations Management Office

Birendranagar, Surkhet

End - Semester Examination, 2081

Subject: DE 532 – Econometrics II FM:60

Level/program: Master (M.A) Semester: III Time: 3 Hours PM: 30

Candidates are required to answer the questions in their own words as far as practicable.

Attempt ALL of the Following Very Short Answer Question **1 x10 =10**

1. Describe simultaneous equation with an example.
2. Define necessary condition of identify the problem.
3. Define IV method.
4. Define random utility model.
5. Define latent regression model.
6. What is 2SLS?
7. What do you mean by logit model for multiple choice?
8. What do you mean by recursive model?
9. Define k-class estimation.
10. Define shadow price.

Attempt any THREE of the Following Short Questions. **3x8=24**

11. Define structural form and reduce form.
12. Examine the use of IV in following equation

    $Y = b_0 + b_1X_1 + b_2X_2 + u$
13. Explain the random walk model without drift.
14. Define panel data techniques with advantages.

Attempt any TWO of the Following Long Questions. **2x13 =26**

15. Prove that the 2SLS and ILS gives the identical result.
16. Examine the exact/over/under identification of the following equations.

    $y_1 = 2y_2 - 2x_1 + x_2 + u_1$

    $y_2 = y_3 + x_3 + u_2$

    $y_3 = y_1 - y_2 - 2x_3 + u_3$

    Where Y's are endogenous and X's are predetermined variables.
17. Examine the ARMA model.

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