Fourth Semester MA Economics (Private Registration)

Multiple Choice Questions

Econometrics II ECO10402

SEMESTER IV

1. stochastic process can be said as collection of random variables ordered in
   A. space
   B. Time
   C. cross
   D. None of the above
2. According to Granger and Newbold, a good rule of thumb to suspect that the estimated regression is spurious is
   A. $R2 > d$
   B. $R2 < d$
   C. $R2 = d$
   D. Cannot be determined
3. tau statistic or test is known as the
   A. correlation
   B. White's test
   C. Dickey–Fuller (DF) test
   D. Cannot be determined
4. Full form of PACF
   A. partial autocorrelation function
   B. Partial automation function
   C. Population autocorrelation function
   D. All of the above
5. the correlation of an actual (economic) time series resembles the correlogram of a white noise time series, we can say that time series is probably
   A. stationary
   B. Non stationary
   C. correlation

D. None

6. An interesting feature of the RWM is the persistence of
   A. correlation
   B. random shock
   C. None of the above
   D. Both a and b
7. without drift , a RWM, is a
   A. difference stationary process
   B. Difference non stationary
   C. None of the above
   D. Both a and b
8. SAFC is
   A. Synchronous correlation function
   B. Systematic autonomous function
   C. sample autocorrelation function
   D. none of the above
9. The Q statistic is often used as a test of whether a time series is white noise.
   A. True
   B. False
   C. Cannot be determined
   D. negative
10. The transformation method depends on whether the time series are
    A. difference stationary (DSP) alone
    B. trend stationary (TSP)alone
    C. difference stationary (DSP) or trend stationary (TSP)
    D. correlation
11. a time series may contain
    A. both a deterministic and a stochastic trend
    B. deterministic trend alone
    C. stochastic trend alone
    D. none of the above
12. A Trend Stationary time series has a
    A. deterministic trend
    B. stochastic trend

C. none of the above

D. both a and b

13. The procedure of removing the deterministic trend is called

A. Retrending

B. Detrending

C. Reverse trending

D. None of the above

14. , if the correlogram of an actual (economic) time series resembles the correlogram of a white noise time series, we can say that time series is probably

A. Stationary

B. Non stationary

C. None

D. negative

15. Phillips and Perron use________________ statistical methods

A. Nonparametric

B. Parametric

C. None of the above

D. Cant say

16. , if a (nonstationary) time series has to be differenced d times to make it stationary, that time series is said to be

A. integrated of order d

B. Differential of order d

C. None

D. Cant say

17. (spurious) correlation could persist in nonstationary time series even if the sample is

A. very large

B. Small

C. Nil

D. zero

18. To avoid the spurious regression problem that may arise from regressing a nonstationary time series, we have to transform

A. stationary time series to make them non stationary

B. Non stationary time series to make them stationary

C. None

D. Cannot be determined

19. regression of a nonstationary time series on another nonstationary time series may produce

A. spurious regression

B. Correlation

C. None

D. Cannot be determined

20. for a purely white noise process the autocorrelations at various lags hover around

A. zero

B. one

C. infinity

D. cant say

21. a panel is said to be balanced if each subject (firm, individuals, etc.) has -________number of observations.

A. Same

B. More

C. Less

D. Cannot be determined

22. If each entity has a ____________ number of observations, then we have an unbalanced panel.

A. Different

B. Same

C. No

D. Cant say

23. In a short panel the number of cross-sectional subjects, N, is _________ than the number of time periods, T

A. Greater

B. Lesser

C. Nil

D. Cannot be determined

24. In a long panel the number of cross-sectional subjects, N, is _________ than the number of time periods, T

A. Less
B. Greater
C. Nil
D. Cant say

25. REM stands for

  A. random estimate model
  B. real effect model
  C. random effects model
  D. none of the above

26. A variable is said to be strictly exogenous if it _______________on current, past, and future values of the error term ui
  A. does not depend
  B. depend
  C. correlates
  D. cannot be determined

27. FEM stands for

  A. Fixed estimate model
  B. Fixed Effects Model
  C. First estimate model
  D. Cant say

28. Breusch-Pagan (BP) test is used to test the hypothesis that there are
  A. no random effects
  B. random effects
  C. correlation
  D. cannot be determined

29. The Hausman test can be used to decide between
  A. FEM and ECM
  B. Correlation and regression
  C. None of the above
  D. Cant say

30. ARCH and GARCH, which are especially useful in analyzing

A. Correlation
B. financial time series
C. None
D. Both a and b

31. __________ models are often used to measure the growth rate of many economic phenomena
A. Semi log
B. Linear
C. None
D. Cannot be determined

32. “A test for cointegration can be thought of as a pre-test to avoid
A. ‘spurious regression’
B. Correlation
C. D test
D. Cant say

33. Error Correction Mechanism (ECM) developed by Engle and Granger is a means of reconciling the short-run behavior of an economic variable with its
A. long-run behaviour
B. Correlation
C. None
D. Both a and b

34. ____________ in VAR modeling used to know how the dependent variable responds to a shock administered to one or more equations in the system.
A. Impulse Response Function (IRF)
B. Correlation
C. None of the above
D. Cant say

35. AR process means
A. Auto Response
B. Auto Regressive
C. None of the above
D. Both a and b

36. ARMA Process is

A. Autoregressive and Moving Average
B. Automatics response mathematical analysis
C. None of the above
D. Arithmetic Regressor in Moving average

37. ARIMA Process is
    A. Automatic response intensive moving average
    B. Autoregressive Integrated Moving Average
    C. None of the above
    D. Both a and b
38. autoregressive conditional heteroscedasticity (ARCH) or generalized autoregressive conditional heteroscedasticity (GARCH) models can capture
    A. volatility clustering
    B. Correlation
    C. None
    D. Cant say
39. Box–Jenkins (BJ) methodology is technically known as the
    A. ARIMA methodology
    B. Lucas curve
    C. Other
    D. None of the above
40. Granger and sims test is related to
    A. Causality
    B. Regression
    C. None of the above
    D. Both a and b

41. stochastic process is a collection of random variables ordered in time
    A. true
    B. false
    C. cant say
    D. negative
42. According to Granger and Newbold, a good rule of thumb to suspect that the estimated regression is spurious is $R2 > d$

A. True

B. false

C. can’t be determined

D. negative rule

43. tau statistic or test is known as the Dickey–Fuller (DF) test

    A. true

    B. false

    C. cant say

    D. may be

44. PACF means Partial automation function

    A. true

    B. false

    C. cant say

    D. it is related to statistics

45. the correlation of an actual (economic) time series resembles the correlogram of a white noise time series, we can say that time series is probably stationary

    A. true

    B. false

    C. cant be determined

    D. claimed after calculation

46. An interesting feature of the RWM is the persistence of Correlation

A. true

B. false

C. can’t be determined

D. not proved

47. a RWM without drift is a difference stationary process
    A. true
    B. False
    C. Can’t be determined
    D. Related to physics
48. SAFC is Synchronous correlation function

    A. True
    B. False
    C. Can’t say
    D. Cannot be determined

49. The Q statistic is often used as a test of whether a time series is white noise.
    A. True
    B. False
    C. Cannot be determined
    D. Claimed after calculation
50. The transformation method depends on whether the time series are difference stationary (DSP) or trend stationary (TSP)
    A. True
    B. False
    C. Can’t say
    D. Cannot be determined

51. A time series may contain both a deterministic and a stochastic trend

    A. True
    B. False
    C. Cant say
    D. Can’t be determined

52. A Trend Stationary time series has a deterministic trend

A. True
B. False
C. can’t say
D. cannot be determined

53. The procedure of removing the deterministic trend is called Retrending
    A. True
    B. False
    C. Can’t say
    D. Cannot be determined

54. if the correlogram of an actual (economic) time series resembles the correlogram of a white noise time series, we can say that time series is probably Stationary
    A. True
    B. False
    C. Can’t say
    D. Cannot be determined

55. Phillips and Perron use parametric statistical methods
    A. True
    B. False
    C. Can’t say
    D. Cannot be determined

56. if a (nonstationary) time series has to be differenced d times to make it stationary, that time series is said to be Differential of order d
    A. True
    B. False
    C. Cant say
    D. Cannot be determined

57. (spurious) correlation could persist in nonstationary time series even if the sample is very large

A. True

B. False

C. Can’t be determined

D. Cant say

58. To avoid the spurious regression problem that may arise from regressing a nonstationary time series, we have to transform Non stationary time series to make them stationary

A. True

B. False

C. Can’t say

D. Cannot be determined

59. regression of a non stationary time series on another non stationary time series may produce Correlation

A. true

B. false

C. can’t say

D. Cannot be determined

60. for a purely white noise process the autocorrelations at various lags hover around infinity

A. true

B. false

C. cannot be determined

D. cant say

61. a panel is said to be balanced if each subject (firm, individuals, etc.) has same number of observations.

A. True

B. False

C. Can’t say

D. Cannot be determined

62. If each entity has a different number of observations, then we have an unbalanced panel.
    A. True
    B. False
    C. Can’t say
    D. Cannot be determined

63. In a short panel the number of cross-sectional subjects, N, is less than the number of time periods, T
    A. True
    B. False
    C. Cannot b determined
    D. Cant say

64. In a long panel the number of cross-sectional subjects, N, is less than the number of time periods, T
    A. True
    B. False
    C. Can’t be determined
    D. Cant say

65. REM stands for random estimate model
    A. True
    B. False
    C. Cannot be determined
    D. Cant say

66. A variable is said to be strictly exogenous if it doesn’t depend on current, past, and future values of the error term ui
    A. True
    B. False
    C. Cannot say
    D. Cannot be determined

67. FEM stands for Fixed Effects Model

    A. True
    B. False
    C. Cannot be determined
    D. Fix Engel model

68. Breusch-Pagan (BP) test is used to test the hypothesis that there are no random effects

    A. True
    B. False
    C. Can’t say
    D. Cannot be determined

69. The Hausman test can be used to decide between Correlation and regression

    A. True
    B. False
    C. Cannot be determined
    D. Cannot say

70. ARCH and GARCH, which are especially useful in analyzing financial time series

    a. True
    b. False
    c. Can’t say
    d. Cannot be determined

71. linear models are often used to measure the growth rate of many economic phenomena

    a. True
    b. False
    c. Cannot be determined
    d. Cannot say

72. “A test for cointegration can be thought of as a pre-test to avoid ‘spurious regression’

A. True

B. False

C. Can’t say

D. Cannot be determined

73. Error Correction Mechanism (ECM) developed by Engle and Granger is a means of reconciling the short-run behavior of an economic variable with its long-run behaviour

A. True

B. False

C. Cannot be determined

D. Cant say

74. Impulse Response Function (IRF) in VAR modeling used to know how the dependent variable responds to a shock administered to one or more equations in the system.

A. True

B. False

C. Can’t determine

D. Cant say

75. AR process means auto response

A. True

B. False

C. Cannot be determined

D. Cant say

76. ARMA Process is Autoregressive and Moving Average

A. True

B. False

C. Cant say

D. Cannot be determined

77. ARIMA Process is Autoregressive Integrated Moving Average

A. True

B. False

C. Cannot say

D. Cannot be determined

78. autoregressive conditional heteroscedasticity (ARCH) or generalized autoregressive conditional heteroscedasticity (GARCH) models can capture Correlation

A. true

B. false

C. cannot say

D. Cannot be determined

79. Box–Jenkins (BJ) methodology is technically known as the ARIMA methodology

A. True

B. False

C. Cannot be determined

D. Cant say

80. Granger and sims test is related to Causality

A. True

B. False

C. Cannot say

D. Cannot be determined

81. The technique of dummy variable can be easily extended to pooled and panel data

A. True

B. False

C. Cannot be determined

D. Cant say

82. The error components model (ECM) is so named because the composite error term consists of two (or more) error components

A. True

B. False

C. Cannot be determined

D. Cant say

83. GLS means generalized least squares

A. True

B. False

C. Cannot say

D. Cannot be determined

84. The error components model (ECM) is so named because the composite error term consists of ________

A. two (or more) error components

B. Correlation

C. None of the above

D. Both a and b

85. GLS means

A. generalized least squares

B. general low segment

C. none of the above

D. both a and b

86. In a short panel the number of cross-sectional subjects, N, is greater than the number of time periods, T

A. True

B. False

C. Cannot b determined

D. Cant say

87. REM stands for Random effects model

A. True

B. False

C. Cannot be determined

D. Cant say

88. LSDV Model means Least Square Dummy Variable

A. True

B. False

C. Cannot be determined

D. Cant say

89. SAFC is Sample Autocorrelation function

A. True

B. False

C. Cannot determined

D. Cant say

90. Vector error correction model is the full form of VECM

A. True

B. False

C. Cannot be determined

D. Cant say

91. The Q statistic is often used as a test of whether a time series is regressand.

A. True

B. False

C. Cannot be determined

D. Cant say

92. If each entity has a different number of observations, then we have an balanced panel.

A. True

B. False

C. Cant say

D. Cannot be determined

93. The Hausman test can be used to decide between AUTOCORRELATION And correlation

A. True

B. False

C. Cannot be determined

D. Cant say

94. regression of a nonstationary time series on another nonstationary time series may produce autocorrelation

A. true

B. false

C. cant say

D. Cannot be determined

95. stochastic process is a collection of random variables ordered in space

A. true

B. false

C. cant say

D. Cannot be determined

96. A Trend Stationary time series has a stochastic trend

A. True

B. False

C. Cannot be determined

D. Cant say

97. tau statistic or test is known as the white’s test

A. True

B. False

C. Cant say

D. Cannot be determined

98. ARCH and GARCH, which are especially useful in analyzing white test

A. True

B. False

C. Cant say

D. Cannot be determined

99. a RWM without drift is a difference correlation

A. true

B. false

C. cant say

D. Cannot be determined

100. the correlation of an actual (economic) time series resembles the correlogram of a white noise time series, we can say that time series is probably non stationary

A. true

B. false

C. cant say

D. Cannot be determined

Fourth Semester MA Economics (Private Registration)

Multiple Choice Questions

Econometrics II ECO10402

Answer key

1. B
2. A
3. C
4. A
5. A
6. B
7. A
8. C
9. A
10. C
11. A
12. A
13. B
14. A
15. A
16. A
17. A
18. B

19. A

20. A

21. A

22. A

23. A

24. A

25. C

26. A

27. B

28. A

29. A

30. B

31. A

32. A

33. A

34. A

35. B

36. A

37. B

38. A

39. A

40. A

41. A

42. A

43. A

44. B

45. A

46. B

47. A

48. B

49. A

50. A

51. A

52. A

53. B

54. A

55. B

56. B

57. A

58. A

59. B

60. B

61. A

62. A

63. B

64. A

65.	B
66.	A
67.	A
68.	A
69.	B
70.	A
71.	B
72.	A
73.	A
74.	A
75.	B
76.	A
77.	A
78.	B
79.	A
80.	A
81.	A
82.	A
83.	A
84.	A
85.	A
86.	A
87.	A

88. A

89. A

90. A

91. B

92. B

93. B

94. B

95. B

96. B

97. B

98. B

99. B

100. B