UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program / Eighth Semester – Spring 2022

Roll No. ....

Paper: Applied Economics **Course Code: ECON-406** **Time: 3 Hrs. Marks: 60**

THE ANSWERS MUST BE ATTEMPTED ON THE ANSWER SHEET PROVIDED

Q.1. Write short answers to the following questions. (6x5=30)

i) What is Adjusted R (squared)?

ii) Why do we add an error term to our econometric models?

iii) What is the significance of Johansen's cointegration test?

iv) What is spurious regression?

v) Explain Vector Error Correction Model

vi) How can we remove multicollinearity from a regression model?

Q.2. Write detailed answers to the following questions. (3x10=30)

I. Write down the steps involved in the estimation of econometric model with more than one independent variable in E-Views.

II. How E views can be used to clean, organize, and condense a given data set?

III. How equilibrium price and equilibrium quantity can be estimated through computer application?