IES/ISS Exam,2021

SDT–T–STT

STATISTICS

Paper – III

Time Allowed : ***Three*** *Hours*

Maximum Marks : ***200***

Question Paper Specific Instructions

Please read each of the following instructions carefully before attempting questions :

There are ***EIGHT*** *questions divided under* ***TWO*** *sections.*

Candidate has to attempt ***FIVE*** *questions in all.*

Both the questions in Section – ***A*** *are* ***compulsory****.*

Out of the ***SIX*** *questions in Section –* ***B****, any* ***THREE*** *questions are to be attempted.*

The number of marks carried by a question / part is indicated against it.

Unless otherwise mentioned, symbols and notations have their usual standard meanings.

Assume suitable data, if necessary, and indicate the same clearly.

Attempts of questions shall be counted in sequential order. Unless struck off, attempt of a question shall be counted even if attempted partly.

Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.

Answers must be written in ***ENGLISH*** *only.*

SECTION A

Both the questions are compulsory.

Q1. (a) Compare Simple Random Sampling Without Replacement (SRSWOR) and Simple Random Sampling With Replacement (SRSWR) and find the value of n such that variance of the sample mean in SRSWOR is exactly half of the variance of the sample mean in SRSWR of the same size. *10*

(b) Consider the simple linear regression model :

$$y_i = \beta_0 + \beta_1 x_i + \varepsilon_i, \; i = 1, 2, \ldots, n;$$

$\varepsilon_1, \varepsilon_2, \ldots, \varepsilon_n$ are independent and identically distributed with mean zero and constant variance σ^2. Show that least square estimates $\hat{\beta}_0$ and $\hat{\beta}_1$ are linear functions of $y_1, y_2, \ldots, y_n$ and also compute variance-covariance matrix of $\begin{pmatrix} \hat{\beta}_0 \\ \hat{\beta}_1 \end{pmatrix}$ and its determinant. *15*

(c) Let $Y_t = Z_t + \theta Z_{t-1}$, where $\{Z_t\}$ be a sequence of iid random variables with mean zero and variance σ_Z^2. Show that a real valued function on Z, defined as :

$$\gamma(h) = \begin{cases} 1 & h = 0, \\ \rho & h = \pm 1, \\ 0 & \text{otherwise} \end{cases}$$

is an autocovariance function if $|\rho| < \dfrac{1}{2}$. *15*

Q2. (a) Find the spectral density function f(t) of a continuous parameter process, having correlation function $\rho(t) = e^{-t^2}, \; -\infty < t < \infty$. Also find the value of $f\left(\sqrt{\log 16}\right)$. *10*

(b) From bivariate population of N units, a simple random sample (x_i, y_i); i = 1, 2, ..., n is drawn without replacement with corresponding means $(\bar{x}_n, \bar{y}_n)$. Show that $\text{Cov}(\bar{x}_n, \bar{y}_n) = \left(\dfrac{1}{n} - \dfrac{1}{N}\right) S_{xy}$. *15*

(c) Explain the term exponential smoothing. When is exponential smoothing most useful ? Interpret the smoothing constant α, what is its range ? How is α related to degree of smoothing ? *15*

SECTION B

Answer any *three* questions out of the six questions given below.

Q3. (a) A simple random sample of n clusters, each containing M elements, is drawn from the N clusters in the population. Then show that the sample mean per element $\bar{\bar{y}}$ is an unbiased estimate of $\bar{\bar{Y}}$ with variance

$$V(\bar{\bar{y}}) = \frac{1-f}{nM} S^2[1 + (M-1)\rho],$$

where f = sampling fraction and ρ is the intracluster correlation coefficient. *10*

(b) Using first approximation to variance of ratio estimator R_n, show that

$$\frac{|\text{Bias in } R_n|}{\sqrt{\text{Var}(R_n)}} \le \frac{\sqrt{V(x_n)}}{\bar{x}_N}.$$ *15*

(c) A village has five orchards, containing 15, 30, 25, 10 and 20 trees respectively. If the yields (in 10 kg) of these 5 orchards are 18, 35, 29, 12, and 24 respectively and selecting sample of two units at 2^{nd} and 4^{th} position, estimate the total production of five orchards along with standard error using Horvitz-Thompson estimator. *15*

Q4. (a) Let (X, Y) have the joint pdf given by

$$f(x, y) = \begin{cases} 1 & \text{if } |y| < x, \quad 0 < x < 1, \\ 0 & \text{otherwise.} \end{cases}$$

Show that the regression of Y on X is linear but regression of X on Y is not linear. *15*

(b) Given $X'X = \begin{pmatrix} 10 & 0 & 0 \\ 0 & 5 & 0 \\ 0 & 0 & 10 \end{pmatrix}$ and $X'Y = \begin{pmatrix} 10 & 20 \\ 20 & 10 \\ 30 & 20 \end{pmatrix}$, estimate the model

$$y_{1t} = \beta_{12} y_{2t} + \gamma_{11} x_{1t} + \gamma_{12} x_{2t} + u_{1t}$$

$$y_{2t} = \beta_{21} y_{1t} + \gamma_{23} x_{3t} + u_{2t}$$

using 2SLS method. *15*

(c) State the methods of detecting presence of Heteroscedasticity. Discuss any one of them. *10*

Q5. (a) Define Laspeyres' index number and Paasche's index number. If L(p) and P(q) respectively represents Laspeyres' index number for price and Paasche's index number for quantity, then show that

$$L(p)/L(q) = P(p)/P(q).$$ *15*

(b) Define autoregression series of order k. Consider the autoregression process $U_t = a\xi + \varepsilon_t$, where $-\infty < t < \infty$ $\varepsilon_t, \varepsilon_{t+1}$ ..... and ξ be independent variables with zero mean and unit variance. Show that the process is stationary with correlation $\rho_1 = \rho_2 = ... = \dfrac{a^2}{1+a^2}$. *15*

(c) Explain Time Series model and its components. *10*

Q6. (a) Explain Stratified Random Sampling method and the problem associated with stratification. Also write down the advantages of Stratified Random Sampling. *15*

(b) Explain double sampling plan for attributes and derive the expression of OC-curve in double sampling plan. *15*

(c) What is multicollinearity ? Discuss the effect of multicollinearity using 3-variate linear regression model. *10*

Q7. (a) For a Markov process

$$u_t = \rho u_{t-1} + v_t \text{ with } |\rho| < 1$$

and random variables v_t are such that $E(v_t) = 0$, Var $(v_t) = \sigma_v^2$ and Cov $(v_t, v_s) = 0$ for $t \neq s$.

Show that : *15*

(i) $u_t = \sum\limits_{r=0}^{\infty} \rho^r v_{t-r}$

(ii) Var $(u_t) = \dfrac{\sigma_v^2}{1-\rho^2}$

(iii) Cov $(u_t, u_{t-s}) = \dfrac{\rho^5}{(1-\rho^2)} \sigma_v^2$

(b) Discuss Durbin-Watson test for Autocorrelation. The data of the following table are the OLS residuals of a consumption function :

$$\hat{C}_t = -3{\cdot}02 + 0{\cdot}93\, Y_t$$

Calculate Durbin-Watson d-statistic. Write your conclusion. *10*

Year	e_t
1994	0·6
1995	1·9
1996	– 1·8
1997	– 2·7
1998	– 2·9
1999	1·4
2000	3·3
2001	0·3
2002	0·8
2003	2·3
2004	– 1·4
2005	– 1·1

(Table for d-statistic significance points is attached)

For Q.No. 7(b)

The Durbin-Watson d-Statistic
Significance Points of d_L and d_v 5%

	$k'=1$		$k'=2$		$k'=3$		$k'=4$		$k'=5$	
n	d_L	d_v	d_L	d_v	d_L	d_v	d_L	d_v	d_L	d_v
15	1.09	1.36	0.95	1.54	0.82	1.75	0.69	1.97	0.56	2.21
16	1.10	1.37	0.98	1.54	0.86	1.73	0.74	1.93	0.62	2.15
17	1.13	1.38	1.02	1.54	0.90	1.71	0.78	1.90	0.67	2.10
18	1.16	1.39	1.05	1.53	0.93	1.69	0.82	1.87	0.71	2.06
19	1.18	1.40	1.08	1.53	0.97	1.68	0.86	1.85	0.75	2.02
20	1.20	1.41	1.10	1.54	1.00	1.68	0.90	1.83	0.79	1.99
21	1.22	1.42	1.13	1.54	1.03	1.67	0.93	1.81	0.83	1.96
22	1.24	1.43	1.15	1.54	1.05	1.66	0.96	1.80	0.86	1.94
23	1.26	1.44	1.17	1.54	1.08	1.66	0.99	1.79	0.90	1.92
24	1.27	1.45	1.19	1.55	1.10	1.66	1.01	1.78	0.93	1.90
25	1.29	1.45	1.21	1.55	1.12	1.66	1.04	1.77	0.95	1.89
26	1.30	1.46	1.22	1.55	1.14	1.65	1.06	1.76	0.98	1.88
27	1.32	1.47	1.24	1.56	1.16	1.65	1.08	1.76	1.01	1.86
28	1.33	1.48	1.26	1.56	1.18	1.65	1.10	1.75	1.03	1.85
29	1.34	1.48	1.27	1.56	1.20	1.65	1.12	1.74	1.05	1.84
30	1.35	1.49	1.28	1.57	1.21	1.65	1.14	1.74	1.07	1.83
31	1.36	1.50	1.30	1.57	1.23	1.65	1.16	1.74	1.09	1.83
32	1.37	1.50	1.31	1.57	1.24	1.65	1.18	1.73	1.11	1.82
33	1.38	1.51	1.32	1.58	1.26	1.65	1.19	1.73	1.13	1.81
34	1.39	1.51	1.33	1.58	1.27	1.65	1.21	1.73	1.15	1.81
35	1.40	1.52	1.34	1.58	1.28	1.65	1.22	1.73	1.16	1.80
36	1.41	1.52	1.35	1.59	1.29	1.65	1.24	1.73	1.18	1.80
37	1.42	1.53	1.36	1.59	1.31	1.66	1.25	1.72	1.19	1.80
38	1.43	1.54	1.37	1.59	1.32	1.66	1.26	1.72	1.21	1.79
39	1.43	1.54	1.38	1.60	1.33	1.66	1.27	1.72	1.22	1.79
40	1.44	1.54	1.39	1.60	1.34	1.66	1.29	1.72	1.23	1.79
45	1.47	1.57	1.43	1.62	1.38	1.67	1.34	1.72	1.29	1.78
50	1.50	1.59	1.46	1.63	1.42	1.67	1.38	1.72	1.34	1.77
55	1.53	1.60	1.49	1.64	1.45	1.68	1.41	1.72	1.38	1.77
60	1.55	1.62	1.51	1.65	1.48	1.69	1.44	1.73	1.41	1.77
65	1.57	1.63	1.54	1.66	1.50	1.70	1.47	1.73	1.44	1.77
70	1.58	1.64	1.55	1.67	1.52	1.70	1.49	1.74	1.46	1.77
75	1.60	1.65	1.57	1.68	1.54	1.71	1.51	1.74	1.49	1.77
80	1.61	1.66	1.59	1.69	1.56	1.72	1.53	1.74	1.51	1.77
85	1.62	1.67	1.60	1.70	1.57	1.72	1.55	1.75	1.52	1.77
90	1.63	1.68	1.61	1.70	1.59	1.73	1.57	1.75	1.54	1.78
95	1.64	1.69	1.62	1.71	1.60	1.73	1.58	1.75	1.56	1.78
100	1.65	1.69	1.63	1.72	1.61	1.74	1.59	1.76	1.57	1.78

Note : k' = Number of explanatory variables excluding the constant term.
n = Number of observations.

(c) State the conditions of identification for structural form of the system of simultaneous equations.

Discuss the identification of the following model, assuming Y's as endogenous and X's as predetermined variables : *15*

$$Y_1 = \alpha_{10} + \alpha_{12} Y_2 + \alpha_{13} Y_3 + \beta_{11} X_1 + u_1$$

$$Y_2 = \alpha_{20} + \alpha_{23} Y_3 + \beta_{21} X_1 + \beta_{22} X_2 + u_2$$

$$Y_3 = \alpha_{30} + \alpha_{31} Y_1 + \beta_{31} X_1 + \beta_{32} X_2 + u_3$$

$$Y_4 = \alpha_{40} + \alpha_{41} Y_1 + \alpha_{42} Y_2 + \beta_{43} X_3 + u_4$$

Q8. (a) Explain AR (p), MA (q), ARMA (p, q) and ARIMA (p, d, q) processes. How would you find out the appropriate values of p, d and q while modelling the given time series ? State the procedure to estimate the parameters of the ARIMA model. *15*

(b) Define Dickey-Fuller (DF) test. How would you use DF test to find out if the given time series contains a unit root ? If a unit root exists, how would you characterize such a time series ? *15*

(c) Explain autocovariance and autocorrelation functions. If $y_1, y_2, \ldots, y_n$ are n observations made at n successive time points of a stationary process, then in usual notations define autocovariance and autocorrelation matrix of order n. For n = 3, show that

$$-1 \leq \frac{\rho_2 - \rho_1^2}{1 - \rho_1^2} \leq 1.$$

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