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**End-term Examination**

**BBA-MBA 2014, 2015 & MBA 2017**

**Financial Econometrics with R [BS-BAT-799]**

***MAXIMUM MARKS: 30 DURATION: 6 DAYS***

**Instructions to students:**

* After finishing the take-home exam, upload your **MS word document** and **R\_Script** in the Academia on or before time. The title of the **MS word document** and **R script** should be as **your name\_FAR.**
* Students undertaking the examination are requested to adhere to the university norms related to examinations.
* This question paper comprises of **one (1)** printed page only.

1. The take-home should be written in an article style—not as lists of points or a PowerPoint presentation. It must include tables/graphs/scatter plots to show your work.
2. It must have 5 sections: 1. Introduction and Literature Review; 2. Data; 3. Methodology; 4. Results and Analysis; and 5. Conclusion and Implications.
3. It should mention the source of data and references (wherever required).
4. Please use the following rule of text for your manuscript:

**Times New Roman, 12 font size, justified.**

1. To do list (Most important):
   1. Select the country and two variables assigned to you (see the attachment). You are supposed to download annual data of these two variables from the website of the world bank (World Bank Indicators). Select the data, common for both the variables assigned to you. Try to use the most of the data available. If you have any issue regarding data download and availability of the data, please mail it to me.
   2. Try to establish a theoretical relationship between the variables, based on a rigorous literature review. Based on the existing literature or your understanding, make your null and alternate hypothesis. **[5 Marks]**
   3. Estimate an appropriate VAR model with optimal lag length. **[10 Marks]**
   4. Conduct Granger causality test, and comment upon the direction of the causality. **[10 Marks]**
   5. Mention the major implications of your findings. Also, state the limitations of your study. Draw the final conclusion based on the findings, and give recommendations to the government/policy-makers. **[5 Marks]**
   6. Any submission after the deadline will not be considered.
   7. You will submit your article in softcopy (PDF format only), along with RScript through Academia.