

## **OBJECTIVE**

- To understand clearly the concept of specification errors.
- To know about different types of specification errors with illustrations.
- To discuss about the consequences of specification errors.
- To describe briefly how to detect the presence of specification errors by means of Durbin-Watson test, Ramsey's RESET test, Lagrange's multiplier test.
- To know briefly about the errors of measurement.
- To illustrate errors of measurement by means of two variables model.
- To explain clearly about Wald's method and Bartlett's method of grouping of observation for tackling the measurement errors.
- To explain how Instrumental variables method can deal with measurement errors.