[Glossary]

Simultaneous Equations Model

Subject:	Business Economics
Course:	B. A. (Hons.), 5th Semester, Undergraduate
Paper No. & Title:	Paper – 531 Elective Paper Q1 – Advanced Econometrics
Unit No. & Title:	Unit – 2 Simultaneous Equation Models
Lecture No. & Title:	Lecture – 1 Simultaneous Equations Model

Glossary

1. Identification

It is a method which decides about estimability of the given equations in the simultaneous equations system model.

2. ILSE

Indirect least squares estimator. It is obtained by estimating the reduced form equation and solving for structural parameters of the equation on the basis of reduced form coefficients.

3. 2SLSE

It is two stage least square estimates. This is obtained for over identified equation by running regression in two stages, one by one.

4. SEM

Simultaneous equations system model there are a number of equations and an exogenous variable in one equation may occur as an endogenous variable in some other equations and vice versa.

5. Order and rank condition

These conditions decide whether a particular equation of the model is just the identified, over identified or unidentified.

6. Structural equations and Structural parameters

The given equations of SEM are called structural equations and the parameters (unknown coefficient attracted to variables) are called structural parameters.

7. Reduced form equations and reduced form coefficient

To apply rules for identification and estimability, we solve all equations for endogenous variables, then we get reduced form equations and the coefficient attached in these equations are called reduced form coefficients.