

Assignment 11

Truncated Regression & Tobit Models

The model

According to the following model,

$$y_{ki} = \beta_{k0} + \beta_{k1}x_i + u_{ki} \quad (1)$$

where: y_{ki} is Dependent variable, $k=1, 2, 3$.

x_i is Independent variable

u_i is Stochastic disturbance term

Requirements: (assign11.dta)

- 1 Plot histogram of y_{1i}, y_{2i}, y_{3i} , compute descriptive statistics of these three variables, then determine limitation of these three dependent variables.
- 2 Estimate the model (1) for y_{1i}, y_{2i}, y_{3i} using OLS, using truncated regression model, Tobit model, determine the most appropriated models for each y_{ki} .