USE THE REDUCE FORM EQUATION TO ESTIMATE THE IMPACT OF RICE PRICES ON INDIAN MARKET FOR PERIOD 1990-2015 (AN ECONOMETRICS STUDY)

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ABSTRACT

In such models the emphasis was on estimating and/or predicting the average value of Y conditional upon the fixed values of the X variables. But in many situations, such a one-way or unidirectional cause-and-effect relationship is not meaningful. This occurs if Y is determined by the X's, and some of the X's are, in turn, determined by Y. From that caused will be occurs problem in the estimation by use the OLS and the result not good to present the relationships between them, and we can't depend upon it and we are estimation the model by use another method, will in short we are use the simultaneous equations which makes the distinction between dependent and explanatory variables of dubious value. It is better to lump together a set of variables that can be determined simultaneously by the remaining set of variables-precisely what is done in simultaneous-equation models. In such models there is more than one equation-one for each of the mutually, or jointly, dependent or endogenous variables And unlike the single-equation models, in the simultaneous-equation models one may not estimate the parameters of a single equation without taking into account information provided by other equations in the system.

KEYWORDS: Econometrics, Simultaneous Equations, Market System