

# Estimation of the Mean of the Selected Population

Kalu Ram Meena, Aditi Kar Gangopadhyay, Satrajit Mandal

*Abstract*—Two normal populations with different means and same variance are considered, where the variance is known. The population with the smaller sample mean is selected. Various estimators are constructed for the mean of the selected normal population. Finally, they are compared with respect to the bias and MSE risks by the method of Monte-Carlo simulation and their performances are analysed with the help of graphs.

*Keywords*—Estimation after selection, Brewster-Zidek technique.

## I. INTRODUCTION

**S**UPPOSE we have two securities and we choose the security which is less risky. Then what can we say about the estimate of the risk of the selected security? For tackling this kind of situation we may consider the following model. Suppose we have two normal populations with means  $\alpha_i$ ,  $i = 1, 2$  respectively each having the same variance  $\tau^2$ . A random sample of size  $n$  is drawn from each of the populations. Let  $X_{11}, \dots, X_{1n}$  and  $X_{21}, \dots, X_{2n}$  be the two random samples drawn from the first and second population respectively. Let  $Y_1$  and  $Y_2$  be the sample means of  $\{X_{1j}\}$  and  $\{X_{2j}\}$ ,  $j = 1, \dots, n$  respectively. Then the expectation of  $Y_i$  is  $\alpha_i$  and the variance of  $Y_i$  is  $\frac{\tau^2}{n}$ . Now we are interested in selecting the normal population with the smaller mean. For this purpose we select the population with smaller sample mean. The problem corresponding to higher mean was studied in [7]. So, in the current problem the first population is selected if  $Y_1 \leq Y_2$  and the second population is selected otherwise. Hence we define  $I_1$  and  $I_2$  as  $I_1 = \begin{cases} 1 & \text{if } Y_1 \leq Y_2 \\ 0 & \text{otherwise} \end{cases}$  and  $I_2 = 1 - I_1$ .

Therefore, the mean of the selected population is

$$M = \alpha_1 I_1 + \alpha_2 I_2.$$

where  $Y_{min} = \min(Y_1, Y_2)$

## II. DERIVATION OF THE ESTIMATORS

In this section we consider the analogous estimators proposed in [7]. The natural estimator of  $M$  is  $Y_{min}$ .

The bias of  $Y_{min}$  as an estimator  $M$  is

$$\begin{aligned} B(Y_{min}) &= E[Y_{min} - M] \\ &= E[Y_{min}] - E[M] \end{aligned} \quad (1)$$

Kalu Ram Meena and Aditi Kar Gangopadhyay are with Department of Mathematics, Indian Institute of Technology Roorkee - 247667 INDIA. Satrajit Mandal is with Department of Mathematics, NISER, INDIA (e-mail: ganguli.aditi@gmail.com).

where

$$\begin{aligned} E[Y_{min}] &= E[Y_1 I_1 + Y_2 I_2] \\ &= E[Y_1 I_1] + E[Y_2 I_2] \\ &= \int_{-\infty}^{\infty} \int_{-\infty}^{y_2} I_1 y_1 f(y_1, y_2) dy_1 dy_2 \\ &\quad + \int_{-\infty}^{\infty} \int_{-\infty}^{y_1} I_2 y_2 f(y_1, y_2) dy_1 dy_2 \\ &= A + B \end{aligned} \quad (2)$$

Now,

$$\begin{aligned} A &= \int_{-\infty}^{\infty} \int_{-\infty}^{y_2} y_1 \frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \exp\left(-\frac{(y_1 - \alpha_1)^2}{\frac{\tau^2}{n}}\right) \\ &\quad \frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \exp\left(-\frac{(y_2 - \alpha_2)^2}{\frac{\tau^2}{n}}\right) dy_1 dy_2 \\ &= \int_{-\infty}^{\infty} \int_{-\infty}^{y_2} y_1 \frac{\sqrt{n}}{\tau} \phi\left(\frac{y_1 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) \frac{\sqrt{n}}{\tau} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) dy_1 dy_2 \\ &= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[ \frac{\sqrt{n}}{\tau} \int_{-\infty}^{y_2} y_1 \phi\left(\frac{y_1 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) dy_1 \right] dy_2 \\ \text{Let } \frac{y_1 - \alpha_1}{\frac{\tau}{\sqrt{n}}} &= u \text{ and } dy_1 = \frac{\tau}{\sqrt{n}} du \\ A &= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[ \int_{-\infty}^{\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}} (u \frac{\tau}{\sqrt{n}} + \alpha_1) \phi(u) du \right] dy_2 \\ &= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[ \frac{\tau}{\sqrt{n}} \int_{-\infty}^{\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}} u \phi(u) du \right. \\ &\quad \left. + \alpha_1 \int_{-\infty}^{\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}} \phi(u) du \right] dy_2 \\ &= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[ \frac{\tau}{\sqrt{n}} \int_{-\infty}^{\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}} u \left(\frac{1}{\sqrt{2\pi}} \exp\left(-\frac{u^2}{2}\right)\right) du \right. \\ &\quad \left. + \alpha_1 \Phi\left(\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) \right] dy_2 \\ \text{Let } \frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}} &= v, \quad u dv = dv \end{aligned}$$

$$\begin{aligned} A &= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[ \frac{1}{\sqrt{2\pi}} \frac{\tau}{\sqrt{n}} \int_{-\infty}^{\frac{1}{2} \left(\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right)^2} \exp(-v) dv \right. \\ &\quad \left. + \alpha_1 \Phi\left(\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) \right] dy_2 \\ &= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[ -\frac{1}{\sqrt{2\pi}} \frac{\tau}{\sqrt{n}} \exp\left(-\frac{1}{2} \left(\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right)^2\right) \right. \\ &\quad \left. + \alpha_1 \Phi\left(\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) \right] dy_2 \\ &= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[ -\frac{\tau}{\sqrt{n}} \phi\left(\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) \right. \\ &\quad \left. + \alpha_1 \Phi\left(\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) \right] dy_2 \end{aligned}$$

Again let  $\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}} = u$  and  $dy_2 = \frac{\tau}{\sqrt{n}} du$

$$\begin{aligned} A &= -\frac{\tau}{\sqrt{n}} \int_{-\infty}^{\infty} \phi(u) \phi\left(u + \alpha \frac{\sqrt{n}}{\tau}\right) du \\ &\quad + \alpha_1 \int_{-\infty}^{\infty} \phi(u) \Phi\left(u + \alpha \frac{\sqrt{n}}{\tau}\right) du \end{aligned}$$

where  $\alpha = \alpha_2 - \alpha_1$ .

We know the following standard results

$$\int_{-\infty}^{\infty} x\Phi(ax + b)\phi(x)dx = \frac{b}{\sqrt{1+b^2}}\phi\left(\frac{a}{\sqrt{1+b^2}}\right)$$

$$\int_{-\infty}^{\infty} \Phi(ax + b)\phi(x)dx = \Phi\left(\frac{a}{\sqrt{1+b^2}}\right)$$

and

$$\phi(ax + b)\phi(cx + d)$$

$$= \phi\left(\frac{(a^2 + c^2)x + ab + cd}{\sqrt{a^2 + c^2}}\right)\phi\left(\frac{ad - bc}{\sqrt{a^2 + c^2}}\right)$$

A can be evaluated by using the above results as

$$A = -\frac{\tau}{\sqrt{n}} \int_{-\infty}^{\infty} \phi(\sqrt{2}u + \frac{\alpha}{\tau\sqrt{\frac{2}{n}}})\phi(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}})du$$

$$+ \alpha_1\Phi(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}})$$

$$A = -\frac{1}{\sqrt{2}}\frac{\tau}{\sqrt{n}}\phi(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}) + \alpha_1\Phi(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}) \quad (3)$$

where  $\alpha = \alpha_2 - \alpha_1$

Similarly, B can be obtained as,

$$B = \int_{-\infty}^{\infty} \int_{-\infty}^{y_1} y_2 \frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \exp\left(\frac{-(y_1 - \alpha_1)^2}{2\tau^2/n}\right)$$

$$\frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \exp\left(\frac{-(y_2 - \alpha_2)^2}{2\tau^2/n}\right) dy_1 dy_2$$

$$B = -\frac{1}{\sqrt{2}} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) + \alpha_2 - \alpha_2 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) \quad (4)$$

Addition of (3) and (4) will give us,

$$E(Y_{min}) = -\frac{1}{\sqrt{2}} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) + \alpha_1 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) + \alpha_2$$

$$- \frac{1}{\sqrt{2}} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) - \alpha_2 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) \quad (5)$$

The expected value of M

$$E[M] = E[\alpha_1 I_1 + \alpha_2 I_2]$$

$$= E[\alpha_1 I_1] + E[\alpha_2 I_2]$$

$$= \alpha_1 P(Y_1 < Y_2) + \alpha_2 P(Y_1 > Y_2) \quad (6)$$

Now,  $P(Y_1 < Y_2) =$

$$\int_{-\infty}^{\infty} \int_{-\infty}^{y_2} \frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \exp\left(\frac{-(y_1 - \alpha_1)^2}{2\tau^2/n}\right)$$

$$\frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \exp\left(\frac{-(y_2 - \alpha_2)^2}{2\tau^2/n}\right) dy_1 dy_2$$

$$= \frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \exp\left(\frac{-(y_2 - \alpha_2)^2}{2\tau^2/n}\right)$$

$$\left[\frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \int_{-\infty}^{y_2} \exp\left(\frac{-(y_1 - \alpha_1)^2}{2\tau^2/n}\right) dy_1\right] dy_2$$

$$= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[\frac{\sqrt{n}}{\tau} \int_{-\infty}^{y_2} \phi\left(\frac{y_1 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) dy_1\right] dy_2$$

Let  $u = \frac{y_1 - \alpha_1}{\frac{\tau}{\sqrt{n}}}$ , and  $dy_1 = \frac{\tau}{\sqrt{n}} du$

$$P(Y_1 < Y_2) = \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \left[\int_{-\infty}^{\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}} \phi(u) du\right] dy_2$$

$$= \frac{\sqrt{n}}{\tau} \int_{-\infty}^{\infty} \phi\left(\frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}\right) \Phi\left(\frac{y_2 - \alpha_1}{\frac{\tau}{\sqrt{n}}}\right) dy_2$$

Again let  $u = \frac{y_2 - \alpha_2}{\frac{\tau}{\sqrt{n}}}$ , and  $dy_2 = \frac{\tau}{\sqrt{n}} du$

$$P(Y_1 < Y_2) = \int_{-\infty}^{\infty} \phi(u) \Phi\left(u + \frac{\alpha\sqrt{n}}{\tau}\right) du$$

$$= \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right), \text{ where } \alpha = \alpha_2 - \alpha_1 \quad (7)$$

Similarly

$$P(Y_2 < Y_1) = \int_{-\infty}^{\infty} \int_{-\infty}^{y_1} \frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \exp\left(\frac{-(y_1 - \alpha_1)^2}{2\tau^2/n}\right)$$

$$\frac{1}{\sqrt{2\pi}} \frac{\sqrt{n}}{\tau} \exp\left(\frac{-(y_2 - \alpha_2)^2}{2\tau^2/n}\right) dy_1 dy_2$$

$$= 1 - \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) \quad (8)$$

Substituting the values of (7) and (8) in (6), we get the expected value of M as,

$$E[M] = \alpha_1 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) + \alpha_2 - \alpha_2 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) \quad (9)$$

Using the values of (5) and (9), from (1) we get the bias of  $Y_{min}$  as,

$$B(Y_{min}) = -\frac{1}{\sqrt{2}} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) + \alpha_1 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right)$$

$$- \frac{1}{\sqrt{2}} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) + \alpha_2 - \alpha_2 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right)$$

$$- [\alpha_1 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) + \alpha_2 - \alpha_2 \Phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right)]$$

$$= -\frac{1}{\sqrt{2}} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right) - \frac{1}{\sqrt{2}} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right)$$

$$= -2 \frac{1}{\sqrt{2}} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right)$$

$$= -\sqrt{2} \frac{\tau}{\sqrt{n}} \phi\left(\frac{\alpha}{\tau\sqrt{\frac{2}{n}}}\right).$$

Let  $\frac{2\tau^2}{n} = \sigma^2$ , Then we get  $B(Y_{min}) = -\sigma\phi\left(\frac{\alpha}{\sigma}\right)$ .

Now, we get the estimator  $\hat{M}_\lambda$  of the random variable M as  $\hat{M}_\lambda = Y_{min} + \lambda\sigma\phi\left(\frac{Y}{\sigma}\right)$ , where  $Y = Y_2 - Y_1$  and  $\lambda \geq 0$  is an arbitrary constant.

Note:  $Y \sim N(\alpha, \sigma^2)$  and  $E[Y_2 - Y_1] = \alpha_2 - \alpha_1 = \alpha$ ,  $Var(Y) = \frac{2\tau^2}{n} = \sigma^2$

Now , we talk about the estimator  $t_c = Y_2 - Y\Phi(\frac{cY}{\sigma}) + c\sigma\phi(\frac{cY}{\sigma})$ , where  $c > 0$  is an arbitrary constant and  $\Phi(u)$  is the standard normal cdf. Now,

$$E[t_c] = E[Y_2 - Y\Phi(\frac{cY}{\sigma}) + c\sigma\phi(\frac{cY}{\sigma})]$$

$$E[t_c] = E[Y_2] - E[Y\Phi(\frac{cY}{\sigma})] + E[c\sigma\phi(\frac{cY}{\sigma})]$$

and

$$E[Y_2] = \alpha_2, \tag{10}$$

$$E[Y\Phi(\frac{cY}{\sigma})] = \frac{1}{\sqrt{2\pi}\sigma} \int_{-\infty}^{\infty} \exp(-\frac{1}{2}(\frac{y-\alpha}{\sigma})^2)y\Phi(\frac{cy}{\sigma})dy$$

$$= \frac{1}{\sigma} \int_{-\infty}^{\infty} \phi(\frac{y-\alpha}{\sigma})y\Phi(\frac{cy}{\sigma})dy$$

$$\implies \text{Let } \frac{y-\alpha}{\sigma} = u, \text{ then } dy = \sigma du$$

$$E[Y\Phi(\frac{cY}{\sigma})] = \int_{-\infty}^{\infty} (\sigma u + \alpha)\phi(u)\Phi(cu + \frac{c\alpha}{\sigma})du$$

$$= \sigma \int_{-\infty}^{\infty} u\phi(u)\Phi(cu + \frac{c\alpha}{\sigma})du + \alpha \int_{-\infty}^{\infty} \phi(u)\Phi(cu + \frac{c\alpha}{\sigma})du$$

$$= \frac{\sigma c}{\sqrt{1+c^2}}\phi(\frac{c\alpha}{\sigma\sqrt{1+c^2}}) + \alpha\Phi(\frac{c\alpha}{\sigma\sqrt{1+c^2}}) \tag{11}$$

and

$$E[c\sigma\phi(\frac{cY}{\sigma})] = \frac{1}{\sqrt{2\pi}\sigma} \int_{-\infty}^{\infty} \exp(-\frac{1}{2}(\frac{y-\alpha}{\sigma})^2)c\sigma\phi(\frac{cy}{\sigma})dy$$

$$= c \frac{1}{\sqrt{2\pi}} \int_{-\infty}^{\infty} \exp(-\frac{1}{2}(\frac{y-\alpha}{\sigma})^2) \frac{1}{\sqrt{2\pi}} \exp(-\frac{1}{2}(\frac{cy}{\sigma})^2)dy$$

$$= \frac{c}{2\pi} \int_{-\infty}^{\infty} \exp(-\frac{1}{2\sigma^2}(y^2(1+c^2) + \alpha^2 - 2y\alpha))dy$$

$$= \frac{c}{2\pi} \int_{-\infty}^{\infty} \exp[-\frac{1}{2\sigma^2}\{(y\sqrt{1+c^2} - \frac{\alpha}{\sqrt{1+c^2}})^2 + \frac{\alpha^2 c^2}{1+c^2}\}]dy$$

$$= \frac{c}{2\pi} \exp[-\frac{1}{2\sigma^2}(\frac{\alpha^2 c^2}{1+c^2})] \int_{-\infty}^{\infty} \exp[-\frac{1}{2\sigma^2}\{(y\sqrt{1+c^2} - \frac{\alpha}{\sqrt{1+c^2}})^2\}]dy$$

$$\text{Let } y\sqrt{1+c^2} = u, \text{ and } dy = \frac{1}{\sqrt{1+c^2}}du$$

$$E[c\sigma\phi(\frac{cY}{\sigma})] = \frac{c}{2\pi\sqrt{1+c^2}} \exp[-\frac{1}{2\sigma^2}(\frac{\alpha^2 c^2}{1+c^2})]$$

$$\int_{-\infty}^{\infty} \exp[-\frac{1}{2\sigma^2}(u - \frac{\alpha}{\sqrt{1+c^2}})^2]du$$

$$= \frac{c\sigma}{\sqrt{1+c^2}}\phi(\frac{\alpha c}{\sigma\sqrt{1+c^2}})$$

$$[\frac{1}{\sqrt{2\pi}\sigma} \int_{-\infty}^{\infty} \exp[-\frac{1}{2\sigma^2}(u - \frac{\alpha}{\sqrt{1+c^2}})^2]du]$$

$$= \frac{c\sigma}{\sqrt{1+c^2}}\phi(\frac{\alpha c}{\sigma\sqrt{1+c^2}}) \tag{12}$$

From (10), (11) and (12), we get expected value of  $t_c$  as  $E[t_c] = \alpha_2 - \alpha\Phi(\frac{c\alpha}{\sigma\sqrt{1+c^2}})$ .

So, we can say that estimator  $t_c$  is an unbiased estimator of  $\alpha_2 - \alpha\Phi(\frac{c\alpha}{\sigma\sqrt{1+c^2}})$ , which approaches  $E[M] = \alpha_2 - \alpha\Phi(\frac{\alpha}{\sigma})$  for large  $c$ . Hence, if  $c$  is large then the bias of  $t_c$  as an estimator of  $M$  is controlled.

Here, we can consider an estimator  $T$  of  $E[M]$  given by

$$T = Y_2 - Y\Phi(\frac{Y}{\sigma}) \tag{13}$$

and propose to use it to estimate  $M$ . The estimator  $T$ , actually, is a maximum likelihood estimator of  $E[M]$  and its bias will be the same whether we can use it as an estimator of  $E[M]$  or  $M$ . A more general estimator of this type is given by

$$T_\lambda = T - \lambda[Y\{\phi(\frac{Y}{\sigma}) - \Phi(\frac{Y}{\sqrt{2}\sigma})\} - \frac{\sigma}{\sqrt{2}}\phi(\frac{Y}{\sqrt{2}\sigma})] \tag{14}$$

where  $\lambda \geq 0$  is an arbitrary constant. The estimator of  $T_\lambda$  is the same as that of  $\hat{M}_\lambda$  and is obtained on subtracting a  $\lambda$  multiple of the estimated bias of  $T$  from itself.

Another estimator that we intend to investigate here is given by

$$H_c = \begin{cases} \frac{Y_1+Y_2}{2} \text{ if } & |Y_1 - Y_2| < c\sigma \\ \min(Y_1, Y_2), & |Y_1 - Y_2| \geq c\sigma. \end{cases}$$

where  $c \geq 0$  is an arbitrary constant. Note that for  $c=0$  we get  $Y_{min}$  which is the same as  $\hat{M}_\lambda$  for  $\lambda = 0$ . Then  $H_c$  is sometimes called an hybrid estimator. Finally, it may be mentioned that the Bayes estimator of  $M$ , for squared error loss with uniform prior distribution on  $\alpha_1$  and  $\alpha_2$ , turns out to be  $\min(Y_1, Y_2)$  which is the same as  $\hat{M}_\lambda$  for  $\lambda = 0$ .

### III. IMPROVING UPON $\hat{M}_\lambda$

Consider the group  $G = g(x)_c = x + c, c \in R$  of affine transformations. Under this transformation  $:X_{ij} \rightarrow X_{ij} + c, Y_i \rightarrow Y_i + c$  and  $M \rightarrow M + c$ . We take the the squared error loss  $L(d, M) = (d - M)^2$  then estimation problem is invariant.

**Theorem 1:** Let us consider the class of estimators of the form  $\hat{M}_\lambda = Y_{min} + \lambda\sigma\phi(\frac{Y}{\sigma})$ . Further, define the estimator  $\hat{M}_{\lambda^*}$  by

$$\hat{M}_{\lambda^*} = \begin{cases} \hat{M}_\lambda, & \text{if } \lambda \leq \gamma^* \\ \hat{M}_{\gamma^*}, & \text{if } \lambda > \gamma^*, \end{cases}$$

where  $\gamma^* = \frac{\sqrt{3}}{2}$ . Then  $\hat{M}_{\lambda^*}$  improves  $\hat{M}_\lambda$  with respect to the squared error loss if  $P(\lambda > \gamma^*) > 0$  for some  $\eta = \{\alpha_1, \alpha_2\}$ .

**Proof :** The mean squared error risk of  $\hat{M}_\lambda$  is given by

$$\frac{MSE[\hat{M}_\lambda]}{\sigma^2} = \frac{E[(Y_{min} + \lambda\sigma\phi(\frac{Y}{\sigma}) - M)^2]}{\sigma^2}$$

$$= [\frac{1}{2} + \frac{\lambda^2}{\sqrt{6\pi}}\phi(\frac{\gamma\sqrt{2}}{\sqrt{3}}) - \lambda\phi(\frac{\gamma}{\sqrt{2}})$$

$$\{\phi(\frac{\gamma}{\sqrt{2}}) - \frac{3\gamma}{\sqrt{2}}(\Phi(\frac{\gamma}{\sqrt{2}}) - \frac{1}{2})\}]$$

$$= \psi(\lambda)$$

where  $\gamma = \frac{\alpha}{\sigma}$ .

Now  $\psi'(\lambda) = [\frac{2\lambda}{\sqrt{6\pi}}\phi(\frac{\gamma\sqrt{2}}{\sqrt{3}}) - \phi(\frac{\gamma}{\sqrt{2}})]\{\phi(\frac{\gamma}{\sqrt{2}}) - \frac{3\gamma}{\sqrt{2}}(\Phi(\frac{\gamma}{\sqrt{2}}) - \frac{1}{2})\} = 0$  gives

$$\lambda = \frac{\phi(\frac{\gamma}{\sqrt{2}})\{\phi(\frac{\gamma}{\sqrt{2}}) - \frac{3\gamma}{\sqrt{2}}(\Phi(\frac{\gamma}{\sqrt{2}}) - \frac{1}{2})\}}{\frac{2}{\sqrt{6\pi}}\phi(\frac{\gamma\sqrt{2}}{\sqrt{3}})}$$

$$= \frac{\sqrt{3}}{2}e^{-\gamma^2 + \frac{2\gamma^2}{3}}\{1 - \frac{3\gamma}{\sqrt{2}}(\Phi(\frac{\gamma}{\sqrt{2}}) - \frac{1}{2})\}$$

$$= f(\gamma)$$

which is the minima of  $\psi(\lambda)$ . We know  $\Phi(0) = \frac{1}{2}$ . When  $\gamma$  is positive,  $\Phi(\frac{\gamma}{\sqrt{2}})$  is greater than  $\frac{1}{2}$ , that is  $\Phi(\frac{\gamma}{\sqrt{2}}) - \frac{1}{2} > 0$ . Thus,  $\frac{3\gamma}{\sqrt{2}}\{\Phi(\frac{\gamma}{\sqrt{2}}) - \frac{1}{2}\}$  is positive. If  $\gamma$  is negative,  $\frac{3\gamma}{\sqrt{2}}\{\Phi(\frac{\gamma}{\sqrt{2}}) - \frac{1}{2}\}$  is positive. Therefore,  $f(\gamma)$  has the maximum value at  $\gamma = 0$  and we obtain

$$f(\gamma) \leq \frac{\sqrt{3}}{2}e^{-\gamma^2/3} \leq \frac{\sqrt{3}}{2}.$$

Thus,  $\text{Sup}_{\gamma \in R} f(\gamma) = \frac{\sqrt{3}}{2} = \gamma^*$ . According to Brewster-Zidek technique [4] we can say that if  $\lambda > \gamma^*$  then  $\hat{M}_\lambda$  can be improved by  $\hat{M}_{\gamma^*}$  as in that case the risk of  $\hat{M}_{\gamma^*}$  will be less than that of  $\hat{M}_\lambda$  and this completes the proof of the theorem.

IV. COMPARISON OF DIFFERENT ESTIMATORS BASED ON BIAS AND MSE

The biases and mean squared error risks are calculated for the above estimators by the method of Monte-Carlo simulation for different values of  $|\gamma|$ , where  $\gamma = \frac{\alpha_1 - \alpha_2}{\sigma}$ . The graphs of these biases and MSE risks are drawn for the above estimators. In these graphs the  $X$  axis represents  $|\gamma|$  and  $Y$  axis represents the bias or MSE risks. The bias performances of the above estimators are given in Table I, II, III and Table IV. From, these four tables we observe that as  $|\gamma|$  increases the value of absolute biases of all the estimators decrease excluding the estimator  $T_\lambda$ . The MSE risks performances are given in Table V, VI, VII and Table VIII. From these four tables it is observed that the risk performances of the estimators become better as the value of  $|\gamma|$  increases. It is also observed that in most of the cases the risk of  $\hat{M}_\lambda$ , for  $\lambda = \sqrt{3}/2$  is lower than the other estimators. From the graphs also it is clear that as the value of  $|\gamma|$  tends to  $\infty$  the bias and risk values tend to 0. From the Fig. 6 it is observed that the bias as well as risk performance of the estimator  $T$  is better than  $T_\lambda$ . In fact, as the value of  $\lambda$  increases the bias and risk values increase. We present below the graphs of biases of different estimators and the graphs of Mean squared error risks of different estimators.

Table I: Bias of Estimator  $\hat{M}_\lambda$

$ \gamma $	$\lambda = 0$	$\lambda = \sqrt{3}/2$	$\lambda = 4 - 2\sqrt{2}$	$\lambda = \sqrt{2}$
0.0	-0.5077	-0.2048	-0.0979	-0.0130
0.5	-0.3369	-0.1048	-0.0229	0.0421
1.0	-0.2008	-0.0499	0.0033	0.0455
1.5	-0.0991	-0.00069	0.0340	0.0616
2.0	-0.0251	0.0285	0.0474	0.0625
2.5	-0.0058	0.0148	0.0221	0.0279
3.0	-0.0014	0.0035	0.0053	0.0067
3.5	-0.00056	0.00002	0.00022	0.00038
4.0	-0.0001	-0.00001	0.00002	0.00004
4.5	0.00000	0.00001	0.00001	0.00001
5.0	-0.00002	-0.00002	-0.00002	-0.00002
6.0	0.00001	0.00001	0.00001	0.00001

Table II: Bias of Estimator  $T_\lambda$

$ \gamma $	T	$\lambda = \sqrt{3}/2$	$\lambda = 1$	$\lambda = 1.25$	$\lambda = 1.5$
0.0	-0.3622	-0.1710	-0.1414	-0.0862	-0.0310
0.5	-0.2230	-0.0783	-0.0559	-0.0142	0.0276
1.0	-0.1190	-0.0313	-0.0177	0.0076	0.0329
1.5	-0.0391	0.0119	0.0198	0.0346	0.0493
2.0	0.0118	0.0333	0.0366	0.0428	0.0490
2.5	0.0098	0.0147	0.0154	0.0168	0.0182
3.0	0.0027	0.0024	0.0024	0.0023	0.0022
3.5	-0.00005	-0.00029	-0.00033	-0.0004	-0.00047
4.0	-0.00002	-0.00012	-0.00013	-0.00016	-0.00019
4.5	0.00001	-0.00001	-0.00001	-0.00002	-0.00002
5.0	-0.00002	-0.00003	-0.00003	-0.00003	-0.00003
6.0	0.00001	0.00001	0.00001	0.00001	0.00001

Table III: Bias of Estimator  $t_c$

$ \gamma $	$c = 1/3$	$c = 1/2$	$c = 1$	$c = \sqrt{3}$
0.0	-0.0059	-0.0078	-0.0124	-0.0163
0.5	0.0762	0.0656	0.0451	0.0336
1.0	0.1676	0.1274	0.0552	0.0183
1.5	0.2535	0.1844	0.0746	0.0255
2.0	0.2967	0.2026	0.0737	0.0295
2.5	0.2096	0.1269	0.0337	0.0109
3.0	0.1016	0.0524	0.0084	0.0014
3.5	0.0229	0.0097	0.00062	-0.00034
4.0	0.0081	0.0028	0.00008	-0.00008
4.5	0.0017	0.00049	0.00002	0.00000
5.0	0.00054	0.0001	-0.00002	-0.00002
6.0	0.0001	0.00002	0.00001	0.00001

Table IV: Bias of Estimator  $H_c$

$ \gamma $	$c = 0.5$	$c = 1$	$c = \sqrt{2}$	$c = 2$
0.0	-0.4500	-0.3103	-0.1897	-0.0743
0.5	-0.2947	-0.1876	-0.0926	0.0203
1.0	-0.1762	-0.1077	-0.0248	0.1056
1.5	-0.0862	-0.0419	0.0286	0.1565
2.0	-0.0207	0.0014	0.0452	0.1581
2.5	-0.0045	0.0020	0.0192	0.0772
3.0	-0.0012	0.00001	0.0038	0.0207
3.5	-0.00055	-0.00047	-0.00004	0.0020
4.0	-0.0001	-0.00009	-0.00004	0.00027
4.5	0.00000	0.00000	0.00000	0.00002
5.0	-0.00002	-0.00002	-0.00002	-0.00002
6.0	0.00001	0.00001	0.00001	0.00001

Table V: Mean Squared Error of Estimator  $\hat{M}_\lambda$

$ \gamma $	T	$\lambda = 0$	$\lambda = \sqrt{3}/2$	$\lambda = 4 - 2\sqrt{2}$	$\lambda = \sqrt{2}$
0.0	0.6572	0.7767	0.6659	0.6776	0.7058
0.5	0.4331	0.4866	0.4479	0.4650	0.4901
1.0	0.3136	0.3239	0.3301	0.3472	0.3663
1.5	0.2594	0.2485	0.2759	0.2933	0.3100
2.0	0.1971	0.1804	0.2094	0.2228	0.2345
2.5	0.0858	0.0791	0.0888	0.0929	0.0964
3.0	0.0210	0.0198	0.0213	0.0219	0.0224
3.5	0.0013	0.0013	0.0013	0.0013	0.0014
4.0	0.0002	0.00019	0.0002	0.0002	0.0002
4.5	0.00001	0.00001	0.00001	0.00001	0.00001
5.0	0.00000	0.00000	0.00000	0.00000	0.00000
6.0	0.00000	0.00000	0.00000	0.00000	0.00000

Table VI: Mean Squared Error of Estimator  $T_\lambda$

$ \gamma $	T	$\lambda = \sqrt{3}/2$	$\lambda = 1$	$\lambda = 1.25$	$\lambda = 1.5$
0.0	0.6572	0.6432	0.6494	0.6671	0.6926
0.5	0.4331	0.4428	0.4494	0.4653	0.4859
1.0	0.3136	0.3364	0.3424	0.3551	0.3701
1.5	0.2594	0.2870	0.2925	0.3035	0.3156
2.0	0.1971	0.2187	0.2224	0.2298	0.2375
2.5	0.0858	0.0916	0.0926	0.0945	0.0965
3.0	0.0210	0.0216	0.0217	0.0219	0.0221
3.5	0.0013	0.0013	0.0013	0.0013	0.0013
4.0	0.0002	0.0002	0.0002	0.0002	0.00019
4.5	0.00001	0.00001	0.00001	0.00001	0.00001
5.0	0.00000	0.00000	0.00000	0.00000	0.00000
6.0	0.00000	0.00000	0.00000	0.00000	0.00000

Table VII: Mean Squared Error of Estimator  $t_c$

$ \gamma $	$c = 1/3$	$c = 1/2$	$c = 1$	$c = \sqrt{3}$
0.0	0.4249	0.4765	0.6523	0.8718
0.5	0.3326	0.3627	0.4640	0.5818
1.0	0.2932	0.3091	0.3597	0.4012
1.5	0.2950	0.2985	0.3132	0.3139
2.0	0.2665	0.2538	0.2403	0.2250
2.5	0.1291	0.1154	0.0992	0.0902
3.0	0.0334	0.0283	0.0229	0.0211
3.5	0.0021	0.0017	0.0014	0.0013
4.0	0.00031	0.00025	0.0002	0.00019
4.5	0.00002	0.00001	0.00001	0.00001
5.0	0.00000	0.00000	0.00000	0.00000
6.0	0.00000	0.00000	0.00000	0.00000

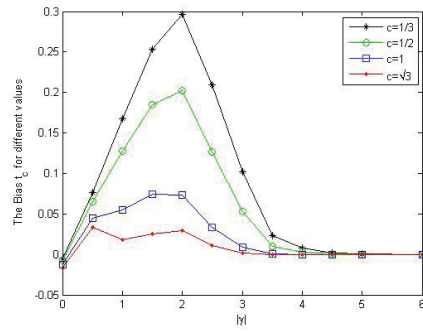


Fig. 3: Bias of  $T_c$

Table VIII: Mean Squared Error of Estimator  $H_c$

$ \gamma $	$c = 0.5$	$c = 1$	$c = \sqrt{2}$	$c = 2$
0.0	0.7629	0.6950	0.6082	0.4810
0.5	0.4826	0.4643	0.4372	0.3843
1.0	0.3258	0.3384	0.3557	0.3671
1.5	0.2516	0.2753	0.3185	0.3742
2.0	0.1832	0.2037	0.2398	0.3186
2.5	0.0798	0.0848	0.0983	0.1364
3.0	0.0199	0.0206	0.0224	0.0295
3.5	0.0013	0.0013	0.0013	0.0016
4.0	0.00019	0.00019	0.0002	0.00022
4.5	0.00001	0.00001	0.00001	0.00001
5.0	0.00000	0.00000	0.00000	0.00000
6.0	0.00000	0.00000	0.00000	0.00000

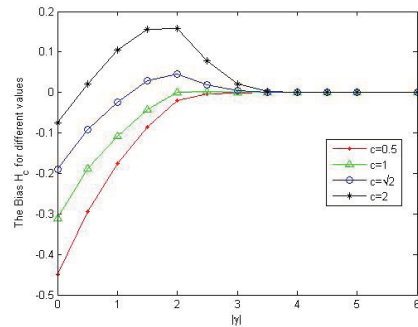


Fig. 4: Bias of  $H_c$

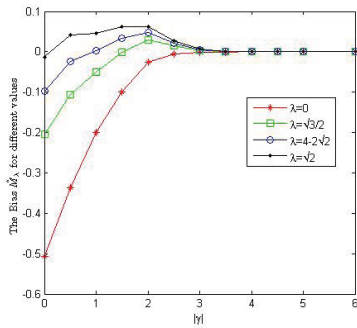


Fig. 1: Bias of  $\hat{M}_\lambda$

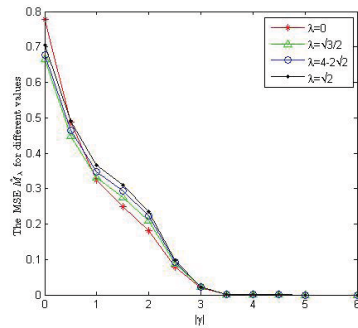


Fig. 5: MSE of  $\hat{M}_\lambda$

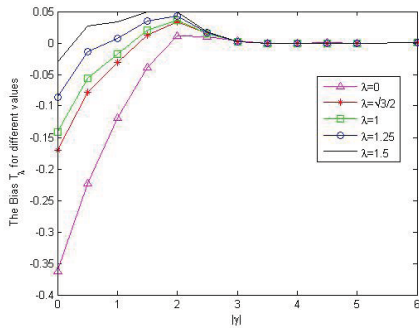


Fig. 2: Bias of  $T_\lambda$

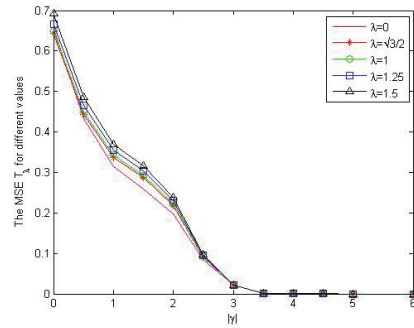


Fig. 6: MSE of  $T_\lambda$

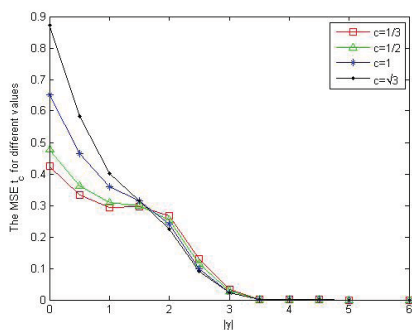


Fig. 7: MSE of  $T_c$

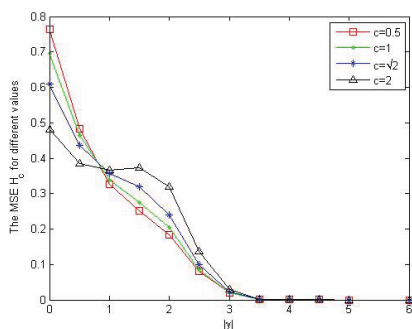


Fig. 8: MSE of  $H_c$

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**Kalu Ram Meena** received his Master of Science in Mathematics degree from the Indian Institute of Technology Kharagpur. Right now he is pursuing his Ph.D. at the Department of Mathematics, Indian Institute of Technology Roorkee.

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**Aditi Gangopadhyay** received her Master of Science in Mathematics degree in the year 1995 from the Indian Institute of Technology Kharagpur. She completed Ph.D. from the Indian Institute of Technology Kharagpur in 2000. Currently she is an Associate Professor at Indian Institute of Technology Roorkee. Her research interests are in Mathematical Statistics and Discrete Mathematics.

**Satrajit Mandal** is an M.Sc. student of National Institute of Science Education and Research, Bhubaneswar.