



[Glossary]

Dummy Variables

Subject:	Business Economics
Course:	B.A., 3 rd Semester, Undergraduate
Paper No. & Title:	Paper – 304 Basic Econometrics
Unit No. & Title:	Unit - 5 Dummy Variables
Lecture No. & Title:	Lecture – 1 Dummy Variables

Glossary

Dummy variable: A variable used for qualitative variable representing the categories of the qualitative variable is called dummy variable.

Intercept and slope: If regression model is $Y = a + b_1D_1 + U$, where Y is dependent variable and D is dummy independent variable. Here 'a' is called intercept of the model and b_1 is called slope of the model.

Qualitative variable: A variable which can not be measure but simply we can observe is called qualitative variable. E.g. gender, Colour, Seasons.

Regression model: A linear equation denoting the relationship between quantitative dependent variable and qualitative or quantitative or both the types of independent variables. It is denoted by $Y = a + b_1X_1 + b_2X_2 + \dots + b_kX_k + U$.

Seasonal trend: In time series within the year some values repeat at certain interval of time such trend is called seasonal trend. e.g. A time series of monthly sell of an umbrella during the five consecutive years.