



[Glossary]

Regression Analysis for Dummy Dependent Variable

Subject:	Business Economics
Course:	B. A. (Hons.), 5 th Semester, Undergraduate
Paper No. & Title:	Paper – 531 Elective Paper Q1 – Advanced Econometrics
Unit No. & Title:	Unit – 4 Binary Data and Limited Dependent Variable Models
Lecture No. & Title:	Lecture – 2 Regression Analysis for Dummy Dependent Variable

Glossary

1. Qualitative Response variable

It is a dependent variable having qualitative nature

2. Dichotomous variable

Qualitative variable with only two categories

3. Polichotomous variable

Qualitative variable with more than three categories

4. LPM

It is Linear Probability Model. Here the dependent variable with two categories has its probability distribution

5. LOGISTIC Model

(LOGIT Model) It is based upon logistic distribution function. Natural LOGIT is the ratio of logarithm of odds for favour as compared to failure.

6. PROBIT Model

It is extension of the LOGIT Model based upon c.d.f. of normal distribution