

OBJECTIVE

- To introduce the concept of autocorrelation in linear models.
- To examine about the reasons of autocorrelation.
- To understand clearly about the practical consequences of autocorrelation.
- To obtain expression for estimators of regressors and also the expression for its dispersion matrix.
- To illustrate the case by means of two variables model.
- To discuss in details Von-Neumann ratio test and Durbin Watson test for detecting autocorrelation.
- To discuss Generalised Difference equation method to tackle the problem of autocorrelation.
- To describe Cochran Orcutt iterative procedure as remedial measure to solve the problem of autocorrelation.