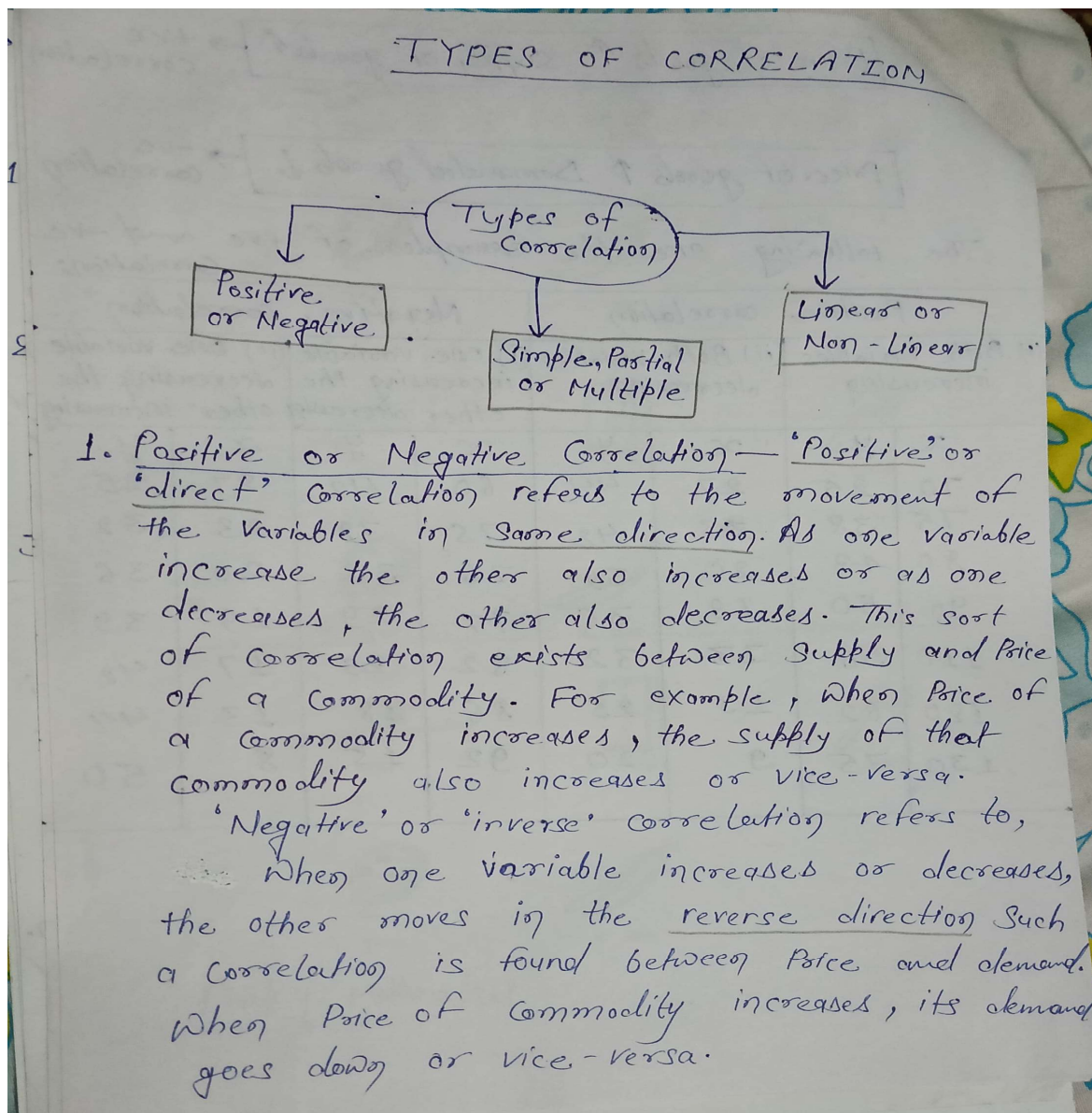


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Price of goods \uparrow Supply of goods \uparrow \rightarrow +ve correlation

Price of goods \uparrow Demanded goods \downarrow \rightarrow -ve correlation

The following are the examples of +ve and -ve correlation:

Positive correlation				Negative correlation			
(i) Both variables increasing		(ii) Both variables decreasing		(i) One variable increasing the other decreasing		(ii) One variable decreasing the other increasing	
x	y	x	y	x	y	x	y
70	25	27	44	60	42	27	25
75	38	23	42	75	38	23	32
80	43	20	39	76	33	20	36
90	50	19	36	77	29	19	39
110	56	17	32	82	25	17	42
120	62	13	25	86	18	13	44
130	75	9	20	92	15	8	50

4) Simple, Partial or Multiple Correlation—

These terms refer to the number of variables involved in the study and to the techniques involved in measuring the correlation. When only two variables are involved, the analysis of relationship between them is described as simple correlation. The variable which is independent is called the subject series, while dependent variable is called relative series. When more than two variables are involved, for example, when there are three or four variables, and they are to be studied in relation to their relationship with one another, it is called multiple correlation.

For example, when we study relationship between, ~~say~~ agricultural production, rainfall and the amount of fertilizers used, it will be a case of multiple correlation.

In partial correlation, the relationship of two variables is studied by eliminating the effect of other variable from both.

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