What is a master table?

Designing master tables is the first step in database design. Master tables hold basic information about a system. To understand master tables, we need to understand the concept of a transaction. A transaction is an activity performed by entities within the system. The permanent data is called MASTER data like Employee Information, department info. Day to day business data is called TRANSACTION data like sales, salaries, expenses. In SAP, Material, customer, and vendor etc. are called master data tables.