

Objective type Questions – Index Numbers

A. Indicate the most appropriate alternative :

Answer

1. The best average in the construction of Index Numbers is
(a) Median (b) Geometric Mean (c) Mode (d) Arithmetic Mean (b)
2. Paasche Index number is based on
(a) Base year quantities (b) Current Year quantities
(c) average of Base & Current year quantities (d) none of the above (b)
3. Laspyres Index number is based on
(a) Base year quantities (b) Current Year quantities
(c) average of Base & Current year quantities (d) none of the above (a)
4. Fishers Index number is based on
(a) Base year quantities (b) Current Year quantities
(c) Base & Current year quantities (d) none of the above (c)
5. TRT & FRT are satisfied by
(a) Laspyre's IN (b) Paasche's IN (c) Fisher's IN (d) none of the above (c)

B. Fill in the blanks

- (1) Index Numbers are called as **BAROMETER** of economic change.
- (2) The base year should be always be **NORMAL**.
- (3) **GEOMETRIC MEAN** is the most appropriate average for constructing the Index Numbers.
- (4) Price Index reflects **PRICE** changes frpm one period to another.
- (5) To study change in the price level for a group of people, **COST OF LIVING** index is prepared.
- (6) The base shifting is necessary when the base period is **TOO OLD OR TOODISTANT**.
- (7) The technique of combining two different series of Index numbers having different base periods is called **SPLICING**