

Business Statistics (E.M) - ICom Part 2 Business Statistics Chapter 4 Short Questions Test

Q1. What is composite index number.

Ans 1: An index number which measures a relative change in a group of related variables according to base is called composite index number.

Q2. Write two limitations of index numbers.

Ans 1: 1- They are not suitable for all purposes.

Ans 2: 2- They produce different results in different methods of construction.

Q3. What is an Ideal index number.

Ans 1: An index number presented by the Statistician Fisher's is called ideal index number.

Q4. What is weighted index number.

Ans 1: An index number which measures the changes in the price or group of commodities with respect to relative importance of commodities is called weighted index number.

Q5. What do you mean by the term 'basket of goods' in index number.

Ans 1: In the language of statistics a collection of different goods which purchased by the consumer are called basket of goods. For example items, clothing, housing, education are collectively called basket.

Q6. Write the types of index number according to base.

Ans 1: 1- Fixed base index number

Ans 2: 2- Chain base index number

Q7. What is link relative.

Ans 1: The percentage ratio of the price in current year and the price in previous year is called link relative. It is calculated as. $1 = \frac{P_n}{P_o} \times 100$

Q8. What is quantity index number.

Ans 1: An index number which measures the changes in the quantity of volume of goods produced or consumed is called quantity index number.

Q9. Write any three uses of index numbers.

Ans 1: 1- Index number is used to measure the purchasing power of money

Ans 2: 2- Index number is used to forecast business activities.

Ans 3: 3- Index number is used to make policies for the future.

Q10. What is price relative.

Ans 1: The percentage ratio of the price in current year and the price in base year is called price relative.
