

## Statistics - ICS Part 1 Statistics Chapter 5 Short Questions Preparation

Q1. Which index number satisfy the time revereal or factor reveral test or both.
Ans 1: Fisher's ideal index satisfice both the time reversal and factor reversal tests Marshall Edgeworth index satisfies the time reversal test only Laspeyres and Paasche indices do not satisfy both the tests.
Q2. Enlist the main steps involved in the construction of index number.
Ans 1: 1- Definition of the purpose and scope.
Ans 2: 2- Selection of commodities to be included.
Ans 3: 3- Collction prices.
Ans 4: 4- Selection of the base period 5- Choice of average to be used
Ans 5: 6- Selection of suitable weights
Q3. Write any two uses fo index numbers.
<b>Ans 1:</b> 1- Index numbers can be used to education to compare teh intelligence of a student with that of an average student of his age as class.
Ans 2: 2- Index numbers can be used to show the general health conditions of the people and to indicate the adequacy at hospita facilities.
Q4. Distinguish between an unweighted index number and a weighted index number.
Ans 1: An unweighted index in that in which all values considered in calculating the index are of equal importance.
Ans 2: A weight index is that in which we attach greater importance to changes in some variable than to others.
Ans 3: In an unweighted index, we do no consider the quantities, whereas, in a weighted index, the quantities are considred.
Q5. How many method are used for selection of base period?

**Ans 1:** There are two method.

1. Fixed base method

Q6. Define composite index.
Ans 1: An index number is that computed from two or more variable is called composite index number.
Q7. What is base period?
Ans 1: The period with which the price are compared is called the period.
Q8. State some uses of consumer price index number.
Ans 1: The consumer price indices can help the government to take suitable economic measures to control prices.
<b>Ans 2:</b> These indices can be made a basis for regulation of wage rates. They are used by industrial and commercial organizations to grant dearness allowance and bonus to their employees to meet the increased cost of living.
<b>Ans 3:</b> Index numbers are used to evaluate the purchasing power of money, They are also used for forecasting business and economic activities.
Q9. What are the limitation of index number?
<ol> <li>Ans 1: Some limitation of index are given below:</li> <li>All index numbers are not suitable for all purpose.</li> <li>There may be error in choice of base period</li> <li>If it not possible take into account all change in product.</li> </ol>
Q10. What are the types of composite index numbers.
Ans 1: Unweighted index numberweighted index number.

2. Chain base method