MCQ INDEX NUMBERS

MCQ No 5.1
An index number is called a simple index when it is computed from:
(a) Single variable    (b) Bi-variable    (c) Multiple variables    (d) None of them

MCQ No 5.2
Index numbers are expressed in:
(a) Ratios    (b) Squares    (c) Percentages    (d) Combinations

MCQ No 5.3
If all the values are of equal importance, the index numbers are called:
(a) Weighted    (b) Unweighted    (c) Composite    (d) Value index

MCQ No 5.4
Index numbers can be used for:
(a) Forecasting    (b) Fixed prices    (c) Different prices    (d) Constant prices

MCQ No 5.5
Index for base period is always taken as:
(a) 100    (b) One    (c) 200    (d) Zero

MCQ No 5.6
When the prices of rice are to be compared, we compute:
(a) Volume index    (b) Value index    (c) Price index    (d) Aggregative index

MCQ No 5.7
When index number is calculated for several variables, it is called:
(a) Composite index    (b) Whole sale price index    (c) Volume index    (d) Simple index

MCQ No 5.8
How many types are used for the calculation of index numbers:
(a) 2    (b) 3    (c) 4    (d) 5

MCQ No 5.9
In chain base method, the base period is:
(a) Fixed    (b) Not fixed    (c) Constant    (d) Zero

MCQ No 5.10
Which formula is used in chain indices?
(a) $\frac{\sum p_n}{\sum p_o} \times 100$    (b) $\frac{p_n}{p_{n-1}} \times 100$    (c) $\frac{p_n}{p_o} \times 100$    (d) $\frac{\sum p_nq_n}{\sum p_oq_o} \times 100$

MCQ No 5.11
Price relatives are a percentage ratio of current year price and:
(a) Base year quantity    (b) Previous year quantity    (c) Base year price    (d) Current year quantity

MCQ No 5.12
Indices calculated by the chain base method are free from:
(a) Seasonal variations    (b) Errors    (c) Percentages    (d) Ratios

MCQ No 5.13
The chain base indices are not suitable for:
(a) Long range comparisons    (b) Short range comparisons    (c) Percentages    (d) Ratios
MCQ No 5.14
An index number that can serve many purposes is called:
(a) General purpose index  (b) Special purpose index
(c) Cost of living index  (d) None of them

MCQ No 5.15
Another name of consumer's price index number is:
(a) Whole-sale price index number  (b) Cost of living index
(c) Sensitive  (d) Composite

MCQ No 5.16
Consumer price index indicates:
(a) Rise  (b) Fall  (c) Both (a) and (b)  (d) Neither (a) and (b)

MCQ No 5.17
Purchasing power of money can be accessed through:
(a) Simple index  (b) Fisher’s index  (c) Consumer price index  (d) Volume index

MCQ No 5.18
Cost of living at two different cities can be compared with the help of:
(a) Value index  (b) Consumer price index  (c) Volume index  (d) Un-weighted index

MCQ No 5.19
Consumer price index numbers are obtained by:
(a) Laspeyre's formula  (b) Fisher ideal formula
(c) Marshall Edgeworth formula  (d) Paasche's formula

MCQ No 5.20
Laspeyre's index = 110, Paasche's index = 108, then Fisher's Ideal index is equal to:
(a) 110  (b) 108  (c) 100  (d) 109

MCQ No 5.21
Most commonly used index number is:
(a) Volume index number  (b) Value index number
(c) Price index number  (d) Simple index number

MCQ No 5.22
For consumer price index, price quotations are collected from:
(a) Fair price shops  (b) Government depots  (c) Retailers  (d) Whole-sale dealers

MCQ No 5.23
Price relatives computed by chain base method are called:
(a) Price relatives  (b) Chain indices  (c) Link relatives  (d) None of them

MCQ No 5.24
Consumer price index are obtained by:
(a) Paasche's formula  (b) Fisher's ideal formula
(c) Marshall Edgeworth formula  (d) Family budget method formula

MCQ No 5.25
The aggregative expenditure method and family budget method always give:
(a) Different results  (b) Approximate results  (c) Same results  (d) None of them
MCQ No 5.26
In fixed base method, the base period should be:
(a) For away (b) Abnormal (c) Unreliable (d) Normal

MCQ No 5.27
If all the values are not of equal importance the index number is called:
(a) Simple (b) Unweighted (c) Weighted (d) None

MCQ No 5.28
Which of the following formula satisfy the time reversal test?
(a) \( p_{01} = \frac{\sum p_1 q_0}{\sum p_0 q_0} \) (b) \( p_{01} = \frac{\sum p_1 q_1}{\sum p_0 q_1} \) (c) \( p_{01} = \frac{\sum p_1 q_0 \times \sum p_1 q_1}{\sum p_0 q_0 \times \sum p_0 q_1} \) (d) None of them

MCQ No 5.29
When the price of a year is divided by the price of a particular year we get:
(a) Simple relative (b) Link relative (c) (a) and (b) both (d) None of them

MCQ No 5.30
When the price of a year is divided by the price of the preceding year, we get:
(a) Value index (b) Link relative (c) Simple relative (d) None of them

MCQ No 5.31
The most appropriate average in averaging the price relatives is:
(a) Median (b) Harmonic mean (c) Arithmetic mean (d) Geometric mean

MCQ No 5.32
In constructing index number geometric mean relatives are:
(a) Non-reversible (b) Reciprocal (c) Reversible (d) None of them

MCQ No 5.33
The general purchasing power of the currency of a country is determined by:
(a) Retail price index (b) Volume index (c) Composite index (d) Whole-sale price index

MCQ No 5.34
What type of index number can help the government to formulate its price policies and to take appropriate economic measures to control prices:
(a) Whole sale price index (b) Consumer's price (c) Quantity (d) None of them

MCQ No 5.35
The most suitable average in chain base method is:
(a) Arithmetic mean (b) Median (c) Mode (d) Geometric mean

MCQ No 5.36
Base year quantities weights are used in:
(a) Laspeyre's method (b) Paasche's method (c) Fisher's ideal method (d) Difficult to tell

MCQ No 5.37
Chain process is used to make comparisons of price index numbers in:
(a) Price relative (b) Link relative (c) Simple relative (d) None of the above

MCQ No 5.38
In the computation of consumer price index numbers, we use:
(a) Aggregate expenditure method (b) Family budget method (c) Chain base method (d) Both (a) and (b)
MCQ No 5.39
The Federal Bureau of Statistics prepares:
(a) The wholesale price index  (b) The consumer price index
(c) The sensitive price indicator  (d) All of the above

MCQ No 5.40
While computing a weighted index, the current period quantities are used in the:
(a) Laspeyre's method  (b) Paasche's method
(c) Marshall Edgeworth method (d) Fisher's ideal method

MCQ No 5.41
The best method to measure the relative change in prices of commodities is:
(a) Quantity index number (b) Value index number
(c) Volume index number  (d) Price index number

MCQ No 5.42
When the base year values are used as weights, the weighted average of relatives price index number is the same as the:
(a) Laspeyre's index (b) Paasche's index (c) Simple aggregative index (d) Quantity index

MCQ No 5.43
To measure the relative change in purchasing a specified basket of goods and services between two periods for a certain locality for fixed income group of people, we can use:
(a) Consumer price index (b) Paasche's price index  (c) Cost of living index (d) Both (a) and (c)

MCQ No 5.44
Fisher's ideal index number is the geometric mean of the:
(a) Laspeyre's and Marshall Edgeworth indices (b) Laspeyre's and Paasche's indices
(c) Paasche's and Marshall Edgeworth indices (d) All of the above

MCQ No 5.45
A number that measures a relative change in a single variable with respect to a base.is called:
(a) Good index number  (b) Composite index number
(c) Simple index number (d) Quantity index number

MCQ No 5.46
A number that measures an average relative change in a group of related variables with respect to a base is called:
(a) Simple index number  (b) Composite index number
(c) Price index number  (d) Quantity index number

MCQ No 5.47
An index number constructed to measure the relative change in the price of an item or a group of items is called:
(a) Quantity index number  (b) Price index number (c) Volume index number  (d) Difficult to tell

MCQ No 5.48
When relative change is measured for a fixed period, it is called:
(a) Chain base method  (b) Fixed base method
(c) Simple aggregative method  (d) Cost of living Index method
The ratio of a sum of prices in the current period to the sum of prices in the base period, expressed as a percentage is called:
(a) Simple price index number
(b) Simple aggregative price index number
(c) Weighted aggregative price index number
(d) Quantity index number

An index that measures the average relative change in group of variables keeping in view the relative importance of the variables is called:
(a) Simple index number
(b) Composite index number
(c) Weighted index number
(d) Price index number

Link relative of current year is equal to:
(a) \( \frac{P_{n}}{P_{0}} \times 100 \)
(b) \( \frac{P_{n} - P_{n-1}}{P_{n-1}} \times 100 \)
(c) \( \frac{P_{n}}{P_{n-1}} \times 100 \)
(d) \( \frac{P_{n}}{P_{n-1}} \times 100 \)

Simple average of relatives is equal to:
(a) \( \frac{\sum p_n}{\sum p_0} \times 100 \)
(b) \( \frac{\sum (p_n/p_0)}{\sum p_0} \times 100 \)
(c) \( \frac{\sum (p_n/p_0)}{\sum p_0} \times 100 \)
(d) \( \frac{1}{N} \sum \left( \frac{p_n}{p_0} \right) \times 100 \)

Paasche's price index number is also called:
(a) Base year weighted
(b) Current year weighted
(c) Simple aggregative index
(d) Consumer price index

Laspeyre's price index number is also called:
(a) Base year weighted
(b) Current year weighted
(c) Cost of living index
(d) Simple aggregative index

Index number having downward bias is:
(a) Laspeyre's index
(b) Paasche's index
(c) Fisher's ideal index
(d) Marshall Edgeworth index

Index number having upward bias is:
(a) Laspeyre's index
(b) Paasche's index
(c) Fisher's ideal index
(d) Marshall Edgeworth index

Marshall Edgeworth price index was proposed by:
(a) One English economist
(b) Two English economist
(c) Three English economist
(d) Many English economist

Index number calculated by Fisher's formula is ideal because it satisfy:
(a) Circular test
(b) Factor reversal test
(c) Time reversal test
(d) All of the above

The test which is not obeyed by any of the weighted index numbers unless the weights are constant:
(a) Circular test
(b) Time reversal test
(c) Factor reversal test
(d) None of them