[Summary]

Index Numbers (Part – 1)

Subject:	Business Economics
Course:	B. A. (Hons.), 1st Semester, Undergraduate
Paper No. & Title:	Paper – 102 Statistics for Business Economics
Unit No. & Title:	Unit – 4 Index Numbers
Lecture No. & Title:	Lecture – 1 Index Numbers (Part – 1)

Summary

An index number is a measure of change in magnitude from one situation to another. The two situations may be two time periods, two regions of a country or two groups of individuals. For economic and business study index numbers may be broadly classified into three categories:

(1) Price Index Numbers

(2) Quantity Index Numbers

(3) Value Index Numbers

Different authors have given different formulae of constructing index numbers by adopting different procedures of assigning weights to the commodities. These index numbers are:

(1) Laspeyres Index Number

(2) Paasche Index Number

(3) Marshall-Edgeworth Index Number

(4) Dorbisch-Bowley Index Number

(5) Fisher Index Number

These fixed base indices have some limitations. The consumption pattern of the people change, there may be new innovations and the relative importance of the commodities may also change. In view of these limitations the chain base index number has been constructed which measures the changes in the level of a phenomenon for any period with that of the immediately preceding period and the process is continued till the comparison is made with the required base period.