ASSIGNMENT

Q1. What are the various tests of adequacy of index numbers? Explain them.

Q2. What is meant by (i) base shifting, (ii) splicing and (iii) deflating of index numbers?

Q3. Show with the help of the given data that Fisher index satisfies the time reversal and factor reversal tests.

Commodity	Base Year		Current Year	
	Price	Expenditure	Price	Expenditure
	('00 Rs. per unit)	('00 Rs.)	('00 Rs. per unit)	('00 Rs.)
A	6	300	11	671
B	2	100	3	240
C	5	160	9	450
D	3	600	6	720

Q4. Combine the given two series of index numbers to
(i) Splice the new index to the old, i.e., splice forward
(ii) Splice the old index to the new, i.e., splice backward

Year	Index No. (2000=100)	Index No. (2005=100)
2000	100	
2001	118	
2002	120	100
2003		114
2004		122
2005		120
2006		125

Q5. For the given data in the table

Year	Weekly take–home wages ('00 Rs.)	Consumer Price Index
2003	219.50	122.8
2004	222.20	128.2
2005	226.40	137.4
2006	235.08	148.2
2007	245.40	153.5
2008	248.10	159.8

(i)   Compute the real average weekly wage for each year.

(ii) In which year the employee has the greatest purchasing power?

(iii) What percentage increase in the weekly wages for the year 2008 is required to provide the same purchasing power that the employees enjoyed in the year in which they had the highest real wages?