Glossary

1. **Index number**
   An index number is an economic data figure reflecting price or quantity compared with a standard or base value. The base usually equals 100 and the index number is usually expressed as 100 times the ratio to the base value.

2. **Aggregative Methods**
   Aggregate refers to Constituting or amounting to a whole; in statistics, it is a method which calculates as a whole to find cost of living Index.

3. **Family Budget Method**
   A family budget is an important part of sound financial planning. Budgets prevent you from spending more than your income, helping to control debt acquisition. The average cost of living for your area can give you an idea of how much you should expect to spend each month.

4. **Cost of living Index**
   A cost-of-living index is a theoretical price index that measures relative cost of living over time or regions. It is an index that measures differences in the price of goods and services, and allows for substitutions to other items as prices vary.

5. **Fisher's ideal index number**
   The geometric mean of Laspeyre's and Paasche's price indices is called Fisher's price index.

6. **Real Income**
   Real income is the income of individuals or nations after adjusting for inflation. It is calculated by subtracting inflation from the nominal income.

7. **Factor Reversal Test**
   A test for index numbers in which an index number of quantity, obtained if symbols for price and quantity are interchanged in an index number of price, is multiplied by the original price index to give an index of changes in total value.

8. **Time-reversal test**
   A test used with index numbers that is satisfied when the new index is the reciprocal of the original index if the functions of the base period and given period are interchanged; the advantage of index numbers meeting the criteria of the test is that a symmetric comparison of the two periods is obtained and the results are consistent whether one or the other period is used as a base.

9. **Circular Test**
   It is concerned with the measurement of price changes over a period of years, when it is desirable to shift the base. If in the use of index number interest attaches not merely to a comparison of two periods, but to the measurement of changes over a period of years, it is frequently.

10. **Simple Average of relatives method**

    In simple average method, issue price of materials are fixed at average unit price. Simple average is an average of price without considering the quantities involved. The average price is calculated by dividing the total of the rates of the materials in the stores by the number of rates of prices**.**

11. **Arithmetic mean**
    n mathematics and statistics, the arithmetic mean, or simply the mean or average when the context is clear, is the central tendency of a collection of numbers taken as the sum of the numbers divided by the size of the collection.

12. **Geometric mean**
    The geometric mean, in mathematics, is a type of mean or average, which indicates the central tendency or typical value of a set of numbers.

13. **Laspeyer's Index**
    In this method we calculate the index by taking the summation$\sum P1q0 / \sum P_0q_0$.

14. **Paasche's method**
    Paasche's price index is a weighted aggregate price index in which the weights are determined by quantities in the given year. The formula for constructing the index is p_{01} Σ p_1 q_1 / Σ p_0 q_1 x 100.

15. **Marshall Edgeworth method**
    In this method also the current year as well as base year price and quantities are considered. The formula for constructing the index is: $p_{01} = \Sigma$ p_1 q_0 + Σ p_1 q_1 / Σ p_0 q_0 + Σ p_0 q_1 x 100.