

**UNIVERSITY OF CALICUT**  
**SCHOOL OF DISTANCE EDUCATION**  
**(2014 Admn. onwards)**

*IV Semester*

Core Course for **B.A ECONOMICS**

QUANTITATIVE METHODS FOR ECONOMIC ANALYSIS-II

QUESTION BANK & ANSWER KEY

Choose the correct Answer from the bracket.

1. Which one of the following is line reversal list?

a.  $P_{01} \times Q_{01} = \frac{\sum P_1 q_1}{\sum P_0 q_0}$

c.  $P_{01} \times P_{12} \times P_{20} = 1$

b.  $P_{01} \times P_{10} = 1$

d.  $P_{01} \times P_{10} \neq 1$

2. A good index number is one which satisfies

(1) Unit test (2) Time reversal test (3) Factor reversal test

Which of the following is correct

a. 1 only

c. 2 & 3

b. 2 only

d. 1, 2 & 3

3. Which one of the following statement is correct?

(1) Laspeyres' index shows an upward bias

(2) Paastes' index shows an upward bias

(3) Laspeyres' index shows an downward bias

(4) Paasches' index shows an downward bias

a. 1 & 4

c. 2 & 3

b. 1 only

d. 3 & 4

4. The weighted average of price relations using basic values as weights is same as the .....

a. Laspeyres quantity index

c. Laspeyres price index

b. Paasches' price index

d. Kelly's price index

5. Which one of the following indices satisfies both time reversal and factor reversal list ?
- a. Laspeyres index number
  - b. Fischer's index number
  - c. Paasches index number
  - d. Bowley's index number
6. Which one of the following index numbers is based on Geometric Mean ?
- a. Laspeyres index number
  - b. Fischer's index number
  - c. Paasches index number
  - d. Bowley's index number
7. If the Paasches' index is 196 and Fishers index is 210, What is the value of the Laspeyres' index?
- a. 220
  - b. 215
  - c. 225
  - d. 230
8. The price index that uses base year quantities as weights is called .....
- a. Paasches index
  - b. Laspeyres index
  - c. Fischer's index
  - d. Whole sale price index
9. The major purpose of price index is to measure change in the .....
- a. Standard of living
  - b. Gold content of money
  - c. Buying power of money
  - d. Capacity to produce
10. Which of the following statement is not correct ?  
Fishers' index :
- a. Lies between Laspeyres' (L) & Paasches' index
  - b. is the Arithmetic mean of L & P
  - c. is the Geometric mean of L & P
  - d. is equal to L or P if  $L = P$
11. In consumer price index number weights are determining on the basis of .....
- a. Actual price of the index
  - b. the consumption pattern of the class of population
  - c. Actual consumption Expenditure
  - d. Both price & consumption expenditure
12. The procedure of combining two or more overlapping series of index numbers into one continuous series is called .....