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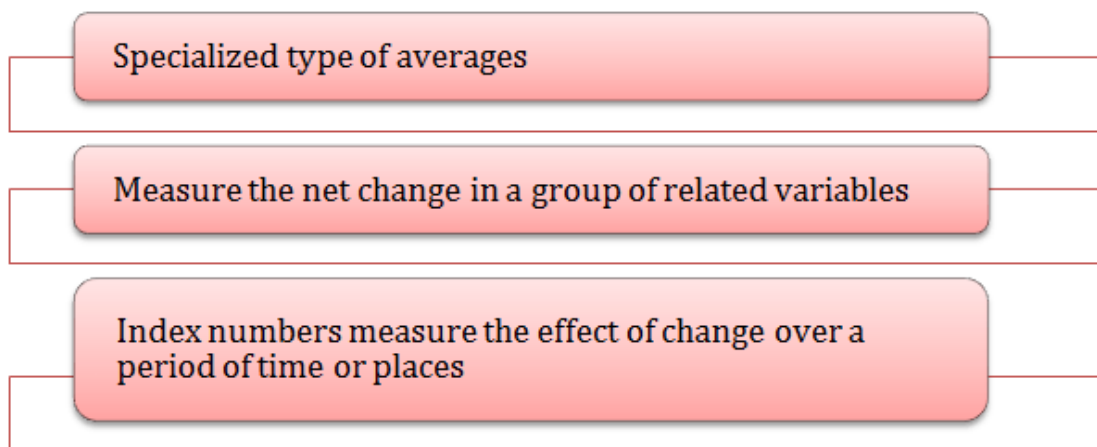
Index Number: Features of an Index Number: Specialized Type of Averages

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Index number is method to find out the average changes in related variables. It is a statistical device (measure) . Mostly price index numbers are used in practical statistics.

- it's purpose of showing average changes in one or more related variable (like price or quantity) between 2 period of time (between 1991 and 1996) or two places (like Delhi and Mumbai) or countries (like India and Japan) .
- Consumer price index number or cost of living index number helps in taking such decisions.
- Different commodities are measured in different units.
- For example:
 - Wheat and rice are measured in Kilograms,
 - Cloth in meters,
 - Milk in liters etc.
- Index numbers are indicators of the various trends in an economy.
- It may be simple or weighted.
- Price index numbers indicate the position of prices, whether they are rising or falling at which rate.

Features of an Index Number



Specialized Type of Averages

- Central tendency measure used to compare two or more series.
- Face a problem of difference in units of measurement.
- For example: Average height of students of a class is 100 CMS, their average weight is 50 kgs.
- Method of Index number helps to overcome this difficulty. that's why it's called specialized types of averages.

Measure the Net Change in a Group of Related Variables

- Describe the change in a group of related variables in terms of a single figure.
- Within the group some goods might have become cheaper or costlier in comparison to others.

Measure the Effect of Change over a Period of Time or Places

- Mostly used for measuring changes over a period of time.
- Compare the agricultural production, industrial production, imports, exports, wages etc. at two different times.
- Used to compare economic conditions of different areas or different industries.