

Types of Index Numbers:

Important types of index numbers are discussed below:

1. Wholesale Price Index Numbers:

Wholesale price index numbers are constructed on the basis of the wholesale prices of certain important commodities. The commodities included in preparing these index numbers are mainly raw-materials and semi-finished goods. Only the most important and most price-sensitive and semi- finished goods which are bought and sold in the wholesale market are selected and weights are assigned in accordance with their relative importance.

The wholesale price index numbers are generally used to measure changes in the value of money. The main problem with these index numbers is that they include only the wholesale prices of raw materials and semi-finished goods and do not take into consideration the retail prices of goods and services generally consumed by the common man. Hence, the wholesale price index numbers do not reflect true and accurate changes in the value of money.

2. Retail Price Index Numbers:

These index numbers are prepared to measure the changes in the value of money on the basis of the retail prices of final consumption goods. The main difficulty with this index number is that the retail price for the same goods and for continuous periods is not available. The retail prices represent larger and more frequent fluctuations as compared to the wholesale prices.

3. Cost-of-Living Index Numbers:

These index numbers are constructed with reference to the important goods and services which are consumed by common people. Since the number of these goods and services is very large, only representative items which form the

consumption pattern of the people are included. These index numbers are used to measure changes in the cost of living of the general public.

4. Working Class Cost-of-Living Index Numbers:

The working class cost-of-living index numbers aim at measuring changes in the cost of living of workers. These index numbers are consumed on the basis of only those goods and services which are generally consumed by the working class. The prices of these goods and index numbers are of great importance to the workers because their wages are adjusted according to these indices.

5. Wage Index Numbers:

The purpose of these index numbers is to measure time to time changes in money wages. These index numbers, when compared with the working class cost-of-living index numbers, provide information regarding the changes in the real wages of the workers.

6. Industrial Index Numbers:

Industrial index numbers are constructed with an objective of measuring changes in the industrial production. The production data of various industries are included in preparing these index numbers.