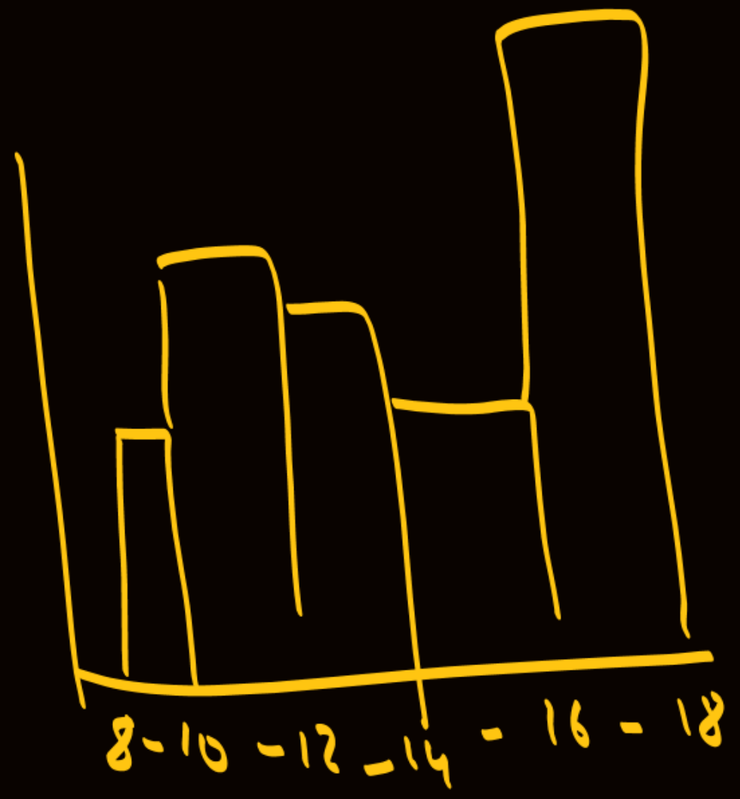
प्रारंभ BATCH

STATISTICS FOR ECONOMICS

Meaning, Scope & Importance of Statistics

Chapter 1 | Lecture 2

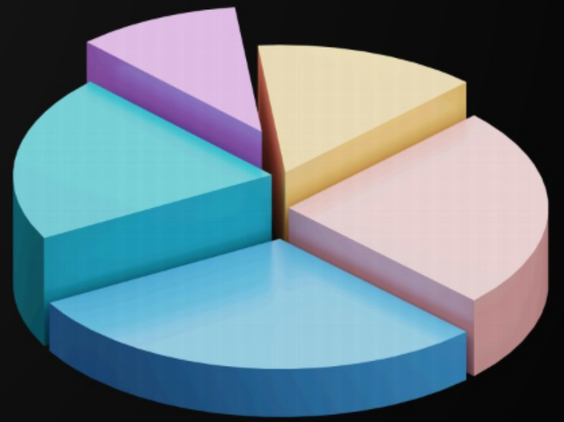

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FUNCTIONS OF STATISTICS

- To simplify complex facts - It is very difficult for an individual to understand and conclude from huge numerical data. Statistical methods try to present the great mass of complex data into simple and understandable form.



- To present facts in definite form - Quantitative facts can easily be believed and trusted in comparison to abstract and qualitative facts. Statistics summarizes the generalized facts and presents them in a definite form. For ex: inflation rate 10% rather than price rising.



MC = ₹4

Paper currency

Not even 1 year ← ₹10 = ₹1 Making cost

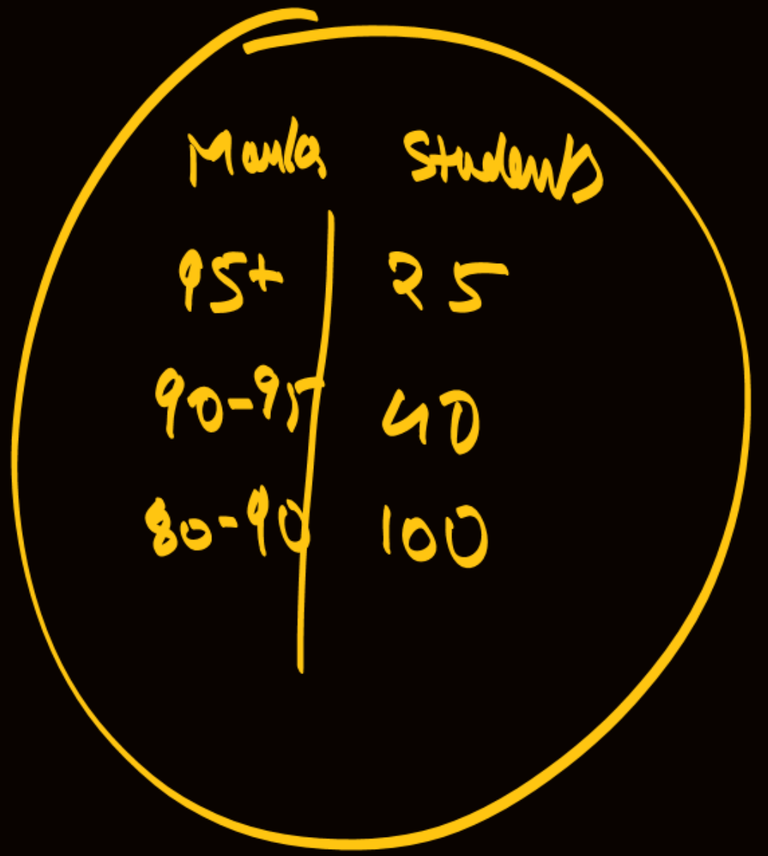
4 years ← ₹10 = ₹2 M. cost

Plastic

50% less MC

Reprinting

₹ 60000 + cr


Marks
Students
95+
25
90-95
40
80-90
100

- To help in forecasting - As business is full of risks and uncertainties, correct forecasting is essential to reduce the uncertainties of business. Statistical tools (like interpolation, time series analysis, etc.) help in making projections for future.

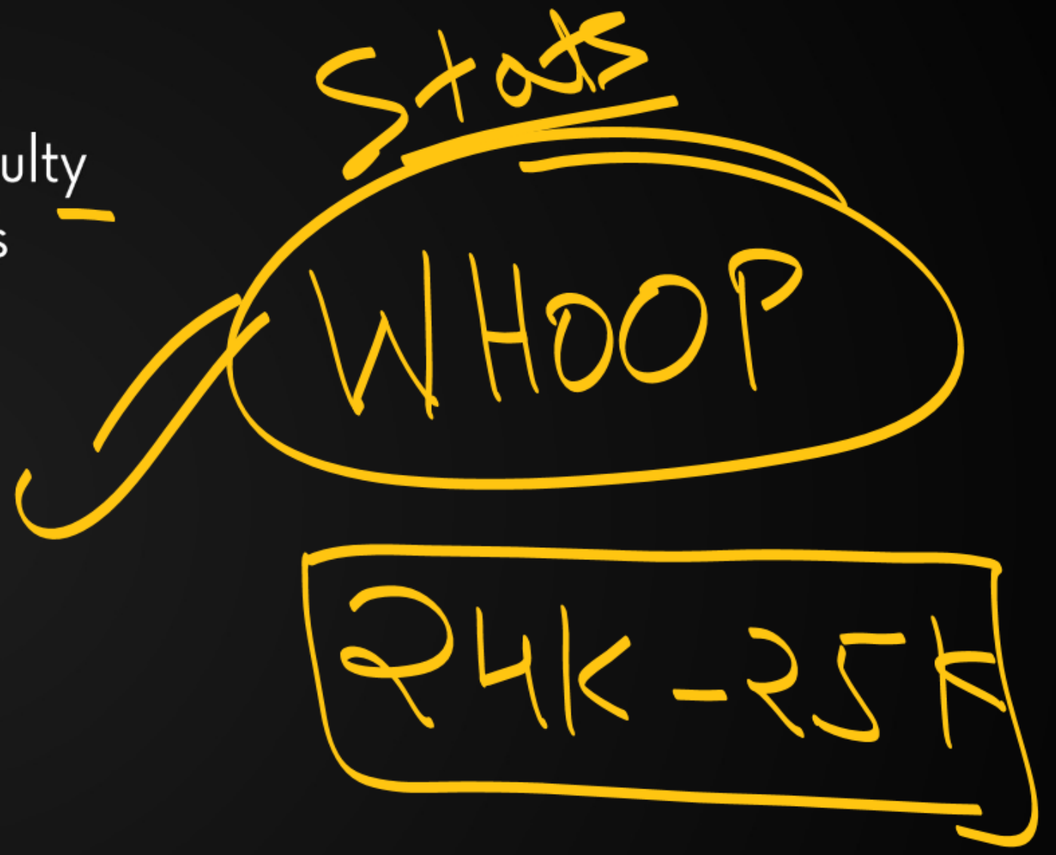
- Formulation and Testing of Hypothesis - Statistics methods are extremely useful in formulating and testing hypothesis.

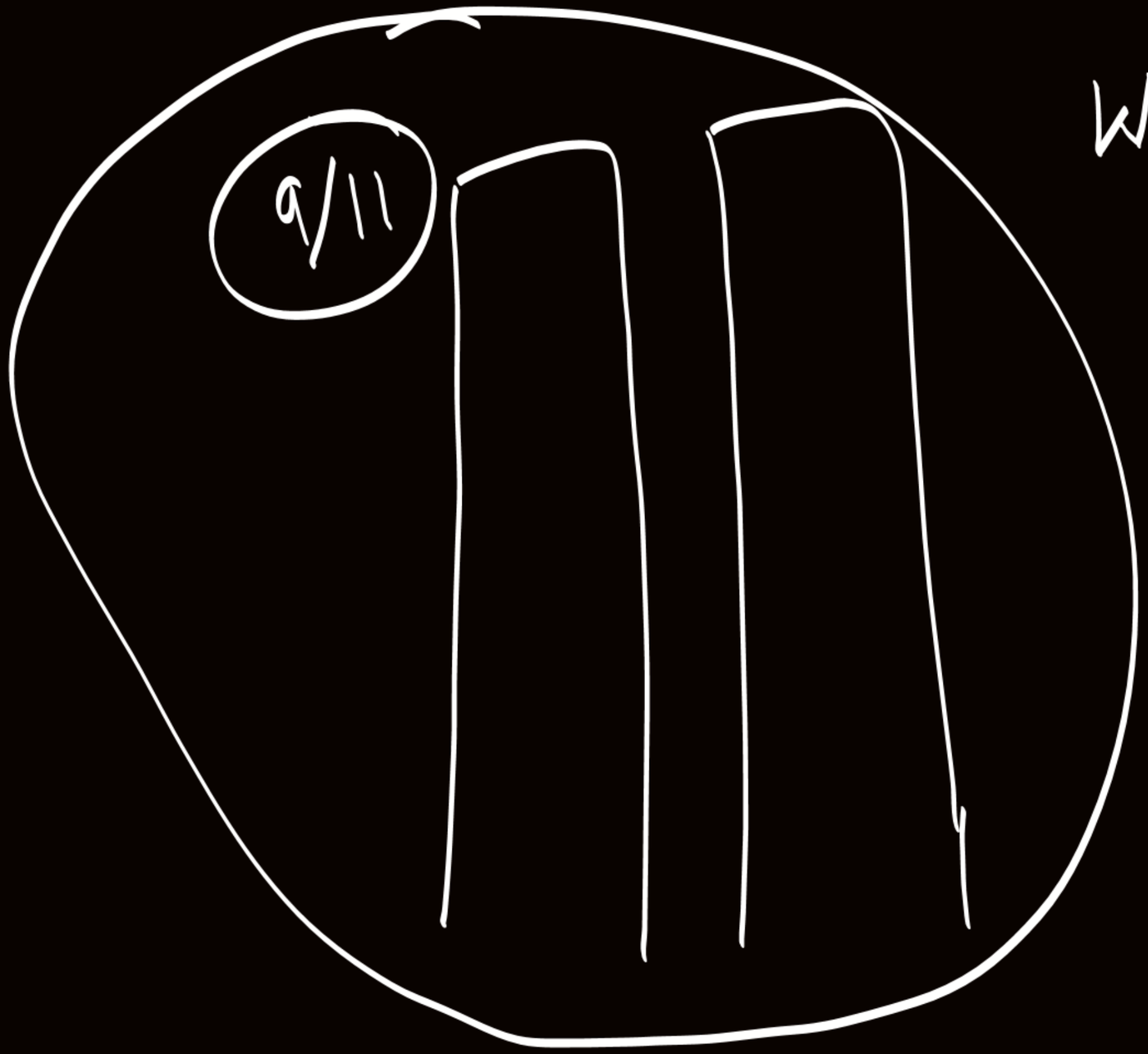




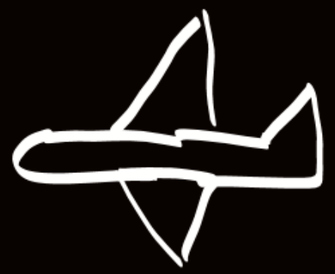
will it affect people or not?

- To enlarge individual knowledge and experience - Statistics enable people to enlarge their horizon. It sharpens the faculty of rational thinking and reasoning, and is helpful in propounding new theories and concepts.





World TRADE Center.



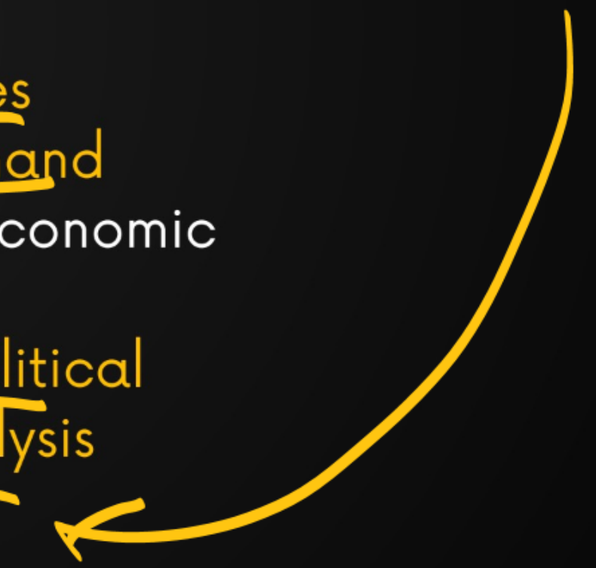
7 location

IMPORTANCE OF STATISTICS

Importance of Statistics to the Government

- The role of government has increased and requires much greater information in the form of numerical figures, to fulfill the welfare objectives in addition to the efficient running of their administration.
- Popular statistical methods such as time-series analysis, index numbers, forecasting and demand analysis are extensively used in formulating economic policies.
- In a democratic country like India, various political groups are also guided by the statistical analysis regarding their popularity in the masses.

Election



Importance of Statistics in Economics

- **Formulation of Economic Laws –** The famous 'Law of Demand' and the concept of 'Elasticity of Demand' have been developed by the Inductive method of generalisation, which is also based on statistical principles.
- **Helps in understanding and solving an economic problem –** Statistical data and statistical methods play a vital role in understanding and solving economic problems such as poverty, unemployment, disparities in the distribution of income and wealth, etc.

P↑ D↓
P↓ D↑

Importance of Statistics in Economics

- **Study of market structures -** Study of perfect competition, oligopoly, monopoly, etc. requires statistical comparison of market prices, cost and profits of individual firms. Statistics also facilitates inter-sectoral and inter-temporal comparison.

- **Helps in establishing mathematical relation -** Statistical methods can also be used to estimate mathematical relation and cause and effect relationship between various economic variables. For example, effect of change in prices on quantities demanded of a commodity, shows the mathematical form of demand relationship between the two variables.

Importance of Statistics in Economics

- **Useful to study behaviour of different economic concepts -** Trend-series analysis is used to study the behaviour of prices, production and consumption of commodities, money in circulation, and bank deposits and clearings.

- **Price Analysis -** Statistical surveys of prices help in studying the theories of prices, pricing policy and price trends as well as their relationship to the general problem of inflation.

Importance of Statistics in Economic Planning

5 year Plans

- At every stage of economic planning, there is a need for figures and statistical methods.
- Using statistical techniques, it is possible to assess the amounts of various resources available in the economy and accordingly determine whether the specified rate of growth is sustainable or not.
- Statistical analysis of data regarding an economy may reveal certain crucial areas, like increasing rate of inflation, which may require immediate attention.

Importance of Statistics in Business

- **For Establishing a Business Unit -** Before starting a business, it is necessary to know its feasibility. It involves detailed information about location, size of output, availability of inputs, taxes, size of market share, turnover, etc. Statistics provide guidelines, which may prove to be helpful in making key decisions.

- **For Making Marketing Strategy -** Before a product is launched, market research team makes use of various statistical techniques like pilot survey), to analyse data on population, purchasing power, habits of the consumers, competitors, pricing, etc. Such studies reveal the possible market potential for the product.

LIMITATION OF STATISTICS

- Statistics does not study qualitative phenomena - Statistics can be applied in studying only those problems which can be stated and expressed quantitatively. Qualitative characteristics such as honesty, poverty, welfare, beauty, health, etc. cannot directly be measured quantitatively.
- Statistics does not deal with individuals - Statistics deals only with aggregates of facts and no importance is attached to individual items.





- **Statistics can be Misused -** Statistics can be misused by ignorant or wrongly motivated persons. Any person can misuse statistics and draw any type of conclusion he likes.



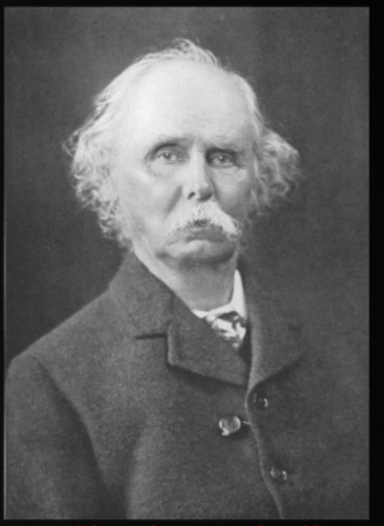
- **Statistical results are true only on average -** Statistical results are true on an average as the results are affected by a large number of causes. In other words, statistical laws are not universally true.

67



lady 105 yrs old
India life expectancy 67 yrs old

- Statistical laws are not exact - As statistical laws are probabilistic in nature, inferences based on them are only approximate and not exact like inferences based on mathematical or scientific laws.



Alfred Marshall

- Only Experts can make the Best Possible use of Statistics - The techniques of Statistics are not so simple to be used by any layman. These techniques can only be used by the experts as they are complicated in nature.



- **Statistical data should be uniform and homogeneous –** It is essential that data must be uniform and homogeneous. Heterogeneous data are not comparable. For example, it would be of no use to compare the heights of trees with the heights of men because these data are of heterogeneous nature.

- **Statistics is only one of the methods of studying a problem –** Statistical methods are only a means to understand any given problem rather than a method to solve any problem.




PLANT
TREES
SAVE
EARTH
Happy egvironment day next
toppers




chana (12th PCM)
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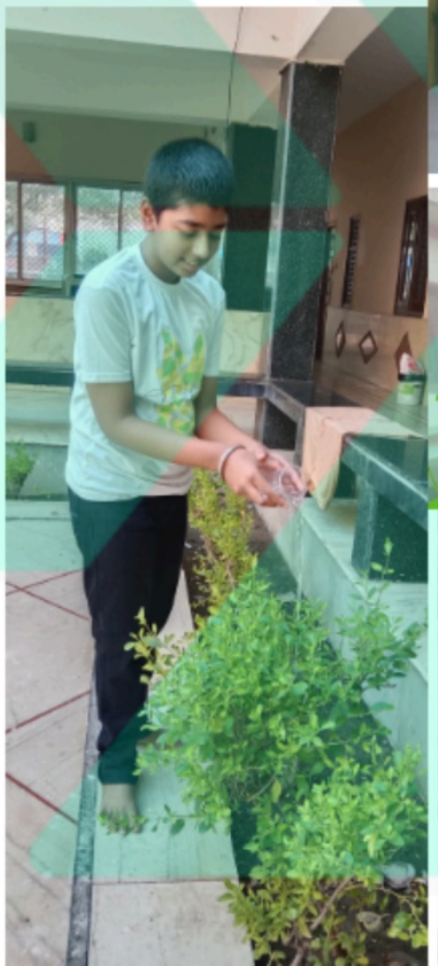



Archana (12th PCM)
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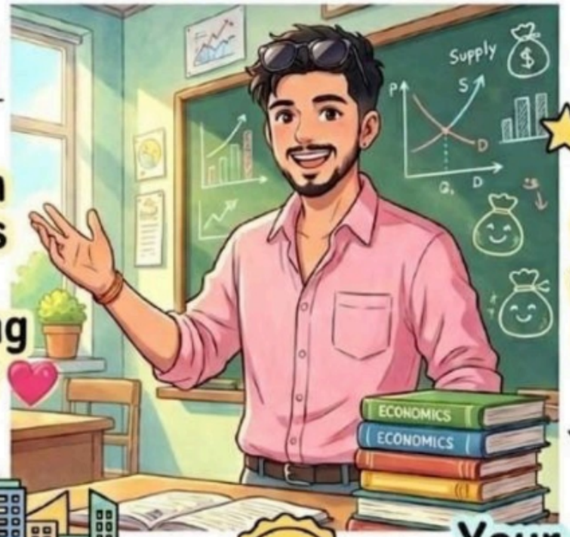




To Our Coolest Economics Sir 😎

You make economics fun and exciting

Learning with you is always full of energy 😀



You turn numbers into something we enjoy

Best teacher with the best 😎 vibe

The Economy

Best Teacher Ever

Your class is our favourite time of the day

Dear Sir,
Thank you for making economics so fun and easy to understand. Your teaching style makes every class enjoyable and You are truly the best

from diamond student....Mansi Dangi..

THANK YOU

Stay Connected

KEEP LEARNING