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INTRODUCTION TO ECONOMICS

Que What are different kinds of human activities explained?

Ans Depending on the wants human activities are Categoarised as follow.

1. Economic activities
2. Non Economic activities

Economic Activities

Those activities which are performed to earn a living are known as economic activities. these are related to use of scares resources for satisfaction of unlimited wants. These activities are classified as follow.

★ Production

An activity which is concerned with increasing the utility or value of goods and services is known as production. utility can be created in the form of time utility place utility form utility etc.

★ Consumption

It is concerned with the use of goods & services for direct satisfaction of human wants if their is no consumption there would not production in the economy

★ Investment

It is an activity which is concerned with utilisation of part of production for increasing capacity of future production of goods & services.

for Eg Installation of a larger printing press by a publisher.

★ Exchange

It is concerned with activity of sale & purchase of goods & services. It is also known as product pricing which is related to determination of price of the product.

★ Distribution

This activity is concerned with distribution of production among factors of production this is basically related to factor pricing where the production is distributed in the form of rent, firm, wages etc.

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Introduction Meaning & Scope of Statistics

Que What do you mean by Statistics? (COPAI).

Ans Statistics can be defined in singular & plural sense.

- **Singular Sense**

In singular sense statistics can be defined as science of collection, presentation, analysise and interpretation of numerical data.

① **Collection of Data**

This is the first step of statistics here data is gathered by investigator from reliable published & unpublished reasources

② **Organisation of Data**

Here data is organized by classyfying, editing & tabulating.

③ **Presentation of data**

The data collected & organized is presented in a systematic manner with the help of table graph ~~etc~~ & diagrams.

④ **Analysis of Data**

The next stage of Statistics is to analyse the presented data using various method like mean, median, mode, co-relation etc.

(5) Interpretation of Data

It is the last stage of statistical study that include drawing of conclusion on the basis of data analyse in the earlier stage.

- Statistics in Plural sense

By statistics we mean aggregate of facts effected to a market extent by multiplicity of causes, numerically expressed, estimated according to reasonable standard of accuracy, systematically collected for a pre-determined purpose.

(1) Aggregate of facts

A single observation can't be statistics as these figures can't be compared & no conclusion can be drawn from them.

for Eg Pocketmoney of Aneeruth can't help in any conclusion but pocket money of 20 students can help in drawing a conclusion.

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(2) Affected to a marked extent by multiplicity of causes

Data isn't isolated & they are dependent on no of factor. for Eg Electricity bill depends upon no of units consumed & the rate per unit.

(3) Numerically expressed

Statistical data is always numerically expressed in the one which can't be expressed in numerically is not expressed in statistics.

(4) Estimated according to resonable standard of accuracy.

Statistics envolves actual counting but sometimes when area is large accuracy mayn't be possible in such cases experts makes estimates on the basis of observation

(5) Collected in a systematic manner.

Any statistics collected asystematically is unreliable and inaccurate so it has to be systematically collected for meaningfull conclusion.

(6) Collected for a predeterminded purpose

* No Statistics is collected without any purpose if their a purpose that make statistics meaningfull.

(7) Placed in relation to eachother.

Statistics are often required for comparison which can be time wise area wise etc.

Que what are the function of statistics?

(1) Simplifies the complex data

With the help of statistical method a huge data can be presented in such a manner that ~~is~~ it become easier to understand For Eg A complex data can be presented as averages percentage graph etc.

(2) Present the fact in a definate form

The ~~eta~~ data is presented numerically and quantitatively which gives it a definate form for Eg Inflation is at 7% is definate form rather than saying that the very high

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(3) Provides a techique of comparison.

Statistics helps in intersectoral comparison which can be different areas, different Companies, different State, different countries etc.

(4) Statistics Studies relationship

Statistics helps in finding the relationship b/w two or more variables tools like co-relation are used for this purpose. Relationship like demand & supply, price & demand are generally found out.

(5) Help in formulating policies

Statistics helps in analysis of an economic problem & the causes of such problem are found out. Once the causes are found suitable policies are made to solve a particular problem.

(6) It helps in forcasting

Statistics helps in predicting the future of any variable it is able to find out trend in any particular phenomena using tools like trend analysis, time series analysis etc.
By the help of such tools economics

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is able to forecast the future changes in a variable with respect to other

(7) Helps in testing the theories

In testing or formulating a theory statistics and its techniques are very usefull for example a theory says that cigrette smoking causes cancer. Statistics helps in measuring the effect of cigratte smoking on health of people

Que what are the limitation of statistics

(1) It doesn't study the qualitative aspects

* ~~the~~ The most important requirement of statistics is that the data should be capable of being measured quantitatively things like honesty, love etc cant be studied in statistics.

(2) It doesn't studies the individual

* Statistics is the study of mass data & deals with aggregate of facts & individual values have no specific importance. For Eg pocket money of one student doesn't help in any kind of analysis whereas pocket money of all students of a class helps in analysing average pocket money.

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(3) Results are correct on an average.

* Law of Statistics are dependent on probability to a great extent & they aren't universally applicable as like any law of physics or chemistry bcz the results are effected by large no of causes

~~for~~ Eg Average pocket money of class 11th is 1500/- that doesn't mean that pocket money of all in the school will be the Same.

(4) Statistics can be missused

Statistics is liable to be missused bcz ~~&~~ it can be manuplate according to own needs of the users. Such manuplation can missle ad the Community'

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(5) Expertise is ~~reeq~~ required

Proper knowledge of statistical technique is required to use statistical tools for better understanding of any subject of study. Otherwise their is a possibility that we got wrong interpretation of the results drawn (6) It is just a method of studying a phenomenon.

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The Conclusion drawn by statistics have to be supplimented by other information as well for a complete result. The conditions is which the data is gathered should be studied carefully.

For Eg firm A is earning 6000/- 8000/- & 10000/- in three consecitive period. Where as for firm B it has earned ₹ 8000/- in all consecitive period. The average of both of the firm is same for earning but the actual earning are different. Therefore the result of statistics can be missleading at time.

(7) The data should be Homogeneous.

If we want the data to be comparable from one year to another, from one firm to another it should be homogeneous in nature.

For Instance

Production of wheat can't be compared with production of milk as the measuring units for both of them are different.

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Que Explain the importance of statistics in economics?

Ans — A no° of economist have framed various theory of economies by quantitative and mathematical studies in India the theories are developed with the help of statistical tools & importance of statistics is growing day by day in economics.

Different laws like law of demand, law of diminishing return etc. have been developed using inductive method of economics. It helps in economic policy formulation various statistical tools like time series index no° etc. Help in studying the behaviour of economic variables over a period of time. We can understand the importance of statistics in various fields like given as follows:—

① Study of consumption.

Every person in the world spend on consumption. Be it is necessity ~~necesity~~ or luxury through statistics we find out how different spend their income on consumption.

② Study of production.

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Every production process uses four factors of production

* Land
* Labour
* Capital
* Enterpreneure

The comparitive study of production of these factor is done with the help of Statistics

(3) Study of Exchange

A producer uses Statistics to study the ~~demand~~ demand of accomodity in market The price of a accomadity can be determined using demand & supply tools using statistics ~~clist~~ ~~Study of~~

(4) Study of Distribution

The distribution of national income take place in the form of factor incomes like rent, interest, profit & wages. Statistics helps in fixing the share of each factor for the purpose of distribution

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Que Explain the importance of statistics in Economic planning?

Ans - Economic planning is the most important part. That decides utilization of national resources of an economy. Statistics helps in every frame of planning whether it is plan face or execution face. The success of a plan is dependent on use of statistical resources to the best.

- In under developed Countries their are various problems like over population, poor technology, lack of education etc. Such kinds of problem Can be best understood when Statistical data is available.
- A general review of progress in all fields of economic development needs Statistical data & tools. Expenditure of any budget can be estimated with the help of past performance & that is ~~dto~~ not possible without Statistics.
- Planning without Statistics is like A ship without Radar.

Que Explain the importance of Statistics in Business Planning?

Ans Statistics help business in many ways that can be explained as follows:-

1) For a producer.

A producer has to have the estimate of demand for his goods at present & in near future that is done by market research for which various statistical method are being followed producer has to conduct surveys to get this done

(2) For a Trader

A trader can be a wholeseller or a retailer depends heavenly on statistical method for finding out solutions to problem like buying & selling activities for a profitable business not only ~~sales~~ sales are important but also the purchases are equally important for a trader.

(3) Auxiliary Services

For services like banking insurance etc statistics is very important

For instance A bank which has to provide finances to the businesses has to have data about how much finances would be required & considering the present demand how fast business would be able to repay the money.

Que Explain the importance of statistics for government?

Ans - For smooth functioning administration of a country by government it has to have complete information about the problems before formulating any policy government must consider certain statistics like i.e. of taxes, employement etc so that economic development could be promoted.
Statistics is very important for all important functions of ministries of govt.
Statistical tools are used not only to analyse economic problems of a country but also it helps in analysing the impact of the policy like demonitisation for taking any decision about future govt uses statistical methods to estimate data about past.