

Chapter 1: Introduction to Economics – Statistics for Economics

1. Meaning of Economics

Economics is the study of how individuals, businesses, and governments make choices when faced with scarcity of resources. It focuses on **production, distribution, and consumption** of goods and services.

In **Statistics for Economics**, we focus on the **quantitative aspect** of economic problems to make decisions based on data.

2. Economics – Two Main Branches

1. Microeconomics

- Deals with **individual units** like a consumer, a firm, or a market.
- Example: Determining the price of tea in a city.

2. Macroeconomics

- Deals with the economy as a whole.
 - Example: National income, employment, inflation.
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3. Meaning of Statistics

Statistics refers to the science of **collecting, presenting, analyzing, and interpreting numerical data** to help in decision-making.

4. Importance of Statistics in Economics

- **Simplifies Complex Data** → Converts large data into understandable tables and graphs.
- **Helps in Policy Formulation** → Provides a factual basis for government policies.

- **Understanding Economic Problems** → Like unemployment rate, poverty statistics.
 - **Comparisons** → Between different periods or regions.
 - **Forecasting** → Helps predict future economic trends.
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5. Scope of Statistics in Economics

- **Descriptive Statistics** → Collection, classification, tabulation, and presentation of data.
 - **Inferential Statistics** → Drawing conclusions and making predictions from data.
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6. Limitations of Statistics

- Deals only with **quantitative data**, not qualitative aspects like emotions.
 - Can be **misused** to give biased conclusions.
 - Requires **specialized knowledge** to interpret correctly.
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7. Functions of Statistics

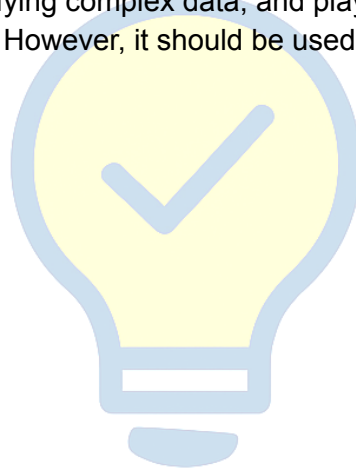
1. **Data Collection**
 2. **Data Organization** (classification & tabulation)
 3. **Data Presentation** (charts, graphs)
 4. **Data Analysis** (measures of central tendency, dispersion)
 5. **Interpretation** for decision-making
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8. Role of Statistics in Economics

- Measures economic development indicators like GDP.
 - Helps in understanding **demand and supply trends**.
 - Assists in framing and evaluating economic policies.
 - Identifies and analyzes economic problems.
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✓ **Summary:**

Statistics is an essential tool in economics. It provides **numerical evidence** for decision-making, helps in simplifying complex data, and plays a crucial role in economic planning and policy formulation. However, it should be used carefully, as misuse can lead to misleading conclusions.



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