



*Micro Economics Notes PDF*

*On*

*Statistics for Economics Introduction*

*(Class - 11)*

**Economics:** It is a science that studies human behavior which aims at allocation of scarce resources in such a way that consumers can maximize their satisfaction, producers can maximize their profits and society can maximize its social welfare. It is about making choice in the presence of scarcity.

**Scarcity** means shortage of goods and resources in relation to their demand.

**Saving:** It is the part of income which is not consumed. It is an art of abstinence from consumption.

**Investment:** It is expenditure by the producers on the purchase of such assets which help to generate income.

**Resources are:**

- (a) Scarce / limited and
- (b) Have alternative uses

**Types of Activities:**

**1. Economic Activities:**

- a. Production
- b. Consumption
- c. Investment
- d. Exchange
- e. Distribution

**2. Non-Economics Activities:**

- a. Social
- b. Religious
- c. Political
- d. charitable
- e. Parental

**Economic activities:** These are those activities which are related to earn money and wealth for life. These activities generate new income and increase the flow of goods and services. For example production, consumption, investment, distribution.

**Non economic activities:** These are those activities which are not related to earning money and wealth. These activities neither generate income nor increase the flow of goods & services. For example a teacher teaching his own son.

**Consumer:** A consumer is one who consumes goods and services for the satisfaction of his wants.

**Consumption:** Consumption is the process of using up utility value of goods and services for the direct satisfaction of our wants.

**Producer:** A producer is one who produces/or sells goods and services for the generation of income.

**Production:** Production is the process of converting raw material into useful things.

**Service holder :** A person who is in a job and gives his services as a factor of production and is getting paid for it. E.g. Govt. Teacher.

**Service Provider** : A person who provides services to others for a payment. e.g. transporter, auto driver.

## **STATISTICS**

Statistics is a method of taking decisions on the basis of numerical data.

A Plural Sense, Statistics refers to information in terms of numbers or numerical data, such as population statistics, employment statistics etc.

According to Bowley, "Statistics are numerical statements of facts in any department of enquiry placed in relation to each other."

### **Features of Statistics in the Plural Sense:**

- Aggregate of facts
- Numerically expressed
- Affected by multiplicity of causes
- Reasonable accuracy
- Placed in relation to each other
- Predetermined purpose
- Estimated

### **Statistical data:**

(1) **Qualitative data** – Not measured in numerical terms like beauty and intelligence.

(2) **Quantitative data** – Measured in numerical terms like price and Income.

### **Scope of Statistics:**

In the old days the use of statistics was restricted to deal with the affairs of the state. But now-a-days the scope of statistics has spread to all those areas where numerical facts are used such as economics, business industry, medicine, physics, chemistry and numerous other fields of knowledge.

### **Importance of Statistics in Economics:**

- Quantitative expression of economic problem
- Inter-sect oral and inter-temporal comparisons
- Working out cause and effect relationship
- Construction of economic theories or economic models
- Economic forecasting
- Formulation of policies

### **Function of Statistics:**

- Statistics simplify complexities.
- It expresses facts in numbers.
- It presents data in condensed form.
- Statistics compare different phenomena and reassures the relationship between them.
- Statistics are helpful in the formation of policies.
- Statistics are helpful in economic forecasting.
- It facilitates comparisons.
- It is useful in testing the laws of other sciences.
- It helps in establishing correlation between two facts.

**Limitations of Statistics:**

- Study of numerical facts only
- Study of aggregates only
- Results are true only on an average
- Without reference, results may prove to be wrong
- Can be used only by the experts
- Prone to misuse

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