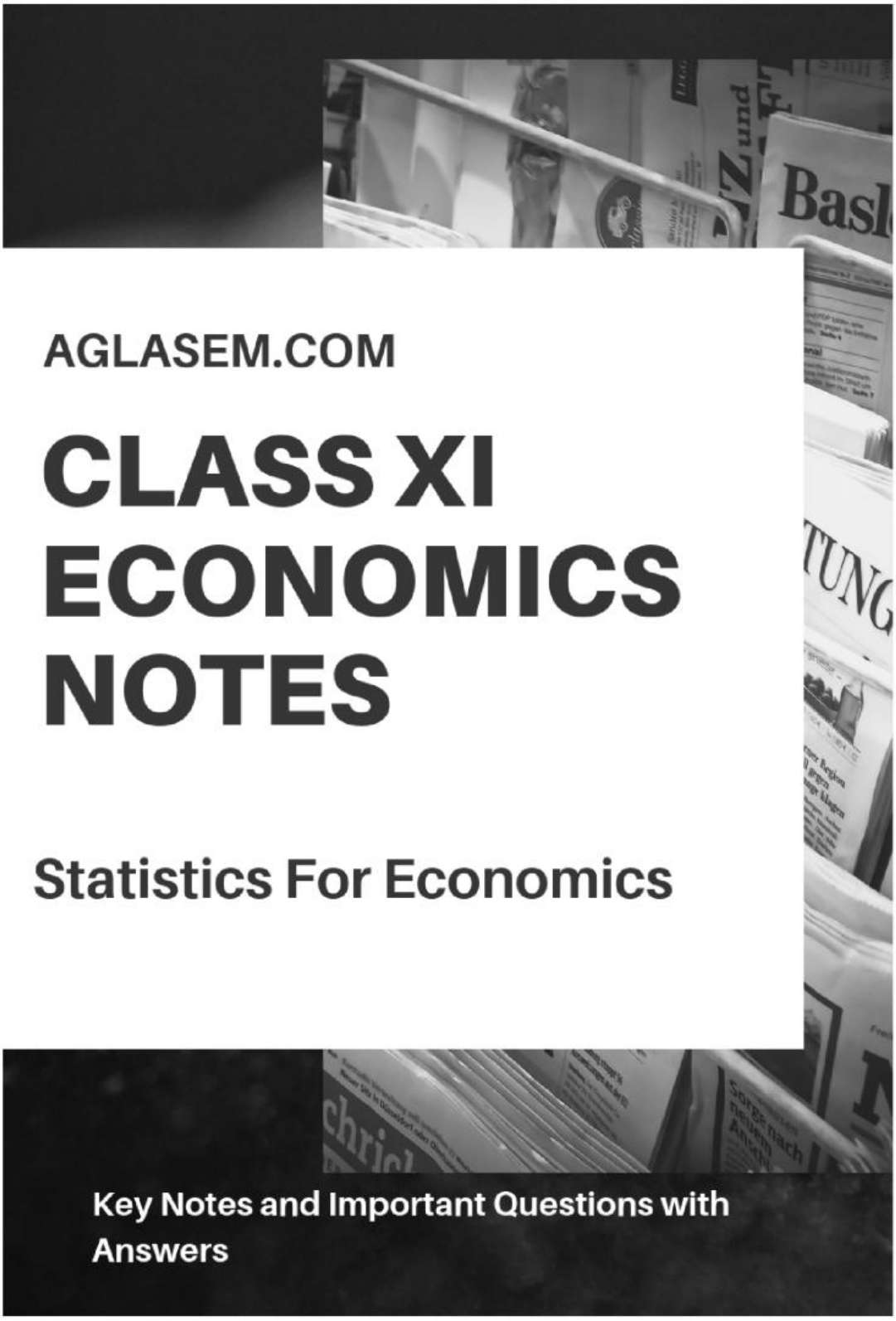


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# CLASS XI ECONOMICS NOTES

## Statistics For Economics

Key Notes and Important Questions with Answers

# PART-B : STATISTICS FOR ECONOMICS

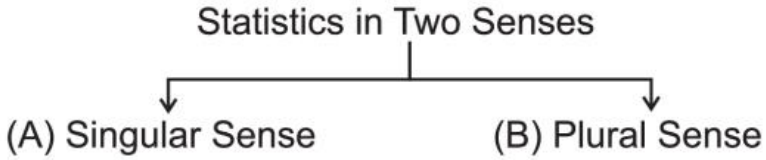
## Unit - 1
## INTRODUCTION

Economics is the study of how people and society choose to employ scarce resources that could have alternative uses in order to produce various commodities and services that satisfy their wants and to distribute them for consumption among various person and groups in society.

- **Consumer :-** A consumer is one who consumes goods and services for the satisfaction of his wants.
- **Producer :-** A person is one who produces goods and services for the generation of income.
- **Service Producer :-** A service provider is a person who provides some kind of service to other for a payment.
- Service Holder :- A service holder is a person who works for some other person and get paid for it in the form of wages or salary.
- **Activities :-** There are two types of Activities




- Economic Activities – Those activities which increase the flow of income in the economy are called economic activities. Example- Production, consumption and capital formation.
- **Non Economic Activities :-** Those activities which do not increase the flow of income in the economy are called non-economic activities. Example- Blood donation for a noble cause.
- **Scarcity :-** It refers to a situation in which supply of any goods, services or resources is limited in relation to its demand.
- **Statistics :-** Statistics may be defined in two main senses.




- **Statistics in singular sense :-** In singular sense statistics may be define as the collection, organisation, presentation, analysis and interpretation of numerical data.
- **Statistics in plural sense :-** In plural sense statistics means aggregate of Numerical facts, which can be placed in relation to one another and which may be affected by multiplicity of causes.

- **Functions of Statistics :-**
  1. To simplify complex facts
  2. To present facts in definite form
  3. To facilitate policy formulation
  4. To help in forecasting
  5. To make comparison of facts
  6. To enlarge individual knowledge and experience
- **Importance of Statistics in Economics :-**
  1. Every branch of economics takes support from statistics in order to prove various economics theories in it.
  2. Helps in understanding and solving various economic problem.
  3. Helps in studies of market structure.
  4. Helps in establishing mathematical relation.
  5. Useful to study of different economic concepts.
- **Scope of Statistics :-**

  Today the importance of statistics is increasing day by day. Not a single area is visible where statistics is not in use.

  In all fields statistics is required whether it is business, politics, banking, economic research etc. For the efficient governance and policy formation data are required to govt. also.

- **Limitations of Statistics :-**
  1. Statistics deals only with quantitative data
  2. Statistics deals with aggregate of facts and not with individual facts.
  3. Statistical results are true on an average.
  4. Only experts can make the best possible use of statistics.
  5. Data should be uniformed and homogeneous.
  6. Statistics can be misused.

# QUESTION BANK

**ONE (1) MARKS QUESTIONS :-**

1. Define economics.
2. Give example of economic activity.
3. Define economy.
4. What is scarcity?
5. What is consumption?
6. What is economic activity.
7. Define non-economic activity.
8. Define Production.

**THREE & FOUR (3 & 4) MARKS QUESTIONS :-**

1. Describe the importance of statistics in economics.
2. Define statistics as a singular and plural sense.
3. Explain the scope of statistics.
4. State any three limitations of statistics.
5. State any three function of statistics.
6. Consumption, Production and distribution are economic activities, explain.

## ANSWER OF ONE (1) MARK QUESTIONS

1. Economics is that science which deals with the use of scarce resources that have alternative uses to fulfill unlimited wants.

2. Producer is one who produces goods and services for the generation of income.
3. It refers to a system which provides means to work.
4. It refers to shortage of resources in relation to their demand.
5. It is process in which people uses goods and services in order to satisfy their wants.
6. Those activities which increase the flow of income in the economy. Example : Production, consumption, capital formation etc.
7. Those activities which do not increase the flow of income in the economy. Example : Blood donation for a noble cause.
8. It is a process in which producer produce goods and services for the generation of income.

# Exam Oriented Questions with Answer

**Q.1. What is the importance of statistics in economics ?**

**Ans.** A number of economic problems can easily be understood by the use of statistics. It helps in formulation of economic policies e.g., basic economic activities like production, consumption etc. The importance of statistics in various parts of economics as follows:

a) Statistics in consumption : Statistics helps in understanding how different groups of people spend their income on various goods and services. The data of consumption are useful and helpful in planning their budget and improve their standard of living. It helps producer to analyse consumption pattern, understanding of standard of living of particular region.

b) Statistics in production : The comparative study of the production process is done with the help of statistics. The statistics of production are very useful and helpful for adjustment of demand and supply and determining quantity of production of the commodity.

(c) Statistics in distribution : Statistical methods are used in solving the problem of distribution of national income among various factors of production i.e, land, labour, capital and entrepreneur.

**Q.2. Explain functions of statistics.**

**Ans.** Statistics performs very important functions, these are :

1. Helps in Understanding Economic problem : Statistics is an indispensable tool for an economics that helps to understand an economic problem. Using its various methods, effort is made to find the causes behind it with the help of the quantitative facts of the Economic problem.

2. Presentation of facts in definite form : Statistics enables an economist to present economic facts in a precise and definite form that helps in proper comprehension of what is stated. When economic facts are expressed in statistical terms, they become exact. Exact facts are more convincing than vague statement.

3. Statistics helps in condensing mass data in to few numerical figures, which can be easily summarised : For example, it would be impossible for us to remember the income of all the people of a group if the number of people is very large. Yet one can remember easily a summary figure like the average income. In this way statistics summarises and presents meaningful overall information about a mass of data.
4. Establishes relation between factors : Statistics is used in finding relationships between different economics factors. An economist may be interested in finding out, what happens to the demand for a commodity when its price increases or decreases ? By applying statistical method, one can answer whether any relationships exist or not.
5. Helps in formulation of plans and policies : Statistical methods, help in formulating appropriate economic policies and plans to solve variously economic problems.

**Q.3. Explain limitations of statistics.**

**Ans.** Statistics has some limitations, these are

1. Statistics does not study individuals : Study of an individual is not a part of subject matter of statistics. Statistics studies the aggregate of facts only.
2. Statistics deals with quantitative facts only : Statistics are numerically expressed. Statistics does not study qualitative aspects. It can be used for measured quantitative data only.
3. Statistical results are only on an average : Unlike the laws of natural sciences, statistical observations are not error free. These are not always valid under all conditions.
4. Only experts can make the best possible use of Statistics : Statistics can be used by experts only. It requires special knowledge to use statistical tools otherwise results may be wrong.
5. Uniformity and Homogeneity of Data : It is essential that data must have the quality of uniformity and homogeneity to make data comparable.