

Statistics in Economics and Its Importance

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Statistics plays a very important role in economics. It can be described as the systematic collection, presentation, analysis, and interpretation of economic data. By using statistics, economists are able to study trends, compare situations, and make informed decisions for individuals, businesses, and governments.

For example, data on production, income, consumption, savings, investment, and employment can be collected and analyzed with the help of statistics. Economists then use this information to calculate important economic aggregates such as GDP (Gross Domestic Product), per capita income, inflation, or changes in the value of money.

In short, statistics works like a “toolbox” that helps us understand how the economy functions and where it is heading.

Importance of Statistics in Economics

1. Economic Forecasting

Statistics helps economists predict future trends such as growth rate, demand, inflation, and unemployment. This helps businesses and governments prepare for the future.

2. Quantitative Expression of Problems

Many economic issues, like poverty or inflation, are abstract ideas. Statistics provides numerical data, making these problems clear and measurable.

3. Policy Formulation

Governments and institutions use statistics to design policies on taxation, subsidies, employment, and welfare. Without data, policies would be based only on guesswork.

4. Analysis of National Income

Statistics is used to calculate a country's GDP, national income, and per capita income, which reflect the standard of living and overall economic progress.

5. Study of Economic Laws and Models

Statistical data helps verify economic theories and build economic models. For example, the law of demand can be tested through data on price and quantity demanded.

6. Study of Consumption and Investment

Statistics allows economists to study patterns of consumption, savings, and investment in an economy, which are essential for growth.

7. Understanding and Solving Problems

Issues like unemployment, poverty, and inequality can be studied through statistics. Data helps in finding causes and suggesting solutions.

8. Empirical Evidence

Economics is a social science, so theories must be supported by facts. Statistics provides this evidence within a specific period of time.

Conclusion

Statistics is the backbone of modern economics. It not only helps in analyzing and understanding complex economic problems but also provides the basis for decision-making and policy formulation. For students, learning statistics in economics is essential, as it makes the subject more practical, logical, and connected to real-life situations.

-September 2025-