

Frequently Asked Questions

1. What is forecasting and forecast?
Answer: When estimates of future conditions are made on a scientific basis the process is referred to as 'forecasting' and the figure or statement obtained is known as 'forecast'.
2. How is forecasting helpful in business?
Answer: Forecasting aims at reducing the area of uncertainty that surrounds, management decision making with respect to costs, profits, sales, production, pricing, capital investment, and so on.
3. What is time series?
Answer: Statistical data is collected, observed or recorded at successive intervals of time. Such data are generally referred to as 'time series'.
4. What is secular movement?
Answer: Changes that have occurred as a result of general tendency of the data to increase or decrease, known as 'secular movements'.
5. What do you mean by seasonal changes?
Answer: Changes that have taken place during a period of 12 months as a result of change in climate, weather conditions, festivals, etc, such changes are called as 'seasonal changes'.
6. What do you mean by cyclical variation?
Answer: Changes that have taken place as a result of booms and depressions. Such changes are classified under the head 'cyclical variations'.
7. What do you mean by irregular variation?
Answer: Changes that have taken place as a result of such forces that could not be predicted like floods, earthquake, famines, etc. such changes are classified under the head 'irregular or erratic variations'.
8. How does time series help in predicting the future?
Answer: The time series helps in the understanding of past behavior- by observing data over period of time one can easily understand what changes have taken place in the past. Such analysis will be extremely helpful in predicting the future behavior.
9. How does time series help in future planning?
Answer: Time series helps in planning future operations- statistical techniques have been evolved which enable time series to be analyzed in such a way that the influence which have determined the form of that series may be ascertained. If the regularity of occurrence of any feature over a sufficient long period could be clearly established then, within limits, prediction of probable future variations would become possible.
10. How is adjustment of calendar variation made?
Answer: The adjustments for calendar variation is made by dividing each monthly total by the number of days in the month (sometimes by the number of working days in the month) thus arriving at daily average for each month.
11. How are adjustments of population of changes made?

Answer: To adjust data for population changes, a very simple procedure is followed, that is the data are expressed on a per capita basis by dividing the original figures by the appropriate population totals.

12. How the adjustment in price changes is done?

Answer: Since value is equal to price per unit multiplied by the number of units sold, the effect of price changes can be eliminated by dividing each item in a value series by an approximate price index

13. Why is comparability needed?

Answer: For any meaningful analysis of time series, it is necessary to see that the data are strictly comparable throughout the time period under investigation. The comparability may be observed by difference in definition, difference in geographical coverage, difference in the method adopted, change in the method of reporting, etc.

14. What is the problem of classification?

Answer: An exceedingly severe seasonal influence may aggravate or even precipitate a change in the cyclical movement. Conversely, cyclical influence may seriously affect the seasonal. A very rapidly rising trend virtually eliminates seasonal and cyclical variations.

15. What are the three cyclical components?

Answer: Schumpeter developed an even more detailed breakdown by identifying three cyclical components, the 3-year kitchen cycle, the 10-year juglar cycle and the 50-year Kondratieff cycle.