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Economics is the study of how people and societies make choices when facing scarcity, since resources are limited while human wants are unlimited. Scarcity forces individuals and goverments to make tradeoffs, and the idea of opportunity cost - the value of the next-best alternative forgone - helps explain why every decision involves sacrifice

Every society must answer three basic economic questions:

1) what to produce - which goods and services should be created using scarce resources.
2) How to produce - the choice of methods, technology, and organization of production.
3) For whom to produce - how the final goods and services are distributed among people.

Economics is divided into two main branches Microeconomics examines the decisions of individuals, households, and firms, focusing on prices, markets, and incentives. Macroeconomics studies the economy as whole, including national output employment, inflation, and long-term growth
Two different approaches are also distinguished: positive economi which makes objective and tastable statements about cause and effec and normative economics, which involves value judgments and policy

recommendations.
Efficiency in resource allocation, well-designed incentives, and price stability are highlighted as essential for improving living standards and supporting sustainable development.