**Economics:** is the social science that studies the production, distribution, and consumption of goods and services. Economics focuses on how economies function and the activities and interactions of economic agents.

**Factors of Production:** In economics, inputs also known as resources or factors of production are the things that are used in the production process to create output, which includes commodities and services. According to a connection known as the production function, the quantity of output depends on how much of the various inputs are used.

**Scarcity:** which is also used to refer to "paucity," is used in economics to describe the discrepancy between the actual requirements of people and the limited resources that are available.

**Opportunity Cost:** When a person, business, or investment choose one alternative over another, they are losing out on potential benefits. This is known as opportunity cost.

**Law of Demand:** According to the law of demand, when all other conditions are held constant, the relationship between price and quantity demanded for any good or service is inverse. A product's price increase causes a decrease in consumer demand for that same product.

**Production Possibilities Curve**: It’s a graph that illustrates all the possible output combinations that can be created using the available resources and technology. Occasionally referred to as the production possibilities frontier (PPF).

**Law of Supply:** The law of supply is a fundamental principle of economic theory, which asserts that an increase in price will result in an increase in the quantity supplied, all other things being constant. In other words, there is a direct correlation between price and quantity, and quantities react to price changes in the same way.

**Three basic questions all economic systems must answer:**

* what will be produced,
* how will it be produced, and
* how will the output society produces be distributed?

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| Q | 1 | **2** | **3** | **4** | **5** | **6** | **7** |
| TUx | **8** | **14** | **18** | **20** | **20** | **18** | **16** |
| TUy | **6** | **10** | **13** | **15** | **16** | **16** | **14** |
| MUX | **8** | **7** | **6** | **5** | **4** | **3** | **2.3** |
| MUy | **6** | **5** | **4.3** | **3.75** | **3.2** | **2.7** | **2** |
| MUx/Px | **2** | **1.75** | **1.5** | **1.25** | **1** | **0.75** | **0.575** |
| MUy/Py | **3** | **2.5** | **2.15** | **1.875** | **1.6** | **1.35** | **1** |