Q1) Why/When should we use nested classes?

Q2) What's the difference between nested classes and static nested classes?

A1) Nested classes are useful when we need to use a certain class just once. Moreover, they are useful when classes need to exist within another class. This increases the encapsulation of the code, by hiding the inside class.

A2) A nested class can directly access the instance variables of the outer class, whereas the static nested class cannot. Static nested classes can only access the instance variables if an object of the outer class has been initialized, and it can access them only through that object.