

Economics is the study of how entire societies choose how to use scarce resources. It assumes that economic behavior is motivated by the desire to improve material well-being.

Growth, employment, distribution, consumption, and production are the major concerns of economics.

Prices are not just what one has to pay to obtain items;
They are also measures of the values that persons attach to goods.

Economy is defined as the careful or thrifty management of resources,
the system of economic activity in a country, region, village or neighborhood.

Economic Development: The process of change in institutions, social organization, and production methods necessary to achieve sustained economic progress; the term is applied to both low income countries and depressed areas of wealthy countries.

Economic Model: A graphic or algebraic statement of the relationships among economic forces and events; a highly simplified description of the working parts of an economy. The first step in the construction of a model is to specify the hypothesis and identify the assumptions. The second step in the construction of a model is to examine its implications. The third step in the construction of a model is to test its empirical validity.

Economic Plan: A consciously calculated program for using scarce resources. The term is applied most commonly in reference to plans prepared by government authorities.

Financial Model: A mathematical representation of key financial and operational relationships. It is used in analyzing how a business will react to different economic situations or events, and in estimating the outcome of financial decisions before committing any funds. A financial model usually includes cash flow projections, depreciation schedules, debt service, inventory levels and rate of inflation. It may also quantify the financial impact of the firm's policies, and of restrictions or covenants imposed by investors and or lenders.

Financial Planning: The process of framing financial policies in relation to procurement, investment and administration of funds of an enterprise.