**MAKERERE UNIVERSITY BUSINESS SCHOOL**

**FACULTY OF ECONOMCS, ENERGY AND MANAGEMENT SCIENCE (FEEMS)**

**DEPARTMENT OF ECONOMICS**

**PROGRAM: BACHELOR OF LEADERSHIP AND GOVERNANCE (BLG)**

**YEAR: ONE SEMESTER: ONE**

**ACADEMIC YEAR: 2023/24**

**COURSE: MICROECONOMICS**

**COURSE CODE: FIN1108**

**COURSE LEVEL: 1**

**VENUE: BLOCK: BLOCK G UPPER**

**Facilitators**

1. Ms. Katutsi V Patsy
2. Ms. Kirabo Shamim
3. Mr. Muhangi Pascal
4. Mr. Kisalita

**COURSE DESCRPTION**

The course provides an introduction to a core area of economics known as microeconomics. It considers the operation of a market economy and the problem of how best to allocate society's scarce resources. The course considers the way in which various decision making units in the economy (individuals and firms) make their consumption and production decisions and how these decisions are coordinated. It considers the laws of supply and demand, and introduces the theory of the firm, and its components, production and cost theories and models of market structure. In this course, students will learn to apply an analytical approach to the study of how individuals and societies deal with the fundamental problem of scarce resources. This approach is applied to everyday decisions faced by individuals as they try to maximize their utility, to businesses that try to maximize profits and to the whole of society as it attempts to use its resources efficiently.

**LEARNING OUTCOMES:**

Upon successful completion of the course, students will be able to:

1. Understand that economics is about the allocation of scarce resources, that scarcity forces choice, tradeoffs exist and that every choice has an opportunity cost. Demonstrate these concepts using a production possibility frontier diagram.
2. List the determinants of the demand and supply for a good in a competitive market and explain how that demand and supply together determine equilibrium price.
3. Understand the role of prices in allocating scarce resources in market economies and explain the consequences of price controls.
4. Understand the costs of production and how profit-maximizing firms determine how much to produce. Be able to distinguish between long-run decisions and short-run decisions.

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|  | 1. Describe the various types of markets and compare their efficiency |

**LEARNING AND TEACHING.**

There will be 3 hours of lectures each week. Attendance is compulsory, and strongly recommended. Students are required to read the background material to each topic and/or lectures to enhance their learning process. Lecturers are always available during working hours for consultation in case of any problem concerning the course unit.

**ATTENDANCE AND PARTICIPATION**

Regular student attendance and participation is very important. The material covered in the classroom will be cumulative in nature, and missing classes will tend to put a student "out of sync" in ways that won't be entirely evident until an assignment or examination comes due.

**ASSESSMENT**

Final Examination: 70% Coursework: 30% (Mid-semester Test)

The Final Grade will be a combination of EITHER: (i) Coursework/30 + Exam mark/70 OR: (ii) Exam mark 100%. It is advisable to all students to do both course works because should you fail or not sit the Test and then for some reason miss or perform badly in the Final Examination you will not pass the course.

More details will be provided at lectures.

**ON-LINE LEARNING**

The lecturer will upload material (including lecture handouts) to the e-learning platform. All students are advised to visit the site often for updates.

**COURSE OUTLINE**

The following table outlines the key concepts to be taught in Microeconomics

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| **Teaching Week** | **Key concepts** | **Facilitator** |
| **Week 1 and 2. An introduction to economics** | * The scope and role of microeconomics and macroeconomics * Normative and positive analysis * Fundamental economic concerns * Scarcity, choice and opportunity costs * The Production Possibility Frontier * Economic systems | **Katutsi** |
| **Week 3;Demand and Supply** | * Definition of demand * Law of demand and Expressions of the law of demand (function, curve, schedule) * Market demand, Change in Demand and change in quantity demanded * Supply functions, The law of supply * Expressions of the law of supply (function, curve, schedule) * Change in supply and change in quantity supplied | **Katutsi** |
| **Week 4 and 5; Market Analysis** | * Market equilibrium * Divergence from the equilibrium i.e. Minimum and maximum price legislations * Consumers and producers surplus * Elasticity * Price, cross and income elasticity of demand * Relevance of elasticity | **Katutsi** |
| **Week 6 and 7; Theory of consumer Behavior** | * The Cardinal utility approach * Utility, total utility and marginal utility concepts * Assumptions and limitations * Equilibrium conditions of a consumer under the cardinal approach * The ordinal utility approach * Definitions and assumptions * Analysis of indifference curves * Limitations of ordinal approach * Equilibrium conditions of a consumer under the cardinal approach * Income consumption curve and price consumption curve. | **Pascal** |
| **Week 8; Theory of production** | * Production function * Stages of production * Isoquant and Isocost curves * Producer equilibrium | **Pascal** |
| **Week 9 and 10; Cost Analysis** | * Definition and meaning * Types of costs, Analysis of costs * Economies and diseconomies of scale * Isoquant and Isocost * Equilibrium of the firm | **Kirabo** |
| **Week 11 and 12; Market Structures** | * Introduction to market structures * Perfect competition * Monopoly | **Kirabo** |
| **Week; 13** | **Revision** | |

**READING LIST**

1. Dominick Salvatore (2003), Microeconomics, Oxford University Press, New York 4th Ed
2. Kumar R and Gupta K (2006), Business Economics, UDH Publishers and Distributors, India.
3. Koutsoyiannis A (1979), Modern Microeconomics, English Language book Society (ELBS)

Prepared by Approved by;

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**Facilitator** **Head, Economics Dpt**