

## STAGE 1

<b>Module</b>	Microeconomics
<b>Course code</b>	BABSH-MIC
<b>Credits</b>	5
<b>Allocation of marks</b>	40% Continuous Assessment 60% Final Examination

### **Intended Module Learning Outcomes**

On successful completion of this module, the learner will be able to:

1. Explain the key economic problem of scarcity and choice
2. Assess the forces driving demand and supply and their impact on market conditions.
3. Calculate and interpret various economic parameters such as equilibrium price and quantity, average costs, marginal costs etc.
4. Describe the concept of elasticity
5. Explain topical economic problems and issues confidently.
6. Classify firms into different market structures and show how competitive structures influence the individual firm's behaviour
7. Apply economic analysis to everyday problems in real world situations.

### **Module Objectives**

Economics underpins a great deal of decision-making not only in business but also in our everyday lives and as such is an essential cornerstone of this programme.

Economics is typically divided into two main branches namely microeconomics and macroeconomics. While macroeconomics is concerned with the economy as a whole microeconomics examines the individual parts of the economy and focuses on how individuals and firms make decisions and how these decisions interact.

This module is designed to introduce learners to the fundamentals of microeconomics and expose them to the principal theories and models used by economists. It demonstrates how economics can be used by individuals and businesses alike to assess problems and develop solutions.

### **Module Curriculum**

## **Introduction to Microeconomics**

- What is Economics?
- The Economic Problem: Scarcity and Choice
- The Production Possibility Frontier
- Different Economic Systems

## **Demand, Supply and Market Equilibrium**

- Demand and Consumers
- Supply and Producers
- Shifts in Demand and Supply Curves
- The Determinants of Equilibrium Price and Quantity
- Demand and Supply Applications
- Price Controls and Quotas: Government Actions in Markets

## **Elasticity**

- The Responsiveness of Demand and Supply
- Cross Price Elasticity of Demand
- Effect of Income on Demand
- Relationship between Elasticity, Total Revenue and Price
- Applications of Elasticity

## **Economics and Decision Making**

- Decision Making by Individuals and Firms
- Behaviour Economics and Consumer Choice

## **Costs and Production**

- The Firm's Supply Decision and Cost Behaviour
- Long Run Total, Marginal and Average Costs
- Short Run Costs and Diminishing Marginal Returns
- Returns to Scale

## **Market Structures**

- Perfect Competition
- Monopoly
- Monopolistic Competition
- Oligopoly

- Game Theory

### **Market Failures and Government Policy**

- Market Efficiency and Market Failures
- Government Regulation and Intervention
- Applications of Market Failure Issues

### **Wages and the Distribution of Income**

- Wage Determination
- Transfer Earnings and Economic Rent
- Causes of Inequality