

## **OVERALL AIM**

To enable learners apply economic principles and methodologies in making business decisions.

## **LEARNING OUTCOMES**

On completion of this course, the learner should be able to:

	Learning outcome	K	C	A	An	S	E
1.	Explain the nature and scope of economics.		✓				
2.	Demonstrate an understanding of major economic models and theories.			✓			
3.	Examine the basic economic principles and main features of the Ugandan economic system				✓		
4.	Apply the basic economic concepts and principles to managerial problems, both micro and macro.			✓			
5.	Demonstrate an understanding of Uganda's monetary and fiscal systems.			✓			

## **EXAMINATIONS STRUCTURE**

There will be a three hour examination comprising of five scenario questions of 25 marks each. The candidate will be required to attempt any four questions.

## **LEVEL OF ASSESSMENT**

The syllabus will assess learners' ability to apply principles and techniques of economics in making business and policy decisions.

### **DETAILED SYLLABUS**

#### **A GENERAL PRINCIPLES**

1. Definition, nature and scope of managerial economics
2. Managerial economics and micro-economics - managerial economics and macro-economics
3. Fundamental concepts of choice, scarcity and opportunity cost
4. Relationship between production and consumption
5. Source and distribution of income
6. Applications of economics in managerial decisions making

#### **B PRICE SYSTEM**

1. Functions of price and price mechanism
2. Demand supply and prices
3. Demand Forecasting - Techniques of Demand Forecasting
4. Elasticities of demand and supply
5. Production and Costs - Meaning of Production Function - Law of variable proportions
6. Law of returns, marginal and productivity
7. Determinants of costs - Break Even Analysis - Cost Forecasting

#### **C ECONOMIC ANALYSIS**

1. Behaviour of demand and supply under various conditions of price and cost

2. Consumer behaviour under condition of changes in price and income
3. Types of Business Organizations
4. Theory of the firm
5. Profit Maximization, Sales Maximization, Satisfying Theory - Enhancing value of the firm and its goals
6. Input cost functions and output
7. Output and price under different market conditions
8. Cost Benefit Analysis - Private Vs Public Goods
9. Steps in cost benefit analysis
10. Justification for the use of cost benefit analysis

## **D GOVERNMENT AND BUSINESS**

1. Need for Government intervention in the market - Price Controls
2. Support Prices and Administered Prices
3. Protection of consumers' interest
4. Liberalization of the Economy
5. Process of disinvestments - Need and method
6. Policy planning as a guide to overall business development

## **E STRUCTURE OF THE UGANDA'S ECONOMY**

1. Main features of the economy
2. Theories of Economic growth and development
3. Leading production sectors

## **F      MACRO-ECONOMICS**

1. Gross National Products and its Sectoral contribution (C+I+G+X-M)
2. Aggregate consumption, saving and investment (the multiplier effect theory)
3. Aggregate demand
4. Employment and income
5. Inflation
6. Geographical distribution of economic activities

## **G      MONEY, BANKING AND OTHER FINANCIAL INSTITUTIONS**

1. Nature and functions of money and credit
2. The banking system - Central bank, commercial, merchant banks, development banks and universal banking
3. The capital market – The Securities Exchange

## **H      INTERNATIONAL TRADE AND PAYMENTS**

1. The law of comparative advantage
2. Volume of international trade
3. Terms of trade and balance of payments
4. Exchange rate determination, fixed versus floating exchange rate, and multiple exchange rates
5. Devaluation, Depreciation of currency
6. International Trade and financial institutions, regional bodies and other international economic organs

## **I PUBLIC FINANCE AND FISCAL POLICY**

1. Meaning of public finance, public revenue, public expenditure, public debt, financial administration, fiscal policy, taxable income
2. Sources of government revenue
3. Meaning of tax, taxation; evolution of taxation in Uganda
4. Reasons for levying taxes and the negative effects of taxation
5. Taxes:
  - (a) Features and forms of direct and indirect taxes
  - (b) Advantages and disadvantages of direct and indirect taxes
  - (c) Types of taxes; their advantages and disadvantages:
  - (d) Meaning of impact of tax, tax base
  - (e) Tax bases in Uganda; why Uganda has a narrow tax base
  - (f) Marginal rate and average rate of taxation
6. Incidence of tax:
  - (a) Meaning
  - (b) Incidence of taxes under: unitary elasticity, elastic, inelastic, perfectly elastic and perfectly inelastic demand and supply
7. Canons, principles or characteristics of a good tax system
8. Meaning of taxable capacity: individual, national, corporations.
9. Factors that influence the taxable capacity of a country; Reasons for Uganda's low taxable capacity
10. Public Debt:
  - (a) Meaning of: public debt, national debt; public debt versus national debt
  - (b) Types: internal debt, external debt, short-term debt, long-term debt, medium-term debt, funded debt, deadweight debt, reproductive debt, floating debt

- (c) Reasons why a country incurs public debt; the burden of public debt in a developing country
  - (d) Public debt management:
    - (i) Meaning
    - (ii) Objectives of public debt management
    - (iii) Ways in which public debt management is carried out
11. National budget as an instrument of economic and social policy
    - (a) Meaning of a national budget
    - (b) Components of a national budget
    - (c) Balanced budget, surplus budget and deficit budget
      - (i) Reasons for making a surplus budget and a deficit budget
      - (ii) Effects of a surplus budget and a deficit budget
      - (iii) Ways of financing a deficit budget
      - (iv) Importance of a national budget in national economic development
  12. Role of public finance in development
  13. Characteristics of public expenditure in Uganda; reasons for the need of public expenditure; effects of government spending on the economy
  14. Debt financing and taxation financing; advantages and disadvantages

## **J. ECONOMIC GROWTH AND DEVELOPMENT**

1. Introduction
  - (a) Meaning of economic growth; economic development
  - (b) Economic growth versus economic development
  - (c) Objectives of economic development in Uganda
  - (d) Costs and benefits of economic growth
  - (e) Barriers to economic growth

- (f) Indicators of economic development; reasons why economic growth does not always lead to economic development
- 2. Rostow's theory of economic growth:
  - (a) Stages
  - (b) Characteristics of Rostow's stages of economic growth
- 3. Theories of economic growth and development:
  - (a) Meaning of big push; critical minimum effort
  - (b) Balanced growth theory:
    - (i) Meaning
    - (ii) Merits and demerits
  - (c) Unbalanced growth theory
    - (i) Meaning
    - (ii) Advantages, disadvantages and limitations of the balanced growth theory
- 4. Characteristics/ indicators of underdeveloped economies; factors responsible for underdevelopment
- 5. Development strategy:
  - (a) Meaning, merits and demerits of:
    - (i) Agricultural development
    - (ii) Industrial development: small-scale, small and medium size entities and large-scale industries, specialisation
    - (iii) Economic diversification
  - (b) Advantages, disadvantages and limitations of:
    - (i) Export promotion
    - (ii) Import substitution
    - (iii) Capital intensive techniques of production
    - (iv) Labour intensive techniques

- (c) Intermediate technology:
  - (i) Appropriate versus intermediate technology
  - (ii) Challenges facing the development of appropriate technology in developing countries
- (d) Technological transfer and technological development:
  - (i) Technological transfer and development
  - (ii) Barriers to technological transfer development in developing countries

### **REFERENCES:**

1. Ddumba-Ssentamu (2005), Basic Economics for East Africa: Concepts, Analysis & Applications, Fountain Publishers, Kampala, Uganda.
2. Hanson J.L. (1997), A Textbook of Economics, Macdonald and Evans publishers, 2nd Edition.
3. The Republic of Uganda (2020): The Local Government (Amendment) Act 2020, Uganda Printing and Publishing Corporation, Kampala, Uganda.
4. The Republic of Uganda (2015): The Public Finance Management Act, Uganda Printing and Publishing Corporation, Kampala, Uganda.