الجامعة الوطنية
National University
Science & Technology للعلوم والتكنولوجيا
كلية عمان البحرية الدولية
International Maritime College Oman

Midterm Exam
PECON I-I: BASICS OF ECONOMICS
Fall 2024

Points of attention:

- For each question, the maximum earned points are specified in the question.
- Write clearly! Answers that are not readable are not marked and don't earn marks!
- All answers should be written in English using **blue or black pens** only.
- Use the pencil only for diagrams and graphs.
- Show all the calculation steps in the given space.
- When finished, submit the question paper, together with the answer scripts and the signed cover page to the invigilator.
- Any cheating/copying may result in an instant failing of the examination.

Exam Duration: 1.5 hours
Instructor's Name: Dr Faiza Kiran
Exam Date: 04/11/2024
Program: LTM

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Student Information

Name: ID:

Signature:

Invigilator

Initials: ☐ Student ID checked

Time received:

Section A: Multiple Choice Questions (4 marks)

Choose the correct answer for each of the following questions, cutting is not allowed, each answer carries **1** mark

1. **Which of the following best describes the basic economic problem?**

   a) Unlimited wants and limited resources
   b) Efficient allocation of resources
   c) Unequal distribution of income
   d) Rising inflation rates
   e) Government intervention in markets

2. **Which of the following best describes opportunity cost?**
   a) The money spent on producing goods
   b) The benefit of the next best alternative foregone
   c) The cost of hiring labour
   d) The total revenue earned from production
3. **What does the concept of a trade-off refer to in economics?**

   a) The amount of goods exchanged in a free-market system
   b) Making a choice between two alternatives, where selecting one means giving up the other
   c) The cost of producing goods and services
   d) The additional benefit received from consuming one more unit of a good

4. **The law of demand states that, all else being equal, an increase in the price of a good will lead to:**
   a) An increase in quantity demanded
   b) A decrease in quantity demanded
   c) No change in quantity demanded
   d) More government regulation

Section B: True or False (4 marks)

State whether the following statements are **True** or **False** (1 mark each):

1. Scarcity exists because resources are unlimited.
2. Microeconomics deals with the study of individual markets and consumer behaviour.
3. The law of supply states that when the price of a good rises, the quantity supplied falls.
4. Market equilibrium is the point where the quantity demanded equals the quantity supplied.

Section C: Diagram-Based Questions **[6 marks]**

C1: Draw and label the law of demand (2 marks).

Price ($)	Quantity Demanded (Units)
10	
8	
6	
4	
2	

C2: Draw and label the law of supply (2 marks)

Price ($)	Quantity Supplied (Units)
2	
4	
6	
8	
10	

C3: Draw the demand and supply curves on a diagram and identify the equilibrium price and quantity. (2 marks)

Price (Omani Rial)	Quantity demanded (Millions per year)	Quantity supplied (Millions per year)
10	500	100
15	400	200
20	300	300
25	200	400
30	100	500

Section D: [6 marks]

D1: List four factors of production and their incomes. **(2 marks)**

Factors of Production	Income of Factors

D2: Apply the concepts of opportunity cost and trade-off using a real-life example.

(2 marks)

D3: As a student of logistics and transport management, analyse the importance of studying economics in your field. (2 marks)

END OF EXAM