

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)  
**MSc DEGREE EXAMINATION MAY 2025**  
(Fourth Semester)  
Branch - **HOSPITAL ADMINISTRATION**

**HEALTH ECONOMICS**

Time: Three Hours

Maximum: 75 Marks

**SECTION-A (10 Marks)**

Answer ALL questions

ALL questions carry EQUAL marks

(10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	The fundamental fact of scarcity implies that every decision involves: a) Unlimited time                      b) Production costs c) Limited wants                      d) Opportunity costs	K1	CO1
	2	As the quantity of good consumed increases, its marginal utility _____ and its total utility _____. a) Increases; increases                      b) Increases; decreases c) Decreases; increases                      d) Decreases; decreases	K2	CO1
2	3	The Law of demand asserts that a negative relationship exists between a) The purchases of inferior good and the level of national income b) Unlimited demands and limited resources c) A good's price and the amount of the good people will buy d) The prices of complementary goods and the sales of substitute goods	K1	CO2
	4	Economic profits for most firms will be usually a) The same as their accounting profits b) Greater than their accounting profits c) Less than their accounting profits      d) Zero in the short run	K2	CO2
3	5	Characteristics of purely competitive markets do not include a) Homogenous products      b) Large numbers of potential buyers c) Large numbers of potential sellers d) The ability of sellers to set prices	K1	CO3
	6	Which of the following is NOT a feature of a monopoly? a) One buyer and many sellers                      b) No close substitutes c) One seller and many buyers d) Full control over the price by the seller	K2	CO3
4	7	Transfer payment is _____ a) Payment for goods with money b) Payment for goods with goods c) Payment with no goods exchanged      d) None of the above	K1	CO4
	8	Which of the following is not a reason for increased health spending? a) People spend more on their health as their income increases b) People are living longer c) The average age of the population is rising d) People are dying earlier	K2	CO4
5	9	If insurance companies reimburse insured individuals for all medical bills they submit, then a) People would tend to frequent the doctor's office more often b) An immoral selection problem would foster underutilization c) The share of national income devoted to healthcare would fall d) All the above	K1	CO5
	10	In a healthcare market if supply increases, demand a) Increases                      b) Decreases c) First increases then decreases      d) Remains the same	K2	CO5

Cont...

**SECTION - B (35 Marks)**

Answer ALL questions

ALL questions carry EQUAL Marks

(5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	Examine the Theory of Utility.	K4	CO1
	(OR)			
	11.b.	Examine the key assumptions of the Law of Demand.		
2	12.a.	Inspect the Factors of Production.	K4	CO2
	(OR)			
	12.b.	Analyse the Law of Diminishing Marginal returns.		
3	13.a.	Compare Monopoly Vs Oligopoly.	K5	CO3
	(OR)			
	13.b.	Explain the Break-even point with example.		
4	14.a.	Evaluate the Economic condition in a 'Post war' scenario.	K5	CO4
	(OR)			
	14.b.	Interpret Keynesian Liquidity preference theory.		
5	15.a.	Compile the trends towards Multi Hospital systems.	K6	CO5
	(OR)			
	15.b.	Elaborate the Importance of Health Economics.		

**SECTION - C (30 Marks)**

Answer ANY THREE questions

ALL questions carry EQUAL Marks

(3 × 10 = 30)

Module No.	Question No.	Question	K Level	CO
1	16	Examine the Theory of Indifference curve and its concepts.	K4	CO1
2	17	Explain Short & Long Run Cost Function.	K5	CO2
3	18	Examine the nature of Perfect Competition.	K4	CO3
4	19	Evaluate the impact & remedial measures of Inflation.	K5	CO4
5	20	Propose a successful PPP model in healthcare industry.	K6	CO5