23HAP421N

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

MSc DEGREE EXAMINATION MAY 2026
(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	An increase in consumer income will increase demand for a ______ but decrease demand for a _________ a) Substitute good, inferior good b) Normal good, inferior good c) Inferior good, normal good d) Normal good,complementary good	K1	CO1
	2	A purely competitive firm with no market power faces a) A perfectly elastic demand curve b) A perfectly elastic supply curve c) A perfectly inelastic supply curve d) A downward sloping demand curve	K2	CO1
2	3	If good X is a normal good and income increases, the equilibrium price of X ______ and the equilibrium quantity of X is _________ a) Rises, increases b) Rises: decreases c) Falls; decreases d) Falls: increases	K1	CO2
	4	Rent for warehouses is component of what cost? a) Production cost b) Cost of factory c) Prime cost d) Distribution cost	K2	CO2
3	5	The widespread unregulated exercise of monopoly power is likely to result in a) Economic inefficiency because price exceeds marginal cost b) The value of national income being higher than under competition c) A politically more acceptable and equitable distribution of income d) International conflict because of the internal contradictions of competitive capitalism	K1	CO3
	6	Perfect competition is an industry with a) A few firms producing identical goods b) A few firms producing goods that differ somewhat in quality c) Many firms producing identical goods d) Many firms producing goods that differ somewhat	K2	CO3
4	7	Gross Domestic Product is a sum of ____ a) Net National Product, disposable income and Gross National Product b) Investment, Consumption, Government purchase and Net exports c) Investment, wages, profits and intermediate production d) All the above	K1	CO4
	8	A logical measure of the Standard of Living in a country is a) Real GDP per person b) Nominal GDP per person c) Real GDP d) Nominal GDP	K2	CO4
5	9	To reduce the problems associated with adverse selection in the insurance market, the government may use ______ a) A copayment b) Compulsory insurance c) A deductible d) Financial incentives to mitigate supplier induced demand	K1	CO5
	10	Increased life expectancy is closely correlated with which of the following a) Reduction in exercise b) Reduced spending on pharmaceutical research c) Fall in educational achievement d) Increased health spending per capita	K2	CO5

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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.	Define utility. Explain total & marginal utility.	K1	CO1
		(OR)		
	11.b.	What is cross price Elasticities. Explain.		
2	12.a.	Explain the Production function with diagram.	K2	CO2
		(OR)		
	12.b.	Identify the difference between fixed cost & variable cost with examples.		
3	13.a.	Build the Nature of Perfect Competition.	K3	CO3
		(OR)		
	13.b.	Construct the Sweezy model in Oligopoly.		
4	14.a.	Compare Demand pull vs Cost push.	K5	CO4
		(OR)		
	14.b.	Explain Keynesian liquidity preference theory.		
5	15.a.	Elaborate the importance of Health Economics.	K6	CO5
		(OR)		
	15.b.	Discuss Physician Control Models.		

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	Explain Consumer Equilibrium using Indifference curve analysis.	K2	CO1
2	17	Analyze the laws of Diminishing Marginal Returns and Variable Proportions.	K4	CO2
3	18	Identify the Price discrimination under Monopoly Market Structure.	K3	CO3
4	19	Assess the causes of Inflation in India and Evaluate remedial Fiscal & Monetary measures.	K5	CO4
5	20	Discuss the Importance of PPP Model.	K6	CO5

Z-Z-Z END