# Post Graduate Diploma in Management (Hospital & Health Management)

## PGDM – 2024-26 Batch

## 1st Year – 2nd Semester End Examination

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| **Subject & Code** : | **Essential of Health Economics (EHE)-CC 610** | **Reg. No.** : | |
| **Semester & Batch** : | **II, 2024-26** | **Date** : | **15-04-2025** |
| **Time & Duration** : | **10:30 A.M.-01:30 P.M. (3 Hrs.)** | **Max. Marks** : | **70** |

**Instructions:**
- Budget your time as per the marks given for each question and write your answer accordingly.
- Don't write anything on the Question Paper except writing your Registration No.
- Mobile Phones are not allowed even for computations.

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### Part A: Q.1 to Q.10 all questions are compulsory (10 X 2 Marks = 20 Marks)
### One liner, MCQs, True/False

Q1. Economics is best defined as
a) how people make money and profits in the stock market.
b) making choices from an unlimited supply of goods and services.
c) making choices with unlimited wants but facing a scarcity of resources.
d) controlling a budget for a household

Q2. In short period all factors of production are fixed (True/False)

Q3. Cost-effectiveness analysis in healthcare is used to:
a) Determine the cheapest treatment available
b) Compare costs and health outcomes of different interventions
c) Set the prices for medical procedures
d) Estimate the total revenue of a hospital

Q4. Opportunity cost concept is applicable when alternatives are not available (True/False)

Q5. If insurance companies reimburse insured individuals for all medical bills they submit:
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 health care would fall.
d) all the above

Q6. Which of the following creates a positive consumption externality?

a) lighthouse
b) weeds growing in your neighbor's yard
c) vaccinations
d) national defense

Q7. Write Break-Even Formula

Q8. The major source of health financing in India is …………………… (Fill in the blank)

Q9. Suppose the price elasticity of teenager's demand for product is 2.0. If the government imposes a tax on product that raises the price by 10 percent, by how much will it reduce the demand of that product?
a) by 5 percent
b) by 10 percent
c) by 15 percent
d) by 20 percent

Q10. Show long period total cost curve with the help of a diagram.

**Part B: Q.11 to Q.15 attempt any four questions (4 X 5 Marks = 20 Marks)**
**Short Notes**

Q11. Calculate the break-even point when fixed costs are Rs 22,000, variable Costs are Rs 4.00 per unit and the selling price is Rs 12.00 per unit and profit targeted is Rs. 50000.

Q12. Explain Cost-Benefit analysis.

Q13. What are the different types of cost involved to set up a hospital? Classify them in fixed and variable cost.

Q14. Assess the validity of the following statement with proper justification/comment.
    "**Privatization is boon to the Indian Health care System.**"

Q15. How elasticity of demand is helpful in decision making? Comment.

**Part C: Q.16 to Q.20 attempt any three questions (3 X 10 Marks = 30 Marks)**
**Long Notes**

Q16. How Incremental Cost Effectiveness Ratio (ICER) is helpful in deciding cost effective interventions? Explain.

Q17. Explain relationship among various short period cost curves in short period.

Q18. Complete the following table:

| Output | Fixed Cost | Variable Cost | Total Cost | Marginal Cost | Average Cost |
|---|---|---|---|---|---|
| 1 | | | 10 | | |
| 2 | | | 20 | | |
| 3 | | | 28 | | |
| 4 | | | 34 | | |
| 5 | | | 38 | | |
| 6 | | | 42 | | |
| 7 | | | 48 | | |
| 8 | | | 56 | | |

Q19. Explain the law of variable proportions. Which is the best stage of production and why?

Q20. What are the different factors affecting the demand of health services? Explain.