IIHMR UNIVERSITY

Institute of Health Management Research

MBA Hospital and Health Management

Batch-21st (2016-2018) First Year

Essentials of Health Economics and Financing

Term Examination

EXAMINATION CELL
IIHMR UNIVERSITY

Time - 30 Minutes **MM-30**

PART - I

Instruction: The paper is divided in two parts: Part I (30 minutes) and Part II (2 hours). Complete the Part I (within first 30 minutes) and submit it. After submission of Part I, you may start Part II.

Roll Number

Batch

Stream

Date

Day

Signature of Invigilator ____________________

Marks obtained

Signature of Examiner ____________________

Note: Please Tick-mark (√) the answer for the following questions.

1. Microeconomics does not deal with the
    a) price and output of cars
    b) behaviour of individual buyers and sellers of cars
    c) excise duty on cars
    d) inflation in India

2. Opportunity cost of a thing is defined as the
    a) sacrifice one has to make to get that thing
    b) loss of the next best alternative while selecting that thing
    c) price paid for getting that thing
    d) All of the above

3. Which of the following statements is incorrect?
    a) Economic principles assume that decision-makers act rationally
    b) Economics is concerned with benefits and costs
    c) All firms seek maximum possible profit
    d) Government is an inevitable part of any economy

4. Demand increases when
    a) more is demanded at the same price
    b) same is demanded at a higher price
    c) more is purchased at a lower price
    d) Both (a) and (b) above
    e) All the above

5. Market (Industry) demand curve is obtained through summation of individual consumers demand curves
    a) at each of various given prices
    b) at each of various given quantities
    c) horizontally i.e., across quantities
    d) Both (a) and (b) above
    e) Both (a) and (c) above

6. The total revenue (TR) test of the price elasticity of demand (E) indicates that
    a) if TR and price move in the same direction, demand is price elastic
    b) if TR and price move in the opposite direction, absolute value of $E < 1$
    c) if TR and price move in the opposite direction, absolute value of $E > 1$
    d) the product is an item of necessity

7. If income elasticity of demand for a product is greater than unity, the product is
    a) luxury
    b) necessary
    c) giffen good
    d) inferior

8. Production function describes a relationship between
   a) total revenue and factors of production
   b) total cost and inputs
   c) monetary value of output and physical quantities of factors of production
   d) physical quantity of output and physical quantities of factors of production

9. Cost of production represents the
   a) payments the firm makes to all the hired factors of production
   b) all the sacrifices that the firm make to produce its output
   c) firm's sunk cost plus the payments it makes to all the hired factors of production
   d) decrease in the book value of its all assets net of all liabilities

10. Growth concept of Economics was presented by ……………...
    a) Adam Smith
    b) Marshall
    c) Robinson
    d) Samuelson

11. Scarcity problem arises because our resources are ……………………
    a) Unlimited
    b) Limited
    c) Sufficient
    d) Vast

12. Resource of every economy are………………..
    a) Sufficient
    b) Limited
    c) Unlimited
    d) Unutilized

13. All economic problems are due to ……………………
    a) Unlimited wants
    b) Limited means
    c) Different priorities
    d) All the above

14. Change in the demand due to increase in the income of the consumers is known as ………….. of demand.
    a) Increase
    b) Decrease
    c) Extension
    d) Contraction

15. Economics, according ……………is the science of wealth.
    a) Marshall
    b) Adam Smith
    c) Robbin
    d) Pigon

16. Economics assumes…………….. Behavior.
    a) Rational
    b) Ideal
    c) Irrational
    d) Social

17. In case of ………… Demand, a slight change in the price will make greater change in demand.
    a) Perfectly elastic
    b) Perfectly inelastic
    c) Elastic
    d) Inelastic

18. The demand will be …………….. If there is no change in the demand of the commodity, in spite of the change in the price of the commodity.
    a) Perfectly elastic
    b) Elastic
    c) Perfectly inelastic
    d) Inelastic

19. Change in the demand of commodity due to change in the price of the substitute is an example of …………………..
    a) Cross elasticity
    b) Price elasticity
    c) Income elasticity
    d) Neither of the above

20. It is a case of …………………… Demand of the commodity changes with the change in price.
    a) Income elasticity
    b) Price elasticity
    c) Cross elasticity
    d) All the above

21. Demand forecasting is important for…………....
    a) Price control
    b) Business planning
    c) Competitive strategy
    d) All the above

22. …………………………………… factors of production do not change in the short period.
    a) Fixed
    b) Variable
    c) Human
    d) All the above

23. In ……………………………. period change in all factors is possible.
    a) Long
    b) Short
    c) Intermediary
    d) None of the above

24. Product obtained by additional dose of factor of product is known as ……………….. Product.
    a) Marginal
    b) Average
    c) Total
    d) All the above

25. If law of constant return is applicable marginal product will be ………….. average product.
    a) More than
    b) Leaser than
    c) Equal to
    d) All the above

26. ………………………………. increases and decreases with the volume of output.
    a) Fixed cost
    b) Variable cost
    c) Total cost
    d) Money cost

27. …………………… cannot be changed in the short period.
    a) Fixed cost
    b) Marginal cost
    c) Total cost
    d) Variable cost

28. The cost of additional unit of production is known as ……………………..
    a) Incremental cost
    b) Total cost
    c) Marginal cost
    d) None of the above

29. Division of labour which leads to …………… is another cause of internal economies.
    (a) Indivisibilities
    (b) Specialization
    (c) External economies
    (d) None

30. In ………………………….. market goods are sold at uniform price.
    a) Perfect competition
    b) Monopoly
    c) Oligopoly
    d) Duopoly

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PART - II

Note: Attempt any FOUR questions only

Q. 1.	In defining economics, three basic propositions are laid down which might be said to comprise the main structure of Economic Science. Please explain these three basic propositions.	**10**
Q. 2.	What do you mean by Health Economics? Briefly describe the scope of Health Economics.	**10**
Q. 3.	What is the concept of Demand Curve? Why the Demand Curve usually slopes downwards? In what ways, do you think that the demand for health care is different from the demand for other goods and services?	**10**
Q. 4.	Describe the concept of "Elasticity of Demand". What are the factors that determine the responsiveness of quantity demanded to price for a commodity? What is the relationship between revenue and price elasticity of demand?	**10**
Q. 5.	What do you mean by "Market"? Why free market mechanism fails in the health care market?	**10**
Q. 6.	What do you mean by cost? Explain the difference between (a) Financial Cost and Economic Cost; (b) Incremental Cost and Marginal Cost; (c) Fixed Cost and Variable Cost; and (d) Direct Cost and Indirect Cost.	**10**
Q. 7.	What is the purpose of Healthcare Financing? What are the key functions of Healthcare Financing?	**10**