



Time - 3 Hour

M.M-70

The question paper contains 2 printed pages.

Answer all questions. Apply economic tools and concepts as far as possible. The length of each of your answer should not exceed half a page (less is better!)

1. True or false? (No explanation required) 5×2 = 10
 - a) JSY is a conditional cash transfer scheme.
 - b) Cross elasticity of demand will be less than zero between two substitute goods
2. The risk of regulating consultation fee of doctors in private hospitals is that doctors will spend less time in treating patients if their fees are reduced – do you agree? Why or why not? (Hint: treatment time is an indicator of quality of care). 10
3. Asymmetric information is a necessary evil for functioning of the health care market” Why necessary? Why evil? 10
4. Immunization programmes should be handed over to private market. Do you agree? Why or why not? 10
5. “That Government of India is planning to spend a huge amount of additional fund for Family Planning (so that the birth rate keeps on falling at the same rate) is sufficient proof for the existence of law of diminishing returns”. Do you agree? Why or why not? 10
6. A junior manager of Hospital XXX has been told to estimate the unit cost of services provided by two patient departments: Maternity and Orthopaedics. There are two other departments – Administration and Pharmacy – that provide support to these patient departments. She shares the following data on four departments with you:

The direct costs of Administration and Pharmacy are Rs. 500,000 and 600,000. The same of Maternity and Orthopaedics are Rs. 300,000 and 200,000. It is known that Administration provides support to all three departments and Pharmacy only to the patient departments. There is no information on what proportion of Administration resources are used by the other three departments. Pharmacy resources are usually used in proportion with number of patients the departments treat – 300 and 200 respectively for Mat and Ortho.

Based on the above information, can you estimate the unit cost of Mat and Ortho departments? What assumption(s) do you have to take for this purpose? 10

7. Consider a one-year STD control program for sex workers. There is already a clinic in the area which provides routine services. Suppose we consider the following 4 options (one of them is the 'base' or 'control', the others are 'intervention'):

Option 1: Do nothing additional (base)

Option 2: Provide condoms

Option 3: Generate awareness through inter-personal communication

Option 4: Opening a clinic to treat STD cases

The following table presents data on cost and cases for each approach

Options	People covered	Number of STD cases	Net Program Cost (in Rs.)
1	4000	160	
2	5000	120	150,000
3	5000	150	250,000
4	8000	170	400,000

Calculate the C-E ratio for each Options 2 - 4. Which one is more cost-effective? (Hint: this is similar to the case study discussed in the class) 10

