

<b>Trimester: July / September 2024</b>		
<b>Maximum Marks: 50</b>	<b>Examination: ESE Examination</b>	<b>Date: 07-11-24</b>
<b>Duration: 2 hours</b>		
<b>Programme code: 06</b>	<b>Class: FY</b>	<b>Semester/Trimester: I / __</b>
<b>Programme: MBA HCM</b>		
<b>College: K. J. Somaiya Institute of Management</b>		<b>Name of the department/Section/Center:</b>
<b>Course Code: 317P06C104</b>	<b>Name of the Course: Fundamentals of Health Economics</b>	
<b>Instructions:</b>		

<b>Question No. 1</b>	<p><b>Read the case and answer the questions given below:</b></p> <p>Health Insurance sector in India is growing very fast. Some of the reasons for its growth are rising healthcare costs, unpredictability in health expenditure, rising lifestyle related diseases increasing the health expenses, and aging population. Yet, only 37 % of the households are covered either by public or private health insurance. Some of the well-known health insurance companies are Tata AIG General Insurance, Aditya Birla Health Insurance Ltd., Star Health &amp; Allied Insurance Ltd, Niva Bupa Health Insurance Co Ltd., Care Health Insurance Ltd, ICICI Lombard General Insurance, etc. Each firm has a unique offering to its consumers in terms of products and services. They keenly follow other companies' business strategies and use these to formulate their own strategies.</p> <ol style="list-style-type: none"> <li>1. What can be the determinants of demand for Health insurance?</li> <li>2. What is the type of market structure these companies are operating into?</li> <li>3. What type of price and non-price competition you can observe in this sector?</li> <li>4. What can be the entry barriers for newcomers?</li> </ol>	<b>Max. Marks 10</b>								
<b>Question No. 2</b>	<p><b>Numerical problems: Solve any two:</b></p> <ol style="list-style-type: none"> <li>1. If the demand function of the product "X" is as follows:  <math>QdX = 500 - 1.5Px + 0.8Py</math>            Where <math>Px = Rs. 100</math> &amp; <math>Py = Rs 80</math> <ol style="list-style-type: none"> <li>a. Find out what is quantity when <math>Px = 100</math> and what is the total revenue.</li> <li>b. Find out what will be the quantity when price rises to Rs 200 and what will be the total revenue.</li> <li>c. What is the point price elasticity when price is Rs 100 and when price is Rs. 200?</li> <li>d. Is product "Y" a substitute or a complementary product? Explain.</li> </ol> </li> <li>2. ABC company produces glass jars. The costs are as follows:           <ol style="list-style-type: none"> <li>1. Raw material – Rs. 66 per unit</li> <li>2. Manufacturing labour – Rs. 18 per unit</li> <li>3. Packing labour – Rs. 10 per unit</li> <li>4. Packing material – Rs. 5 per unit</li> <li>5. Shipping cost – Rs. 5 per unit</li> <li>6. Plant operation – Rs. 80,000</li> <li>7. Utilities – Rs. 35,000</li> <li>8. Overhead costs – Rs. 17000</li> </ol>           If the product can be sold for Rs. 450/ each then           <ol style="list-style-type: none"> <li>a. What is the breakeven quantity and revenue?</li> <li>b. If the company intends to earn a minimum of Rs. 30,000 as profit, then what is the breakeven quantity and revenue?</li> </ol> </li> <li>3. Fill in the blanks:</li> </ol> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 12.5%;">Output</td> <td style="width: 12.5%;">TFC</td> <td style="width: 12.5%;">TVC</td> <td style="width: 12.5%;">TC</td> <td style="width: 12.5%;">MC</td> <td style="width: 12.5%;">AFC</td> <td style="width: 12.5%;">AVC</td> <td style="width: 12.5%;">ATC</td> </tr> </table>	Output	TFC	TVC	TC	MC	AFC	AVC	ATC	<b>Max Marks 10</b>
Output	TFC	TVC	TC	MC	AFC	AVC	ATC			

	1	100	50						
	2				30				
	3						40		
	4			270					
	5							70	
<b>Question No 3</b>	<b>Answer any one of the following:</b> 1. What are the unique features of the healthcare sector in comparison with the other sectors? Can the healthcare sector be completely privatized? 2. What do you understand by Economies of scale? In what way does a chain of hospitals such as Apollo Hospitals has an advantage over single standalone hospital?								<b>Max Marks 10</b>
<b>Question no 4</b>	<b>Write short notes: Any two</b> 1. Income elasticity of demand 2. Accounting and Economic profit 3. Sunk cost Vs Incremental cost								<b>Max Marks 10</b>
<b>Question no 5</b>	<b>Answer any of the following two:</b> a. "Firm operating in Monopolistic competition can never earn economic profit in the long run" True or False. Justify b. What do you understand by Entry barriers? What kind of entry barriers a monopoly firm can put on the entry of other firms? c. Do you agree with the statement that price elasticity of cosmetic surgery will be higher than that of Breast cancer surgery? Explain your answer.								<b>Max Marks 10</b>