

Technical Efficiency and Scale Efficiency of Comprehensive Emergency Obstetric and Newborn Care Centres in Tamil Nadu

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Given the budget constraint, it is imperative for the public hospitals to be technically efficient and thereby generate additional resources within. Hospital efficiency studies are very few in the Indian context. This study is based on Comprehensive Emergency Obstetric and Newborn Care (CEmONC) Centres within the secondary public hospitals in Tamil Nadu. It estimates the relative Technical Efficiency (TE) and Scale Efficiency (SE) by DEA method using secondary data on facility-wise expenditure incurred and performance indicators for the year April 2009 to March 2010. This pilot study demonstrates to the policy-makers the versatility of DEA method in measuring inefficiencies among CEmONC Centres.

I Introduction

Public hospitals constitute an important component of the health care system in the developing countries, catering to the health care needs of a large section of poor and deprived population. Given the budget constraint, it is imperative for them to be technically efficient and thereby generate additional resources. Technical efficiency is basically producing maximum output from a given amount of inputs, or using minimum amount of inputs to produce a given output. Achieving technical efficiency in the public hospitals remains a challenge since there is very little price competition and little incentive to contain costs and ensure efficiency. Bureaucratic processes and excessive hierarchical channels in the implementation of cost control measures make it difficult for public hospitals to run efficiently. Nevertheless, the need to develop efficiency criterion for ranking public hospitals and improving their performance is relevant in the context of health sector reforms in developing countries.

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