DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD

M.A. (AVIATION LAW & AIR TRANSPORT MANAGEMENT)

Academic Year: 2025-2026

Third Semester Repeat Examination – Online Proctored Examination
(December 2025)

2.3.9. Air Transport Economics and Statistics

Duration of the Examination: 2 ½ hours **Total Marks : 70 marks**

INSTRUCTIONS TO CANDIDATES

a) **Read the instructions carefully and adhere to the same.**
b) **Please mention your Name, DDE ID No., date of the exam, name of the programme, name of the subject, total number of pages on the first page and write the page numbers in sequence on each sheet before upload.**
c) **The questions to be interpreted as given and no clarification can be sought.**
d) **Clearly indicate the question numbers while answering them. Answers without question numbers / wrong question numbers will not be evaluated.**
e) **Write the answers clearly and neatly. Answers in illegible handwriting will not be taken into consideration.**
f) **Candidates need to check the scanned and pdf converted file before uploading, whether all pages are scanned properly and the same is in sequence and clearly visible.**
g) **Candidates are prohibited to use phones or any other electronic devices, books, material etc. during the Examination.**
h) **Copying from any source including from other students is strictly prohibited. Plagiarism is considered as a serious academic mis-conduct and the University will take action as it deems fit.**

Section – A

Answer FIVE questions out of SEVEN questions and each question carries 10 marks. (5 x 10 marks = 50 marks)

Q1. Demand for air travel is continuously increasing in India. Briefly examine the factors causing this increase. Graphically represent and show the changes in the demand and supply curve in the following situations –

a) Government has announced income tax reduction in the budget.
b) Fuel prices are increasing due to cartelization in the oil market.
c) The use of new technology has increased the production of planes.
d) People are expecting a price hike in the air fares in coming futures

Q.2) Draw an indifference curve and explain why it is negatively sloped and two indifference curves never cut each other. Why consumer choose a specific point on the indifference curve as optimum?

Q.3) Briefly explain the concept of price elasticity of demand. In what circumstance price elasticity of demand will be highly elastic and inelastic for air transport, show with the help of a graph.

Q4) Define cost function in air transportation sector and calculate values for blank spaces –

Quantity	Fixed Cost	Variable Cost	Total Cost	Marginal Cost	Average Cost	Average Fixed Cost	Average Variable Cost
0	55						
1	55		85				
2		55					
3	55		130				
4		105					
5	55		210				
6		225					

Q.5) Airline Industry is a growing industry. To maximize profits Kingdom airlines hires people for forecasting the demand. What critical skills are required to forecast the demand and wants to earn huge profits and why these people prefer time series analysis for predicting the demand?

Q.6) How would you explain the shift in financial condition of US domestic air industry from stable to cyclical and why some similar trends are observed across the world?

Q.7) 'Air transport epitomizes the economic and sociopolitical aspects of globalization, which is defined by Shariff (2003) as the worldwide process of homogenizing prices, products, wages, interest rates, and profits. Briefly discuss these aspects and their contribution to economic growth.

Section – B

Answer FOUR questions out of SIX questions and each question carries 05 marks. (4 x 5 marks = 20 marks)

Q.8) In 1995, the total demand for Indian air travel was Qd = 3244 – 283P and the domestic supply was Qs = 1944 + 207P. Calculate -

a) equilibrium price and quantity and show it on the graph

b) An increase in the input cost caused the supply curve to shift and change the price, show this on the graph what would happen to the quantity demanded and how elasticity will change?

Q.9) In air transportation industry why there is a difference between the costs based on accounting system and costs for managerial decision making, explain with examples.

Q.10) The government wants to increase the production of fuel-efficient air planes, so they offer a tax break and specialized supplier network to the manufacturers that produce more than 10, 000 small and big air planes. The manufactures choose to increase the amount of production of their existing lines of planes. To produce these planes the manufacturer will also invest in robotic assembly lines and a new marketing strategy. Why and how would these two situations affect the car manufacturers output and cost in long run?

Q.11) Why India is planning to move to public-private partnership in the area of airport development and how will it help in making this industry an epicentre of economic activities?

Q.12) Despite the power of the GATS mechanism for achieving a reduction in trade barriers, and despite the fact that virtually all other service sectors are included within the GATS framework, air transport services are covered only in small part by GATS. Discuss why full inclusion of air transport service is impossible?

Q.13) Why concession revenues are significant and what factors determines concessional performance?