Centre for Aerospace & Defence Laws (CADL)
DIRECTORATE OF DISTANCE EDUCATION
NALSAR UNIVERSITY OF LAW, HYDERABAD

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

Academic Year: 2023-2024

Third Semester Repeat Examination (June, 2024)

Paper III – 2.3.9. Air Transport Economics and Statistics
2.3.11. Air Transport Economics and Statistics (Batch 2020-2022)

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 DDE ID No., date of the exam, name of the programme & subject on the Answer Sheet and the Additional Answer Sheets, if any.**
c) **The questions to be interpreted as given and no clarification can be sought from the Invigilator.**
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 are prohibited to carry phones or any other electronic devices, books, material etc. in the Examination Hall.**
g) **Copying is strictly prohibited and 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)

1. Explain the relationship between dependent and independent variables in demand for air transportation. Considering demand for air travel as a normal good how would you construct a demand schedule and demand curve?

2. 'Demand forecasting is very important for long term growth for any airlines', elucidate this statement. Why demand forecasting of a new airlines is more challenging than forecasting for existing one?

3. How will you analyze Average Fixed and Average Variable Costs for air transportation sector? Explain the general formula for airline break-even.

4. What are hub airports? How would you explain the near monopoly position gained by some airlines on these hub airports?

5. In the US and Europe and many other countries the aircraft industry resembles an oligopoly. Discuss the factors that created this change in the market structure of this industry.

6. Some economists argue that less intense competition, through consolidation and coordination, can actually benefits the consumers by allowing airlines to build more efficient networks with greater economies of scale, scope, and density. Explain the potential benefits, due to coordination and cooperation, accruing to the different participants in the airline industry.

7. What economic impact is the growth of air transportation likely to have on the economy? How would the economic contribution of aviation change if global demand for air transport proves to be lower than expected?

Section – B

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

A. Briefly discuss the advantages of quantitative methods of demand forecasting over qualitative methods for airline industry.

B. What difference do you find in Economies of Scale and Economies of scope in Airlines industry? Illustrate with examples.

C. Write main characteristics and benefits of Open Skies Agreement.

D. ‘Aviation industry would flourish better when trade barriers are imposed’. Critically examine this statement.

E. How price cap regulation is different than trigger regulation? Recently many eminent transportation economists have questioned the desirability of price cap regulations and declared them as bad economics, why?

F. GATS air transport regulatory reform is uniquely equipped to address the challenges of the air cargo transport system of today. Comment.