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

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

Academic Year: 2022-2023

Third Semester - End Semester Examination (January, 2023)

Paper III – 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 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. '*Air transport provides economic benefits not just for its passengers and cargo shippers, but also for the wider economy by connecting businesses and individuals to global markets*'. In the light of the given statement analyze the crucial determinants of Air Transport Demands and the factors affecting the elasticity of demand Air Transportation. Explain this answer with the help of illustrations and examples.

2. What do you understand by the term ‘Perfect Competition’ as understood in the Economic parlance? What are the conditions required for ensuring a ‘Perfect Competition’? In this vein, you are required to illustrate whether a situation of ‘Perfect Competition’ can be achieved in the Air Transportation Industry and the required market structure for the same.

3. ‘*The airline industry has been affected by economic recession, rising fuel costs, political uncertainty, and stiff competition’*. Explain and critically examine with the help of illustrations the role airline consolidation in facing the challenges of recession faced by the airline industry. Also suggest practical solution in order to enable the air transport industry to overcome these hurdles.

4. *Traditionally, airports have, rightly or wrongly, been perceived as monopolies. As such, airport with private governance structures may be subjected to price regulation to protect their customers from overly high prices due to the exercise of potential market power*. In view of this notion, you are required to analyze the alternate models of price regulations with the help of reasonable illustrations.

5. ‘*One of the great benefits of aviation has been its ability to make the world smaller and promote globalization*’. In the light of the given statement, examine the concept of Open Skies Agreement and Global Airline Alliances. You are further required to elaborate its characteristics and critically evaluate its impact on the air transport industry.

6. It is generally viewed that the creation of an Independent Regulator i.e. Airports Economic Regulatory Authority (AERA) is undermining the Regulatory role of the Airports Authority of India under the AAI Act, 1994. Critically examine the role and functioning of both the authorities, keeping in view recent developments in India.

7. What do you understand by the term ‘Perfect Competition’ as understood in the Economic parlance? What are the conditions required for ensuring a ‘Perfect Competition’? Whether a situation of ‘Perfect Competition’ can be achieved in the Air Transportation Industry and the required market structure for the same? Explain with the help of examples.

Section – B

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

- **A.** Elasticity of Demand v. Elasticity of Supply
- **B.** Law of Diminishing Marginal Utility.
- **C.** Direct and Indirect Economic Impact of the Air Transportation Industry
- **D.** Airline Industry and Cost Structure
- **E.** Aviation Forecasting Applications
- **F.** Meaning and Types of Airport Charges