


Name: Enrolment No:			
UPES End Semester Examination, May 2025			
Course : Airport Economics Program : MBA AVM Course Code : TRAV 7005		Semester : II Time : 03 hrs. Max. Marks : 100	
Instructions: 1. The student must write his/her name and enrolment no. in the space designated above. 2. It is a Closed-Book Exam. 3. Students can use calculators to answer the numerical. 4. Laptops, Smartwatch and Mobile phones are not allowed during the exam.			
SECTION A 10Qx2M=20Marks			
S. No.		Marks	CO
Q 1	Which of the following are global trends shaping the airport industry? <i>(Multiple correct options possible)</i> a) Rise of low-cost carriers b) Privatization of airports c) Decline in air travel demand post-pandemic d) Introduction of supersonic commercial flights	2	CO1
Q 2	[True/False – Apply] Public-Private Partnerships (PPP) in airports typically transfer all operational risks to the private partner.	2	CO1
Q 3	Which of the following justify considering airports as public utilities? <i>(Multiple correct options possible)</i> a) Airports provide essential public services b) High competition between multiple airports in a city c) Demand inelasticity for air travel d) High capital intensity and long gestation period	2	CO1
Q 4	Which pricing strategies are commonly used in monopolistic airport markets? <i>(Multiple correct options possible)</i> a) Price skimming b) Uniform pricing c) Differential pricing d) Ramsey pricing	2	CO2

Q 5	Which of the following best describe aeronautical revenues for an airport? (<i>Multiple correct options possible</i>) a) Passenger facility charges b) Landing and parking fees c) Retail shop leases d) Terminal navigation charges	2	CO2
Q 6	[True/False – Analyze] An airport that focuses on increasing non-aeronautical revenue reduces its dependence on airline traffic for profitability.	2	CO2
Q 7	Which of the following are valid economic performance indicators in airport benchmarking? (<i>Multiple correct options possible</i>) a) Operating profit margin b) Revenue per available seat kilometer (RASK) c) Passenger growth rate d) Terminal processing time	2	CO3
Q 8	What challenges are commonly associated with airport slot management ? (<i>Multiple correct options possible</i>) a) Congestion at peak times b) Underutilization of infrastructure c) Over-regulation of airlines' schedules d) Equitable allocation across airlines	2	CO3
Q 9	Which of the following are advantages of airport privatization? (<i>Multiple correct options possible</i>) a) Better access to capital b) Increased operational efficiency c) Guaranteed affordability for passengers d) Revenue diversification	2	CO4
Q 10	[True/False – Evaluate] In the Indian context, AERA (Airport Economic Regulatory Authority) ensures competitive pricing and efficient functioning of privatized airports.	2	CO4
SECTION B 4Qx5M= 20 Marks			
Q 11	Evaluate the contribution of airports to regional economic development. How do improved airport facilities and connectivity influence local economies?	5	CO1
Q 12	Analyze the differences between aeronautical and non-aeronautical revenue streams in airports. How does the balance between them affect financial sustainability?	5	CO2
Q 13	Apply the concept of airport performance benchmarking by listing key performance indicators (KPIs) and explaining how they help improve airport operations.	5	CO3
Q 14	Privatization can bring both opportunities and challenges to airport operations. Evaluate the potential risks associated with airport privatization and how they can be mitigated through regulation.	5	CO4

SECTION-C
3Qx10M=30 Marks

Q 15	<p>Evaluate the role of airports in national and regional economic development. Discuss how airports contribute to job creation, tourism, trade, and connectivity, using examples from both developing and developed nations.</p> <p>OR</p> <p>An airport's financial report includes the following details:</p> <table><tr><td>Item</td><td>Amount (₹ Crore)</td></tr><tr><td>Terminal charges</td><td>240</td></tr><tr><td>Landing and parking fees</td><td>300</td></tr><tr><td>Advertising revenue</td><td>160</td></tr><tr><td>Food and beverage sales</td><td>100</td></tr><tr><td>Ground handling charges</td><td>110</td></tr></table> <p>Questions:</p> <p>a) Classify the items into aeronautical and non-aeronautical revenues.</p> <p>b) Calculate the percentage contribution of non-aeronautical revenue to total revenue.</p> <p>c) Discuss the strategic importance of non-aeronautical revenues in airport economics.</p>	Item	Amount (₹ Crore)	Terminal charges	240	Landing and parking fees	300	Advertising revenue	160	Food and beverage sales	100	Ground handling charges	110	10	CO1
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Terminal charges	240														
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Q 16	<p>Analyze the revenue and cost structure of a major international airport. Discuss key sources of aeronautical and non-aeronautical revenue. Explain how airports manage cost centers to maintain financial sustainability.</p>	10	CO2												
Q 17	<p>You have been hired as an operations consultant for a busy metropolitan airport. Apply your understanding of capacity planning and performance metrics to suggest ways the airport can improve throughput and reduce delays, especially during peak hours.</p> <p>OR</p> <p>Evaluate the implications of privatization on airport efficiency, service quality, and passenger satisfaction. Support your answer with examples from privatized airports in India or abroad.</p>	10	CO3 / CO4												

SECTION-D
2Qx15M= 30 Marks

Q 18	<p>A metropolitan airport in India is planning to expand its infrastructure to accommodate a projected 30% growth in traffic over the next decade. However, this expansion has sparked concerns about environmental impact and public value.</p> <ol style="list-style-type: none"> Analyze the economic characteristics of airports that justify public investment in infrastructure. Discuss how airports function as public utilities and essential services, and how they contribute to national and regional economic development. Include considerations of sustainability and public-private partnerships (PPP). <p>OR</p> <p>A regulatory body is reviewing the pricing model used by a major airport that serves both full-service and low-cost airlines. The airport uses a uniform pricing policy for aeronautical charges, but stakeholders have suggested implementing Ramsey pricing or differential pricing.</p> <ol style="list-style-type: none"> Evaluate the pros and cons of different pricing strategies—uniform pricing, price discrimination, and Ramsey pricing—used in monopolistic airport markets. How do these strategies affect different airline segments and overall market efficiency? Recommend the most suitable pricing policy for the airport and justify your choice. 	15	CO1 / CO2
Q 19	<p>A busy international airport is facing increasing congestion, declining service quality, and rising operational costs. Management wants to implement performance benchmarking and slot optimization to enhance efficiency.</p> <ol style="list-style-type: none"> Analyze the role of airport slot management and performance measurement in improving operational productivity. Propose key performance indicators (KPIs) and benchmarking strategies that could be used to evaluate and improve airport efficiency. 	15	CO3