

ABSTRACT

RAZON, A. J. B., VILLA, F. S. Factors Affecting Demand for Light Rail Transport Services in Metro Manila. Bachelor of Science in Business Administration major in Economics, De La Salle University-Dasmariñas, April 2004, Mr. Michael Batu.

A study generally focused on the demand for LRT services in Metro Manila from 1993 to 2002. Specifically, it aimed to achieve the following objectives: (1) determine the status of LRT services in terms of average daily LRT ridership and fare; (2) estimate the demand for LRT services in Metro Manila; and (3) calculate the price and the cross price elasticities of demand for LRT services in Metro Manila.

Data from the LRTA revealed that the average daily LRT ridership was 350,734 passengers with a negative growth rate of 1.61 percent, because of the strike of Metro employees and the Rizal day bombing both in 2000. The LRT fare averaged PhP8.20 and grew at an annual rate of 10.2 percent. Macroeconomic factors of Metro Manila hypothesized to impact ridership included: per capita income, average annual jeepney fare, inflation, and unemployment. All of these factors were significant using the log-linear regression model. However, problems on serial correlation and multicollinearity were encountered and resolved through stepwise regression, which ultimately showed that only per capita income and unemployment were significant.

The regression equation reveals that the demand for LRT services is inelastic, and LRT service is an inferior good as indicated by its income elasticity of demand. The cross price elasticity with respect to jeepney fare indicates that LRT and jeepney services are complementary services needed by riders in Metro Manila.

The demand for LRT services is significantly influenced by income and employment, which are indicators of consumer capacity or ability to pay for the service. Finally, with the ongoing expansion programs of the LRTA, traffic congestion in Metro Manila and its environs could be provided with an answer, although as shown the burgeoning population in Metro Manila is something to think about for government planners of transportation networks.