

# Economics ia assignment



**ASSIGN  
BUSTER**

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Name: Economics Date Submitted: 19th February, 2009 Title Page An economic investigation into the demand for doubles in south Trinidad.

Acknowledgements I would like to express my most sincere gratitude to all the persons who participated in the survey and took the time to complete the questionnaire. Most particularly, I'd like to thank my teacher Miss. A. Dassyne for her clarity in her explanations during class and her guidance and patience. I'd also like to thank Mr. E. Bahaw and Mrs. G.

Ali for their tremendous contributions they made in reading my completed assignment. Table of Contents Aims and Objectives The general aim of this SBA was to facilitate a better understanding of theories and concepts of Economics that were learnt in the class room and to be able to investigate and apply these theories and concepts in real life. It was intended to develop in the candidate and interest in self-directed investigation including the collection of data in a scientific manner. The execution of the SBA project should lead to a sense of accomplishment while facilitating the development of the basic skills of economic research.

An important objective was an economic investigation into the demand for doubles in South Trinidad. The specific objectives that were highlighted in this SBA were an introduction to the doubles market in South Trinidad, a brief explanation of the demand for doubles in South Trinidad and to determine the demand curve for doubles in South Trinidad. This SBA also was designed to show the factors affecting the demand for doubles in South Trinidad, to show the calculated price elasticity of demand for doubles in

South Trinidad and to state the factors affecting the price elasticity of demand for doubles in South Trinidad.

**Methodology** In doing this SBA there were many steps involved in acquiring data. Firstly, the Economics class suggested options that they thought were an interesting subject to investigate. Out of all the suggestions, the class decided to do an economic investigation into the demand for doubles in South Trinidad because the topic was of good interest and it was practical. Also during the months of decision making, doubles was undergoing some price changes and it was relatively easy to obtain the information needed. The primary source of information came from questionnaires that were created by the students and the teacher.

It consisted of eight simple questions that were necessary for the assignment. A hundred questionnaires were distributed during the months of October to November in the year 2008, by the students to members of the public of South Trinidad. The questionnaires were then analysed and the data was used in complying the report. The report would be presented in a formal manner consisting of suitable graphs, charts and tables. **Research Report Introduction to the Doubles Market in South Trinidad** Doubles is a common street food in Trinidad. It consists of channa which is curried chick peas, wrapped in bara.

This delicacy is undoubtedly one of the most popular fast food available in Trinidad. It is usually eaten for breakfast or as a snack. It is quick, easy to attain and very delicious and savoury. Doubles is considered to be a consumer good because it is purchased for immediate or direct use and it is

not used in the production of other goods. Doubles is also said to be a private good because it is excludable which means that the consumption of this good is only available to those who can afford it, and it is diminishable which states that the consumption of this good by one individual reduces the amount available for another individual.

South Trinidad was chosen to be studied because it was easier for the information to be attained and doubles are greatly sold in South Trinidad rather than in the central areas and northern areas of Trinidad. Some of the areas of study can be seen in figure 1.0. (graph of Trinidad to be added in)

What is the Demand for Doubles in South Trinidad? What is demand?

Demand refers to the amount or quantity of doubles that consumers are willing and able to buy at a particular price and at a particular time. *Ceteris paribus*, meaning all other things being constant is an assumption made in defining demand.

The Nature of Demand for Doubles The nature of demand for doubles can be analysed by age of the consumers, the gender of the consumers and the occupation of the consumers. [pic] Figure 1.2 shows the different age groups of people that were interviewed, who purchased doubles. The most consumers of doubles are between the age group 19-25 years and the least consumers are from the groups 26-40 years and over 55 years. [pic] What is the Demand Curve for Doubles in South Trinidad? The law of demand states that as the price of doubles increases the quantity demanded will decrease.

This therefore indicates that there is a negative or inverse relationship between the price and the quantity demanded for doubles. This negative

relationship results in a downward-sloping demand curve. | Price | Number of persons willing and able to | Quantity of Doubles | | buy doubles | | \$1. 00 | 95 | 190 | |\$1. 0 | 94 | 188 | |\$2. 00 | 93 | 186 | |\$2. 50 | 90 | 180 | |\$3. 00 | 80 | 160 | |\$3. 50 | 62 | 124 | |\$4. 0 | 49 | 98 | |\$4. 50 | 16 | 32 | |\$5. 00 | 7 | 14 | |\$5. 50 | 1 | 2 | |\$6. 00 | 1 | 2 |

From the questionnaire, a demand schedule was tabulated. It shows the number of persons willing and able to buy doubles at certain price levels. To arrive at the values for the quantity of doubles, the number of persons willing and able to purchase doubles was multiplied by two, because most candidates said that they would consume two doubles at a time. Table 1. 4 is the demand schedule for Doubles in South Trinidad. [pic] What are the Factors Affecting the Demand for Doubles in South Trinidad? There are five possible factors that affect the demand for doubles in south Trinidad.

There are four non-price factors and one price factor. Non- Price Factors Changes in any of the non-price factors will result in shifts of the demand curve. The two kinds of shifts are a rightward shift, which indicates and increase in quantity demanded at all price levels, and a leftward shift, which indicates a decrease in quantity demanded at all price levels. The following are the non-price factors that cause a shift on the demand curve for doubles. Convenience Doubles is considered to be convenient because it is quick and easy to obtain.

In order to cause the demand curve to shift to the left, the convenience of doubles would have to decrease. For example if the vendors were evicted and unable to sell doubles at the side of the streets and roads, doubles

would not be as easy to purchase as before. This would cause a leftward shift of the demand curve, if doubles were delivered to its consumers' homes, convenience would increase and would cause a rightward shift on the demand curve. These leftward and rightward shifts can be seen in figure below. Taste and Preference Changes in taste would impact on the demand for doubles.

For example, if doubles were made with sliced bread instead of bara, it may decrease the number of persons who want to purchase doubles. This would cause a leftward shift of the demand curve. However a way in which the taste and preference of doubles could be improved, is by adding a wider variety of different chutneys and sauces with the doubles. This would result in a rightward shift of the demand curve. These shifts can be seen in figure.

Price of Substitutes Consumers can buy either doubles or other goods.

Therefore substitutes are those goods which are in competing demand.

There is a positive relationship between the price of a good and a demand for its substitute good. [pic] Income When income increases, the demand for doubles would also increase, this would cause a rightward shift on the demand curve for doubles. However, in Trinidad, the local economy is facing a recession(, therefore incomes are decreasing. This would result in a decrease in the demand for doubles, hence causing a leftward shift of the demand curve. Price Factors Changes in the price of the good itself always results in movements along the demand curve for doubles.

The two types of movements along the demand curve are expansion or extension and contraction. Cost of Doubles In order for there to be an

expansionary movement along the demand curve, the price of doubles would have to decrease, resulting in an increase in the quantity demanded for doubles. But on the other hand, for there to be a contraction along the demand curve, the price of doubles would have to increase, resulting in a decrease in the quantity demanded for doubles. This can be further explained in figure What is the Price Elasticity of Demand for Doubles in South Trinidad?

Price Elasticity of demand (P. E. D) refers to how responsive the demand for doubles is to changes in the price of doubles. The Price Elasticity of Demand is calculated using the formula  $P. E. D = \frac{\% \text{ Change in Quantity Demanded}}{\% \text{ Change in Price}}$ .  $P. E. D = \frac{62/100}{100/33} = -1.16$ . The price change of doubles from \$3.00 to \$4.00 was considered because this was an actual price change on the year 2008. Therefore the P. E. D would be based on an actual increase in price of doubles.

Ignoring the sign, the numerical value for the P. E. D for doubles is categorized as Relatively Elastic Demand because the value is greater than one. Therefore the demand for doubles in South Trinidad is said to be very responsive to price changes. The percentage change in the quantity demanded for doubles is greater than the percentage change in the price for doubles. The demand curve would be very gentle.  $\% \text{ ? Quantity demanded} > \% \text{ ? Price}$ . What are the Factors Affecting the P. E. D. for Doubles in South Trinidad?

Doubles is said to be an elastic good because it has a large number of substitutes and therefore doubles is very responsive to price changes. A small price increase in doubles may cause many consumers to switch to the substitutes, which are now relatively cheaper. A small reduction in the price of doubles may attract many consumers who were previously buying the substitute goods. [pic]Figure 1. 9 shows the different types of substitutes for Doubles in South Trinidad. From the bar graph above, it can be seen that savoury foods are the most requested substitutes for doubles.

Fast foods, snack items and home-cooked foods were requested by the same number of persons and the least number of people requested take-away foods as a substitute for doubles. Conclusions Doubles is a popular good in South Trinidad. It is quick and easy to attain. It is considered to be a consumer good and also a private good. The majority of the consumers of doubles belong to the young population of South Trinidad and also to most students. There is a negative relationship between the price and quantity demanded for doubles therefore the demand curve is a gentle and downward-sloping curve.

There are many factors that affect the demand for doubles. The most significant factors were convenience and taste and preference. The least significant factor was income because doubles is not expensive and it is affordable. The price elasticity of demand for doubles in South Trinidad was found to be -1. 16. The P. E. D for doubles is categorized as relatively elastic demand and is said to be very responsive to price changes. The percentage change in quantity demanded is greater than the percentage change in price. The major factor that affects the P. E.



D for doubles is the substitutes, savoury foods. There was a significant large choice of consumers who substituted doubles for savoury foods. However take-away foods were the least requested substitutes. The demand for doubles is relatively high in South Trinidad and consumers can not seem to get enough of this delicious street food. Recommendations Three suggestions or recommendations that the doubles market should consider are: 1) Because the demand for doubles is elastic in order for vendors to increase their total revenue, they should decrease the price of doubles.

With doubles being sold at a lower price there would be an increase in demand for doubles and hence increase revenue. 2) Vendors should also give incentives to its regular consumers. For example, for every five doubles bought, they can have a free double in addition. This would increase revenue. CAN YOU PLEASE CREATE SOME OTHER RECOMMENDATIONS BASED ON THE INFO IN THE SBA. ( Economic recession refers to a period where an economy's growth rate is decreasing continuously resulting in a general slow down of economic activity within the economy.