

ABSTRACT

This research done in order to find out the development of Central Java Farmer's term of trade as one of indicators in measuring the farmer's prosperity level, identifying the affected factors and finding the elastivity level. There are two kinds of factor affected NTP, internal and external factors.

First, Internal factors such as various kinds of goods and services offered by the farmers, rice price is also affected farmer's income. While goods/services bought by farmers (rice price, fertiliser price, rice import and cooking oil) are factors affected farmer's outcome. Those factors affected the comodity price of Farmer's Term of Trade.

Second, external factors; it can be shown from the condition of Macro Economics (exchange rate). The Fluctuation in this exchange rate also affected the farmer's term of trade. Not only the condition of macro economics but also the goverment policy affected farmer's income. Weather for some farmers also affected the plantation model and agriculture productivity.

NTP shows the farmer's prosperity level. NTP in this research includes two main sectors Food Substance Plantation and People Agricultural Enterprise Plantation. Most Central Java farmers' income comes from Food Substance Plantation (rice, beans and holticultures) and Agricultural Enterprise plantation.

PAM (Partial Adjustment Model) is used not only for analyzing the connection between independent and dependent variable but also for measuring the Elastivity Value of Farmer's Term of Trade towards rice price, rice import, fertilizer price, cooking oil price, inflation, exchange rate and weather.

Estimation result shows that internal and external factors affected the Farmer's Term of Trade. Fertiliser price, the most significant factor, is the highest elasticity value then followed by rice price, inflation and exchange rate toward US dollar. While rice import, cooking oil price and weather are not significantly affected, it is around, $\alpha:5\%$.

Key Words: NTP, Internal Factor, External Factor, PAM, Central Java.