

ABSTRACT

High and sustainable economic growth is one of the main requirements for the continuity of economic development. This research is motivated by the low rate of GRDP growth in Central Java Province when compared to other provinces in Java. This study aims to analyse the effect of HDI, GFCF, indirect expenditures, and direct expenditures on GRDP in 35 regencies and municipalities in Central Java Province from 2015 to 2019.

The dependent variable in this study is GRDP in 35 regencies and cities in Central Java Province. Four independent variables are the Human Development Index (IPM), Gross Fixed Capital Formation (GFCF), indirect spending, and direct spending. The method used in this study is panel data regression. The data used is secondary data obtained from the Central Java Provincial Statistics Agency and the Ministry of Finance DJPK with a total sample of 175.

Based on the study results, all independent variables, namely HDI, GFCF, indirect spending, and direct spending, positively and significantly impact GRDP in 35 regencies and cities in Central Java Province. Therefore, if a region improves the quality of its human capital, investment, and regional spending, it can be associated with an increase in GRDP.

Keywords: GRDP, HDI, GFCF, indirect expenditures, direct expenditures, Central Java