ABSTRACT

Original Local Government Revenue is a reflection of the region's degree of independency. The greater the Original Local Government Revenue's income produced, the greater the area implementing fiscal decentralization and less dependent to Central Government. The decreasing economic growth that occurred in 2015 had an impact to the growth rate of Original Local Government Revenue in Central Java. Therefore, this study aims to analyze the influence of Gross Regional Domestic Product (GRDP), Population, and Number of Industries to Original Local Government Revenue (PAD) in 35 Regencies and Cities in Central Java year of 2011-2016.

Data used in this study are secondary-data, consist of cross section between 35 Regencies and Cities in Central Java and time series data set in 2011-2016. The analytical method used in this study is using Fixed Effect Model (FEM).

The result of this research showed that three independent variables used in this study simultaneously affect the dependent variable. While the GRDP variable partially have a positive and significant effect. The results align with Thomas Robert Malthus' theory that stated "a successful economic growth, makes the state prosperous". Which is when PNB has potential of increasing. The demographic's variable partially have a positive and significant effect, because a bigger population will increase consumer's demand which needed to produce profitable economics' scale, reducing production costs, and provide sufficient and low-cost labor to produce more output. Even though The number of industry does not significantly affect Regional's income on 35 Regencies and Cities in Central Java during 2011-2016.

Keywords : Gross Regional Domestic Product, total population, total industry, Original Local Government Revenue (PAD), Fixed Effect Model