

## ABSTRACT

*Increasing the productivity of the agricultural sector is seen as a crucial factor to support regional economic growth. However, the existence of various challenges such as uneven distribution of production inputs, a decrease in subsidized fertilizer allotments and the effectiveness of fertilizer subsidies are problems that need to be further researched. The government through the Ministry of Agriculture issued a policy to reduce the amount of fertilizer subsidies for Central Java in 2023 compared to 2022. Subsidies are expected to increase the productivity and economic growth of the agricultural sector, which in turn can affect other sectors through forward linkages and backward linkages.*

*Therefore, this study was conducted with the aim of looking at the role of the agricultural sector in creating a multiplier effect on output and its relationship with other sectors. This study uses an input-output analysis method with an input-output table of Central Java province on domestic transactions based on producer prices in 2016, as well as a case study of fertilizer subsidies for the agricultural sector of Central Java amounting to Rp2.64 trillion.*

*The results of the study show that the agricultural sector has a positive influence on the output multiplier figure. In terms of linkages between sectors, the agricultural sector has a greater number of backward linkages than forward linkages. The processing industry sector has the highest correlation compared to other sectors when fertilizer subsidies are inputs to the agricultural sector.*

**Keywords:** *Agriculture, input-output, fertilizer subsidies*