

ABSTRACT

The agricultural sector is one of the main priorities in national development because the majority of population in Indonesia works on agricultural sector. Increasing farmers welfare is the main purpose on agricultural development because the agricultural sector become economic growth in rural areas. One of the measurement tools to see farmers welfare is Farmers Terms of Trade (FTT). Farmers terms of trade of food crops subsector in java island shows different values in each provinces. The provinces with the largest production of paddy have a lower farmers terms of trade than others province which is not the center production of paddy.

The purpose of this research is to analyze affecting factors of farmers terms of trade of food crops subsector in Java island during period 2008-2015. This study use secondary data of productivity, labor wage, irrigation line, length of road, price of paddy, urea fertilizer, planted area, and inflation. The analytical method use in this study is regression on panel data with fixed effect method.

The result showed that irrigation line, length of road, price of paddy, urea fertilizer, and inflation have positive and significant affect to farmers terms of trade of food crops subsector in Java island. Planted area variable has a negative and significant affect to farmers terms of trade of food crops subsector in Java island. Meanwhile, productivity and labor wage have negative but not significant affect to farmers terms of trade of food crops subsector in Java island.

Keywords: farmers welfare, farmers terms of trade, food crops, java island, regression on panel data