

CHAPTER I

INTRODUCTION

A. Research Background

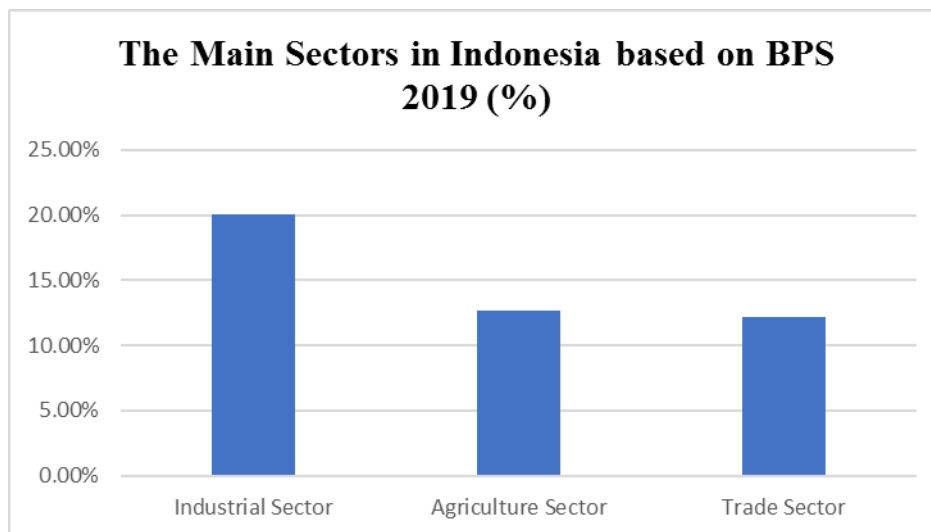
The economic problems facing Indonesia are so severe. In 2018, Indonesia had to face economic problems from the decline in the rupiah exchange rate, the low state income from the activity of exports, and the trade war between America and China. The main indicator that the growth of a country is successful or not is the economic growth and poverty in the country. Indonesia as a developing country is still unable to solve the problem to optimize its economic growth because it is accompanied by the emergence of another problem, namely the increasing number of people living below the poverty line.

Based on data from the Central Statistics Agency (2019) the amount of poverty in Indonesia in September 2018 was 25 674.58 people, while in September 2019 it decreased to 24 785.87 people. Despite the decline in the amount of poverty, the government still must optimize its role in eradicating poverty, because it is a major problem in economic problems in Indonesia.

Indonesia located in the Southeast Asian region. Indonesia's geographical location is flanked by two continents and two oceans. Therefore, Indonesia is called a strategic region because it is often a world trade route. Indonesia is called a maritime country because part of its territory is dominated by waters. According to the Central Statistics

Agency (BPS) there are three sectors that have a major influence on the Indonesian economy, including the industrial sector, the trade sector, and the agricultural sector. These three sectors are the main sectors in Indonesia (BPS, 2019).

The industrial sector contributed 20.07%, the trade sector contributed 12.20%, and the agriculture sector contributed 12.65%. However, it can be seen from the annual rate of contribution, the industrial sector only drove by 3.86% lower than the agricultural sector and the mining sector. Whereas the trade sector experienced a quarterly increase. In the first quarter of 2019 the growth rate grew by 5.26%. This is caused by the campaign period therefore an increase in wholesale trade and retail trade compared with industrial sectors. In the agricultural sector in the first quarter of 2019 it grew by 1.81%, down from the previous quarter which grew by 3.87%. The decline in growth in the agricultural sector was due to a shift in the planting and harvesting of rice.



Source: BPS 2019

Figure 1.1 Sector in Indonesia

It can be seen in the graph above that the main sectors in Indonesia include the industrial sector, the trade sector, and the agricultural sector. The industrial sector occupies the first position with a total of 20.07% followed by the second position is the agricultural sector with total of 12.65% and the trade sector as the third position by 12.20% which is lagging 0.45% of the agricultural sector.

Although based on BPS data for 2019 Indonesia only has three main sectors namely industry, trade and agriculture, but other supporting sectors still influence the economic level in Indonesia. The agricultural sector as one of the pillars of the economy of a country, which expected to increase state income, and especially for rural residents where the main occupation is farming and still below the poverty line.

Agriculture can be simply interpreted by some people as human activities in opening up land and planting it with various types of plants,

both and annual crops, food crops and non-food crops, and is used to raise livestock and fish (Suratiah, 2015). In addition, one of the agricultural sub-sectors that has an important role is the sub-sector of food crop, because it is not only a source of staple food for more than 95% of the population, but also as a provider of employment and as a source of income for around 21 million agricultural households (Suwastika, 2007).

Table 1.1
Rice Production in Indonesia

Year	Amount of Production (Tons)
2014	70,846,465
2015	75,397,841
2016	79,354,767
2017	81,148,594
2018	83,037,150

Source: BPS Indonesia 2014-2018

From the data above, it can be seen that rice production in Indonesia is increasing every year. In 2014, rice production was recorded at 70,846,465 tons, then in 2015 it increased by 75,397,841 tons, there were an increase of 4,551,376 tons. Furthermore, in 2016 increased by 79,354,767 tons, in the following year in 2017 rice production increased by 81,148,594 tons, and in 2018 increase by 83,037,150 tons, there were an increased of 1,888,556 tons.

Based on the Agriculture Sector Review Indonesia, (2003), a farmer is someone who is engaged in agriculture that works by managing

land in order to grow and maintain plants that aim to obtain the results of these plants for their own use or sell them to others. Likewise, based on the Inter-Census Agricultural Survey conducted by Central Statistics Agency, the number of farmers in Indonesia was 33.487.806 people and consist of 25.436.478 male and 8.051.328 female.

Indonesia is an agricultural country that has a tropical climate and therefore Indonesia has abundant natural resources, so it has high potential to develop the agricultural sector in Indonesia. As known that agricultural resources consisting of land, labor, water, including the elements contained therein are the main resources for human survival. This is accordance with the Qur'an Surah Al-An'am verse 99 as follows:

وَهُوَ الَّذِي أَنْزَلَ مِنَ السَّمَاءِ مَاءً فَأَخْرَجْنَا بِهِ نَبَاتَ كُلِّ شَيْءٍ فَأَخْرَجْنَا مِنْهُ خَضِرًا
 نُخْرِجُ مِنْهُ حَبًّا مُتَرَاكِبًا وَمِنَ النَّخْلِ مِنَ النَّخْلِ مِنْ طَلْعِهَا قِنْوَانٌ دَانِيَةٌ وَجَنَّاتٍ مِنْ أَعْنَابٍ وَالرَّيُّونَ
 وَالرُّمَّانَ مُشْتَبِهًا وَغَيْرَ مُتَشَابِهٍ انظُرُوا إِلَى ثَمَرِهِ إِذَا أَثْمَرَ وَيَنْعِهِ إِنَّ فِي ذَلِكَ لَآيَاتٍ لِقَوْمٍ
 يُؤْمِنُونَ

Meaning:

"And He brought down rainwater from the sky, and We grew with water all kinds of plants, then We removed from the plants the greening plants. We removed from the greening plants a lot of grains; and from the cormorant seeds weaned the stems. the starting limbs, and the vineyards, and (we take them out) olives and pomegranates which are similar and which are not alike, pay attention to the fruit when the tree bears fruit and

(note also) its maturity. Allah's authority) for those who believe". (Surah Al-An'am : 99).

The unity and power of God has been clearly proven for those who are still reluctant to believe, so this verse reaffirms as if summarizing and detailing what has been mentioned. And it was He who sent down the water, which is rain, from the sky, then We grew with water all kinds of plants, then We removed from the plants the greening plants, We removed from the green plants that were many grains whereas previously there was only one seeds or seeds.

Cianjur is a small district located in West Java Province. The area of Cianjur District is 3,614,349,800 m^2 with a population of 2,260,620 people (BPS, 2018). The main employment of the Cianjur community in the agriculture sector was 52%, then followed by the trade sector by 24%. Until now the agricultural sector is still a major contributor to the Gross Domestic Regional Product (GDRP) of Cianjur District by 42.80%. In addition, the agricultural sector has an important role in Cianjur District as the main source of income for the majority of the people who still work as farmers. Geographically, Cianjur District can be divided into three development areas, including the northern region covering 16 sub-districts, the middle area covering nine sub-districts, and the southern area covering seven sub-districts. Cianjur District has a tropical climate, hence the northern region grows with lush vegetables, tea, and ornamental plants. Whereas, in the middle region grow with fertile rice, fruits, and coconuts.

Another thing in the south, growing with fertile crops, tea plantations, rubber, sugar palm, chocolate, and fruit. Because the southern region directly borders the Indian Ocean, the South Cianjur region is also known for its stunning coastal tourism.

Cianjur District is an agricultural area and it also called rice self-sufficiency, where annual rice production reaches 650,000 tons. Almost all regions in Cianjur produce rice, but not for Pacet and Sukanagara region, because these areas have abundant vegetable and ornamental plant production.

However, the income of farmers in Cianjur is not in accordance with expectations, but is still low. Income is the amount of income earned by the community for its work performance in a certain period, whether daily, weekly, monthly or annually (Sukirno, 2006). Rahardja and Manurung (2001) stated that income is the total income (money and not money) of a person or household in a certain period. Based on these two definitions, it can be concluded that income is income received by the community based on its performance, both money and non-money income for a certain period, whether daily, weekly, monthly or yearly. Therefore, it can be concluded that income is money or not money, to those who have done their work for a specified period. The factors that might affect farmers' income include: land area, price, production costs, and the amount of production. These factors are likely to affect farmers' income.

According to Sukirno (2002), land as a factor of production is land that includes part of the earth's surface that can be used for farming, shelter and also contained natural resources. Within the field of agriculture, land tenure for the community is the most important element to improve their welfare. Likewise, according to Damanik (2014), agricultural land is a determinant of the influence of agricultural commodities. In general it is said, the larger the area planted, the greater the amount of production produced by the land.

Price, according to Sinamora, (2001) is the value exchanged by consumers for a benefit of consumption, use and ownership of goods or services. Prices are not always in the form of money, but prices can also be in the form of goods, labor and time. According to Baharsyah (1995) one that stimulates producers or farmers in increasing their agricultural output is price, because by competing and high prices, the income received by farmers will also increase. So it can be said also that the higher the selling price of agricultural products, the more farmers' income, but the lower the selling price of agricultural products, the less the income of farmers.

The amount of production is the result of a series of inputs and outputs. According to Soekartawi (1993) agricultural production is influenced by various factors including commodity types, land area, labor, capital management, climate and producer socioeconomic factors. According Rahardja (2008), production can be divided into three, namely the first total production (total product) is the amount of production

resulting from the use of total production factors, the second Marginal product is additional production due to the addition of using one unit of production factors , third the average production (average product) is the average output produced per unit of production factors.

Nowadays, research on the influence of factors of production has been carried out, including by Ridha (2017), the results obtained in this study revealed that labor and land area partially have a positive and significant effect on the income of rice farmers in Nurussalam Sub-district, East Aceh District, while the total cost variable has a negative and not significant effect. In the same year Agung and Sutrisna (2017), found the land area has a positive and significant effect on income, the amount of production has a positive and significant effect on income, and farming costs has a negative and significant effect on income (Y) in Gunung Bau Village, Kintamani Sub-district, Bangli District. Then two years later, other research conducted by Nugraha and Alamsyah (2019), found the variables that affect farmers' income are rubber prices, farmers groups, and farmers experience in rubber gardening in Village of Sako Suban, Districts of Batang Hari Leko, South Sumatra.

The background presented above, encourages of the author in compiling the research by raising the title (Factors Affecting Rice Farmers' Income In Cianjur District (Case Study in Sub-District Of Cianjur)."

B. Research Problem

Based on the background that the author described, the formulation of the research problem in this study are:

1. Does the land area affect the income of rice farmers in Sub-district of Cianjur?
2. Does the price affect the income of farmers in Sub-district of Cianjur?
3. Does the amount of production affect the income of rice farmers in Sub-district of Cianjur?
4. Does the land area, price, and amount of production simultaneously affect the income of rice farmers in Sub-district of Cianjur?

C. Research Objective

In accordance with the formulation of the research problem that author suggested, this study has several objectives:

1. To find out whether the land area affects the income of rice farmers in Sub-district of Cianjur.
2. To find out whether price affect the income of rice farmers in Sub-district of Cianjur.
3. To find out whether amount of production affect the income of rice farmers in Sub-district of Cianjur.
4. To find out whether the land area, price, and the amount of production simultaneously affect the income of rice farmers in Sub-district of Cianjur.

D. Research Benefit

This research is expected to provide benefits for all parties involved. These benefits are:

1. Farmer

Farmers as a material consideration in conducting business farming activities, are expected to increase the income of rice farmers.

2. Government

The government as information and consideration in making agricultural policy decisions related to poverty alleviation problems and improving the standard of living of farmers.

3. Another Researcher

Other researchers as material information and comparison for further research.