

## Dominant Economic Sectors in Kulonprogo, Gunungkidul, and Bantul Regencies in Yogyakarta Special Province

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### Abstract

The Special District of Yogyakarta (DIY) subdivided into four regencies and one city has targeted economic growth in Regional Medium Term Development Plan DIY 2012-2017. This research aims to analyze some dominant economic sectors from Regencies of Kulonprogo, Gunungkidul and Bantul in achieving the target of economic growth in the year of 2015-2017. The result of the research showed the economic sectors in Kulonprogo Regency have been dominated by sectors in Agriculture, Services, Trade, hotel and restaurant and Manufacturing industries. In Gunungkidul, it was dominated by Agriculture, Trade, hotel and restaurant, Service, Manufacturing industries and Construction. Meanwhile, in Bantul Regency it was dominated by Agriculture, Trade, hotel and restaurant, Manufacturing industries, Services and Construction.

### Abstrak

Daerah Istimewa Yogyakarta (DIY) dibagi menjadi empat kabupaten dan satu kota telah menargetkan pertumbuhan ekonominya di dalam Rencana Pembangunan Jangka Menengah Daerah DIY 2012-2017. Penelitian ini bertujuan untuk menganalisis sektor ekonomi yang dominan dari Kabupaten Kulonprogo, Gunungkidul dan Bantul dalam mencapai target pertumbuhan ekonomi pada tahun 2015-2017. Hasil penelitian menunjukkan sektor ekonomi di Kabupaten Kulonprogo didominasi oleh sektor Pertanian, Jasa, Perdagangan, hotel dan restoran dan Industri manufaktur. Di Gunungkidul, didominasi oleh sektor Pertanian, Perdagangan, hotel dan restoran, Jasa, Industri manufaktur dan Konstruksi. Sementara itu, di Kabupaten Bantul didominasi oleh sektor Pertanian, Perdagangan, hotel dan restoran, Industri manufaktur, Jasa dan Konstruksi.

### Introduction

The achievement of economic growth in regencies and Yogyakarta City in Special District of Yogyakarta (locally abbreviated as DIY) Province by 2017 has been targeted in RPJMD (Regional Medium Term Development Plan of DIY 2012-2017). The target of economic growth can be achieved with one condition when every economic sector is able to meet the target of Gross Regional Domestic Product (GRDP) as proposed. For this reason, it is deemed important for government for both regencies/city to concern with the dominant economic sectors to later become the leading

sectors for the investment of the city/regencies so as to provide a multiplier effects on other business sectors.

Each of regency/city in Special District of Yogyakarta Province has its different contribution in GRDP of DIY Province. Some regencies might provide a great contribution in GRDP of DIY province but other might provide little. The regencies with less-developed economy, in this case, must be continually supported to make them better and later on can provide a great contribution to the economy in DIY Province. Recognizing the dominant economic sectors in regencies or city that are not dominant in

role towards the economic matters and GRDP in DIY Province is deemed critical then. It is to make any policies issued and strategy in developing them come to be meaningful for the economic achievement both at regional level and at provincial one. Table 1 shows the description of values and shares in regencies/city in GRDP of DIY Province in the period of 2011 to 2014.

The Value and Share of GRDP in Kulonprogo Regency could be categorized low, followed by Gunungkidul and Bantul positioned in the middle. Yogyakarta City and Sleman Regency, conversely, were at the higher value and share. It, as a consequence, is deemed essential for the local government in Kulonprogo, Gunungkidul and Bantul to seriously concern towards the economic growth in each of its regency through the maximization in the development of their dominant economic sectors. For this reason, a research purposely to observe the dominant economic sector in Kulonprogo, Gunungkidul and Bantul is necessary to be done as a base of issuing policy for the development of dominant economic sector to make them able to contribute better in future towards the GRDP of DIY Province.

Some researchers have given their concern with the importance of measuring the economic growth as stated by Samuel and Nurina (2015) noted that the economic growth can be used to measure to what extent the ability of a state (regional) in providing the economic needs for its entire

people. Correlation between the economic growth and investment is very essential in a region; thus, it is important to be a concern for the stakeholders. It is in view of how a well planned investment is able to accelerate the economics of a region through the economic sector as stated in GRDP of the region. It has been well proven that an accurate investment in economic sector can contribute a significant impact on the economic growth (Adofu, 2010).

Sultan and Haque (2011) examined the contribution of domestic investment, foreign investment and export on economic growth for India over the period 1970 to 2007. They found that domestic investment has a significant contribution to economic growth, while exports and foreign investment do not contribute to economic growth.

Shaw and Shen (2013) conducted a research for Tanzania about the relationship between foreign investment and GDP. This research shows that there is a causal relationship between these variables. Therefore, the Tanzanian government should give more serious attention to the foreign investment since this variable has significant effect on GDP.

Mohamed, Singh and Liew (2013) examined the impact domestic and foreign direct investment to economic growth in Malaysia during the period 1970-2008 using the VECM. Their study found that there was a long-term bilateral causality between economic growth and domestic investment.

**Table 1:** Value\* and Share\*\*of GRDP Based on Current Prices in the Regencies and City in DIY Province towards GRDP in the Period of 2011–2014

Regencies/City	Year							
	2011		2012		2013		2014	
	Value	Share	Value	Share	Value	Share	Value	Share
Kulonpogo	1.869.338	8,45	1.963.028	8,42	2.062.181	8,41	2.158.701	8,36
Gunungkidul	3.474.288	15,7	3.642.562	15,62	3.830.399	15,63	4.017.825	15,56
Bantul	4.177.201	18,9	4.400.313	18,87	4.645.475	18,95	4.898.074	18,97
Yogyakarta City	5.816.568	26,3	6.151.679	26,39	6.498.899	26,52	6.838.339	26,48
Sleman	6.704.100	30,3	7.069.229	30,32	7.471.897	30,49	7.908.465	30,63
DIY Prov	22.131.774	100,0	23.309.218	100,0	24.508.855	100,0	25.821.406	100,0

\*) in Million Rupiah; \*\*) Percentage of GRDP of Regencies / City towards Province

Source: Data of Central Bureau of Statistics of DIY (Processed)

Based on the background, this research aims to make an adjustment on the target of the economic growth in Regencies and City in DIY Province as programmed in RPJMD (Regional Medium Term Development Plan), and to determine some sectors of dominant economic sectors based on their own contribution towards GRDP of Economic sector in DIY Province.

As a sector of government budget, development has a positive correlation with the economic growth of a region (Ncube, et.al, 2013). To reach the economic growth in its region, the government policy should at best prioritize the development in accordance with the potential owned by each region. Sometimes, the natural resource potential might become “blessing” or “curse” if the government fails to manage the resources properly. It happened in some rich developing countries that unable to convert it resources potency into productive asset (Ploeg, 2011). On the most important key success is the quality of institutions. If the institution is more producers friendly then the higher the resources induce the higher income (Mehlum, et.al, 2006).

The potency of a region can be seen from the dominant economic sectors as stated in GRDP that is the added values resulted by all economic units in a region, either goods or service. This potency can be developed through an accurate investment in the dominant economic sector. The local governments to attract the investment in its region or area are able to do by increasing the government budget and by maintaining the inflation stability. The flow of Foreign Direct Investment (FDI) is mostly concentrated in advance economies. In order to attract more FDI inflow, the emerging markets should improve their economies (Groh and Wich, 2012). Some factors may be able to bring an effect on the capital flow to come to an area include the development of communication technology, market infrastructure, market liberalization, and the vanishing of bureaucratic obstacles.

Today, each of regions is being faced with some various problems in developing their local economy. In South Sulawesi, the high rate of unemployment is becoming an issue being faced by the local government (Mahyudin and Zain, 2010). The issue on the employment is also found at the national scale in which a state with the very huge number of population is not able to accommodate the employment due to the limited job opportunities. The issue on the high rate of unemployment seems to be unavoidable (Suparyoto, et.al, 2013).

Other problems were also encountered was the significant decline in agricultural land (Singh 2014). His paper deals with the analysis of trends in investment in Indian agriculture. He shows that over the period of economic reform, agricultural growth rates slowed down significantly.

Additionally, Narasimhan & Bhairavamurty (2014) also revealed that employment in agriculture is mostly seasonal and intermittent in character, so that during the period of peak agricultural activity, the demand for labor is higher than during the off season they have to face acute unemployment problem.

## Research Method

This research used descriptive statistic based on secondary data in the form of the target of the economic growth in Kulonprogo Regency, Gunungkidul Regency, and Bantul Regency in the period of 2015 to 2017 and the the GRDP growth in Kulonprogo Regency, Gunungkidul Regency and Bantul Regency from 2015 to 2017 in accordance with the economic sectors. Here, the data has been published by BPS (Central Bureau of Statistics). Meanwhile, the data on the target of economic growth was taken from the RPJMD (Regional Medium Term Development Plan) of DIY 2012-2017. The estimation of the upcoming GRDP in the year of 2015, 2016, and 2017 for Kulon Progo Regency, Gunungkidul Regency and Bantul Regency are from the current GRDP

multiplied by (100 percent plus a target percentage of economic growth in RPJMD). The estimation of the upcoming GRDP per year from each regency then allocated to the economic sector based on the estimation using the average allocation per sector of the economy during the period 2009 to 2014.

## Result and Discussion

### Kulonprogo regency

The target of economic growth in Kulonprogo Regency in 2015 was at 5.30 per cent; and it is projected to increase by 5.39% and 4.47% by 2016 and 2017, respectively as in line with the target in RPJMD DIY (2012-2017).

**Table2:** Target of Economic Growth (%)  
Kulonprogo Regency in The Period of  
2015-2017

Indicator	Year		
	2015	2016	2017
Economic Growth (%)	5.30	5.39	5.47

Source: RPJMD DIY 2012-2017

The target of economic growth in Kulonprogo Regency can be achieved if each economic sector is able to meet the target of GRDP of Kulonprogo Regency as the projection calculation below (table 3). The dominant economic sectors bringing an impact on economy in Kulonprogo Regency based on the percentage of contribution of each sector to GRDP include: (1) Agriculture; (2) Service; (3) Trade, Hotel and Restaurant; and (4) Manufacturing Industries (Table 3). All of four economic sectors in the period of 2013-2017 give the large contribution to GRDP of Kulonprogo at  $(2.958.797 + 2.204.830 + 2.019.732 + 1.582.505)/11.416.310 = 9.850.093/11.416.310 = 76,78$  per cent. Hence, it is reasonable if all of four economic sectors need to have a special concern from local government in Kulonprogo to be continually developed, here obviously without ignoring the roles of other economic sectors.

**Table3:** GRDP of Economic Sectors (Million Rupiah) and Economic Growth (%)  
Kulonprogo Regency

Year	Agriculture	Mining	Manufacturing Industry	Electricity	Construction	Trade	Transportation	Finance	Service	GRDP KP	Growth
2013*	526.782	19.443	279.227	13.657	120.627	367.294	190.415	134.375	410.362	2.062.182	-
	25,54	0,94	13,54	0,66	5,85	17,81	9,23	6,52	19,90	100,00	
2014*	547.005	20.083	284.199	14.484	129.769	387.522	195.526	141.755	438.360	2.158.703	4,68
	25,34	0,93	13,17	0,67	6,01	17,95	9,06	6,57	20,31	100,00	
2015	595.495	20.345	321.938	14.872	125.536	399.601	220.597	146.320	428.409	2.273.114	5,30
	26,20	0,90	14,16	0,65	5,52	17,58	9,70	6,44	18,85	100,00	
2016	627.593	21.441	339.291	15.674	132.303	421.139	232.487	154.207	451.501	2.395.635	5,39
	26,20	0,90	14,16	0,65	5,52	17,58	9,70	6,44	18,85	100,00	
2017	661.922	22.614	357.850	16.531	139.540	444.176	245.204	162.642	476.198	2.526.676	5,47
	26,20	0,90	14,16	0,65	5,52	17,58	9,70	6,44	18,85	100,00	
Sum	2.958.797		1.582.505		2.019.732	17.69	9.70	6.44	2.204.830	11.416.310	
	25,92		13,86		17,69		9,70	6,44	19,31	100,00	

Source: Central Bureau of Statistics (BPS), processed  
The italic percentage of Total GRDP  
\*Realization Number

Agriculture becomes the dominant sector which affect GDP has also been found in Tunisia (Chebbi, 2010). In his research, he concluded that in the short run, agriculture in Tunisia seems to have partial role as a driving force in the growth. Agricultural sector in Tunisia depends on water and energy subsidies, any shortage in water

and energy supply may adversely affect the growth.

As seen from the graphic 1, the leading sectors in Kulonprogo Regency include agriculture, service, trade and manufacturing industry. The development of the activities in agriculture, tourism and trading in Kulonprogo will stimulate the development of four economic sectors as Kulonprogo has a quite wide agricultural farmland (about 45.326 ha) potential to support its agricultural activities.

Kulonprogo Regency is an important contributor in agriculture and animal husbandry in Yogyakarta through: a) *the product of food crops* such as corn, soybean, or cassava; b) *vegetables*: onion, mustard, red pepper, chili; c) *fruits*: avocado, lanse; du-

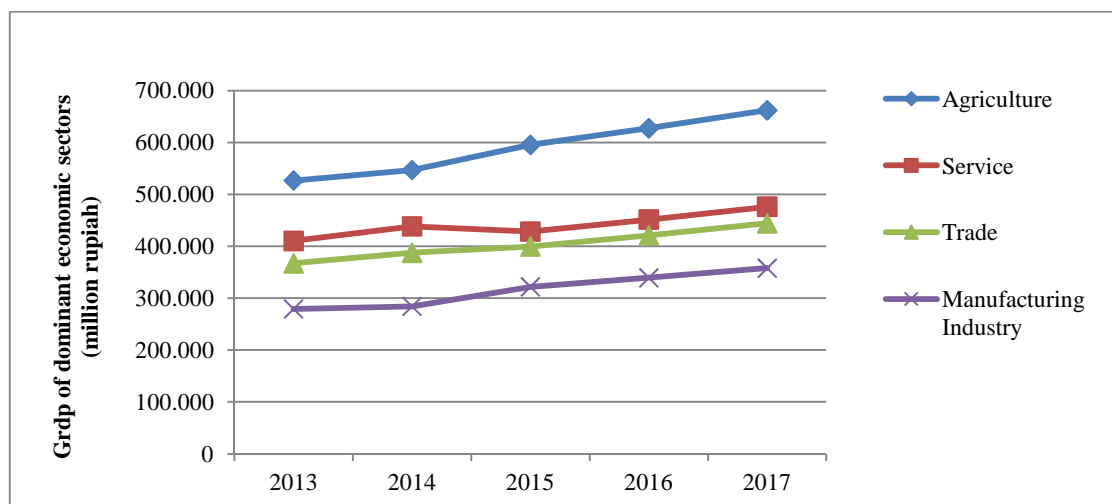
rian; guava, bananas, rambutan, zalacca; jackfruit, mangosteen, and breadfruit; and d) *Plantation products*: coconut; cloves; coffee; brown; pepper; vanilla; tea; and sugar cane; e) *Poultry*: chicken; chicken and duck; and f) *Eggs from*: chicken and duck.

For its geographical condition, the agriculture in Kulonprogo is quite fertile supported by the sources of groundwater, rivers and good irrigation. Similarly, the husbandry in this regency is developed considering the availability of many areas that can be used for the development of husbandry businesses. In addition to the agricultural products, the poultry breeding is becoming one of the household incomes for people in Kulonprogo in consideration to that people here are highly competent in this business.

**Table 4:** GRDP of Dominant Economic Sectors Kulonprogo Regency

Year	Agriculture		Service		Trade		Manufacturing Industry	
	(Million Rupiah)	Growth (%)	(Million Rupiah)	Growth (%)	(Million Rupiah)	Growth (%)	(Million Rupiah)	Growth (%)
2013	526.782	-	410.362	-	367.294	-	279.227	-
2014	547.005	3,84	438.360	6,82	387.522	5,51	284.199	1,78
2015	595.495	8,86	428.409	-2,27	399.601	3,12	321.938	13,28
2016	627.593	5,39	451.501	5,39	421.139	5,39	339.291	5,39
2017	661.922	5,47	476.198	5,47	444.176	5,47	357.850	5,47
Means (2013-2017)	591.759,40	5,89	440.966,00	3,85	403.946,40	4,87	316.501,00	6,48

Source: Central Bureau of Statistics (BPS)- processed



**Graphic 1:** Dominant Economic Sectors in Kulonprogo Regency

Agricultural business plays an essential role in generating the economic growth in Kulonprogo Regency with the average of annual GRDP at Rp.591.759.40 million, and with the highest value of GRDP compared to other dominant economic sectors such as services, trade, and transportation sector. It is in the first rank of four dominant economic sectors in Kulonprogo Regency. The average of annual growth from this economic sector is at 5.89 per cent and with the growth in the position of the second rank of other dominant economic sectors.

In service sector, this economic sector is highly correlated with the tourism and trade activities. Therefore, the *multiplier effect* will be significant towards the economic growth in Kulonprogo Regency. Various tourism objects in Kulonprogo Regency becoming the tourist attraction include: a) Natural Tourism (Glagah Beach, Congot Beach, Trisik Beach, Sermo Reservoir, Suroloyo Peak, and Kiskendo Cave); b) Tourism Villages (Nglingo, Kalibiru, Sermo, Siderejo, and Jatimulyo); c) Religious Tourism (Sundangsono, Nyi Ageng Serang Cemetery, Girigondo Cemetery); d) Educational Tourism (*wild rescue center*, and Dolan Deso Boro); and e) Special Interest Tourism such as rafting and *sport fishing*.

Some cultural events on tribe are also often performed in Kulonprogo Regency such as Labuhan Pura Pakualaman, Saparan Jayakusuma and so on. Such tourism and cultural objects should be continually developed in that tourism is indirectly correlated to the GRDP growth for some economic sectors as in trade, hotels and restaurants; transportation; and services. In addition, infrastructure also needs to be well concerned as, given the attractions located in Kulonprogo Regency, it is not impossible to attract many tourists.

Economic sector in term of services also plays an important role in accelerating the economic growth in Kulonprogo Regency with an average of annual GRDP by

Rp.440.966.00 million, with the value of GRDP higher than the other dominant economic sectors such as trade and industry and it is in the second rank of other four dominant economic sectors in Kulonprogo Regency. The average of annual growth in this economic sector is at 3.85 percent, and the growth of this economic sector is at the lowest rank compared to other dominant economic sectors.

The economic sector development in trade in Kulonprogo Regency is quite promising for the following considerations: a) The plan of the government to build a new airport of DIY in this regency; b) railway station in which it is planned to be integrated to the airport; and c) sea ports in the form of fish port that will also be built in this regency.

Looking at the investment and their supporting infrastructures above, it is highly possible if Kulonprogo Regency can be the trade centre for having a strategic place in the province and be adjacent to the western part of Central Java Province. To optimize the trading activities in Kulonprogo Regency, there is a need to support it with good infrastructure, such as the availability of banks and other financial institutions; electricity, telephone, transportation devices, roads; security; good transportation; enabling it later to boost the economic growth in Kulonprogo Regency.

Trade plays an important role in boosting the economic growth in Kulonprogo Regency as it has an average of annual GRDP by Rp.403.946.40 million with higher value of GRDP in comparison to industry. It is in the third rank of four dominant economic sectors in Kulonprogo Regency. The average of annual growth in trade is at the highest percentage (4.87%) with the business growth at the third rank following other dominant economic sectors in industry and agriculture.

In industry, the average of annual GRDP amounted to Rp.316.501.00 million with the lowest rank in the average of annual GRDP compared to the other domi-

nant business sector. Nevertheless, it has an average annual growth by 6.48 percent positioned at the first rank of other dominant economic sectors.

### Gunungkidul regency

The economic growth in Gunungkidul Regency in 2015 amounted to 4.89 percent; and projected to increase by 5.01% and 5.12% by 2016 and 2017, respectively as targeted in RPJMD DIY (2012 to 2017). The target will only be achieved if each business is able to meet the target of GRDP of Gunungkidul Regency as stated in Projection Calculation in Table 6.

**Table 5:** Target of Economic Growth In Gunungkidul Regency in the period of 2015-2017

Indicator	Year		
	2015	2016	2017
Economic Growth (%)	4,89	5,01	5,12

Source: RPJMD DIY 2012-2017

The dominant economic sectors that can determine the economic growth in Gunungkidul Regency include: (1) Agriculture; (2) Trade, Hotels and Restaurants; (3) Services; (4) Manufacturing Industry; and (5) Construction. During the five-year period from 2013-2017, all of five economic sectors contribute to very significant GRDP of Gunungkidul Regency  $(7.568.233 + 2,366,961 + 1,873,037 + 3,195,971 + 2,987,700) / 21,139,970 = 17,991,902 / 21.13997 \text{ million} = 85.10 \text{ percent}$ . Therefore, it is acceptable if the local government of Gunungkidul could give a special concern with five economic sectors for a sustainable development without ignoring the role of other economic activities.

As seen in the table above, the agriculture sector is the dominant sector in Gunungkidul regency followed by the trade, service, manufacturing sector and the construction. Agriculture, plantation, animal husbandry and fisheries, meanwhile, are the main contributors to GRDP in this regency.

Agricultural products here include: rice; corn; soybean; peanuts and cassava and plantation crops include coconut; cashew; chocolate; sugarcane; yams; and peanuts. In farming, it could include cattle; goats and chickens, as well as fisheries either inland fish or marine fish.

Agriculture plays an important role in promoting economic growth in Gunungkidul with an average of annual GRDP by Rp.1.513.647, and with the highest value of GRDP in comparison to other dominant economic sectors such as Trade; Services; Manufacturing industry and Construction. It is in the first rank of five dominant economic sectors in Gunungkidul Regency. The average of annual growth in this economic sector amounted to 6.04 percent in the position of the highest rank for the growth of economic sector in Gunungkidul Regency. Tourism and trade activities are closely related with the economic sectors in trade, hotels and restaurant. In Gunungkidul, there are various tourism objects that can attract the tourists both from domestic and from foreign.

A number of interesting tourism objects in Gunungkidul include beaches (Baron, Kukup, Krakal, Drini, Sadeng, Throughout, Wediombo, Sundak, cloves and so on); cultural tourism (Sokoliman Magelitic site, Gembirowati rest house, Kembang Lampir Hermitage, Custom Clean); nature (Nglanggeran mountain, Siung Lake /Ancient Bengawan Solo, Karst Valley Mulo, Sri Getuk Waterfall, Wonosari Forest, Wanagama Forest, Kemuning Lake, and Luweng Sampang). In addition, a tourist attraction in the form of a tourist village (Bobung, Garotan, and Mojo); and caving tourism (Pindul, Ngobaran, Seropan, Jomblang, and Sriti) can also be the attracting tourism objects. The local government in Gunungkidul Regency, therefore, needs to continue to develop these attractions, either in the form infrastructure or in the form of effective promotion considering many tourism objects have not been explored yet.



**Table 6:** GRDP of Economic Sectors (Million Rupiah) and Economic Growth (%) In Gunungkidul Regency

Year	Agriculture	Mining	Manufacturing Industry	Electricity	Construction	Trade	Transportation	Finance	Service	GRDP GK	Growth
<b>013*</b>	1.349.286	70.440	432.034	22.611	343.653	578.962	273.265	210.040	550.109	3.830.400	-
	35,23	1,84	11,28	0,59	8,97	15,11	7,13	5,48	14,36	100,00	
<b>014*</b>	1.361.093	74.007	453.756	24.173	370.366	621.451	289.914	232.677	590.388	4.017.825	4,89
	33,88	1,84	11,29	0,60	9,22	15,47	7,22	5,79	14,69	100,00	
<b>2015</b>	1.540.237	76.249	469.622	24.417	367.480	632.714	299.199	218.701	585.676	4.214.297	4,89
	36,55	1,81	11,14	0,58	8,72	15,01	7,10	5,19	13,90	100,00	
<b>2016</b>	1.617.403	80.069	493.150	25.641	385.890	664.413	314.189	229.658	615.019	4.425.433	5,01
	36,55	1,81	11,14	0,58	8,72	15,01	7,10	5,19	13,90	100,00	
<b>2017</b>	1.700.214	84.169	518.399	26.954	405.648	698.431	330.276	241.417	646.508	4.652.015	5,12
	36,55	1,81	11,14	0,58	8,72	15,01	7,10	5,19	13,90	100,00	
<b>Sum</b>	7.568.233		2.366.961		1.873.037	3.195.971			2.987.700	21.139.970	
	35,80		11,20		8,86	15,12			14,13	100,00	

Source: Central Bureau of Statistics (BPS), processed

The Italic percentage towards Total GRDP

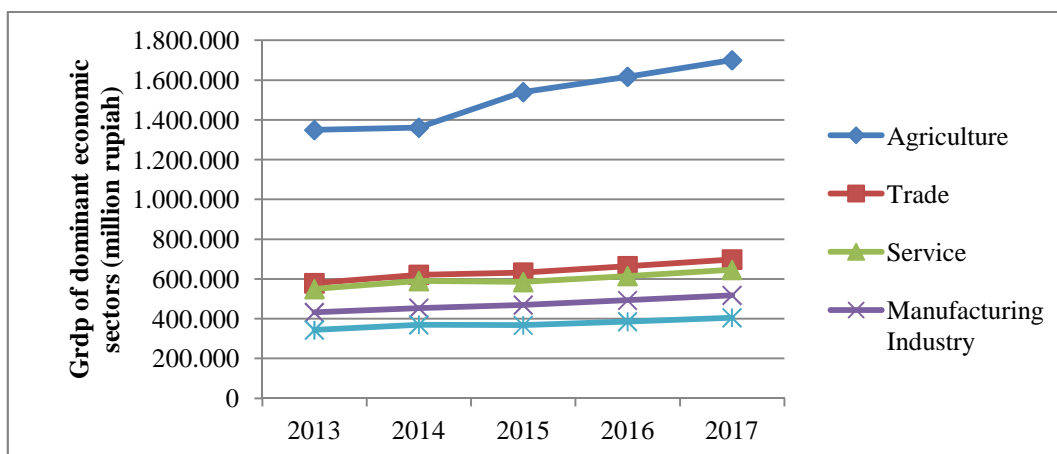
\* Number of Realization

**Table 7:** GRDP of Dominant Economic sector in Gunungkidul Regency

Year	Agriculture (Million Rupiah)	Growth (%)	Trade (Million Rupiah)	Service (Million Rupiah)	Manufacturing Industry (Million Rupiah)	Growth (%)	Construction (Million Rupiah)	Growth (%)
2013	1.349.286	-	578.962	550.109	432.034	2,69	343.653	6,85
2014	1.361.093	0,88	621.451	590.388	453.756	7,32	370.366	7,77
2015	1.540.237	13,16	632.714	585.676	469.622	-0,80	367.480	-0,78
2016	1.617.403	5,01	664.413	615.019	493.150	5,01	385.890	5,01
2017	1.700.214	5,12	698.431	646.508	518.399	5,12	405.648	5,12
Means (2013-2017)	1.513.647	6,04	639.194	597.540	473.392	3,87	374.607	4,79

Source: Central Bureau of Statistics, processed





**Graphic 2:** Dominat Economic Sectors in Gunungkidul Regency

Further development of tourism in Gunungkidul needs to be improved in order to increase economic growth. As it was found by He and Zheng (2011) in Sichuan Province of China, tourism effectively drove economic growth. Furthermore, it can be seen that the main driving force of economic growth is the secondary sectors, such as tourism.

The development of trading activities in Gunungkidul runs well in the form of handicrafts, carvings, Batik, to the traditional food of this regency (Thiwul, Gathot, Patilo, Utri, Lemet, and fried grasshoppers) as the favourite food not only for the indigenous people but also for those outside Gunungkidul. Looking at this quite rapid development in trade and its strategic trade and economy, it is necessary to support the trade in the form of sufficient infrastructures and facilities such as the availability of banks and other financial institutions; electricity, telephone, terminal; transportation, road; and security. This support later will make possible to involve any other areas in Gunungkidul in trading activities - particularly in agriculture and husbandry that in turn can improve the welfare of people of Gunungkidul Regency.

The economic sectors in trade, hotel and restaurant play an important role in generating the economic growth in Gunungkidul with an average of annual GRDP amounting to USD639 194 million with the

value of GRDP higher than other dominant economic sectors (services; industry and construction). Trade is positioned in the second rank of other five dominant economic sectors in Gunungkidul Regency. The average of annual growth in this economic sector is also quite high at 4.82 per cent with the growth in the second position of five dominant economic sectors.

The economic sector in terms of services also plays an important role in promoting economic growth in Gunungkidul for having an average of annual GRDP by Rp.597.540 million with the value of GRDP higher than the other dominant economic sectors in industry and construction. It is in the third rank of five dominant economic sectors in Gunungkidul Regency. The average of annual growth in this economic sector is at 3.87 per cent with the growth in the lowest rank of other dominant economic sectors.

The industry in Gunungkidul Regency is more focused on various handicrafts such as Batik mask, wooden dolls, fibre glass, decorative carving, natural stone ornaments, written Batik, silver, fragrant roots, copper, carved bamboo, and woven bamboo. In this case, the potential more based on local raw materials should be continually developed for tightly correlated to the GRDP growth in term of economic sectors in trading, industry and services. Industry plays an important role in

generating the economic growth in Gunungkidul Regency as it has an average of annual GRDP at USD73 3 92 million with the average of annual GRDP in the fourth rank of dominant economic sectors. The average of annual growth in this economic sector is at 4.77 per cent with the growth positioned in the fourth rank following other dominant economic sectors: agriculture; trade and construction.

Economic sector in construction also determines in promoting the economic growth in Gunungkidul Regency for having an average of annual GRDP at USD374 607 million with the average of annual GRDP at the lowest rank of other dominant economic sectors. The average of annual growth in this economic sector is at 4.79 per cent with the growth in the position of the third rank of other dominant economic sectors.

### Bantul regency

In 2015, the economic growth in Bantul Regency was at 6.14 percent; and it is projected to increase by 6.15% by 2016 and by 6.20% by 2017 as targeted in RPJMD DIY (2012 to 2017). The target of economic growth in this regency can be realized if only each economic sector is able to meet the target of GRDP in Bantul as shown in the calculations provided in Table 8.

The dominant economic sectors determining the economic growth in Bantul Regency include: (1) Agriculture; (2) Trade, Hotels and Restaurants; (3) Manufacturing industry (4) Services; and (5) Construction. Those five fields in the period of 2013-2017 can contribute to a very significant GRDP for Bantul Regency by (5,574,877 + 4,136,461 + 3,071,118 +

5,360,719 + 3,711,033) /26.121.606 = 21,854. 208 / 26,121,606 = 83.66 percent (Table 5). Hence, it is deemed important if it can have a concern from the local government of Bantul Regency to continually develop them; surely, without ignoring the role of other economic activities.

Based on the table 9, it can be seen that the leading sectors in Bantul include agriculture, trade, Industry, services and construction. Agriculture, plantation and livestock and fisheries, in this case, become the important contributors towards GRDP of Bantul with leading products in the form of paddy, onion and red pepper; Plantations: coconut; cashew and sugarcane, Livestock: cow; goats; lamb and chicken, and fishery (land fish and marine fish).

Agriculture plays an important role in promoting the economic growth in Bantul Regency with an average of annual GRDP at Rp.1.114.975 million and the value of GRDP higher than the other dominant economic sectors such as trade, manufacturing industry; services and construction.

These results are the same as found by Shafrudin (2015) who concluded in his paper that agricultural sector have a positive relationship with GDP for all nations included in the estimation from the period 1960 to 2014. This effect is caused by the increase in income per capita in the agricultural sector.

Agriculture is in the first rank of five dominant economic sectors. The average of annual growth in this economic sector is at 7.52 percent with the growth in the position of the highest rank of five dominant economic sectors.

**Table 8:** Target of Economic Growth in Bantul Regency in period of 2015-2017

Indicator	Year		
	2015	2016	2017
Economic Growth (%)	6,14	6,15	6,20

Source: RPJMD DIY 2012-2017

**Table 9:** GRDP of Economic sector (Million Rupiah) and Economic Growth Million (%) In Bantul Regency

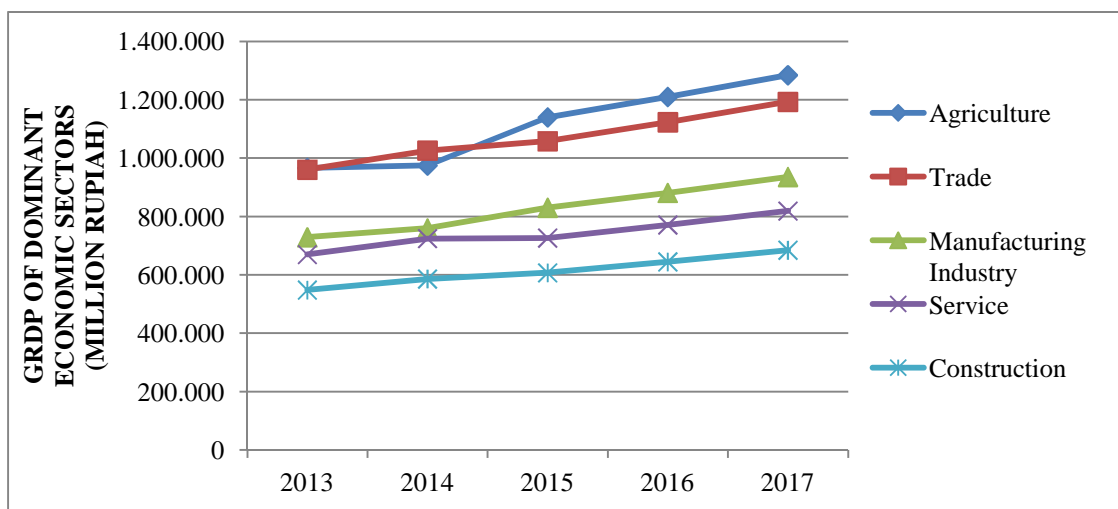
Year	Agriculture	Mining	Industry	Electricity	Construction	Trading	Transportation	Finance	Service	GRDP Bantul	Growth
<b>2013*</b>	966.610	40.539	729.153	43.132	548.336	960.570	353.552	333.732	669.852	4.645.476	-
	20,81	0,87	15,70	0,93	11,80	20,68	7,61	7,18	14,42	100,00	-
<b>2014*</b>	974.607	41.567	759.741	45.292	586.123	1.026.075	375.238	364.969	724.463	4.898.075	5,44
	19,90	0,85	15,51	0,92	11,97	20,95	7,66	7,45	14,79	100,00	5,44
<b>2015</b>	1.139.502	46.778	830.267	47.730	607.329	1.058.097	387.611	354.986	726.514	5.198.817	6,14
	21,92	0,90	15,97	0,92	11,68	20,35	7,46	6,83	13,97	100,00	6,14
<b>2016</b>	1.209.582	49.655	881.329	50.666	644.680	1.123.170	411.450	376.818	771.195	5.518.544	6,15
	21,92	0,90	15,97	0,92	11,68	20,35	7,46	6,83	13,97	100,00	6,15
<b>2017</b>	1.284.576	52.734	935.971	53.807	684.650	1.192.807	436.959	400.181	819.009	5.860.694	6,2
	21,92	0,90	15,97	0,92	11,68	20,35	7,46	6,83	13,97	100,00	6,2
<b>Sum</b>	5.574.877	4.136.461	3.071.118	5.360.719	11,76	20,52	7,46	6,83	3.711.033	26.121.606	14,21
	21,34	15,84	11,76	20,52	11,76	20,52	7,46	6,83	14,21	100,00	14,21

Source: Central Bureau of Statistics (BPS), processed. The Italic percentage towards Total GRDP  
\*Realization Number

**Table 10:** GRDP of Dominant Economic Sectors in Bantul Regency

Year	Agriculture (Million Rupiah)	Growth (%)	Trading (Million Rupiah)	Growth (%)	Industry (Million Rupiah)	Growth (%)	Service (MillionRupiah)	Growth (%)	Construction (Million Rupiah)	Growth (%)
2013	966.610	-	960.570	-	729.153	-	669.852	-	548.336	-
2014	974.607	0,83	1.026.075	6,82	759.741	4,20	724.463	8,15	586.123	6,85
2015	1.139.502	16,92	1.058.097	3,12	830.267	9,28	726.514	0,28	607.329	3,62
2016	1.209.582	6,15	1.123.170	6,15	881.329	6,15	771.195	6,15	644.680	6,15
2017	1.284.576	6,20	1.192.807	6,20	935.971	6,20	819.009	6,20	684.650	6,20
Means 2013-2017	1.114.975	7,52	1.072.144	5,57	827.292	6,46	742.207	5,20	614.224	5,71

Source: Central Bureau of Statistics, processed



**Graphic 3:** Dominant Economic Sectors in Bantul Regency

Tourism and trade are two business activities tightly related with the economic sector of Trade, Hotel and Restaurant. Hence, an integrated economic development strategy in Bantul Regency should always be implemented by utilizing the multiplier effect on each economic of the existing activity. Bantul Regency possesses a number of tourism villages such as Tembi; Kasongan; or Krebet, generally also as a producer of various favorite handicrafts such as pottery; leather goods (bags, jackets, etc.); and wood craft. Many tourism sites in Bantul also become a major destination of many tourists (domestic or foreigners). There are many tourism attractions offered in this regency such as Bantul beaches (Parangtritis; Samas; Kuaru, and Depok); natural tourist objects such as Selarong cave and Cermai cave) and the religious tourism sites (Imogiri Cemetery) that needs to be preserved for its existence to attract the tourists and to generate the local economy.

The trading activity in Bantul Regency is also developing together with the development in tourism sector. The trade sector in this regency is in regard to handicraft in the form of wooden furniture, ceramics, carving decoration and food such as Geplak Bantul, and Melinjo chips. The trade also is also highly correlated to the

growth of GRDP from the economic sector of Trade, Hotels and Restaurants; Manufacturing industry; Agriculture; Construction; and Services. Given the good and representative trading facilities, it can stimulate the economic growth as it will help the economic activities in this region. The trade facilities in Bantul include traditional markets; Animal Market; Art Market (Gabusan); shops and stalls.

Trade also determines the economic growth in Bantul Regency with an average of annual GRDP at Rp.1,072,144 million with the average value of GRDP in the second rank of five dominant economic sectors in Bantul Regency. The average of annual growth from this business sector is quite high at 5.57 percent with the growth in the fourth rank of five dominant economic sectors.

There is a variety of industries in Bantul Regency such as industry in metal; chemical; agriculture and forestry. Though most of industries in Bantul can be categorized as the small-scale industry, its market share has been moved to international market in which they have some countries for the exporting their products such as European Continents (Spain, Germany, Netherlands) and to African continent (South Africa).

Industry also has a significant role regarding the economic growth in Bantul

Regency. With an average of annual GRDP at Rp.827 292 million, the value of GRDP in this regency is higher than the other dominant economic sectors such as agriculture and construction. It is in the third rank of five dominant economic sectors. The average of annual growth in this business is at 6.46 per cent with the growth in the second rank of other five dominant economic sectors in Bantul.

Service sector also plays an important role in promoting economic growth in Bantul Regency with an average of annual GRDP at Rp.742 207 million and with the value of GRDP higher than dominant economic sector of construction. It is in the fourth rank of five dominant economic sectors in Bantul Regency. The average of annual growth in this economic sector is at 5.20 per cent with the business growth in the lowest rank of other dominant economic sectors.

Construction plays an important role in promoting economic growth in Bantul regency as it has an average of annual GRDP at USD 614 224 million with the lowest value of GRDP compared to other dominant economic sectors such as agriculture; trade; industry; and services. It is in the fifth rank of five dominant economic sectors. The average of annual growth in this economic sector is at 5.71 percent with the growth of this business in the position of the third rank of five dominant economic sectors.

### Conclusion

The dominant economic sectors in Kulonprogo Regency include: (1) Agriculture; (2) Services; (3) Trade, Hotel and Restaurant; and (4) Manufacturing Industry. The dominant economic sectors in Gunungkidul Regency include: (1) Agriculture (2) Trade, Hotel and Restaurant; (3) Services; (4) Manufacturing Industry; and (5) Construction. Meanwhile, the dominant economic sector in Bantul includes: (1) Agriculture; (2) Trade, Hotel and Restaurant; (3) Manu-

facturing Industry (4) Services and (5) Construction.

An accurate investment and promoting in the dominant economic sectors in Kulonprogo Regency, Gunungkidul Regency and Bantul Regency can accelerate the economic growth in those regencies. If each of the regencies can stimulate the economic in their own region maximally by using the potential of the region and dominant economic sectors, then the economy in Special District of Yogyakarta Province can also develop rapidly based on the economic excellences in those regencies of Yogyakarta Province.

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