The Effect of Local Original Revenue and General Allocation Funds on the Economic Growth of Indramayu Regency in 2008-2022

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Abstract

Good economic growth is achieved from the State Budget (APBN) and the Regional Revenue itself. This study aims to determine how big is the impact of Local Original Revenue (PAD) and General Allocation Fund (DAU) on the economic growth of Indramayu Regency from 2008 to 2022. This study used a quantitative approach using secondary data from the Central Statistics Agency (BPS) of Indramayu Regency. Data analysis was performed using multiple linear regression method. The results showed that the variable Local Original Income does not affect the economic growth of the Indramayu Regency. In contrast, the General Allocation Fund variable affects the economic development of Indramayu Regency. Based on test F, the variables of Regional Original Income and General Allocation Fund together affect the economic growth of Indramayu Regency.

Keywords: Economic Growth, General Allocation Fund, Local Original Revenue

1. INTRODUCTION

Economic growth each year reflects the achievements and successes of a region in managing its economic activities. The achievement of regional growth may be measured by expansion of the economy indicators, which can be seen from the increase in Gross Regional Domestic Production (GDP) every year1. Indramayu Regency has 31 sub-districts consisting of 309 villages. The economic development of Indramayu Regency can be observed through the GDP of ADHK, where the GRDP illustrates the added the cost of the products and services over a certain period.

Good economic growth is achieved through the State Budget (APBN) and depends on the Regional Revenue. Each region that effectively manages its economic potential

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and creates its funding source can be considered to have Local Original Revenue (PAD). Local original revenue is revenue obtained by areas using resources found inside their borders, regulated by regional regulations and applicable laws. Their respective potential and management capabilities influence PAD between regions. Therefore, the PAD value of each area will be different.

Below is a graph showing the GDP (Gross Regional Domestic Product) at Constant Prices (ADHK) of Indramayu Regency for the period 2008-2022:

**Figure 1.1**

**Indramayu Regency GRDP (ADHK) Chart 2008-2022**

![Graph showing GDP (ADHK) of Indramayu Regency 2008-2022](chart.png)

Source: Central Bureau of Statistics Indramayu Regency data accessed and processed on October 26, 2023

The graph above shows that the GDP of Indramayu Regency has increased yearly, and the highest GDP for the last 15 years is in 2022, which is Rp. 61,259 trillion. The decline in GDP occurred in 2020, with a GDP value of Rp. 59,200 trillion, this figure decreased by 15% from the previous year. This is due to the Covid-19 pandemic. However, in the following year, the GRDP (ADHK) increased.

Fiscal inequality can arise when the financial capacity of one region differs from the other areas in supporting its activities. To deal with this budgetary inequality, the central government has a role in allocating funds from the state budget. The main focus must be optimizing PAD because it is regional revenue from businesses within the area and impacts the regional economy. Below is a graph of the realization of Regional Original Revenue (PAD) of Indramayu Regency for 2008-2022:

**Figure 1.2**

![Graph showing realization of Regional Original Revenue (PAD) of Indramayu Regency 2008-2022](chart.png)

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4 Pramana, “Pengaruh Pendapatan Asli Daerah (PAD), Dana Alokasi Umum (DAU), Dana Alokasi Khusus (DAK) Terhadap Pertumbuhan Ekonomi Regional Di Provinsi Aceh.”
Considering the chart above, evidently the highest PAD value is in 2022 due to the realization of Indramayu Regency PAD exceeding the target. The target comes from the realization of regional taxes of Rp. 114,314,290,396 (115.34%) from the initial target of Rp. 99,115,000,000\(^5\).

Each region has differences in its fiscal structure and capacity, and implementing the General Allocation Fund (DAU) policy can serve as a tool to offset fiscal inequality between regions. Areas with high fiscal potential but low fiscal needs will receive proportionately small General Allocation Fund (DAU) allocations, while regions with low fiscal potential but high fiscal needs will receive larger DAU allocations\(^6\).

The chart above shows that in the last 15 years, the DAU realization of Indramayu Regency has fluctuated. It can also be observed that Indramayu Regency achieved the highest realization of general allocation funds in 2021. Therefore, the intention behind this study is to assess the impact of the General Allocation Fund and Local Original Revenue on the economic growth of the Indramayu Regency in 2008-2022.

2. LITERATURE REVIEW

Local Revenue

Income earned by an area is known as regional original revenue through specific sources, such as revenue generated directly by the area itself, distribution of local


\(^6\) Pramana, “Pengaruh Pendapatan Asli Daerah (PAD), Dana Alokasi Umum (DAU), Dana Alokasi Khusus (DAK) Terhadap Pertumbuhan Ekonomi Regional Di Provinsi Aceh.”
actual revenue, balancing funds between the national and local administrations, regional loans, and other types of legitimate regional revenue. The types of local real income, namely:

1. **Lokal Takes**

   According to the regulations contained regional taxes are defined in Law No. 28 of 2009 addressing regional levies and taxes. Refer to contribution obligations that must be paid to the regions and are coercive for individuals or business entities, stipulated by law without obtaining direct compensation, which will later be used for regional interests for the welfare of the community. By Law No. 28 of 2009, some the following tax categories are applicable at the City or Regency level: (1) Entertainment Tax, (2) Hotel Tax, (3) Restaurant Tax, (4) Billboard Tax, and (5) Street Lighting Tax (PPJ) (6) Swallow’s Nest Tax (7) Nonmetallic Minerals and Rocks Tax (8) Rural and Urban Land and Building Tax (PBB-P2) (9) Groundwater Tax (10) Acquisition Duty on Land and Building Rights (BPHTB).

2. **Regional Retribution**

   Law Number 28 of 2009 states that a regional levy is a type of payment to local governments in exchange for certain services or permits granted, by legal provisions, are required to pay levies, including acts of deduction or collection of levies.

   In general, a regional levy refers to a payment obligation imposed by citizens to the State in return for the provision of certain services by the State to an individual or group. In the context of regions, a local government imposes a regional levy in exchange for the advantage of people or things, local governments provide specific services or permits.

3. **Results of segregated regional wealth management**

   The product of separated regional wealth management is a portion of regional wealth managed and given to Regional Owned Enterprises (BUMD). The management of separated regional wealth is classified into two categories: the

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9 Ibid.

management of regional wealth by established regulations, and the government can act as shareholders represented in the General Meeting of Shareholders\textsuperscript{11}.

The outcomes of divided area management that become part of local original revenue (PAD), which can come from:

a) The share of profit from capital participation in regions/BUMDs.
b) The share of profits from the transfer of capital to the State/SOEs.
c) Gain from investing funds in private or local business associations
d) As well as more local native revenue sources.

Law No. 33 of 2004 explains regional revenues not incorporated into regional levies, taxes, and consequences of segregated regional wealth management. Appropriate provincial income from other sources include\textsuperscript{12}:

a) Sales proceeds of unseparated areas.
b) Receipt of current account services.
c) Income from interest.
d) Gain from the fluctuation in the value of the rupiah relative to other currencies.

General Allocation Fund

The general allocation fund plays a role in leveling the capabilities or financial capabilities of the regions to ensure the availability of essential services to the community and become the same component as general revenue. DAU is applied based on the context of decentralization, tailored to the needs of each region. As an unconditional transfer from the government, DAU has a vital and valuable role for local governments in maintaining and ensuring the achievement of public service standards in a region\textsuperscript{13}.

According to the provisions stipulated in Government Regulation No. 104/2000 concerning General Allocation Fund (DAU) received by each region is influenced by several factors\textsuperscript{14}, namely:

1. Basic allocation, which includes the total number of Civil Servants (PNS) in the area.
2. The total population of the region.
3. The extent of the geographical area.

\textsuperscript{11} Pramana, “Pengaruh Pendapatan Asli Daerah (PAD), Dana Alokasi Umum (DAU), Dana Alokasi Khusus (DAK) Terhadap Pertumbuhan Ekonomi Regional Di Provinsi Aceh.”


\textsuperscript{13} Pramana, “Pengaruh Pendapatan Asli Daerah (PAD), Dana Alokasi Umum (DAU), Dana Alokasi Khusus (DAK) Terhadap Pertumbuhan Ekonomi Regional Di Provinsi Aceh.”

4. Local Original Revenue (PAD) generated annually.
5. Profit Sharing Fund (DBH) is obtained from the central government every year.

According to the provisions of Law No. 33 of 2004 Article 27, several aspects form the basis for calculating the General Allocation Fund (DAU)\(^{15}\), namely:

1. DAU shall be set at a minimum of 25% of the state budget's allowable domestic net income.
2. Determining the proportion of DAU between provinces and districts/cities is measured by comparing the weight of government affairs that are the responsibility of regions and districts/cities.
3. The proportion of DAU between provinces and districts/municipalities is set in a ratio of 10% and 90% in return.
4. The total DAU, mentioned in point 1, is stipulated in the State Budget.

**Economic Growth**

According to the classic growth theory pioneered by Adam Smith in his book *The Wealth of Nations*, which was released in 1776\(^{16}\), increasing output and output. Adam Smith also said four factors, namely influence economic growth:

1. Number of inhabitants
   According to Smith, population growth has a role in driving economic growth. The large population will expand the market, and the expansion of the market will boost the economy.
2. Amount of capital goods
   According to Smith, economic growth depends on people's ability to save and invest capital.
3. Land area and natural wealth
   Smith stressed the importance of a productive workforce, free trade, and specialization in increasing a country's wealth. Smith views that a country's welfare depends not only on natural resources or land area but also on how the community utilizes and processes these resources.
4. Technology used
   That is the emphasis on innovation as a factor in achieving the wealth of a nation.

Adam Smith also measured economic growth by the increase in national income or prosperity of a country. For him, one can observe economic growth as increased production and accumulation of national wealth\(^{17}\).

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\(^{15}\) “Peraturan Pemerintah Republik Indonesia. Undang-Undang Nomor 33 Tahun 2004 Tentang Perimbangan Keuangan Antara Pemerintah Pusat Dan Pemerintahan Daerah.”


3. RESEARCH METHOD

The research method used is a multiple linear regression analysis-based quantitative study. All Gross Regional Domestic Product (GRDP) data based on Constant Prices are included in the study's population (ADHK), Regional Original Income (PAD) data, and General Allocation Fund (DAU) data in Indramayu Regency. The data samples taken in this study are PDRB (ADHK), PAD, and DAU data of Indramayu Regency for 15 years, from 2008 to 2022. This study used quantitative methods using multiple linear regression analysis methods.

4. RESULTS AND DISCUSSION

Statistical Descriptive Test Results

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAU</td>
<td>15</td>
<td>682,130,276.352</td>
<td>1,418,027,397.000</td>
<td>1,154,244,645,885.53</td>
<td>254,193,907,176,467</td>
</tr>
<tr>
<td>PDRB_ADHK</td>
<td>15</td>
<td>13,546,000,000,000</td>
<td>61,259,000,000,000</td>
<td>45,665,449,733,333.34</td>
<td>19,795,792,838,010,120</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS processed Secondary Data 26, 2023

Considering the above table, the PAD variable has a minimum value of Rp. 56,770,811,136, maximum value of Rp. 577,594,379,050 and a mean of Rp. 315,299,217,382.27, and a standard deviation value of Rp. 180,933,215,477,662. The DAU variable has a minimum value of Rp. 682,130,276,352, maximum value of Rp. 1,418,027,397,000 and a mean of Rp. 1,154,244,645,885.53 and a standard deviation value of Rp. 254,193,907,176,467. As well as the Economic Growth variable, whose data is seen from the GRDP (ADHK), has a minimum value of Rp. 13,546,000,000, the maximum value of Rp. 61,259,000,000,000 and a mean of Rp. 45,665,449,733,333.34 and a standard deviation value of Rp. 19,795,792,838,010,120.

Prerequisite Test

Normality Test

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15</td>
<td>0.0033854</td>
</tr>
</tbody>
</table>

Table 1.2 Normality Test Results

One-Sample Kolmogorov-Smirnov Test

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parameters &lt;b&gt;</td>
<td>Std. Deviation</td>
</tr>
<tr>
<td></td>
<td>8012543912916.58900000</td>
</tr>
</tbody>
</table>
Most Extreme Differences

<table>
<thead>
<tr>
<th></th>
<th>Absolute</th>
<th>.179</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>.175</td>
<td></td>
</tr>
<tr>
<td>Negative</td>
<td>-.179</td>
<td></td>
</tr>
</tbody>
</table>

Test Statistics

<table>
<thead>
<tr>
<th></th>
<th>Asymp. Sig. (2-tailed)</th>
<th>.179</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>.200c,d</td>
</tr>
</tbody>
</table>

The result is 0.200, which is more than 0.05 based on the table above, indicating that the data is normally distributed. This regression model meets the normality test.

**Multicollinearity Test**

**Table 1.3 Multicollinearity Test Results**

<table>
<thead>
<tr>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAD</td>
<td>.257</td>
<td>3.885</td>
</tr>
<tr>
<td>DAU</td>
<td>.257</td>
<td>3.885</td>
</tr>
</tbody>
</table>

Data source: Processed Secondary Data SPSS 26, 2023

The variables above have a tolerance value of higher than 0.10, or 0.257, and a VIF value of less than 10, or 3.885, as can be seen from the table above. Thus, it may be said that the regression equation's independent variables do not exhibit multicollinearity.

**Heteroscedasticity Test**

**Table 1.4 Heteroscedasticity Test Results**

<table>
<thead>
<tr>
<th>Type</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>PAD</td>
<td>-25.468</td>
<td>16.034</td>
</tr>
<tr>
<td>DAU</td>
<td>12.994</td>
<td>11.413</td>
</tr>
</tbody>
</table>

Source: SPSS processed Secondary Data 26, 2023

The Heteroscedasticity Test findings using the Park technique, as shown in Table 1.4, indicate that the sig value is more significant than 0.05, namely PAD of 0.138 and DAU of 0.277. Thus, no heteroscedasticity occurs in regression models, so such models can be considered suitable for use in predicting economic growth based on the variables that influence it.

**Autocorrelation Test**

**Table 1.5 Durbin Watson Autocorrelation Test Results**

<table>
<thead>
<tr>
<th>Type</th>
<th>Model Summary</th>
</tr>
</thead>
</table>


The test results showed a DW value of 1.935, accompanied with dU values of 1.5432 and dL values of 0.9455. The DW value is smaller than 4-dU, and the dU value is smaller than the DW value, according to this outcome. In light of this, it can be said that the regression model is free of autocorrelation issues.

**Pearson Product Moment Correlation Test**

**Table 1.6 Pearson Product Moment Correlation Test**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>PAD</th>
<th>DAU</th>
<th>PDRB_ADHK</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.862**</td>
<td>0.823**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>DAU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.862**</td>
<td>1</td>
<td>0.911**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>PDRB_ADHK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.823**</td>
<td>0.911**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: SPSS processed Secondary Data 26, 2023

The PAD variable's Sig (2-tailed) value of 0.000, which is less than 0.05, indicates that there is a relationship between the PAD variable and economic growth, according to the results of the above Pearson product-moment correlation test. A positive Pearson correlation value of 0.823 indicates that if the local original income variable (X₁) increases, the economic growth variable (Y) also increases. The Sig (2-tailed) value of 0.000, which is smaller than 0.05, shows that the DAU variable is related to economic growth. A positive Pearson correlation value of 0.911 indicates that if the general allocation fund variable (X₂) increases, the economic growth variable (Y) also increases.

**Hypothesis Testing**

**Multiple Linear Regression Test**

**Table 1.7 Multiple Linear Regression Test Results**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>B</td>
<td>Std. Error</td>
</tr>
</tbody>
</table>

Source: SPSS processed Secondary Data 26, 2023

The test results showed a DW value of 1.935, accompanied with dU values of 1.5432 and dL values of 0.9455. The DW value is smaller than 4-dU, and the dU value is smaller than the DW value, according to this outcome. In light of this, it can be said that the regression model is free of autocorrelation issues.

**Pearson Product Moment Correlation Test**

**Table 1.6 Pearson Product Moment Correlation Test**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>PAD</th>
<th>DAU</th>
<th>PDRB_ADHK</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAD</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.862**</td>
<td>0.823**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>DAU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.862**</td>
<td>1</td>
<td>0.911**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>PDRB_ADHK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.823**</td>
<td>0.911**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: SPSS processed Secondary Data 26, 2023

The PAD variable's Sig (2-tailed) value of 0.000, which is less than 0.05, indicates that there is a relationship between the PAD variable and economic growth, according to the results of the above Pearson product-moment correlation test. A positive Pearson correlation value of 0.823 indicates that if the local original income variable (X₁) increases, the economic growth variable (Y) also increases. The Sig (2-tailed) value of 0.000, which is smaller than 0.05, shows that the DAU variable is related to economic growth. A positive Pearson correlation value of 0.911 indicates that if the general allocation fund variable (X₂) increases, the economic growth variable (Y) also increases.
Taking into account the multiple linear regression test results shown above, the regression equation may be broken down into the following parts:

\[ Y = -29944 + 16.076X_1 + 61.115X_2 + 14602 \]

It can be explained that the constant value shows the number -29944 shows that in the event that the General Allocation Fund (DAU) and Local Original Revenue (PAD) have a value of 0, then economic growth will reach -29944. The value of the coefficient for PAD is 16,076, which illustrates that every 1% increase in PAD will lead to a 16,076% increase in economic growth, assuming the other variables do not change. A positive coefficient suggests a favorable correlation between PAD and economic expansion. Meanwhile, the value of the coefficient for DAU is 61,115, which means that every increase of 1% in DAU will lead to an increase of 61,115% in economic growth. Assuming the other variables do not change. A positive coefficient means a positive relationship between DAU and economic growth.

### Table 1.8 Test Results t

<table>
<thead>
<tr>
<th>Type</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-29944</td>
<td>14602</td>
<td>-2.051</td>
<td>.063</td>
</tr>
<tr>
<td>PAD</td>
<td>16.076</td>
<td>25.198</td>
<td>.147</td>
<td>.638</td>
</tr>
<tr>
<td>DAU</td>
<td>61.115</td>
<td>17.936</td>
<td>.785</td>
<td>.005</td>
</tr>
</tbody>
</table>

Source: SPSS processed Secondary Data 26, 2023

Based on the table presented, it is found that the significance value of Local Original Revenue (PAD) is 0.535, which indicates that its significance is greater than 0.05. Its t-count value is 0.638, while the t-table value is 2.17881, indicating that the t-count value is lower than the t-table value. Thus, it can be concluded that Regional Original Income (X₁) does not have a significant influence on economic growth (Y). Meanwhile, the significance value of the General Allocation Fund (DAU) is 0.005, which indicates a significance lower than 0.05. The t-count value is 3.407, and the t-table value is 2.17881. This indicates that the t-count value is smaller than the t-table value. From these results, it can be concluded that the General Allocation Fund (DAU) has a significant influence on economic growth (Y).

### Table 1.9 F Test Results

<table>
<thead>
<tr>
<th>Type</th>
<th>Sum of Squares</th>
<th>D</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
</table>

Source: SPSS processed Secondary Data 26, 2023
It is evident from the preceding table that the PAD variable's significance value is 0.000, which is less than 0.05. This suggests that the general allocation fund (X2) and the variable local original income (X1) have a co-influence on the variable economic growth (Y).

Table 1.10 Test Results of Coefficient of Determination

<table>
<thead>
<tr>
<th>Type</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.914a</td>
<td>.836</td>
<td>.809</td>
<td>8654536572369.785</td>
</tr>
</tbody>
</table>

Source: SPSS processed Secondary Data 26, 2023

From the table data presented, an R Square value of 0.836 is obtained, indicating that the value is not close to zero. This shows that there is a significant influence of the variables Local Original Income (PAD) and General Allocation Fund (DAU) on economic growth variables is 83.6%, and other variables outside the research model explain the rest.


Based on the data analysis conducted, researchers found differences between the hypotheses proposed and the results of the study that had been done. It was found that local original income did not significantly affect economic growth, indicated by the results of a partial test (t-test) that the sig value was 0.535 > 0.05 and the t-count value was 0.638 < t-table 2.17881.

This shows that local original income did not significantly affect the economic growth of Indramayu Regency from 2008 to 2013. This is because the actual revenue of Indramayu Regency contributed the lowest, amounting to Rp. 504.67 billion or 15% of the total revenue of Indramayu Regency, which amounted to Rp. 3,362 billion. If further traced, the contribution of local original income reached 15% only in 2021 and 2022. The realization of local actual revenue of Indramayu Regency is dominated by other legitimate local initial income with an achievement of Rp. 350.77 billion or 69%, then regional taxes contribute Rp – 114.31 billion or 23% of the total local original income of Indramayu Regency.
Some previous studies have also said that not all economic growth is influenced by local income. As in the research of Mamuka et al. (2019)\textsuperscript{18}, Bukit (2022),\textsuperscript{19} and AlQomariah (2022)\textsuperscript{20}, this is because local original income is a source of financial revenue managed by local governments, where these revenues can be extracted and utilized by the potential that exists in each region. However, differences in regional potential can lead to fiscal inequality, where each region with more significant potential will get higher local original revenue. Conversely, if the region has lower potential, the area's actual income will be more limited.


Based on the data analysis, researchers found that the general allocation fund significantly affected the economic growth of the Indramayu Regency, which means that the hypothesis proposed was accepted. Intended with the results of partial test analysis (t-test), the sig value is 0.005 < 0.05, and the t-count value is 3.407 > t-table 2.17881.

The study's findings are consistent with the research of Datu et al. (2021)\textsuperscript{21}, Perkasa et al. (2021)\textsuperscript{22}, and Sisilia (2019),\textsuperscript{23} it asserts that the impact of general allocation funds on economic growth is substantial. This is so that regional governments can distribute financial resources fairly among themselves for this reason the federal government transfers money to regional governments through the general allocation fund. In order to alleviate regional fiscal disparity, the federal government distributes available allocation funds to local governments. General allocation funds are also regional revenues whose portion exceeds the amount of other government transfers, which can be used to support the development process in a region.

The study's findings demonstrate that the universal allocation fund significantly influences the economic growth of the Indramayu Regency. This means that the transfer of available allocation funds from the central government positively impacts the economic development of Indramayu Regency. This happened because the contribution of the value within the general allocation fund to the revenue of Indramayu Regency amounted to 35% or 1,177 billion of the total regional revenue of Indramayu Regency, which amounted to 3,362 billion. This value is much more significant when compared to the value of local original income. This means that local governments use the receipt of general allocation funds for regions adequately based on the importance of equitable economic growth between regions.

5. CONCLUSION

Considering the study's outcomes, it is known that there is no significant influence between local original income on the economic growth of Indramayu Regency in 2008-2022, while the general allocation fund is known to influence the economic development of Indramayu Regency in 2008-2022. Simultaneously, it is well known that the economic growth of Indramayu Regency in the years 2008-2022 is significantly influenced by both general allocation funds and local original income. Suggestions that can be submitted related to this research are: (1) For the local government of Indramayu Regency, it is hoped that it can continue to explore local sources of original income so that it can be helpful in funding to improve independence and quality of public services. Additionally, local administrations must be capable of managing and make full use of general allocation funds properly to enhance the quality of public services. (2) For further researchers expected to develop a more detailed research scope, the variables used in future research are even more varied by adding other independent variables.

6. REFERENCES


Sisilia, Maria, and Harsono Harsono. “Analisis Pengaruh Pendapatan Asli Daerah,

