Abstract

HAMDAN, 2012. The Economics of Rice Field Conversion into Oil Palm Plantation in South Seluma District Seluma Regency Province Bengkulu. Under Supervision of YUSMAN SYAUKAT (chair) and AHYAR ISMAIL (member).

Food security is one of the biggest challenges confronted by Indonesia. High population growth and per capita food consumption increase resulted in increase in demand for national rice production. One of the greatest threats to rice production increase is conversion of irrigated lowland area into oil palm plantations as occurs in Seluma District, Province of Bengkulu. Objective of this study is to identify the factors determining land conversion from rice field into oil palm plantations and to determine the present value of benefit resulted from both land uses. The results of study showed a decrease of irrigated lowland areas in district of Seluma during 2005 to 2010 about 3.934 hectares, the largest decline in rice field area in 2005 to 2007 covering an area of 3.861 hectares in non-irrigated land, while in irrigated land the average increase of 997.20 hectare per year. One of the drivers of land conversion is the value of present of land rent in oil palm farm is greater than rice farming, each amount to Rp 118,20 million per hectare and Rp 106,59 million per hectare. In addition to economic benefits, oil palm farmers also get easier access to sources of capital and production input markets. The results of logistic regression analysis shows that the push and pull factors of wetland conversion into oil palm plantations are irrigated constraints, the risk of rice paddies plantation, the amount of family labor and the level of price of oil palm.

Key words: land conversion, rent, paddy, oil palm, push and pull