

## **ABSTRACT**

### **ANALYSIS OF FINANCIAL FEASIBILITY OF PALM OIL FARMING IN CENTRAL LAMPUNG REGENCY**

by

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The objectives of research were to: (1) analyze the financial feasibility of palm oil farming in central Lampung Regency, and (2) analyze the sensitivity of palm oil farming in central Lampung Regency to changes in production costs, prices, and the amount of production.

This research was conducted in Tanjung Jaya Village of Bangun Rejo District, central Lampung Regency. Sampling technique used to select oil palm farmers was simple random sampling that took 46 men from the 327 populations of palm oil farmers. The methods of analyses were NPV (Net Present Value), IRR (Internal Rate Return), Net B/C, Gross B/C, and Pp (payback period) for financial feasibility.

The results showed that: (1) palm oil farming in central Lampung Regency was financially feasible to be developed, with a value NPV of 25.100.958,178 rupiah, IRR of 18,80%, Net B/C 1,593, Gross B/C 14101, and payback period of 9,95 year, and (2) the increase of production costs, the decrease of selling price, and the decrease of production was 10 %, all of which were financially still provide benefit to the palm oil farms in central Lampung Regency.

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