

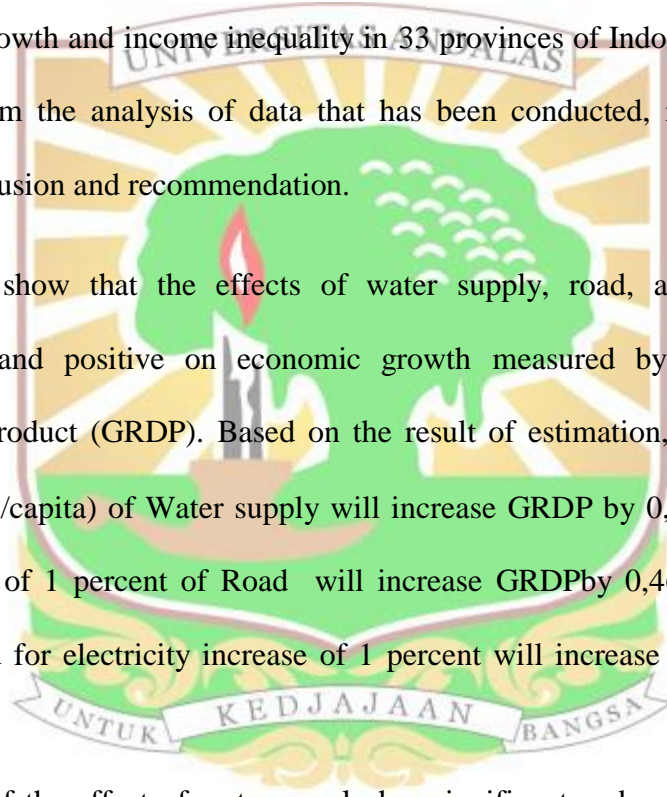
CHAPTER VI

CONCLUSION AND RECOMMENDATION

6.1 Conclusion

Based on the empirical results of study and discussion from the previous chapter, the main objective of this research is to examine the impact of infrastructure on economic growth and income inequality in 33 provinces of Indonesia period 2011 until 2016. From the analysis of data that has been conducted, it is obtained the following conclusion and recommendation.

1. The result show that the effects of water supply, road, and electricity an significant and positive on economic growth measured by Gross Regional Domestic Product (GRDP). Based on the result of estimation, an increase of 1 percent (M^3 /capita) of Water supply will increase GRDP by 0,141 percent, then an increase of 1 percent of Road will increase GRDPby 0,464 percentmillion Rupiah, and for electricity increase of 1 percent will increase GRDP by 0, 178 percent.
2. The result of the effect of water supply has significant and negative on Income inequality measured by GINI coefficient. While the effect of Electricity has significant and positive relationship on income inequality. Based on the result estimation,an increase of 1 percent of Water supply will decrease the income inequality for 0,003 percent. An increase of 1 percent of Electricity will increase income inequality for 0,002 percent. Road not significant on income inequality.



6.2 Suggestion

1. Government is expected to allocate funds for infrastructure development. In this study the infrastructure use Water, Road, and Electricity infrastructure have value as a public utility and public works. Especially for Road as public work because all of the society in Indonesia can use it any competition. This is different from Water supply and Electricity, society need competition for getting.
2. In order to achieve sustained economic growth sector in the province of Indonesia, required policies that can support it. The Government must intervene so that economic growth can occur evenly (reduce the disparity of economic growth). According to Lin and Liu (2000), there are two things that can increasing economic growth is to improve the quality and quantity of capital investment, and uses efficient resources.
3. Especially for Road Infrastructure, the construction of the Road required the repair, which must be done carefully and appropriately. This is a need to be realized by the local government for support regional potential.
4. For reducing income inequality in all province of Indonesia, in a way:
 - a. Increase private investment by giving easily and incentive investment so that investors willing to invest in Indonesia. Investment also is directed to a region still less advanced by establishing facilities and infrastructure for support in investing.



- b. Development assistance that was provided the Central Government to all provinces of Indonesia corrected with the condition of each province so expected province can distribute income inequality.
5. For Future Researcher or students that have the same scope of the study, this study can be used as a reference. This study still has needed some improvement. So, it's recommended for next research to improve the study and increase the scope of research and try using another method, different perspective and variable and more variables.

