

ABSTRACT

HAKIKI SAPUTRA / 1900861201018 / FACULTY OF ECONOMICS / DEVELOPMENTAL ECONOMICS / THE EFFECT OF INFLATION AND INTEREST RATES ON ECONOMIC GROWTH IN INDONESIA IN THE PERIOD OF 2000-2023 / ADVISOR 1. DR. SUDRIMAN., S.E., M.EI 2. MUHAMMAD AMALI., S.E., M.SI

Economic Growth is an important phenomenon for a nation, the problem of economic growth can be viewed as a long-term problem. Economic growth is the goal of the nation so that it can also increase National Development which can improve the quality of Indonesian people and society which is carried out sustainably based on national capabilities. Economic growth is an important indicator in measuring the level of community welfare. Economic growth as a measure of community economic activities in generating additional income in a certain period. The purpose of this study is to test Inflation and Interest Rates on Indonesia's Economic Growth in the Period 2000-2023 simultaneously and partially.

This research technique uses a quantitative descriptive approach, and the Multiple Linear Regression analysis tool is useful in determining the relationship between independent variables and dependent variables. And SPSS version 25 is a tool used to analyze research data. The tests carried out are the F test for the hypothesis, the t test for the hypothesis, and the coefficient of determination (R²).

Judging from its geographical location, Indonesia is located between two continents (the Australian Continent and the Asian Continent) and between two oceans (the Indian and Pacific). Indonesia is one of the largest archipelagic countries, in addition, the land area of Indonesia consists of tropical rainforests, although currently the area of Indonesian forests has decreased, the total area is 1,904,569 km², with a comparison of land area of 1,811,569 km² and water area of 93,000 km².

Based on the results of this study, simultaneously based on the F test it is known that Inflation and Interest Rates have a significant effect on Economic Growth in Indonesia for the 2000-2023 Period. Because the calculated F value is greater than the F table ($4.494 > 3.47$).

And partially based on the t-test, inflation and interest rates have a significant effect on economic growth because the calculated t is greater than the t table. The R Square value of 0.300 explains that the X variables inflation and interest rates are able to explain the Y variable (economic growth) by 0.300 or 30.00%.

Keywords: *Inflation, Interest Rates, Economic Growth*