

Economic Viability of *Tectona grandis* sole Cropping and Intercropping for 20 years Planting Project

ABSTRACT

Economic viability of *Tectona grandis* sole cropping and intercropping for 20 years planting project were carried out at the Boonrich plantation in Lahad Datu, Sabah. The study was conducted to evaluate the economic viability and to compare between *T. grandis* sole cropping and intercropping of *T. grandis* with *Salacca zalaca*. The data of height, diameter, cost and prices were analysed. The parameter that used to measure the economic viability of the project were net present value (NPV), internal rate of return (IRR), benefit cost ratio (BCR), land equivalent ratio (LER), sensitivity analysis (SA) and payback period. The analysis was carried out by using Microsoft excel. From the study, the NPV of intercropping is RM27,063.70 (USD8,841.54), the LER is 1.37, 23.68% of IRR and have a shorter payback period (13 years) compare to the sole cropping. As a conclusion, the intercropping can give a higher profit to the company, not only that it has a shorter payback period than the sole cropping. In addition, it also showed a higher yield as the LER is more than one (1.37). Therefore, *T. grandis* intercrop with *S. zalaca* will gain extra benefit and greater output than the sole cropping.