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GOVERNMENT ASSISTANCE STIMULUS ON SMALL AND MEDIUM MICRO BUSINESSES IN PANDEMIC TIMES IN THE FRAMEWORK OF NON MILITARY DEFENSE

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ABSTRACT

The COVID-19 pandemic has caused some UMKM to face problems. An epidemic, or the spread of an epidemic over a large area, is a nonmilitary threat. To assist UMKM in supporting the Indonesian economy in the context of non-military defense with the dimensions of economic threat due to COVID-19 through the UMKM sector, the Indonesian government has issued several policies, one of which is the policy of providing support incentives for UMKM through the National Economic Recovery (PEN) program. Data on PEN Aid Stimulus for UMKM from 2019 to 2020 issued by the government shows that there is a positive influence between government aid stimulus to UMKM in increasing economic growth.

KEYWORDS

Defense Economy, non-military threat, COVID-19 pandemic, economic growth, UMKM



INTRODUCTION

The COVID-19 pandemic affects the entire world because it has spread to 199 countries. Every country affected by COVID-19 takes rapid action to deal with COVID-19 and reduce its socioeconomic impact (Nainggolan, 2020). Currently, the world, including Indonesia, is battling the COVID-19 pandemic. The pandemic that has occurred since the end of 2019 was caused by the corona virus which is known to have originated in Wuhan, China. On March 2, 2020, President Joko Widodo announced the first case of COVID-19 in Indonesia. The cases are increasing day by day. As of October 18, 2021, there are 4,235,384 positive cases of COVID-19 in Indonesia (COVID-19 Handling Task Force, 2021). This condition certainly has an impact on the domestic economy. Not only that, the global economy will automatically be disrupted.

Epidemic or spread of plague in wide area, is a non-threatening military. Non-military threats can ideological, political, economic, social culture, technology, and information, and public safety (Ministry of Defense of the Republic of Indonesia, 2015). Defense and economy are two influential variables reciprocal. Without defense then a threat will appear or disturbances so that the economy can't run well. On the other hand, defense can only be improved if National income also increases (Kennedy, 2018).

On the other hand, defense can only be increased if national income also increases (Kennedy, 2018). The COVID-19 pandemic has slowed Indonesia's economic growth, one of the reasons is the implementation of large-scale social restrictions (PSBB) which require people to reduce their activities outside the home so that public interest in consuming goods or services decreases. The declining interest of investors to invest in the national market also has an impact on the slowdown in economic growth which is indicated by the market curve that tends to be negative. The slowing down of economic growth is not only felt by economic actors in the large sector, but also by economic actors of small and medium enterprises (MSMEs) (Jufra, 2020).

Economic growth in Indonesia is supported by the contribution of the MSME sector, which is 61.1% of economic growth and absorbs 97% of the total workforce. The business sector in Indonesia is dominated by Micro, Small and Medium Enterprises (MSMEs) with 64.13 million or 99.92% of the total business sector (Limanseto, 2021).

The COVID-19 pandemic has resulted in some MSMEs facing problems. Based on the results of a survey of the Ministry of Cooperatives and SMEs to 195,099 MSMEs, it was found that 23.10% MSMEs experienced a decrease in business turnover, 19.50% MSMEs were hampered by distribution, and 19.45% MSMEs experienced capital constraints (Limanseto, 2021).

To support non-military defense due to the COVID-19 pandemic through the MSME sector in order to increase Economic Growth, the Government of Indonesia has issued several policies, one of which is the policy of providing support incentives for MSMEs through the National Economic Recovery (PEN) program.

Several studies related to MSMEs and economic growth has been carried out. The number of MSMEs has a positive influence on economic growth in East Java Province because the presence of MSMEs has a multiplier effect on the economy. The more MSMEs there are, firstly, the more available job opportunities, especially those that are labor intensive. Second, the larger the number of MSMEs, the local economy will increase (Rochdianingrum & Setyabudi, 2019). Not only in East Java Province, Pakistan is one of the countries whose economic growth is influenced by the number of SMEs. The increase in the number of MSMEs is accompanied by good innovation in the production process, the resulting output or services provided have a major influence on economic growth in Pakistan (Chughtai, 2014).

In addition, the influence of the presence of SMEs on economic growth is also felt in Nigeria. In Nigeria, the government pays less attention to MSMEs, especially in the field of MSME development. If the Nigerian government wants to have good economic growth, the Nigerian government must provide a stimulus in the form of easy access to capital (Taiwo et al., 2012).

Based on the above background, the researcher wishes to further raise the title of this research in order to know in depth the impact of the government aid stimulus to MSMEs in the context of non-military defense due to COVID-19.

Research methods

This research is included in the descriptive qualitative method section. Qualitative research is research that is related and closely related to an interpretation by adjusting to phenomena or events that occur and tends to use analysis in conducting research (Siyoto & Sodik, 2015). Descriptive research can be interpreted as a

situation that describes (description) an event that refers to and focuses on problems that occurred during the research (Noor, 2012). The object used is the economic impact of defense with the assistance of stimulus to MSMEs.

Data collection techniques are carried out by choosing the use of literature studies or literature studies. Literature study is part of a data collection technique that emphasizes tracing historical data or records of a phenomenon that has occurred and can be in the form of writings, illustrations (pictures), articles, and the composition of a work related to the problem under study for further processing and analysis (Sugiyono, 2012). Collecting data in this study can be presented by searching for literature such as; scientific journals, essays or articles, news, regulations, and policies regarding the impact of the defense economy with stimulus assistance to MSMEs.

Results and Discussion

PEN Budget 2020 and 2021

The PEN program is the main instrument used by the Government in the context of handling health and economic recovery as a result of the pandemic in both 2020 and 2021. The PEN program itself has been disbursed since August 2020. The 2020 PEN budget of Rp. 695.2 trillion, as of December 31, 2020, has realized Rp. 579.78 trillion or 83.4%. The details of the budget allocation and realization of PEN 2020 are (i) Health sector ceiling of Rp. 99.5 trillion with realization of Rp. 63.51 trillion, (ii) Social Protection of Rp. , (iv) MSME ceiling of IDR 116.31 trillion with a realization of IDR 112.44 trillion, (v) Corporate Financing of IDR 60.73 trillion with a realization of IDR 60.73 trillion and (iv) Business Incentives ceiling of IDR 120.61 trillion with realization of IDR 56.12 trillion (Habibah, 2021).

In 2021, the total budget allocation for the PEN Program is IDR 699.43 trillion, an increase compared to 2020. In its development, the PEN Program for 2021 was again increased to IDR 744.75 trillion. The details of the budget allocation for the PEN Program in the 2021 APBN include (i) the Health Sector with a ceiling of Rp. 214.95 trillion (ii) Social Protection with a ceiling of Rp. 187.84 trillion, (iii) MSME and Corporate Support with a ceiling of Rp. 161.20 trillion, used among others for the provision of Assistance for Micro Business Actors (BPUM), IJP MSMEs and Corporations, Placement of Funds in banks, and Interest Subsidy; (iv) Priority Program with a ceiling of Rp. 117.94 trillion (v) Business Incentives with a ceiling of Rp. 62.83 trillion (Puspasari, 2021).

Indonesian economic growth

It is feared that Indonesia's economic growth will be affected by the COVID-19 pandemic that has hit Indonesia since the first case was announced by President Joko Widodo on Monday, March 2, 2020 (Nuraini, 2020).

Several international institutions predict a weakening of the world economy, including the *International Monetary Fund (IMF)* which projects the global economy to grow at minus 3% (Puspasari, 2020). Minister of Finance Sri Mulyani Indrawati revealed that the projection of Indonesia's economic growth in the first quarter of 2020 was still quite high. However, in the second quarter of 2020, big challenges await (Sembiring, 2020).

Indonesia's Economic Growth Contracted in 2020 and grew again in the second quarter of 2021 as can be seen in Table 1.

Table 1. Indonesia's Economic Growth in 2020 – 2021(2)

Year	Economic Growth (yoy)
TW I 2020	2,97%
TW II 2020	-5,32%
TW III 2020	-3,49%
TW IV 2020	-2,19%
TW I 2021	-0,71%
TW II 2021	7,07%

Source: Secondary data processed, 2020-2021

The second quarter is the culmination of all the economic downturn because almost all business sectors were closed to prevent the spread of the COVID-19 virus, the PSBB as a response to the COVID-19 pandemic which was implemented in a number of regions in Indonesia was a factor that caused economic growth to contract in the second quarter of 2020. Entering the next quarter when the PSBB began to be relaxed, economic activity began to squirm. The economic contraction began to ease to 3.49%, 2.19% and 0.71% (Purwanto, 2021).

In Quarter II-2021, the Indonesian economy grew by 7.07% (yoy), due to strong growth in both demand and supply. From the demand side, the Government's commitment in Handling COVID-19 and National Economic Recovery has encouraged the Government's consumption to grow to 8.06% (yoy). Together, this commitment has succeeded in increasing household consumption by 5.93% (yoy) and consumption of non-profit institutions serving households also grew by 4.12% (yoy). Gross Fixed Capital Formation also grew at a high rate of 7.54% (yoy) in line with improving domestic economic conditions which boosted the production capacity of the business world. The improvement in the global economy also made exports grow very high at 31.78% (yoy) followed by imports which grew 31.22% (yoy).

Furthermore, from the supply side, all sectors of the business sector experienced improvements. Growth occurred in the Processing Industry Sector, the Transportation and Warehousing Sector, and the Accommodation and Food and Beverage Sector (Moegiarsa, 2021).

Government Assistance Stimulus for MSMEs in the Context of Non-Military Defense

Non-military threats are essentially threats that use non-military factors that are considered to have capabilities that endanger state sovereignty, the territorial integrity of the state, and the safety of the entire nation (Indrawan, 2015). Non-military threats have ideological, political, economic, socio-cultural, technological and information dimensions, as well as public safety.

Non-military threats with economic and public safety dimensions caused by the corona virus that have occurred since the end of 2019 have hit the world, including Indonesia. As of October 18, 2021, there were 4,235,384 positive cases of COVID-19 in Indonesia (Covid-19 Handling Task Force, 2021). This condition certainly has an impact on the domestic economy. Not only that, the global economy will automatically be disrupted. Indonesia's Economic Growth in 2020 shows a negative trend since COVID-19. In the context of non-military defense with the dimensions of economic threat due to COVID-19 through the MSME sector, the Government has issued several policies, one of which is the policy of providing support incentives for MSMEs through the National Economic Recovery program. With the help of support incentives for MSMEs through the National Economic Recovery program, it is hoped that they can help MSMEs to support the Indonesian economy in the context of non-military defense with the dimensions of economic threat due to COVID-19.

Table 2. Stimulus of Government Assistance to MSMEs for Economic Growth in 2019 – 2021(2)

Year	Government Assistance (Rp)	Number of SMEs (Million People)	Economic growth i (yoy)
2019	0,00	49,53	5,0%
2020 (1)	0,00	50,30	3,0%
2020 (2)	0,00	50,30	-5,3%
2020 (3)	116,31 T	50,30	-3,5%
2020 (4)	116,31 T	50,30	-2,2%
2021 (1)	161,20 T	N/A	-0,7%
2021 (2)	161,20 T	N/A	7,1%

Source: Secondary data processed, 2019-2021

From Table 2 it can be seen that there has been an increase in the number of MSMEs and Economic Growth since the Government assistance through the PEN Program was given in August 2020 (third quarter of 2020). Since the third quarter of 2020 economic growth has shown improvements, these improvements are in line with incentives and an additional number of MSME actors. The number of incentives for MSME actors increased from 116.31T in 2010 to 161.20T in 2021. The number of MSMEs in 2020 was 50.30 million people, an

increase of 0.77 million people from 49.53 million people in 2019. This increase indicates the creation of new work businesses due to the COVID-19 pandemic.

The 3 sectors of the business sector that have the largest contribution to economic growth in the second quarter of 2021 are transportation and trade (25.10%), accommodation and food and drink (21.58%) and other services (11.97%) (BPS, 2021). Economic growth in Indonesia is supported by the contribution of the MSME sector, which is 61.1% to economic growth and absorb 97% of the total workforce. The business sector in Indonesia is dominated by Micro, Small and Medium Enterprises (MSMEs) which are 64.13 million or 99.92% of the total business sector (Limanseto, 2021).

This condition is in line with previous research which concluded that in Nigeria, the government pays less attention to MSMEs, especially in the field of MSME development. Therefore, if the Nigerian government wants to have good economic growth, the Nigerian government must provide a stimulus in the form of easy access to capital (Taiwo et al., 2012).

Previous research related to MSMEs and economic growth also concluded that the number of MSMEs has a positive influence on economic growth in East Java Province because the presence of MSMEs has a multiplier effect on the economy. The more MSMEs there are, first, the more available job opportunities, especially those that are labor-intensive. Second, the larger the number of MSMEs, the local economy will increase (Rochdianingrum & Setyabudi, 2019). In addition, countries whose economic growth is influenced by the number of SMEs are also felt by the State of Pakistan. The increase in the number of SMEs is accompanied by good innovation in the production process, the output produced or the services provided have a major influence on economic growth in Pakistan (Chughtai, 2014).

Conclusion Recommendations and Limitations

To assist MSMEs in supporting the Indonesian economy in the context of non-military defense with the dimensions of the economic threat due to COVID-19 through the MSME sector, the Indonesian government has issued several policies, one of which is the policy of providing support incentives for MSMEs through the National Economic Recovery (PEN) program.

Data on the stimulus for PEN assistance to MSMEs in 2019 to 2020 issued by the government shows that there is a positive influence between the stimulus for government assistance to MSMEs in increasing economic growth.

For further research, it can be deepened by examining specifically the influence caused by the existence of MSMEs in the defense sector or the development of the defense industry in increasing economic growth in Indonesia.

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