



Indonesia's Economic Conditions During The Covid-19 Pandemic And Improving The Economy Post-Pandemi

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ABSTRACT

This observes the interests of determining the improvements and projections of the Indonesian financial system from 2014 to 2020 after the Corona Pandemic. This study is a qualitative study with a descriptive evaluation method with the aim of studying and imparting an overview of the condition of the Indonesian economic device, based totally on research completed with the aid of the use of global establishments and national establishments, it is estimated that Indonesia's financial increase in 2020 will experience a slowdown unlike in previous years. based on the IMF Indonesia's monetary boom in 2020 amounted to 0.5%, in assessment to an evaluation conducted thru the area of financial institutions and ADB, every of which estimates Indonesia's economic growth to be 2.5% and five.2%. any other is primarily based mostly on projections made with the resources of Bappenas that the Indonesian monetary gadget can still develop inside the variety of 0.4-2.3% in 2020. There are many problems that especially the economic Indonesian economy has really plummeted, economic conditions in Indonesia look very poor, globally 2020 is estimated, due to this condition triggering a decline in trade in Indonesia and even international trade. The pandemic has succeeded in making the Indonesian economy shaken. All indicators covering macroeconomic conditions, ranging from economic growth, household consumption, inflation, unemployment, poverty rate, to manufacturing Purchasing Managers Index (PMI) plummeted. And there are many more losses that have occurred as a result of covid-19, not a few also employees or workers who were laid off and lost their jobs so the unemployment rate in Indonesia is increasing and there are fewer sources of income because there are many companies and even shops are closed and even bankrupt.

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1. INTRODUCTION

Corona virus is a virus that infects the respiratory tract. This viral infection is called Covid-19. Coronaviruses can range from the common cold to more serious illnesses such as severe acute

respiratory syndrome. Indonesia was one of the countries at fault in imposing an international travel ban to curb the spread of the virus. This embargo resulted in several airlines canceling their flights and forcing several airlines to continue operating even though airplane seats are usually empty to respect passenger rights. Inflation and external stability remained under control thereby encouraging economic growth. This happened against the background of very rapid technological developments due to changes in the digital economy and financial system. However, community participation, especially youth and SMEs in the economy is still not optimal, so efforts are needed to open up their economic activities through technology.

The pandemic has created various bills in the economic field due to social restrictions. A question arises in our minds, how can we restore economic conditions? Before the pandemic, there were 3 challenges that continued to be discussed, namely the low economic competitiveness in ASEAN due to the low productivity of the Indonesian workforce. Two other factors are the higher origin of capital required for production compared to other countries and the low level of legal certainty. ¹³ The impact of Covid 19 on economic growth in Indonesia Lenti Iswari, Muharir JIMESHA: Scientific Journal of Islamic Economics Students, Vol. 1 number 1, March 2021 ¹⁴ During the pandemic, many negative things happened in Indonesia, how many people were fired at the companies where they worked, and many officials' workplaces felt affected by the Covid-19 pandemic, such as: doctors, hospital workers, Traders, workers, farmers and others are all feeling the bad effects of this pandemic, which has caused a lot of unemployment, lack of income, bankruptcy of entrepreneurs and what is more worrying is that some have closed their businesses.

The situation is different when normal operations return, companies need time to find new employees to continue their business, many companies or entrepreneurs are not strong enough to survive while this pandemic is still around.

The Indonesian economy grew by 5.05 percent (q-to-q) compared to the previous quarter. From the manufacturing side, the largest growth was seen in the transportation and warehousing industry at 24.28 percent. The Indonesian economy shrank 3.49% (y/y) in the third quarter of 2020 compared to the third quarter of 2019. From the production side, the transportation and storage segment recorded the strongest growth of 16.70%. From the external side, the share of exports of goods and services fell by 10.82%. During the third quarter of 2020, Indonesia's economic growth slowed by 2.03% (c-c). From the production side, the largest decrease occurred in the transportation and storage sector with an increase of 15.61%. However, from the export side, almost all components experienced a contraction, with exports of goods and services experiencing the largest contraction of 7.52%.

The geographical structure of the Indonesian economy shows that the share of the Javanese rural group was 58.88% in the third quarter of 2020 and the growth rate of economic output decreased by 4.00% (tool). Economic growth throughout the archipelago slowed down in the third quarter of 2020. The rural groups in Bali and Nusa Tenggara were the most lagging behind, namely 6.80 percent. Other provincial groups that grew more slowly were Kalimantan, down 4.23 percent, Sumatra, down 2.22 percent, the Maluku Islands and Papua, down 1.83 percent, and Sulawesi, down 0.82 percent. %. Investments have also been badly affected by the COVID-19 pandemic, and people must be very careful when purchasing products and investing. The pandemic has also had a major impact on market forecasts. Investors may invest cautiously due to changing market assumptions and unclear supply chains (Mukharom & Aravik, 2020).

Most European countries have also issued guidelines or regulations requiring all airlines to use around 80% of their contingents outside the European continent so as not to lose out to competing airlines. Travel restrictions for red zone countries for COVID-19 infection are implemented not only in Indonesia but also in countries such as Australia, China, Russia, Italy and Singapore. The

impact of COVID-19 on the tourism industry is also not small. According to data compiled by Statistics Finland, 2.07 million foreign tourists from China visited Indonesia in 2019, or 12.8% of the total number of foreign tourists in 2019. The COVID-19 pandemic has reduced the number of foreign tourist visits to Indonesia. The tourism promotion sector, such as restaurants, hotels and retailers, has also been affected by the COVID-19 pandemic. Hotel profits fell by up to 40%, affecting hotel operations and threatening business continuity. Reducing the Impact of Covid 19 on Indonesia's Economic Growth Lenti Iswari.

Scientific Journal of Islamic Economics Students, Vol.1 No.1, March 2021 16. as a foreign guest (Block, 2017). Slow travel is also impacting retail. The areas most affected by the retail trade are Jakarta, Medan, Bangka Belitung, Riau Archipelago, Manado and Bali.

The impact of the COVID-19 pandemic weakened investor sentiment towards the market, which in turn created a negative market bias. Strategic fiscal and monetary policy measures are urgently needed to restart the economy. The market is more negative when there are cases of the COVID-19 pandemic. In addition, the slowdown in Indonesia's exports to China has had a serious impact on the Indonesian economy. The current global economic slowdown has greatly affected Indonesia's economic growth.

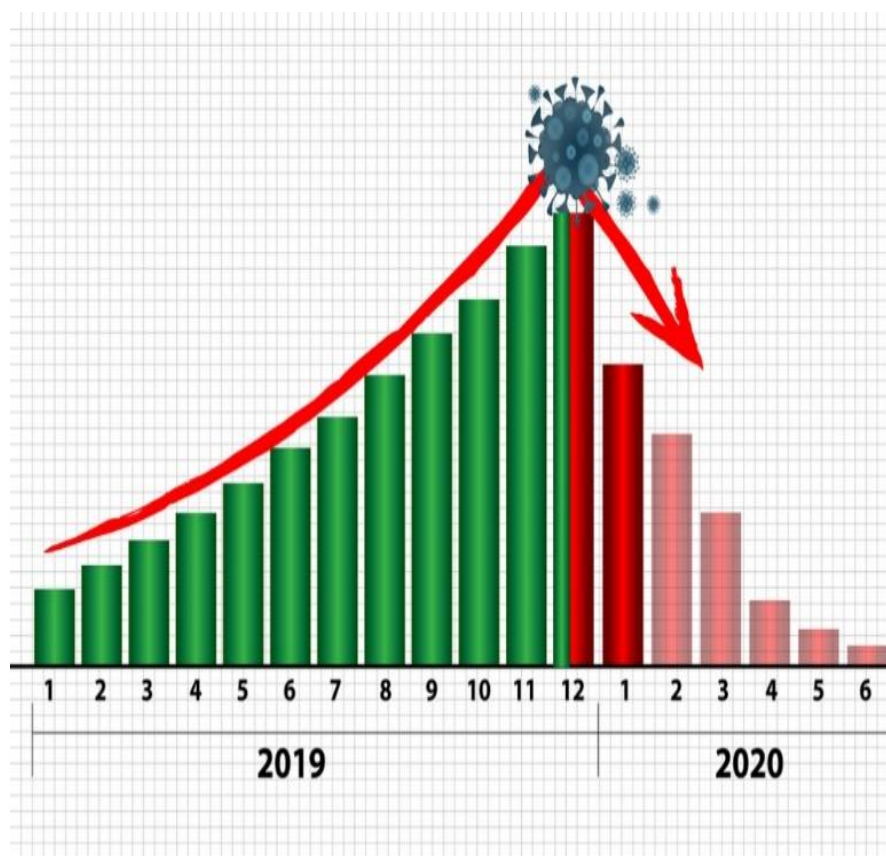
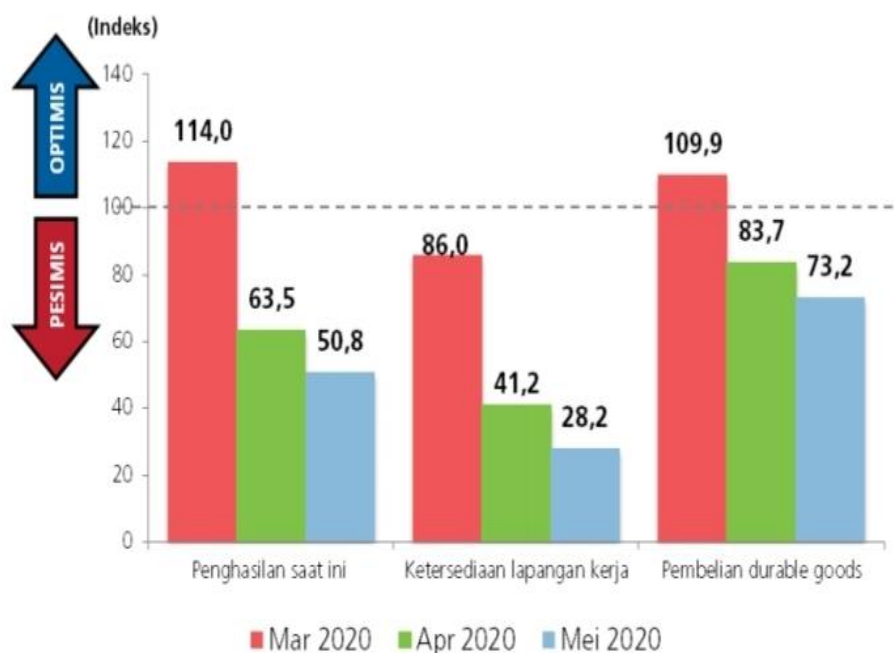


Figure 1: MSME turnover during the pandemic



The impact of Covid-19 on the Indonesian economy shows the evolution of the components of the March-May 2020 economic index in relation to current income and job availability in the acquisition of durable goods. The index number continues to fall, indicating pessimism below the index number 100, indicating a negative trend or monthly decline. From the information above, we know the impact of Covid-19 on current income, availability of labor and purchases of durable goods due to restrictions on economic activity, termination of employment (HK), return of civil servants and a continuing decline in employment. Opportunity means people's income will decrease.

Therefore, it affects people's income in such a way that people's income decreases resulting in a decrease in people's savings (L), because people no longer earn income, so according to the theory of marginal savings (MPS), people tend to save. decreased, namely as follows $S = Y - C$, there are 3 factors that affect savings, namely income received, because people do not have income, so their savings are reduced, and also a case study from the results of my research, a uses a lot of savings, because they do not have sources main income and used in daily life. When people's income (K) decreases, it affects people's consumption (B), which also decreases because people's ability/desire to consume also decreases according to the formula:

Consumption margin (MPC) = C/Y , where the increase in public consumption equals the increase in national income, so that public consumption (B) decreases due to public income (K).

Public revenue (K) also affects the investment sector (C), because a decrease in public revenue reduces people's desire to invest. In Keynesian theory, macroeconomic conditions are influenced by aggregate demand, with an emphasis on $Y = C+I+G+(X-M)$, the (I) side, namely the investment side.

The level of investment is determined by the expected rate of return (marginal efficiency of capital), judging by the phenomenon of limited or even closed economic activity, one guesses or speculates about the level of income or net profit of companies in each industry. Therefore, investment (C) also greatly affects economic growth (H), which slows down its growth and causes a slowdown in economic growth. When investment falls, it also affects the availability of

employment (I), where real investment, ie. H. Investments in physical forms such as buildings, factories and others that can create jobs for the community must now be reduced because investment has also decreased which has contributed to a slowdown in economic growth (H).

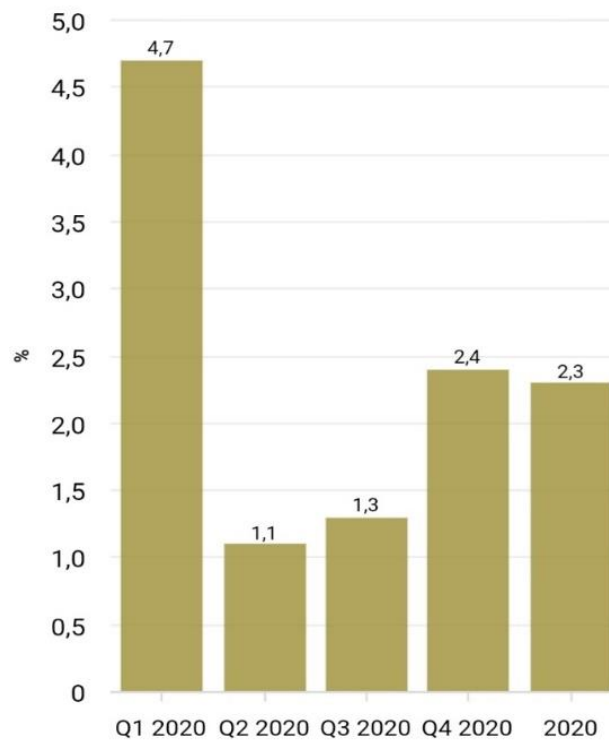


Figure 2: Indonesia's Growth and 2020 Economic Growth Forecast

Information on Indonesia's economic growth and growth forecasts for 2020 as seen in January-March 2020 quarter I (Q1), Indonesia's economic growth remains at 4.7 percent, but in quarter II (Q2) April-June Indonesia's economic growth continues. . naturally fell to 1.1% due to the global pandemic and Indonesia's PSBB, causing Indonesia's economic growth to plummet to 1.1%. Bank Indonesia estimates that Indonesia's economic growth will increase to 1.3% in the fourth quarter (Q3) from July to September, while Indonesia's economic growth is expected to increase to 2.4% in the fourth quarter (Q4) from October to December. Indonesia's economic growth is estimated to reach 2.3%. In 2020, Indonesia's economic growth projection will be lower than last year, around 5%.

As we have discussed, economic growth (H) has been hampered by lower public spending (B), lower economic activity (G) and lower investment (C) due to global Covid-19. Pandemic and PSBB in Indonesia.

2. RESEARCH METHODE

The purpose of this study is to determine the current impact of Covid-19 on the Indonesian economy. In this work, researchers use library research, namely. H. In the process of collecting data, you do not have to go directly to the field but use various sources that support this research. This research is a qualitative research. The data collection technique is listening and recording key information to carry out data analysis through data reduction, data presentation and review of

conclusions to obtain a simulated overview of the literature review developed in this study and validate the data through triangulation of data sources.

3. RESULT AND ANALYSIS

Indonesia's Economic Conditions During The Covid-19 Pandemic And Improving The Economy Post-Pandemic

This research was conducted to find out the impact of Covid-19 on the economy in Indonesia at this time and in the early days of this research this type of research was analysis of library research, data reduction, data presentation and verification/inference. The results of this study show the differences in the impact of Covid-19 on the Indonesian economy that occurred as a result of the current Covid-19 pandemic on the economy. It is necessary to know the impact that occurs, namely. there are difficulties in finding a job, it is difficult to make ends meet, there is also a lack of income for daily needs and also many difficulties from all economic sectors in all industries are also experiencing the impact of Covid-19 whereas after the pandemic the growth has started to improve in Indonesia .

Economic growth is a process of increasing the production capacity of the economy which is reflected in the increase in national income. The economy grows when growth is positive. On the other hand, when growth is negative, the economy shrinks. However, economic growth alone does not guarantee human development. In addition to economic growth and per capita income shown in GDP statistics, access to education and health and education services must be guaranteed. This results in the concept of the Human Development Index (IPM):

Economic growth can be read from the Gross Domestic Product (GDP), because economic growth can basically be understood as an increase in national income or an increase in national income. goods production. and services rendered in one year. Examples of factors that affect economic growth include:

Human Resource Management (HR) Department of Labor Accumulation and Production Organization Expansion of Labor Technology and Production Political Factors and Governance of Socio-Cultural Aspects The COVID-19 Pandemic The COVID-19 epidemic began in Wuhan, China. On 31 December 2019, WHO Country Office in China reported a case of pneumonia of unknown cause in Wuhan City, Hubei Province, China. This virus has the characteristics of a respiratory attack like the flu. On August 30, 2020, it was announced that there were more than 25 million confirmed cases of the Covid-19 pandemic in 213 countries and two territories with a total of more than 850.6 thousand deaths. . Nearly half reported more than 50,000 cases and more than 1,000 deaths. Every day between July and August 2020 there were an average of 250,000 new cases and 6,000 deaths. Many parties, individual experts and credible institutions are worried that a pandemic will not only cause an economic crisis, but also an economic crisis. impact stronger and bigger and longer than the World Crisis 1997-1998. The pandemic has also had a major impact on the global economy. According to the IMF, per capita growth in capital markets and developing countries will be negative in 2020. Gross domestic product (GDP) growth compared to developed countries in 2020-2021. Impact of the pandemic on the economy The economic situation in Indonesia is affected by the pandemic that has been going on for two years.

The pandemic has created various economic bills due to social restrictions. Three things are very limited at the moment, namely management before, during and after the pandemic. Before the pandemic, three challenges were always discussed, namely the weak economic competitiveness of ASEAN due to low demand in Indonesia. Two factors, Indonesia is higher than other countries and the low level of legal justice, Indonesia's competitiveness in the world is the biggest problem, basic education and health. These two things must be distinguished between

school and learning, and each of these points will be discussed separately. Through this, Indonesian children must learn how to go to school. "Currently there are many Indonesian children who go to school but still cannot study," said the dean of FEB UI. In addition, it requires labor efficiency that is relatively unproductive and ready to accept technology. In 2020 our economy will grow negatively, and in 2021 it will start to recover. Fortunately, in such a situation, gas and coal commodities accumulate, and according to him, post-pandemic economic development will be greener, more sustainable and inclusive. The first step is strong financial resilience against disruption. Then he promoted the social welfare of the people and tried to suppress the economic recession. The next step is a process of sustainable economic recovery and finally, in the long term, the introduction of a green, digital, inclusive and stable economy.

The Covid-19 pandemic has had a significant impact on Indonesia's economic development. The variables of pandemic cases, exposure time, population, regional differences and differences in country status affect the economic growth of the affected countries with a correlation coefficient of 0.6373. Comparing the economic conditions in 2019, the BKF Director said that Indonesia was one of the emerging economies and was the best before the pandemic. For example, Indonesia's economic growth in the first quarter of 2022 is higher than the 2019 average gross domestic product (GDP).

Comparing the economic conditions in 2019, the BKF Director said that Indonesia is one of the countries that went abroad and went through pre-pandemic conditions. Thus, Indonesia's economic growth in the first quarter of 2022 exceeded the average gross domestic product (GDP) in 2019. Compared to economic conditions in 2019, said the Head of the BKF, Indonesia was one of the countries experiencing pre-pandemic conditions. and stand on it. For example, Indonesia's economic growth in the first quarter of 2022 was above the 2019 gross domestic product (GDP) average.

District governments are encouraged to support the state in line with President Joko Widodo's target to accelerate economic growth to more than 7 percent in the second quarter of 2021 after posting -2.19 percent in the last quarter of 2020. To accelerate economic growth, the State Budget Bureau (APBN)) and the Regional Revenue and Expenditure Budget (APBD) must be encouraged to accelerate implementation. , so that people can do it directly, especially during the Covid-19 pandemic. The Director General of Regional Economic Development at the Ministry of Home Affairs, Moch. Adrian announced this year's APBD of IDR 1,199.36 trillion. But so far the realization of the APBD has only reached 21.98 percent.

"We really hope that the local government can immediately accelerate the implementation of the APBD so that it can contribute to our targeted economic growth of 7% in the second quarter of this year," said Adrian. . On the website of the Covid-19 working group. Adrian appealed to local governments to focus on using the APBD for production purposes so that it can help reduce unemployment due to Covid-19. "Shopping is a labor-intensive program so it has an impact on reducing unemployment due to COVID-19. The Ministry of Home Affairs gave 12 signs in the form of instructions, essentially directing municipalities to move the acceleration of the PEN APBD," said Adrianus.

In addition to implementing the APBN and APBD, this year's government is relying on the Ministry of Construction to revive the national economy, namely. in infrastructure construction and development during the pandemic. Because Endra S. Atmawidjaja, PUPR expert at the Ministry of Industry and Environmental Technology, said that infrastructure expansion would create jobs. In addition, the surrounding industry also grew during construction. Endra explained that during the pandemic, the PUPR Ministry will focus on five national priority programs related to National Economic Recovery (PEN), one of which is a cash-intensive program that requires

IDR 23.24 trillion. "Creating jobs in remote villages with 20 activities such as building roads, repairing gutters and painting bridges, and others. Its implementation has reached 40 percent, which we estimate can absorb 1.2 million workers," said Endra. The other four development goals that will be implemented by the Ministry of PUPR during the pandemic are as follows:

1. Development of tourism services and infrastructure with an allocation of Rp 3.8 trillion.
2. Development of a food security project worth IDR 34.3 trillion
3. Development of infrastructure in the field of information, communication and technology 420 billion rubles
4. Industrial zone development 9.83 billion rubles. Peter Abdullah

One of the economic drivers during the pandemic, according to Piteri, is government spending through the PEN program. "I believe all government agencies are currently working to maintain the sustainability of our economy, including maintaining the sustainability of infrastructure projects that significantly contribute to creating jobs in the community and increasing people's purchasing power and spending," said Locksmith. The government is promoting the 3T (Test, Trace and Treat) program to fight Covid-19. Testing includes the Covid-19 test, tracing includes close contacts, while treatment is one of the main tasks of treatment. According to Health Minister Budi Gunadi Sadikin, 3T socialization is an important part of fast treatment because we find the source of transmission. Don't forget to always use the message #Remember Mother at 3M, so wear a mask, wash your hands and keep your distance. The Indonesian Economic Reform Research Center (CORE) estimates that the Indonesian economy will be between minus 2 to 2.5 percent in 2020.



Figure 3: Graph of Indonesia's economic growth in 2020

According to CEO Piter Abdullahi, this estimate is in line with the World Bank's estimate that Indonesia's economy will grow minus 2.2 percent. The Covid-19 pandemic caused the Indonesian economy to fall into a recession as it recorded negative growth during the second and third quarters respectively. Meanwhile, Indonesia's economy is expected to grow by minus 1-2 percent in the last quarter of 2020.

According to Piter Abdullahi, economic growth will still be in the red as the pandemic continues because household consumption and investment are still below normal. Meanwhile,

based on research by international institutions, it is predicted to slow down in 2020 compared to previous years. According to the IMF, Indonesia's economic growth in 2020 will be 0.5%, in contrast to the World Bank and ADB's analysis which estimates Indonesia's economic growth will be 2.5% and 5.2%. The World Bank is optimistic that Indonesia's economy can recover, although not as strong as in previous years, but it is different from the ADB, which is very optimistic that Indonesia's economy can reach 5.2 percent. The situation is different with estimates that it could grow between 0.4 and 2.3 percent in 2020.

4. CONCLUSION

From the results of the analysis above, we can conclude that economic development in Indonesia from 2014 to 2019 before the Covid-19 pandemic, economic growth in Indonesia by international institutions such as the IMF, World Bank and IDB put the Indonesian economy at 0.5%, 2.5% and 5.2%. Meanwhile, based on Bappena's projections, Indonesia's economy will grow to 0.4-2.3% in 2020.

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