
Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

Indonesia 2023: Optimistic and Alert**Rendi Aldika Giri Gahana¹, Nur Isna Inayati¹, Nurul Afyah¹, Sri Wahyu Anjani¹**¹Universitas Muhammadiyah Purwokerto

Jl. KH. Ahmad Dahlan, Dusun III, Dukuhwaluh, Kec. Kembaran, Kabupaten Banyumas, Jawa Tengah, Indonesia

Email: rendialdikagirigahana@gmail.com**ABSTRACT**

Economic growth from 2018 to 2020 has decreased by 3.49 percent due to the impact of the covid-19 pandemic. These conditions forced the government to take various steps to save the Indonesian economy. At the time when Indonesia's conditions were 2022, Indonesia was starting to be optimistic about the post-covid economic recovery, there were rumors about the threat of a 2023 recession. The purpose of this study was to examine more deeply the issue of a recession in 2023 when the country's financial conditions were starting to improve after the Covid-19 pandemic. This research method uses the Literature Review Study method, as many as 10 national articles from national journals. The results of this literature review study are that the government's optimism in improving Indonesia's economy in post-covid needs to be accompanied by a preventive strategy as a form of being alert to the issue of the 2023 recession. The government needs to develop fiscal and monetary policies to carry out economic recovery or prevent a deeper recession in 2023, as well as educating the public about early prevention in the event of a 2023 recession.

Keywords: pandemic recovery, economic growth, recession issues, economic resilience, economic conditions.

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INTRODUCTION

The emergence of Covid-19 in Indonesia, announced for the first time by the president on March 2 2020, has had a long series of impact events for Indonesia. The emergence of this virus is also a heavy blow to the Indonesian economy. Economic Growth in Indonesia can be seen in the following graph:

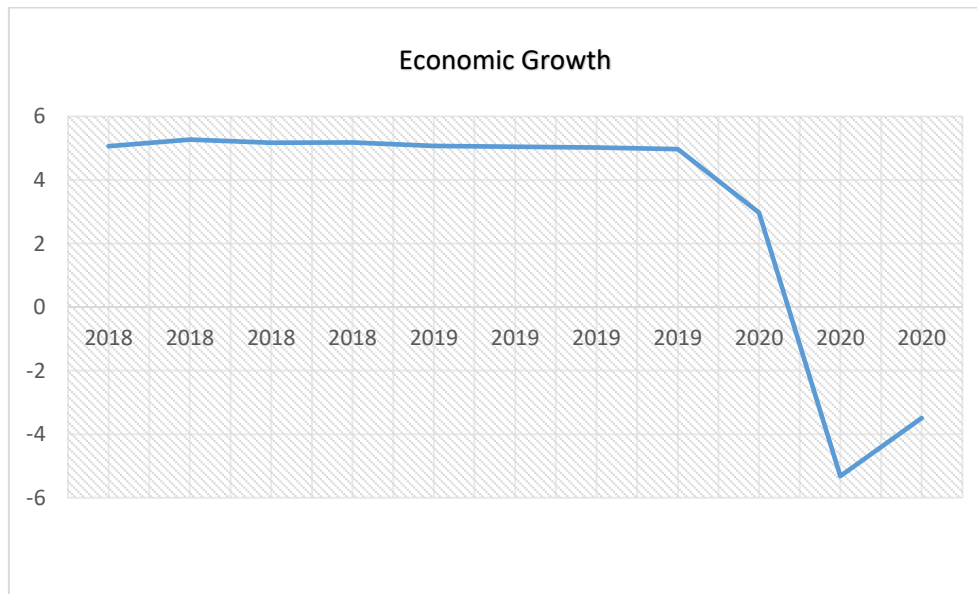


Figure 1. Indonesia's Economic Growth in 2018-2020

Source: Central Bureau of Statistics (2020) (processed by the author)

Based on graph 1.1 it shows that economic growth from 2018 to 2020 has decreased by 3.49 percent due to the impact of the co-19 pandemic. These conditions forced the government to take various steps to save the Indonesian economy by issuing Presidential Instruction No.4/2020 concerning Refocusing Activities, Reallocating Budgets, and Procurement of Goods and Services in the Context of Accelerating Handling of Corona Virus Disease 2019 (Covid-19). It is noted that the government through the Ministry of Finance has reallocated a budget from the official travel budget, honor-honorary non-operational spending and several other sources for handling the virus in the amount of IDR 62.3 trillion.

Apart from reallocating the budget, the government's efforts are also to provide tax incentives to MSMEs through Minister of Finance Regulation (PMK) Number 44/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic by providing tax incentives to MSMEs, namely PPh Final 0.5% of the entire MSMEs are taken over by the government for the April 2020 Tax Period until the September 2020 Tax Period, so that MSMEs do not need to spend tax deposit funds. The existence of tax incentives is expected to help accelerate economic recovery in Indonesia. Even though 79% of state revenue in 2019 came from tax revenues and the rest came from non-tax state revenue and grants (Fauzia et al, 2020).

The government is rolling out the National Economic Recovery (PEN) fund as one of the Community Protection (Perlinmas) efforts against the impact of the Covid-19 Pandemic

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until the end of 2022. Based on data released by the Ministry of Finance as of September 16 2022, the realization of the distribution of PEN funds amounted to IDR 214.9 trillion or around 47.2 percent of the total allocation of IDR 455.62 T*1). The realization of the ceiling for handling PEN is (i) Realization of Health Handling of IDR 38.4 trillion from the ceiling of IDR 122.54 trillion; (ii) Realization of Community Protection of IDR 100 trillion from a ceiling of IDR 154.76 trillion and (iii) Realization of Strengthening Economic Recovery of IDR 76.4 trillion from a ceiling of IDR 178.32 trillion. Based on these data, the recovery of economic activity from the impact of Covid-19 has been seen through growth in tax revenues, as well as increases in commodities (Putra, 2022).

At the time when Indonesia's conditions were 2022, Indonesia was starting to be optimistic about post-Covid economic recovery, there were rumors about the threat of a massive recession in 2023 due to uncertainty in the global economy. Global economic risks have now begun to shift from risks due to the pandemic to risks due to global economic pressures. Some of the risks that arise include soaring global inflation, tightening liquidity and rising interest rates, the potential for a global debt crisis to the potential for stagflation.

Reporting from CNBC Indonesia, the Minister of Finance explained that global economic conditions were in a downward phase. Even with the emergence of a recession, it is a very big threat to the economy for all countries in the world, including Indonesia (Itsojt, 2022). In addition, quoted from Kompas.com (2022) said that the increase in interest rates was initiated by the Bank of England, which has raised interest rates by 200 basis points (bps) during 2022. Then followed by European central banks which have raised 125 bps, as well as central banks The United States (US) has raised 300 bps (dzulfarah, 2022).

The 2023 State Revenue and Expenditure Budget Plan (RAPBN) that has been prepared shows the government's very optimistic attitude in encouraging economic growth. However, this condition of course requires that the 2023 RAPBN remain in an alert position. Even though various economic indicators are still in a green or safe position, the potential for a crisis to occur before our eyes certainly requires high vigilance, especially for the government and the business world (Sujai, 2022).

Based on the explanation on the research background above, the purpose of this research is to examine more deeply the issue of a recession in 2023 when the country's financial conditions are starting to improve after the Covid-19 pandemic.

METHOD

This research method uses the Literature Review Study method. In its implementation, a literature review study provides a framework related to new findings and previous findings in order to identify indications of whether or not there is progress from the results of a study through comprehensive research and interpretation of the results from the literature relating to appropriate topics in which to identify research questions by searching and analyzing literature. relevant using a systematic approach (Randolph, 2009). Literature review (SLR) studies use approaches from various literature and various national article sources. In this study examined as many as 10 national articles from national journals and the best news according to the research theme.

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RESULT AND DISCUSSION

Based on research conducted by Muhyidi (2020), the government is trying to schedule a New Normal policy so that the economic impact of the pandemic does not cause a prolonged crisis. This policy relates to development planning in which the Government has set programs, targets and major projects in the 2020-2024 National Medium Term Development Plan (RPJMN). The government needs to re-examine its mid-term plan considering that in 2020 all programs will shift their focus to handling Covid-19.

Data from the 2021 State Budget Budget budgeted by the government is that state revenues reached IDR 2,003.1 trillion, exceeding the target set in the 2021 State Budget (114.9% of the target or growing 21.6% compared to the 2020 realization). Realized tax revenue reached IDR 1,546.5 trillion (107.1% of the 2021 State Budget target) or has returned to pre-pandemic levels in 2019 of IDR 1,546.1 trillion. Based on this, the government's policy through the RPJMN proved to have an effect on the handling of Covid at that time

Based on Sihaloho's research (2020), in his research, he stated that the economic impact of Covid-19 on the Indonesian economy, such as: Threats of health problems and life threats due to the risk of increasing cases of up to tens of thousands of lives; Threat of loss of income, especially for the poor and families working in the informal sector; Bad Credit for MSMEs, because MSMEs cannot run their business normally; Disturbed corporate systems to banking conditions that can experience liquidity problems; Rupiah depreciation, financial market volatility and capital flight. As a result of this impact, the Government carried out various stimulus measures to maintain the condition of the Indonesian economy. The government has issued Stimulus phase 1 to stimulus phase 3. In Stimulus stage 3, the government has increased Total Additional Expenditures and Funding for the 2020 State Budget for Handling the Impact of Covid-19 to IDR 405.1 Trillion

Based on research conducted by Sarip et al (2020) examining the impact of Covid-19 on the community's economy and village development. The village always gets help, leads to circumstances or causes the village to lose its identity. The loss of village identity is proven by the existence of whatever is required by the government in its transmission, must receive material rewards. The basic problem is how to fulfill the economy as a basic human need in order to carry out activities in the world in order to fulfill welfare and safety. The relationship between village democracy and the direction of the village economy and development is an inseparable unit. Democracy influences the handling of Covid-19, is a real test of the results of village democracy in realizing the economy and development. The research is intended to understand the impact of the epidemic on the village economy, village development which is currently sweeping the world. The views of the village community have experienced a crisis of trust, as a result of the role played by the central and regional governments which pay little attention to the village as an independent government which has lost its identity. For the sake of realizing a village democracy in the field of economy and development, ideally to build a community character that is free from dependency.

Based on research conducted by Sumarni (2020) examining the impact of the Covid-19 Pandemic on the global economy, including the economy in Indonesia. From the impact of this pandemic, the decrease in demand for sharia products and the obstruction to sharia production because raw materials come from outside countries, the impact of this pandemic

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has affected this, delaying the realization of investment. Investors who plan to invest in sharia businesses are no exception. The increasing risk of Islamic financial institutions from this challenge, the sharia economic and business strategy can overcome the impact of the Covid-19 pandemic, it is hoped that sharia economic and business actors will show empathy and solidarity to stakeholders. sharia business actors devise a more profitable business strategy. Sharia business players take advantage of and support government stimulus programs. Islamic banking and other financial institutions must start revising growth targets, applying digital transaction technology in one solution. Sharia economy and business can play a role in recovering economic shocks by prioritizing the achievement of sharia goals (maqashid sharia)

The government began to plan Actions to be taken for Indonesia's economic recovery. Based on research conducted by Gobel (2020), said that economic revival was marked by an increase in income and the State of Indonesia became more cost-effective so that productivity was higher, income and savings could also increase simultaneously. This is what can reduce production costs because investment equals savings, generating jobs and attracting domestic and international investors, food security and national identity and reduced environmental pollution.

The government also made a tax relief policy to accelerate economic mobility. Based on Cheisviyanny's research (2020), it reveals that post-covid-19 tax revenue recovery can be carried out through: (1) Optimizing the WHT mechanism, (2) Imposing Final Income Tax to non-MSME taxpayers, and (3) Efficient tax collection costs. This proposal certainly needs to be studied more deeply because it will have a significant impact on tax practices.

Not only that, but the government provides more relief as quoted from the results of Jufra's research (2020), the government carries out schemes or takes steps to overcome these problems by providing deductions for electricity bills, deferring loan payments, maintaining the availability of raw materials on the market to accompany MSME actors who have closed their businesses because they cannot survive due to the pandemic to transform or open new businesses.

Even though the government is optimistic about Indonesia's post-COVID-19 economic recovery plan, there is concern about the widespread issue of a massive recession in 2023. This can destroy optimism in Indonesia's economic development because the 2023 recession will have a very bad impact on the global economy, including Indonesia. Based on research by Darmastuti, et al (2021), during an economic recession, countries will usually take the form of fiscal and monetary policies to carry out economic recovery or prevent a deeper recession from occurring.

Based on research by Blandina, et al (2020) said that the strategy for the Indonesian government to deal with the threat of recession includes the government's fiscal and monetary capabilities; productivity improvements; competitiveness; investment; and the world economy. In addition to the government's role, the community also has a role to play in developing startup business innovations and supporting MSME business actors as an effort to encourage economic growth so that it continues amidst the economic crisis due to the Covid-19 outbreak.

Based on research by Saudiah, et al (2023), said that the efforts that must be made by Islamic finance in dealing with the global recession are first, to increase the independence of MSMEs in the future, secondly to develop new strategies in building relationships

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between MSMEs and banks. The third is being able to identify the causes of a recession by paying attention to financing that can affect the health of the banking sector. Fourth, banking must pay attention to capital adequacy to overcome the risk of bad credit. Fifth, increase the profit-sharing value so that people are interested in saving.

IMPLICATIONS

According to the research above, the government's optimism in improving Indonesia's economy in the post-covid pandemic needs to be accompanied by a preventive strategy as a form of being alert to the 2023 recession issue. The government needs to formulate fiscal and monetary policies to carry out economic recovery or prevent a deeper recession in 2023, as well educate the public about early prevention in the event of a 2023 recession to minimize the major impact of the 2023 recession

CONCLUSION

From the results and discussion in this literature review study, it can be concluded that the downturn in the Indonesian economy started with the COVID-19 outbreak which had a big impact. The impact is felt not only in the health sector but also in the economic sector. All efforts made by the government by designing strategies for economic development are a form of the government's optimism in improving the Indonesian economy

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