
ANALYSIS OF THE IMPACT OF THE COVID-19 PANDEMIC ON INDONESIAN ECONOMIC GROWTH

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ARTICLE INFO ABSTRACT

Received:
**September, 26th
2021**
Revised:
**October, 11st
2021**
Approved:
**October, 13rd
2021**

The Covid-19 pandemic has had a significant impact on every line of life, especially in the economic sector. This study aims to analyze the impact of the Covid-19 pandemic on economic growth in Indonesia. The research method used in this research is descriptive qualitative method. The type of data used in this study is qualitative data, which is categorized into two types, namely primary data and secondary data. Sources of data obtained through library research techniques (library studies) which refers to sources available both online and offline such as: scientific journals, books and news sourced from trusted sources. These sources are collected based on discussion and linked from one information to another. Data collection techniques used in this study were observation, interviews and documentation. This data is analyzed and then drawn conclusions. Based on the analysis of the description above, it can be concluded that Covid-19 has greatly affected and had a bad impact on various economic sectors, resulting in a decline in economic growth in Indonesia. Indonesia's economic growth decreased by 2.41% as a result of the coronavirus outbreak. This will result in an increase in the level of the state budget deficit. APBN 2020 experienced an increase in the deficit figure by 6.27% of gross domestic product.

KEYWORDS

Impact of Pandemic, Covid-19, Economy, Economic Growth

How to cite:

E-ISSN: 2775-3727

Published by: <https://greenpublisher.id/>

Dekha Dwi Harianja. (2021) Analysis of the Impact of the Covid-19 Pandemic on Indonesian Economic Growth. Journal Eduvest. 1(10): 1021-1028



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INTRODUCTION

Economy is one of the important factors in human life (Abidin, 2014). To be sure, in everyday life, people's lives always intersect with economic needs. The existence of the economy can provide opportunities for humans to fulfill their daily needs, such as food, drink, clothing, and housing. The importance of the economy in human life requires the state to regulate economic policies and protect the economy of its citizens (Hanoatubun, 2020), especially in Indonesia which claims to be a welfare state. In the concept of a welfare state, the state has the right to interfere in all aspects of the lives of its citizens, including the economic sector (Sarip, Syarifudin, & Muaz, 2020). In addition, economic growth is also a supporting factor for a country's national development.

Good economic growth will be able to encourage national development (Fuad, 2007). On the other hand, slow and sluggish economic growth will also have an impact on the country's development and people's welfare. However, community participation in the economy, especially youth groups, women, and small, medium and micro businesses, is considered less than optimal, so efforts are needed to open up their participation in economic activities.

The spread of the corona virus has spread to all parts of the world and has a broad impact on the Indonesian economy (Nasution, Erlina, & Muda, 2020), including trade, investment, and tourism (Ayu & Lahmi, 2020). This will greatly affect Indonesia's economic growth, and it is expected that Indonesia's economic growth will experience a decline in various fields (Nirwandar, 2011).

Taxes in the trade sector also decreased, although trade's contribution to taxation was the second largest. According to the Central Statistics Agency (BPS), because China is the largest importer of crude oil, oil and gas and non-oil and gas exports fell. In addition, although China is the center of world commodity production, the spread of the corona virus has also caused a decline in China's production. The corona virus also has an impact on investment because people are more careful when buying goods or investing (Riyantoa, n.d.). Corona virus will also affect the market forecast (Abdi, 2020). Due to supply chain uncertainty or changing market assumptions, investors may delay investing.

In 2019, China's direct investment was second only to Singapore. Investment in Sulawesi is around US\$ 5 billion, the investment is still in process, but was delayed due to delays in the arrival of Chinese workers in Indonesia. Indonesia is one of the countries that prohibits traveling abroad to suppress the spread of the corona virus (Siagian et al., 2020). The ban caused many airlines to cancel flights, and some airlines were forced to continue operating, even though most of the plane seats were empty, in order to realize the rights of passengers. Due to the increasing spread of the corona virus, many consumers are delaying booking holiday tickets (Sumarni, 2020). This situation encourages the government to take action and provide policies to overcome these problems.

The corona virus has also had a major impact on the tourism industry (Budiyanti, 2020). According to data from the Central Statistics Agency (BPS), Chinese tourists reached 2.07 million in 2019, or 12.8% of the total number of foreign tourists in 2019. The spread of the corona virus has reduced the number of tourists visiting Indonesia. Tourism supporting sectors such as hotels, restaurants and retail entrepreneurs will also be affected by the corona virus (Sugihamretha, 2020). The hotel occupancy rate fell by

40% which had an impact on the continuity of the hotel business. The lack of tourists also has an impact on restaurants or restaurants where most of the consumers are tourists (Arini, Paramita, & Triana, 2020).

The weakness of the tourism industry also has an impact on the retail industry (Hanoatubun, 2020). The areas most affected by the retail industry are Manado, Bali, Riau Islands, Bangka Belitung, Medan and Jakarta. The spread of the corona virus also has an impact on the investment, trade, micro and small and medium enterprises (MSMEs) sectors, and because destination visitors usually buy souvenirs. If the number of tourists decreases, the turnover of small, medium and micro businesses will also decrease (SUTRISNO, 2021).

Bank Indonesia is trying to maintain the Indonesian economy in the midst of global economic turmoil. After the Covid-19 problem which caused the Indonesian economy to plummet by 5% or close to falling. In response to the impact of the new corona virus, the Indonesian government issued a policy to lower the BI 7-day reverse repurchase rate (BI7DRR) by 25 basis points to 4.75%, and lower the deposit facility interest rate by 25 basis points to 4.00%, and raise the interest rate on deposit facilities by 25 basis points to 4.00%. interest rate on loan instruments by 25 basis points to 5.50%.

Given the gloomy prospects for global economic recovery related to Covid-19, this policy was carried out to maintain ee growth momentum domestic economy. Bank Indonesia will monitor global and domestic economic developments to control inflation and external stability, as well as strengthen economic growth. This is because the rapid development of technology has changed the global economic order into a digital economy and finance.

This study will attempt to analyze the impact of the Covid-19 pandemic on economic growth in Indonesia. This research is expected to provide an overview of how far and how much the COVID-19 pandemic affects the level of economic growth in Indonesia.

RESEARCH METHOD

The research method used in this research is descriptive qualitative method. The type of data used in this study is qualitative data, which is categorized into two types, namely primary data and secondary data. Sources of data obtained through library research techniques (library studies) which refers to sources available both online and offline such as: scientific journals, books and news sourced from trusted sources. These sources are collected based on discussion and linked from one information to another. Data collection techniques used in this study were observation, interviews and research. This data is analyzed and then conclusions are drawn.

RESULT AND DISCUSSION

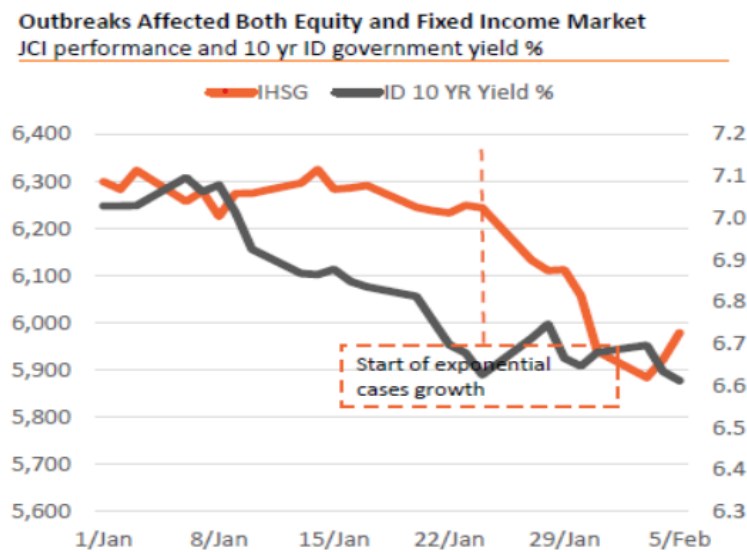
1. Conditions of Indonesia's Economic Growth During the Covid-19 Pandemic

During the corona virus outbreak, Indonesia's economic growth experienced a decline. This is due to government policies to prevent the spread of the corona virus. The Large-Scale Social Restriction Policy (PSBB) and Blockade are one of the policies implemented by the government. In this way, some economic activities cannot run smoothly. Due to the COVID-19 pandemic, Indonesia's economic growth has slowed. The Central Statistics Agency (BPS) reported that Indonesia's economic growth in the first quarter of 2020 slowed (yoy) by 2.97%. Compared to the fourth quarter of 2019, Indonesia's economic growth rate decreased by 2.41%. The slowdown in economic

growth is in line with the weakening of people's purchasing power. People's purchasing power becomes an inseparable part and is used as a tool to measure expenditure on economic growth. Resident consumption growth slowed. In the context of this pandemic, household consumption growth reached 2.84%, slowing compared to the fourth quarter of 2019, and could exceed 5.02%. Consumption performance has a significant effect on economic growth, because household consumption is able to support more than 50% of GDP.

2. Impact of the Covid-19 Pandemic on the Indonesian Economy

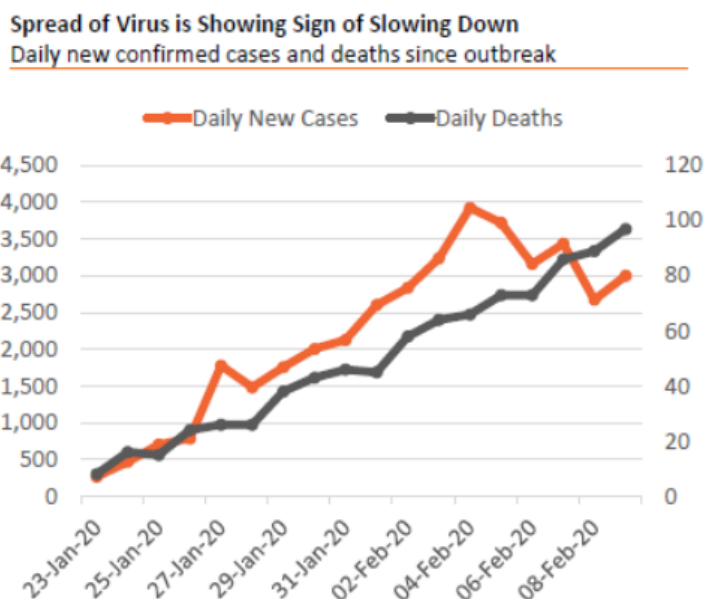
The COVID-19 pandemic, which has increased significantly since the end of January 2020, has infected 28 million people. As of February 24, 2020, there were 79,930 people infected with COVID-19, and 2,469 people died due to the pandemic. The COVID-19 pandemic has also had a significant impact on the bond and stock markets. The impact of the COVID-19 pandemic on bonds and the stock market can be seen from the performance of the composite stock price index and government bonds in the last 10 years.



Sumber: data yang diolah, 2020

Figure 1. Outbreaks Affected Both Equity and Fixed Income Market

It can be seen from the chart that the market is fluctuating in the negative direction with the spread of COVID-19. Compared to the cases caused by the SARS virus, the COVID-19 pandemic has also had a huge impact. Compared to last year, the COVID-19 pandemic also had an impact on the decline in the number of transportation customers this year, and the calculation was carried out within 10 days after the Lunar New Year. The decline in the number of transportation customers occurred in almost all modes of transportation, starting from air, land, water, and trains. Compared to the normal period of previous years, the decline in transportation customers is very noticeable. However, in early February, the distribution of new cases related to COVID-19 seemed to start to decline. Cases of infection have reduced the number of deaths.



Sumber: data yang diolah, 2020

Figure 2 Daily New Confirmed Cases and Deaths Since Outbreak

Syailendra Capital previously predicted a decline in retail sales growth. The company stated that the COVID-19 pandemic will have a significant impact of 0.5% to 1% on China's economic growth in the first quarter of 2020. Not only that, the slowdown in Indonesia's export activities will also have a significant impact on China's national economy. The global economic slowdown greatly affects Indonesia's economic growth. This can be seen from the sensitivity analysis of the Indonesian economy. Based on the sensitivity analysis, it was found that when China's economy slowed down by 1% it would affect and affect Indonesia's economic growth rate, which was -0.09%. Consistent with further sensitivity analysis, among others, every 1% of the EU economic slowdown will have an impact of -0.07% on the economic growth rate of Indonesia, India (-0.02%), Japan (-0.05%) and the United States . . -0.06%

The same situation also occurs in most commodities, namely every 10% decline in the price of crude palm oil (CPO) will have an impact of 0.08% on the Indonesian economy, 0.02% of a positive impact on oil, and -0.07% for the Indonesian economy. . coal Influence.

Overall, it can be concluded that the COVID-19 pandemic has had an impact on various sectors that affect Indonesia's economic growth. The impacts experienced by the economic sector today are:

- 1) More than 1.5 million laid-off and laid-off employees. Of these, 90% were fired and 10% were fired. A total of 1.24 million are permanent workers and 265,000 informal workers.
- 2) Then the second impact, in March 2020 the Indonesian Manufacturing PMI experienced a contraction or fell to 45.3. Even though from the previous figure in August 2019, the Manufacturing PMI was still 49. The Manufacturing PMI shows the performance of the processing industry, both in terms of production, new needs, and employment.
- 3) Third, imports in the first quarter of 2020 fell 3.7% year-on-year.
- 4) In March 2020, inflation/price was generally and continuously increasing,

with a year-on-year increase of 2.96%. This inflation is caused by the price of gold, jewelry and some foods.

- 5) From January to March 2020, 12,703 sorties at 15 airports will be cancelled, namely 11,680 domestic sorties and 1023 international sorties.
- 6) The number of tourists fell to 6,800 per day, mainly tourists from China.
- 7) Seventh, the aviation service sector's revenue loss reached Rp 207 billion. Around 4.8 rupiah was donated for flights to and from China.
- 8) Occupancy rate/placement rate of 6000 hotels decreased by 50%. In addition, the Minister of Tourism and Creative Economy Wishnutama also estimated the possibility of foreign exchange losses from tourism could reach half of last year.

3. Government Efforts in Facing Economic Impacts

Recently, COVID-19 has become the main concern of the Indonesian people because of the problems it continues to cause. Covid-19 caused a lot of losses and had an impact on the Indonesian economy. The economic development of a country is basically aimed at achieving people's prosperity through rapid economic growth and equitable distribution of income. This is in stark contrast to the situation in Indonesia in 1997/1998, when the crisis that began with the exchange rate at that time developed into a banking crisis, then spread to a socio-political crisis that had a major impact on the Indonesian nation. High inflation at that time led to a decline in people's purchasing power, especially for low-income groups. Changes in the amount of money will affect the interest rate and consumption function, so the amount of money will cause changes in overall demand. Namely through budget control, banking industry control, market economic recovery, economic stabilization, and a free market economic system so that people are free to act and do their best.

My foreign exchange system is too free and there is no strict control that allows capital to enter and exit freely. In this regard, from the perspective of the Indonesian economy from 1997 to 2000, there are several important points, namely the first group said that the crisis was caused by external factors, namely rapid changes in currency market sentiment caused financial panic. The group said the crisis was caused by structural weaknesses in the country's economic, financial and banking systems. (Djiwandono, 2001) The first category is called international, the second category is called fundamentalist. In addition, the third category is also identified as neo-fundamentalists, namely those who treat the regulation and structure of the financial sector. cause of the crisis.

For Indonesia, this is a combination of two factors that occur simultaneously, namely external factors in the form of financial panic and the weakening of the national economy. that occurred in the banking and real sectors in a short time. has become what our country is feeling at this time of financial crisis. One example is that traders who usually sell in crowded places such as markets are unable to sell because the market is currently closed to reduce the spread of the corona virus. As a result, businesses do not have a stable income because people must continue to meet their daily needs. As a result of this covid-19, it is difficult for people to meet their daily needs, so how can we together help those in need? It has advantages and can help people in need as needed. Adopted by Indonesia. Covid-19 has had a negative impact on the Indonesian economy.

An economic system is a system used by a country to allocate its resources to individuals and organizations in that country. However, since the pandemic, the country has experienced an economic crisis which is estimated to be weaker than in previous

years, even according to the Minister of Finance, economic growth can be suppressed to the level of 2.5% to 0%. occurs when there is no When implementing good prevention strategies. And to deal with this well, the country has increased intensive care for health workers by 20%, and the number of health departments increased by 6.1 trillion. At this time, it is also a worrying problem including ASEAN countries today. In terms of the global economy, Minister Keuangan stated that in a meeting with ASEAN bank governors and finance ministers, they discussed strategies to maintain global economic stability which is currently under threat due to COVID-19.

CONCLUSION

Based on the analysis of the description above, it can be concluded that Covid-19 has greatly affected and had a bad impact on various economic sectors, resulting in a decline in economic growth in Indonesia. Indonesia's economic growth decreased by 2.41% as a result of the coronavirus outbreak. This will result in an increase in the level of the state budget deficit. APBN 2020 experienced an increase in the deficit figure by 6.27% of gross domestic product.

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