

ELUCIDATION
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ON
MICRO, SMALL, AND MEDIUM ENTERPRISES

I. GENERAL

National development aims at realizing just and prosperous society physically and spiritually based on Pancasila and the 1945 Constitution of the Republic of Indonesia that is independent, united, and sovereign in secure, orderly, and dynamic state lives in independent, friendly, and peace environment.

National development covers all aspects of the state lives performed together by the society and the government. The society becomes the main development actors, and the government is obliged to direct, guide, protect, and nurture supportive conditions and business climates.

Micro, Small, and Medium Enterprises are business activities that able to widen job opportunities and give economic services broadly to society, and can take roles in the process of distribution and improvement of the society incomes, encourage economic growth, and take a role in establishing national stabilities. Besides that, Micro, Small, and Medium Enterprises are one of the main pillar of national economy that must gain main opportunities, supports, protection, and development as wide as possible to realize the fine supports to people economy enterprises groups without ignoring the roles of Large Enterprises and State-Owned Enterprises.

Despites showing the roles in national economy, Micro, Small, and Large Enterprises still face various barriers and obstacles both internally and externally in regard to production and processing, marketing, human resource, design and technology, capitals, and business climates.

To raise the opportunities, capabilities, and protections of Micro, Small, and Medium Enterprises, various policies has been decreed about business

alternatives, funding, and development, but they have not been optimal yet. It is due to the policies cannot provide sufficient protection, business certainty, and adequate facilities to empower Micro, Small, and Medium Enterprises.

Therefore, Micro, Small and Medium Enterprises need to be empowered with the following ways:

- a. creating business climates that support the development of Micro, Small, and Medium Enterprises; and
- b. developing and nurturing Micro, Small, and Medium Enterprises.

As the efforts to advance the capabilities and roles as well as institution of Micro, Small, and Medium Enterprises in national economy, empowerment is necessary to be performed by the Central Government, Local Government, Business, and society holistically, synergically, and sustainably.

In empowering Micro, Small, and Medium Enterprises, all legislation related to Micro, Small, and Medium Enterprises comprise a unity that is complementary one to another with this Law.

This Law is established to empower Micro, Small, and Medium Enterprises. In general, the structure and materials of this Law contains general provisions, principles, and goals of the empowerment, criteria, enterprises atmosphere growth, funding and underwriting, partnership, and empowerment coordination, administrative sanctions and criminal provisions.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Point a

The term "kinship principle" means that this basis becomes the basis to empower Micro, Small, Medium Enterprises as a part of national economy performed in accordance with economy democracy with the principles of togetherness, justice efficiency, sustainable, environmental friendly, independence, progress

balance, national economy unity for the prosperity of Indonesian people.

Point b

The term "economic democracy principle" means the empowerment of Micro, Small, and Medium Enterprises conducted as integration of national economy development to realize the people prosperity.

Point c

The term "togetherness principles" means the principle that encourages all Micro, Small, and Medium Enterprises and business world to work in cooperation in business activities to realize the people prosperities.

Point d

The term "justice efficiency principle" means the principle that becomes the basis of the implementations of empowering Micro, Small, and Medium Enterprises by emphasizing the justice efficiency principle in realizing the just, conducive, and competitive business climate.

Point e

The term "sustainability principle" means that the principle that endeavor systematically to conduct the development process through empowering Micro, Small, and Medium Enterprises accomplished sustainably so that prominent and independent economy can be formulated.

Point f

The term "eco-friendly principle" means that the principle of empowerment of Micro, Small, and Medium Enterprises is conducted with which it pays attention and takes priority to protect and maintain the environment.

Point g

The term "independent principle" means that the empowerment principle of Micro, Small and Medium enterprises is accomplished by which it remains keeping and takes priority the potentials, capability, and independence of Micro, Small and Medium Enterprises.

Point h

The term "progress balance principle" means the empowerment principle of Micro, Small, and Large Enterprises which maintains the balance of economic progress in the scope of national economic integration.

Point i

The term "national economic unity principle" means the empowerment principle of Micro, Small, and Medium Enterprises that constitutes a part of the development of national economic unity.

Article 3

Sufficiently clear.

Article 4

Sufficiently clear.

Article 5

Sufficiently clear.

Article 6

Section (1)

Point a

The term "net asset" means the result of subtractions of the total asset by the total liabilities, excluding land and enterprise place.

Point b

The term "annual sale income" means the net sale income derived from the sale of goods and services in one year of statement closure.

Section (2)

Sufficiently Clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Point a

Sufficiently clear.

Point b

The term "providing ease on the certain infrastructure tariff" means differentiation of tariff based on the determination by Government and Local Government both directly and indirectly by providing a tariff reduction.

Article 10

Point a

The term "database and the business information network" means various business database and business information system owned by the government or private sector.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Article 11

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Bargaining position in this provision is in order that in accomplishing business cooperation with another party possess equal and mutual position.

Point f

Sufficiently clear.

Point g

Market domination and business centralization must be prevented in order that Micro, Small, and Medium Enterprises do not suffer from loss.

Article 12

Section (1)

Point a

The term "simplifying the procedure and types of permits" means providing ease in accordance with requirements and permission procedures and information as wide as possible. The term "one-door integrated service system" means management process of business permits commencing from proposing phase to issuing document phase is conducted in one place based on the service principles as follows:

- a. simplification in the process;
- b. clarity in the services;
- c. certainty in processing time;
- d. cost certainty;
- e. security in service SITES;
- f. responsible service officer;
- g. complete service infrastructures;
- h. easiness of service access; and
- i. discipline, politeness, and hospitality of the services.

Point b

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 13

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Point g

The term "prioritizing" means to empower Micro, Small and Medium Enterprises in accordance with the provisions of legislation.

Point h

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

The term "incubator" means an institution that provides services to develop new entrepreneurs and to strengthen the access to enterprise advancement resources for Micro, Small, and Medium Enterprises as the partners. Incubator developed covers: technology and business incubators, and other incubators in accordance with local economic resource and potency.

The term "business development services providers" means institutions that provides consultation services and assistances to develop Micro, Small, and Medium Enterprises.

The term "bank-partnership financial consultant' means consultants at business development institutions that are assigned to provide consultation and assistances to Micro, Small and Medium Enterprises in order that the Micro, Small and Medium Enterprises are able to access banking credit and/or financing from non-banking financial institutions.

Article 16

Sufficiently clear.

Article 17

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

This provision is meant to build consistency to keep product quality.

Point d

The term "designing-constructing ability" means an ability to design a business activity. The term "engineering ability" means an ability to change a process or a way to produce a product or service.

Article 18

Point a

Marketing researches and studies that are conducted by the Government and Local Government include the potency and strength mapping activities of the Micro, Small, and Medium Enterprises aiming at deciding the Government and Local Government policies to develop business, expansion and new business opening.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

In respect to the implementation of the funding activities for Micro Medium Enterprises based on of this Law, financial institutions may be developed for Micro Enterprises in accordance with the legislation.

Article 23

Sufficiently clear.

Article 24

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Sufficiently clear.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

The term "the share possession opportunity" means that Micro, Small, and Medium Enterprises get priorities to access to go public shares.

Article 34

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.