

# ANALYSIS OF THE BENEFITS OF CASH DIRECT ASSISTANCE ON ECONOMIC GROWTH IN KEDUMULYO VILLAGE

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## Abstract

This study aims to determine the benefits felt by MSME actors from the results of providing MSME cash direct assistance and to determine the extent to which the results of economic growth in Kedumulyo Village are a result of the provision of direct cash. Data collection techniques in this study using observation, interviews, and documentation. Sources of data in the form of sources, events and activities, as well as documents. The data analysis technique used interactive analysis. The validity of the data is done by using source triangulation and technique triangulation. The results showed that related to the form of distribution of MSME BLT, namely through the nearest BRI Bank, MSME actors received MSME cash assistance 1 time, which was Rp. 2.400.000 million which was used to increase business capital. business development of MSME actors in Kedumulyo Village. Based on the results of the study, it can be concluded that the provision of direct cash assistance to MSMEs can have an impact on economic growth in Kedumulyo Village.

**Keywords:** Direct Cash Assistance, Economic Growth, MSMEs

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## 1. Introduction

Bank Indonesia estimates that the current account deficit in the 1st quarter of 2020 will be less than 1.5% of GDP, down from the 4th quarter of 2020 of 2.8% of GDP. However, Indonesia's external performance in the first quarter of 2020 improved. Going forward, the pressure on national economic growth will be even higher due to the relatively high rate of spread of COVID-19 in Indonesia since March 2020 (BPS, 2020). This is because the COVID-19 pandemic has occurred in various regions in Indonesia with varying intensities. Several areas, especially on the island of Java, have become the center of the spread of COVID19. This area is generally the center of government and economy and has a high population density, (Kemertian Keuangan, 2020). As a result, these areas were recorded to have higher COVID-19 positive death cases, so they were designated as red areas. As centers of COVID-19 transmission, these areas are required to make efforts to control and prevent the spread of COVID-19 (Ekarina & Fedrichson, 2020).. On the other hand, these efforts will have an impact on regional economic and social development. Pati Regency is one of the areas listed as a COVID-19 red zone in Central Java. (Penelitian et al., 2021)

There are several programs provided by the government for the recovery of cooperatives and MSMEs in the midst of the COVID-19 pandemic, one of which is the strategy of providing business capital for ultra-micro and micro-enterprises, which are expected to become incentives for business actors in developing businesses and, in the end, finally, bringing their business up to the next level. In addition, e-learning training will also be provided for MSME actors (TNP2K, 2020).

Around 69.02 percent of MSMEs experienced capital difficulties during the Covid-19 pandemic. Meanwhile, according to the Complaints Report to the Ministry of Cooperatives and SMEs as of October 2020, as many as 39.22 percent of MSMEs experienced difficulties with capital during the Covid-19 pandemic(Justin, Robert Sodo, 2013). These data show that capital assistance for MSMEs is important. Therefore, the government provides support for MSMEs in terms of capital through a credit restructuring program (Erwin Putra Permana, 2017). As of July 31, 2021, it was recorded that more than 3.59 million MSMEs had utilized this program with a value of IDR 285.17 trillion (BPS, 2020). The funds were distributed in the form of an MSME Interest Subsidy of Rp. 31,950 billion and a Micro Business Production Grant (BPUM) of Rp. 17.30 billion. Bhirawa Online also reported online on February 24, 2021 on how to optimize MSMEs in national economic recovery through the

Ministry of Cooperatives and MSMEs program. The Ministry of Cooperatives and SMEs launches the 1 million MSME go digital program (Ambarwati & Hidayati, 2021).

The same research was conducted by (Melania et al., 2021)The results of the analysis show that the provision of an Economic Safety Network on the impact of Covid-19, assets, and the number of workers have a significant positive effect.

The findings from this study prove that the Covid-19 Economic Safety Network program is feasible to be maintained and developed, then other research by Ippin (2020) with a focus on research on the provision of social assistance has an impact on the business continuity of MSMEs. This is in line with (Natasya & Hardiningsih, 2021). who found that business capital has a positive effect on the income of MSME entrepreneurs in the East Lamongan sub-district (Fuadi et al., 2020). The result of this research is that the BPUM mechanism starts from proposals, data cleaning, disbursement and supervision while its effectiveness is known that the provision of business capital through the BPUM program is quite effective because twelve informants have met five indicators of effectiveness so that it has a positive impact in helping meet the family's dharuriyat needs, (Syarifah et al., 2020). While another informant only met four indicators of effectiveness, the informant could not meet one indicator of effectiveness, namely the achievement of goals (Yusup et al., 2019)

. Referring to these problems and considering that similar studies have been conducted. However, previous research has never explored how useful cash transfers are for economic growth. So, the researchers intend to explore research on how much benefit MSME direct cash assistance is for economic growth in Kedumulyo Village, to find out the benefits felt by MSME actors from the results of providing MSME cash direct assistance, how to distribute MSME direct assistance and to find out the extent of the growth results. economy in Kedumulyo Village as a result of the provision of direct cash assistance.

## **2. Method**

This study uses qualitative methods. The data collection technique used in this study is to use interviews and documentation (Sugiyono, 2018). The qualitative research method is named the new method because it has not been long for its popularity, it is called the post positivistic method because it is based on the philosophy of positivism (Winando Yoga, 2020). Qualitative research is a research procedure that produces descriptive data in the form of written/oral words from other people/observable behavior. According to Ronny Kuntur, qualitative research is research with qualitative data, generally in the form of narratives or pictures. (Bogdan, 2012:42)

This research was conducted by analyzing the usefulness of MSME cash transfers for economic growth in Kedumulyo Village. Data collection techniques in this study using observation, interviews, and documentation. Sources of data in the form of sources, events and activities, as well as documents. Data analysis techniques using interactive analysis with steps to systematically search and compile data obtained from interviews, observations and documentation by organizing data into categories and describing them in units as well as compiling, and making conclusions so that they are easily understood by researchers and others.

The data was obtained from interviews with MSME actors who received MSME BLT which were taken 9 samples from five different RWs within the scope of Kedumulyo Village. The validity of using source triangulation and technique triangulation. In addition, researchers also made direct observations with MSME actors who received MSME BLT in Kedumulyo Village. his research was conducted in March-April 2022.

## **3. Results and Discussion**

### **a. The form of direct distribution of MSME cash assistance in Kedumulyo Village**

Announcements related to the application of MSME cash direct assistance, namely through village officials, in addition through neighbors who are conveyed by word of mouth, so that MSME actors know that there is direct MSME cash assistance that will be provided by the Cooperative Service. The way MSME actors register themselves as recipients of MSME direct cash assistance is to apply through village officials by completing several requirements such as a photocopy of family card, photocopy of ID card, and filling out the form provided by the Cooperative Service. MSME actors know that they are the recipients of MSME cash direct assistance, namely by checking online via the link provided and for those who do not check it

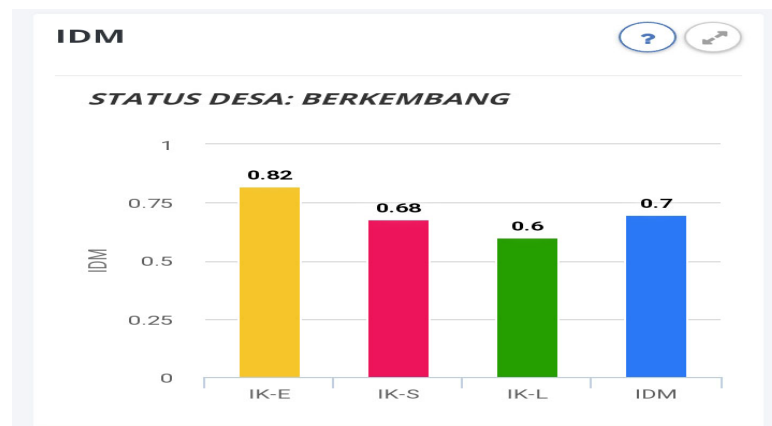
online, BRI Bank officers will visit them. The method of distributing the MSME cash assistance directly through Bank BRI is by completing several requirements, besides that MSME actors who get the MSME BLT are required to take loans for capital in the amount of 1 million to 10 million.

**b. The benefits felt by MSME actors from the results of providing MSME cass**

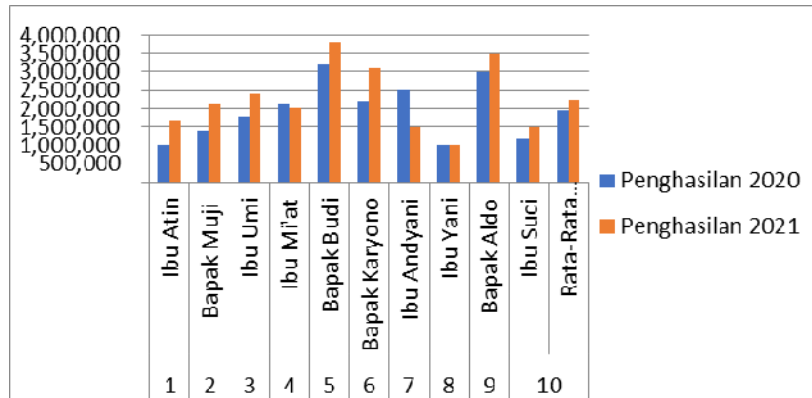
The benefits felt by MSME actors from the results of providing MSME cash direct assistance The amount of MSME cash direct assistance provided in the first stage was IDR 2.4 million. Rp 10 million. BLT MSME recipients are also not allowed to have KUR or Cooperative loans. Based on this, it can be concluded that the provision of direct cash assistance for MSMEs is used by MSME actors affected by COVID-19 in accordance with the goals desired by the government, namely for additional business capital so that these businesses can survive and even develop further in the midst of the COVID-19 pandemic. Based on this, it can be concluded that MSME actors in Kedumulyo Village received direct MSME cash assistance once, namely in the first stage.

**c. To what extent are the results of economic growth in Kedumulyo Village as a result of the provision of direct cash assistance to MSMEs**

The business they run has decreased in sales during the covid-19 pandemic, namely experiencing a decrease in sales due to the covid-19 pandemic which has caused economic sluggishness, one of which is caused by the dismissal of employees. and factory workers, that the average income of MSME actors in Kedumulyo Village before receiving direct cash assistance from MSMEs was Rp. 1,500,000 to Rp. 3,000,000, with this income as much as possible the MSME actors made their minds in order to keep their business in the middle. covid-19 pandemic. Based on the results of these interviews, it can be concluded that the average income of MSME actors in Kedumulyo Village after receiving direct cash assistance from MSMEs, which is above Rp. 3,000,000, with the provision of direct cash assistance, the income of MSME actors increases and can develop. With the provision of direct MSME cash assistance, which has an impact on business development undertaken by MSME actors, 7 out of 9 MSME actors feel the impact of development on the business they live as a result of the MSME direct cash assistance



Figur 1. Economic Growth in Kedumulyo Village



Figur 2. Economic Growth in Kedumulyo Village Before and After Providing MSME Cash Direct Assistance

## Discussion

### 4.1 The form of direct distribution of MSME cash assistance in Kedumulyo Village

The announcement of the application for MSME cash assistance cannot be separated from the responsibility of village officials. This is influenced by the effectiveness of the distribution of BLT MSMEs which cannot be separated from the alertness and foresight of village officials. In order to be right on target and fit for purpose, a number of criteria that need to be met as recipients of BLT MSMEs are publicly published by the government. In order to be right on target and fit for purpose, a number of criteria that need to be met as recipients of BLT MSMEs are publicly published by the government. These criteria serve as guidelines for village officials to propose a list of BLT MSME recipients. With the aim that the MSME BLT is really effective as an antidote for the economy of rural communities, especially MSME actors affected by the COVID-19 pandemic. The next stage is how MSME actors register themselves as recipients of MSME cash direct assistance, namely submitting via village officials by completing several requirements such as photocopies of family cards, photocopies of ID cards, and filling out forms provided by the Cooperative Service. MSME actors know that they are the recipients of MSME cash assistance, namely by checking online through the link provided by Bank BRI. how to distribute the MSME cash direct assistance through Bank BRI by completing several requirements, such as bringing an E-KTP, Photocopy of Business Identification Number or SKU, bringing a Family Card (KK), Signing absolute responsibility for evidence as a MSME BLT recipient, Verifying documents and data. The authors' research findings are in accordance with the results of research conducted (Syarifah et al., 2020) it can be concluded that the BPUM implementation mechanism begins with data submission, data cleaning, disbursement, and monitoring/reporting. Submission of BPUM data is carried out directly by the community. MSME actors can register directly with the local cooperative and micro-enterprise office or through the RT/RW, village and sub-district offices depending on the jurisdiction of each district. The disbursement of BPUM 2020 funds begins with notification to the public who are registered as BPUM recipients via SMS notification or can be verified via the broken form website, complete the complete accountability letter and complete the account opening form for members of the economy who do not have an account, the funds will be channeled to their respective accounts.

### 4.2 The benefits felt by MSME actors from the results of providing MSME cash direct assistance

The benefits felt by MSME actors in Kedumulyo Village who received direct cash assistance, namely from the provision of MSME cash direct assistance provided by the Social Service, can be used as additional capital, by providing the direct cash assistance can help MSME actors to maintain and develop their businesses. The provision of direct cash assistance in the first stage is Rp. 2.4 million. The provision

of direct cash assistance for MSMEs is used to increase business capital such as adding merchandise and innovating in selling, with the aim of developing business capital. The program for providing direct cash assistance to MSMEs is more than sufficient to expand production. MSME actors received direct MSME cash assistance, namely receiving assistance 1 time in the first stage, in the first stage the government launched MSME cash assistance in the amount of Rp. 2.4 million for 12 million MSME actors affected by COVID-19. This study is the same as the research conducted (Malini & Herawati, 2021). that the efficiency of the use of BPUM funds is in the high category. This means that micro businesses in Buleleng Regency have rationally and effectively used BPUM funds to finance micro business production activities such as purchasing raw materials, purchasing merchandise, and other equipment. When micro business actors can effectively utilize the government's business capital support, the benefits of BPUM will be maximized. Other supporting research, namely research conducted (Untari et al., 2019). can be concluded that the difficulties faced by MSMEs are: (a) Limited Business Capital; (b) Soaring prices for raw materials and auxiliary materials due to the planned increase in the basic electricity tariff; (c) limited technical design knowledge such as aesthetics, production technology, market trends and others; (d) proper marketing management has not been implemented; (e) The quality of human resources is still low so that the company's leadership has not been able to implement proper production management.

#### **4.3 The extent to which the results of economic growth in Kedumulyo Village are the result of the provision of direct cash assistance to SMEs**

The extent to which the results of economic growth in the village of Kedumulyo as a result of the provision of direct cash assistance to MSMEs, namely based on the data that has been presented in the form of a bar chart, shows that there is an increase in income as a result of the provision of direct cash assistance to MSMEs in the village of Kedumulyo.

The business undertaken by MSME actors is experiencing a decline in sales due to the Covid-19 pandemic which has caused economic sluggishness, one of which is caused by the dismissal of employees and factory workers, the difficulty of finding work. So that makes MSME actors experience a decline in sales of their merchandise and difficulties in running their business. The average income of MSME actors in Kedumulyo Village before receiving direct MSME cash assistance was Rp. 1,500,000 to Rp. 3,000,000. The average income of MSME actors in Kedumulyo Village after receiving MSME cash assistance is above Rp. 3,000,000 per month. With the provision of direct cash assistance for MSMEs, it has an impact on the business development undertaken by MSME actors. From the bar chart that has been presented, it shows that the economy in Kedumulyo Village is growing, it is shown from the average income of MSME actors before getting MSME BLT, which is IDR 1,980,000 while the average income after getting MSME BLT is IDR 2,260,000. Economic Growth =  $\frac{GDPT - GDPT-1}{GDPT-1} \times 100\%$

$$\begin{aligned} & \text{GDBt-1} \\ & = \text{IDR } 2,260,000 - \text{IDR } 1,940,000 \times 100\% \\ & = \text{IDR } 1,940,000 \\ & = 16.55\% \end{aligned}$$

From the results of these calculations, with the provision of direct cash assistance, MSMEs experienced a growth of 16.5%. Basically, MSME actors have been able to manage finances quite well but not in detail in their implementation such as financial planning, (Sandra Ayu Satyawati, 2019). The government's program in tackling the impact of the Covid-19 pandemic is very helpful in the business productivity of MSME actors (Majid et al., 2021). The rise of MSME actors will provide hope for economic growth in Batang Regency.

#### 4. Conclusion

Announcements related to the application for direct cash assistance for MSMEs, namely through village officials, in addition through neighbors who are conveyed by word of mouth, so that MSME actors know that there is direct MSME cash assistance that will be provided by the Cooperative Service. The way MSME actors register themselves as recipients of MSME cash direct assistance is to apply through the village apparatus by completing several requirements such as a photocopy of KK, photocopy of E-KTP, and filling out the form provided by the Cooperative Service. MSME actors know that they are the recipients of MSME cash assistance, namely by checking online via the link <https://eform.bri.co.id/bpum>. For the distribution of BLT MSMEs themselves, namely through Bank BRI.

The amount of direct MSME cash assistance provided in the first stage was Rp. 2.4 million. In addition to receiving MSME direct cash assistance, MSME actors were required to take loans ranging from Rp. 1 million to Rp. 10 million. The provision of direct cash assistance for MSMEs is used by MSME actors affected by COVID-19 in accordance with the goals desired by the government, namely for additional business capital. MSME actors in Kedumulyo Village received direct MSME cash assistance once, namely in the first stage.

The efforts of MSME actors experienced a decline in sales due to the Covid-19 pandemic, which made the economic downturn, one of which was caused by the dismissal of employees and factory workers, the difficulty of finding work. The average income of MSME actors before getting MSME BLT was Rp. 1,500,000 to Rp. 3,000,000. After the MSME BLT was given, the average income for MSME actors was above IDR 3,000,000. With the provision of direct cash assistance for MSMEs, it has an impact on the business development undertaken by MSME actors.

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