

## FINANCE OF FISCAL DEFICIT THROUGH THE ISSUANCE OF STATE SUKUK AND ITS IMPACT ON MACROECONOMIC CONDITIONS IN INDONESIA

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### ABSTRACT

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The impact of the issuance of State sukuk as financing the fiscal deficit and macroeconomic conditions on economic development in Indonesia. This research was conducted with the aim of finding out how state sukuk are used as financing and the macroeconomic conditions for the development of sharia banking in Indonesia. The data used to carry out this research is using library research analysis and is also supplemented with some data with donations from literature as a source for finding news and data needed during this research. In Arabic, *saak* comes from the word *saak*, but According to the National God Fatwa, Sukuk is a subah of securities in the form of a certificate. Currently, the type of sukuk that is the choice as a sharia investment in Indonesia is retail sukuk because sukuk is an example of an investment of choice for Muslims because it does not contain elements of uncertainty or usury. Sukuk also use a contract that states its validity.

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### INTRODUCTION

Sukuk in Indonesia itself has experienced quite significant growth starting from 2002, when in that year the number of sukuk reached IDR. 175 billion. Not only eastern countries in Asia, Europe and America have experienced very rapid growth.

The role of sukuk as a financial instrument, namely sukuk, can help secure the needs of the APBN in Indonesia. There are several factors driving the development of sharia financial instruments, especially sukuk, namely (1) There are specific funding needs that require a new sukuk structure. (2) the increasing participation of conventional investors in the Islamic financial market.

In Indonesia itself, sukuk is a part of the sharia financial market. OJK and the government are working together to encourage each region or region to issue and display sukuk as a source of APBN funding.

Even though the sukuk market does not have a big impact on direct economic growth in Indonesia, the sukuk market also has a strong influence on state spending so that it can help encourage economic growth.

Based on the explanation above, we as authors are of the opinion that Indonesia as a country whose population is Muslim should develop a sharia-based economic process by making sukuk one of the sharia transactions in Indonesia. For this reason, we as authors have chosen the title of this article "Development of State Sukuk Issuance as Physical Deficit Financing and Macroeconomic Conditions in Indonesia".

### RESEARCH METHODS

The research method used in writing this article is the library research method. During the data collection period, it was carried out by searching for literary sources from documents, both documents in the form of photos or drawings and can be electronic documents that can help us in this writing process. This library research method is a method that collaborates and combines journals, books or other literature sources. So that we can understand and deepen our knowledge and understanding of the titles we raise.

## RESULTS AND DISCUSSION

Over the last few years, Sukuk has experienced quite significant growth in the development of Islamic finance in Indonesia. From 2001 to 2016, there were around 29 countries displaying sukuk on the global market. One of the countries that contributes most to this is our neighboring country, namely Malaysia.

Around 55% of Malaysia's sovereign sukuk are issued on the global market, followed by Saudi Arabia with 14%, UAE with 9% and our country, Indonesia with 8.1%. Indonesia is a country where the majority of the population is Muslim, so it must be able to exploit its potential to increase the development of sukuk.

Throughout 2022, the Indonesian Stock Exchange recorded a total of 104 bond issuances from 68 issuers or worth IDR 131.46 trillion. So up to now there have been 512 recorded emissions using an outstanding nominal value of IDR. 459.15 trillion and US\$ 47. Apart from that, the IDX recorded 176 series of Government Securities with a value of Rp. 102.04 trillion and US\$ 411.08 million.

Below is an example of a graph of the development of sukuk in Indonesia :



Graph 1. development of sukuk in Indonesia

Based on the data listed above, state sukuk continues to experience development from year to year. Every year there is an increase and increase in the number of ethnic groups obtained by the state. In 2021 it appears that the government will continue to issue sukuk.

The policies implemented by the APBN show how the government needs funds to carry out economic development, namely facilities and infrastructure, human resources and modern economic institutions. Therefore, the government must prepare large funds to carry out economic development. The APBN deficit policy taken by the government to increase economic growth has consequences for finding sources of financing. The huge potential for domestic financing should be exploited by the government.

Issuance of state sukuk to finance the revenue and expenditure budget (APBN), including financing project development. (such as infrastructure projects in the energy sector). Issuance of state sukuk by the government has several benefits, in general the benefits of issuing state sukuk are similar to the issuance of other state securities. State sukuk have an effect on the capital market and have risks that must be faced. One of the risks faced by the state is first, rate of return risk. This risk exists in all types of fixed return sukuk. Second, there is the risk of Sharia compliance, which in rapid market development can lead to sukuk strictures that cannot meet sharia aspects.

National sukuk market. In Indonesia itself, the first sukuk on the market was a corporation issued by PT Indosat Tbk, namely OS Mudharabah Indosat. This sukuk was issued on October 30 2002 with a value of Rp. 175 billion and has a tenor of 5 years. So at the end of December 2010, based on the 2010 Sharia Banking Development Report (LPPS) published by Bank Indonesia, the number of sukuk that had been issued reached 47 items, so that the cumulative total value in 2010 reached a nominal value of IDR 7.81 trillion from this nominal amount of IDR 1 .69 trillion has been repaid, as a result the value of the sukuk which are still scattered and have not matured has reached a nominal value of IDR 6.12 trillion

Fiscal deficit financing or bonds, which are financed through state sukuk issuers, are a great alternative for developing countries ( *emerging markets*) currently. From the government's side, if there is an increase in the stock of domestic bonds that comes from increasing investment instrument outlets for companies and banks. Apart from that, the relatively lower interest rates in industrial countries and the stable economy of developing countries means that demand for domestic government bonds is increasing.

Sukuk is one option that can be taken to invest. The development in our country regarding sukuk is quite encouraging, in the period of sukuk in our country when various contracts are used with the products being contracted. In this way, sukuk can be bought and sold by all groups, both sharia and conventional.

Sukuk owned by the Indonesian state is one of the tribes that many investors are interested in because the sukuk in Indonesia are issued by the Indonesian government so they are fully guaranteed by the Indonesian government.

With the existence of this sukuk in our country, it will certainly help our country to participate in project financing, thereby making sukuk an alternative source of financing and funding for economic sustainability and also the development of national infrastructure, facilities and infrastructure in Indonesia.

One method that can be used in developing sukuk in Indonesia so that it continues is by preparing legal infrastructure so that sukuk can be considered as a good alternative instrument in accordance with various regulations. With these regulations, legal guarantees for the owners or holders of sukuk in our country. Therefore, the government must be able to strengthen infrastructure by implementing policies to support the implementation of sukuk in Indonesia.

## CONCLUSION

Sukuk are sharia securities in the form of certificates or proof of ownership that have the same value and represent an indeterminate share. There are also several characteristics regarding sukuk, namely that they are sukuk assets (*ushul al-Shukuk*), namely they are used as issuance which must comply with sharia principles.

In principle, issuance of sukuk must be for a certain period of time unless agreed in the contract or regulated by applicable laws and regulations. The sukuk issuer is obliged to pay income to the sukuk holder in the form of yield/margin/fee and repay the sukuk funds at maturity in accordance with the contract.

Sukuk As an aid to meeting state needs from the APBN budget and also other needs. The existence of sukuk in Indonesia can help the economy in this country at a time when sukuk have quite a large influence on state funding.

To continue to maintain the rate of growth of sukuk in Indonesia, it is necessary to strengthen legal infrastructure. With these regulations, legal guarantees for the owners or holders of sukuk in our country. Therefore, the government must be able to strengthen infrastructure by implementing policies to support the implementation of sukuk in Indonesia.

## SUGGESTION

Sukuk can be a consideration among the public in investing because sukuk is an investment based on Islamic principles that provides profits to investors. And also the risk of investing in sukuk is not too big , in the future sukuk will continue to develop both in terms of recording, calculations and in practice. It is hoped that Sukuk can become ideal finance so that it can be a solution for improving the economy in Indonesia in the future.

In writing this article we realized that there were many shortcomings in both form and content. Therefore, we advise readers to provide criticism and suggestions to improve the articles we will write next and we hope that this article can be useful for readers and can increase knowledge more broadly.

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