Analysis of Poverty in Indonesia

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Abstract

Destination from the study this study aims to determine the development of poverty in Indonesia and determine the poverty level between provinces in Indonesia in the 2016-2020 period. The method used is descriptive qualitative with secondary data, namely data on the poverty line, number, and poverty level in Indonesia from the Central Statistics Agency for the 2016-2020 period. Based on results analysis, extreme poverty in Indonesia decreased from March 2016 – to March 20-19 but increased in 2020 due to Covid-19.

I. Introduction

Poverty is still a critical problem that threatens the whole world, and researchers in both developed and developing countries are primarily interested in this problem. Poverty is wrong one disease in the economy, so it must be cured or reduced. The problem of poverty is indeed a complex problem that is comprehensive, multidimensional in nature, covers various aspects of people's lives, and is implemented in an integrated manner so that it becomes a development priority.

Term poverty appears when somebody or a group of people cannot meet the level of economic prosperity that is considered the minimum requirement of a standard of living. So far, the Indonesian Government has had many existing poverty alleviation programs. The Government's efforts to solve the problem of poverty have been taken in various ways, ranging from capital or cash assistance programs to the poor to the transmigration program (TNP2K).

A critical aspect of supporting poverty reduction strategies is accurate poverty data. When the data is available, the Government can decide what to do for the response. In addition, available data could make Government compare the number of poverty in the year. With thereby, effort empowerment of the poor can run efficiently, effectively, and on target, reducing the poverty rate to 6-7 % (BAPPENAS, 2019) even without poverty.

Poverty

According to the Big Indonesian Dictionary, "poverty" comes from "poor," which means you have no possessions and are lacking. In the Indonesian context, poverty is defined as an individual's disability in meeting the minimum basic needs for a more decent life far mentioned poverty is a condition which is at underline common value need a minimum, suitable for food and nonfood which are called line poverty (*poverty line*) or called line poverty, (Nuri Taufik et al., 2021). In addition, poverty is also related to limited employment opportunities, and usually, those who are categorized as poor (*the poor*) do not have a job (unemployment), and their education and health levels are generally inadequate. (Debrina Vita Ferezagia: 2018).

Poverty can be seen from two sides, namely absolute poverty and relative poverty (Mudrajad Kuncoro, 2006). Poverty Absolute means someone is said to be poor if his income is more low from line poverty absolute or with term another amount of income not

enough to fulfill need tree minimum (Nunung Nurwati, 2008). The need is measured by *monetary value* as the limit (Prasetyoningrum & Sukmawati, 2018). Meanwhile, what is meant by poverty A relative is a person belonging to a relatively poor group if he has been able to meet the basic needs of his life, but it is still much lower than the condition of the surrounding community. Based on this concept, the poverty line will change if the level of people's lives changes so that the concept of poverty is dynamic or will always exist. Therefore, poverty can be viewed from social inequality, which means that the more significant the gap between the income levels of the upper and lower classes, the bigger also will, the more extensive and total population which always categorized as poor. (Gamal Abdul Aziz, 2016). Poverty is measured based on comparing groups in society (Irfan Sauqi Beik and Arsyiant, 201 7).

Based on the causes, poverty can be divided into natural poverty, structural poverty, and cultural poverty (Sulia Sukmawati, 2018). First, poverty is Natural. Natural poverty, also called natural poverty, is a state poor because, of course, already poor. Areas that usually experience natural poverty are regions isolated far from source power. Example People who experience natural poverty live on the top of a mountain far from residential areas, making it difficult to get help. Second, poverty is Structural. Structural poverty is the condition of poverty that arises due to social structure, which causes people to be marginalized and difficult to gain access to various opportunities. Structural poverty will be shown through these essential elements where when structural poverty occurs in the community, changes in conditions occur because the community must adapt to existing conditions.

The entry of foreign elements that cause structural poverty impacts pattern adaptation must they apply. Poverty: The two communities' structural problems were triggered by capitalism, which pervaded all sectors, including the plantation and forestry sectors (Heru Purwandari: 2011). Third, Poverty Cultural. Cultural poverty is related to attitudes toward a person or group of people who do not want to improve their level of life even though there are efforts from other parties to help them. (Dadang Solihin, 2020) . This poverty is caused by lifestyle, living habits, and culture in which they already feel sufficient and inadequate.

Jhingan (2016) that natural resources and human resources cause the cause of poverty. Not the possibility of natural resources can affect the level of welfare of local communities and humans. If the population has low education, it will result in a shortage of technical skills, knowledge, and entrepreneurial activities, which will automatically cause the available natural resources to be neglected, not developed, or even misused. So that humans will not have income which causes their purchasing power to decrease. This will enter into the circle of poverty (Prasetyoningrum & Sukmawati, 2018). In addition, poverty can occur due to unequal patterns of resource ownership. The poor people only have resources in limited quantities and of low quality {Mudjarat Kuncoro, 2006 }.

According to Ragnar Nurske, the vicious *circle of poverty* illustrates the causes of poverty, and This is due to low savings, low investment, lack of capital, low productivity, low income that returns lead to low savings, and so on (Prawoto, 2009). Thus, according to Nurske, there are two types of cycles of poverty that prevent developing countries from reaching the level of rapid development, namely in terms of capital supply and demand for capital.

In terms of demand, if the number of poor people is low, income will be low, which causes low demand so that investment will drop. Low investment returns lead to low capital and productivity, resulting in a limited market area for this type of goods. In terms of supply, low productivity is reflected in low-income levels low people's ability to save.

This will lead to low investment and capital formation, and the country will eventually experience a lack of capital, which will lower productivity levels (Jhingan, 2016). An agreed-upon measure is needed to determine whether the person is poor or not. Many perceptions become benchmarks; in Indonesia, the benchmark is the minimum expenditure of a person's needs to meet basic needs, both basic food needs and nonfood basic needs for a month. This term is known as the poverty line. A population is poor if per capita expenditure per month is below the Poverty Line.

The Food Poverty Line (GKM) is the value of spending on minimum food needs, equivalent to 2100 kilocalories per capita per day. The commodity package for basic food needs is represented by 52 types (grains, tubers, fish, meat, eggs and milk, vegetables, nuts, fruits, oils, fats, etc.). The Non-Food Poverty Line (GKMN) is the minimum requirement for housing, clothing, education, and health. Commodity packages for nonfood basic needs are represented by 51 commodities in urban areas and 47 commodities in rural areas (Andhika Arie Prasetya et al., 2021).

After knowing the poverty line in an area will be easy to determine the amount or level of poverty in that area. To get the number of poor people using the *Headcount* Index /HCI-P0, a percentage of the Poor (Headcount *Index* /P0) is the percentage of the poor below the poverty line. The Headcount Index measures the proportion categorized as poor. It knows the percentage of the population categorized as poor. The figure shown by HCI-P0 shows the proportion of poor people in an area—the percentage of the population poor, which tall shows that the poverty level in a region is too high (BPS).

Theoretically, poverty can be overcome through economic growth in a country. The surplus of capital generated through economic growth is expected to alleviate poverty by allocating or investing particular capital in empowering the poor (Emiraldo Win Pazqara, 2018). *The first* step that must be taken is to create a conducive business and investment climate. Field conditions in Indonesia where conflicts often occur, including a bureaucracy that is too centralized which tends to make it difficult to administer a business and investment license. Therefore, it is time for it to be implemented in Indonesia. Something breakthrough new in Thing service public which fasts and effectively handles licensing issues. *Second,* realizing community empowerment. Amid the abundance of natural resources in Indonesia and the large population, this should be an asset of the nation as an instrument of development. It is time to apply the concept of *entrepreneurial* or entrepreneurship in community empowerment so that it is expected to trigger creativity, innovation, and the ability to manage natural resources and convert them into capital. *Third*, directly or indirectly, eradicating corruption has a significant impact on poverty. Firm and indiscriminate law enforcement and provide a deterrent effect, full implementation of accountability for the performance of public officials so that there is a control mechanism, as well as optimizing the authority of the corruption eradication institution (KPK) are expected to reduce the culture of corruption at most negligible.

In addition, various kinds of programs are implemented by the Government in improving the living standards of the poor by fulfilling essential services and sustainable livelihoods, including social assistance (in the form of Raskin, BLT), essential services (in the form of poor scholarships, Jamkesnas, and PKH), and strengthening livelihoods. Economic development (in the form of PNPM, UMKMK, pro-people programs) in strengthening this economy, the poor are provided with entrepreneurship and technical skills to be competitive in productive economic activities. In addition, one of them is optimizing Village-Owned Enterprises (BUMDes) (Ministry of National Development Planning, 2014).

II. Research Method

This study uses a descriptive quantitative approach to examine the problem under study (Anney, 2014). At the same time, the data source is based on electronic searches in journals and other website publications that discuss the issue of poverty and inequality in Indonesia because the data presented in the form of numbers is the result of measurements from the Central Statistics Agency, which has high reliability and reliability (Sandjadja, 2006) then presented in graphical form. The data in this study is a type of secondary data that is processed from the Central Statistics Agency. The data used in this study is data on the number of poverty in Indonesia (Anney, 2014).

III. Results and Discussion

3.1 Poverty in Indonesia

In order to address the problem of poverty, the priority in Indonesia is to improve the quality of poverty data. With accurate poverty data, it will be easier to support Government programs to realize Indonesia without poverty. The number of poor people in Indonesia is absolute poverty because it is determined based on income below. Every year has increased because the minimum cost of food and nonfood has increased. By increasing the poverty line, the number of poverty can be known.

Although the poverty line is the benchmark in determining the poverty level, the development of the poverty rate in Indonesia has relatively decreased except in 2020. In 2017 it decreased by approximately 234.17 thousand people compared to 2016. In 2016 the number of poverty was around 28,005.39 (thousand people), and in 2017 it became 27,771.22 (thousand people). In 2018 it decreased with the number of poor people 25,949.80 (thousand people) until 2019, the number of poor people decreased to 25,144.72 (thousand people). The decline in the number of poverty in the 2016-2019 period was due to the increase in the number of funds spent on social assistance, and in addition, the social assistance program held to tackle poverty had targeted the inferior group, so that the poor had expenditures that exceeded the poverty line standard. However, it rose again in 2020 to 26,424.02 (thousand people). The increase in 2020 was at least due to COVID-19; many workers were laid off, resulting in no income, which was categorized as poor. In addition, the social assistance budget decreased in 2020.

The outbreak of this virus has an impact of a nation and Globally (Ningrum *et al*, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

In 2020 the poverty that occurs was structural because poverty caused by the community is difficult to obtain opportunities and move freely in their activities, especially in terms of economic activities. As a result of COVID-19, many government policies have limited people's activities so that the movement of the economy has slowed down. This poverty _ This causes the community to experience changes in conditions so that it occurs because the community must be able to adapt to existing conditions. The entry of foreign elements (the COVID-19 virus), which is the cause of structural poverty, influences the adaptation patterns they must implement.

3.2 Poverty due to Pandemic Covid-19

The neediness rate in Indonesia has again ascended to twofold digits during the Covid-19 pandemic. The Central Statistics Agency (BPS) recorded it at 10.19% as of September 2020 (Ningrum et al., 2020). Beforehand, in 2015-2018, the public authority of President Joko Widodo (Jokowi) figured out how to lessen the destitution rate to single digits. The number of needy individuals in Indonesia as of September 2020 was 27.5 million. This figure expanded 11% from September 2019, 24.8 million needy individuals, and turned into the absolute bottom over the most recent five years. During the Covid-19 pandemic, Indonesia's financial imbalance has likewise augmented. BPS recorded a Gini proportion of 0.385 as of September 2020 (Gibson & Olivia, 2020). It was 0.005 focuses higher than September 2019, which was 0.380. Gini proportion coefficient is determined on a size of 0-1. The number 0 methods excellent monetary balance; in actuality, 1 demonstrates excellent imbalance. Gini coefficient underneath 0.3 means low monetary imbalance. Then, at that point, between 0.3-0.5 is remembered for classifying moderate disparity. In the meantime, above 0.5 means high disparity. This implies that Indonesia's economic disparity is still in the moderate classification. (GDP) per capita, which is how much the average pay of the populace in a nation likewise diminished. Indonesia's GDP per capita in 2020 was recorded at IDR 56.9 million or US$ 3,911.7 (Al Masud et al., 2021). This figure is lower than the earlier year, which was Rp 59.1 million or US$ 4,174.5. This decrease in GDP per capita can diminish Indonesia's monetary class. As a matter of fact, in the earlier year, the World Bank updated Indonesia's class to an upper-center pay country. The World Bank utilizes the map book technique because of Gross National Income (GNI) per capita. The worth of GNI per capita for lower center pay nations is in the scope of US$ 1,036-4,045 (World Bank, 2020).

IV. Conclusion

The Central Bureau of Statistics defines it as an individual's disability in fulfilling need base minimum for a life worthy. Furthermore, it is stated that poverty is a condition that is below the standard value-line for minimum needs, both for food and nonfood, which is called the poverty line or also called the limit. In Indonesia, the number of poverty has decreased except in 2022 due to Covid -19.

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