

# **Bank Indonesia**

**Report for the Financial Year  
1981/1982**

**ISSN 0376 - 4303**

# Bank Indonesia

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TEGAL, TELUKBETUNG, TERNATE, UJUNG PANDANG, YOGYAKARTA.

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## NOTES, SYMBOLS AND SOURCE OF DATA

- r Revised figures
- \* Provisional figures
- \*\* Incomplete figures  
(i.e. compiled from incomplete data)
- . . . Data not yet available
- Nil or less than the last digit
- ( ) Partial data
- x Break in comparability before and after the symbol
- \$ United States Dollar

Source of data : Bank Indonesia, unless mentioned otherwise.

## INTRODUCTION

In 1981 the Indonesian economy grew at a relatively high rate, even though exports and the balance of payments were affected by the world economic recession. Strong growth was registered by farm production, particularly rice, as a result of the government intensification efforts and expansion of area brought under cultivation in recent years. Encouraging developments took place on domestic price front with rate of inflation declining. However, the persistence of world economic slump and weak demand for oil led to a fall in non-oil and non-LNG exports and a slowdown in the rate of oil and LNG exports. As a result, the balance of payments which was in surplus in the preceding few years, turned into a deficit. However, monetary and fiscal measures adopted by the government in the previous years and appropriate changes in those during 1981/82 served to moderate the adverse impact of world recession on domestic economic activity. In the face of continuing slack in the world economy a few important steps were taken in January 1982 to stimulate exports.

Overall economic growth, measured in terms of real GDP, was 7.6% in 1981 as compared with 9.9% in the preceding year. The production of food crops, particularly rice, registered a remarkable increase, after showing a record performance in 1980. Mining production, for the first time in many years, also posted a positive growth. Forestry production, however, continued to decline.

The agricultural production in the aggregate grew by 3.5%, a deceleration from 5.2% in 1980. However, rice production increased remarkably by 10.5% in 1981, mainly as a result of improved extension services, more effective

support price policy and relatively favorable weather conditions. Respectable growth was also recorded in production of secondary crops, especially peanuts. In the estate sector, the growth in production of rubber, tea and tobacco was also significant. The production of timber, on the other hand, continued to fall as a consequence of government restrictions on log exports.

Following a declining trend in the preceding three years, mining production grew at a rate of 3.3% in 1981. Marked increases were registered by coal, liquefied natural gas (LNG), tin and copper. However, oil production, with a dominant position in the mining sector, declined by 2%. It is worth noting that oil production picked up moderately towards the end of 1981 but fell back to a lower level since early 1982, due to marketing problems following excess supply of oil in the international market. By contrast, the production of LNG rose in 1981, in fact at a slightly higher rate, because of relatively secure market under long-term sale contracts.

The manufacturing sector continued to grow at a respectable rate of 12%, mainly due to the high level of consumption spending sustained by the income growth in the previous year. Rapid output growth was recorded notably in cement, motor vehicles and tires, electronic products and clove cigarettes industries. This high growth was induced by the government efforts to promote industrial development through incentives, most notably in the form of lower import duty on raw materials, capital goods and intermediate inputs.

The balance of payments registered a deficit of about \$ 1.0 billion in 1981/82, after recording a substantial surplus of \$ 2.7 billion in the previous year. Consequently, net international reserves held by the Central Bank decreased to \$ 6.4 billion at the end of 1981/82. The large deficit in the balance of payments resulted mainly from worsening current account which made a turnaround from the surplus of \$ 2.2 billion in 1979/80 and 2.1 billion in 1980/81 to a deficit of 2.4 billion in 1981/82. Capital inflows, though rising, were not adequate to offset the deficit.

Export earnings virtually stagnated during 1981/82. Oil and LNG exports increased by only 9% to \$ 18.8 billion, after rising by 40% in the preceding year. This weakening was due to the unfavorable developments in the unit price and volume. The unit price of oil went up by only 8% in 1981/82 as compared with 44% in the previous year, and export volume declined to 468 million barrels from 481 million barrels in 1980/81. Non-oil exports fell by 25%, steeper than that in the preceding year. Almost all major commodities in this group suffered a setback. The sharpest drops in export values were registered by rubber, timber, palm oil and coffee. The decrease in rubber exports was attributable to the weak demand in the international market, while the fall in palm oil exports resulted mainly from a surge in domestic consumption. The slackness in exports of timber and coffee were largely due to the restrictive export policies. In the case of timber, a curb was enforced on log exports in an attempt to stimulate domestic timber processing industry. Restrictions on coffee exports were imposed by the International Coffee Organization in order to prevent a further slide in world coffee prices.

In facing up to the protracted world eco-

nomic slump and in an attempt to augment the share of non-oil and non-LNG commodities in total exports, the government introduced in January 1982 a set of measures, popularly known as "January Export Policy". These provided far more liberal terms for export credit, instituted export credit guarantee and export insurance schemes, and introduced simplification of export documentation procedure, abolishment of export surrender requirement and reduction of red tape, levies and charges. In addition, the government adopted a policy of linking purchases from abroad on government account to the obligation to export commodities from Indonesia.

Imports remained at a high level of \$ 17.5 billion, but the rate of increase decelerated to 23% from 33% in the previous year.. Most of the increase was accounted for by imports of oil for domestic consumption and imports by LNG companies to accommodate increased exploration activities. Consequent to the increase in rice production, imports of rice declined substantially from 1.2 million tons in 1980/81 to 0.4 million tons valued at \$ 193 million in 1981/82. On the other hand, imports of sugar and fertilizer rose markedly by 46% and 38%, respectively.

The export slump and the poor performance of balance of payments had a significant impact on the rate of monetary expansion and changed the relative importance of factors affecting the money supply. Unlike in the past few years, the external sector was no longer a significant factor in money supply expansion. The shrinkage in its expansionary effect, which was offset only partly by the decrease in the contractionary impact of government finance, prompted the monetary authority to adopt a more relaxed credit policy, thereby maintaining

stimulus to exports and domestic production. Notwithstanding, money supply expansion continued to slow down from 37% in 1980/81 to 30% in 1981/82. Total liquid assets, which comprise money supply in narrow sense plus time and savings deposits, showed a similar change, expanding by 28% as compared with 36% in 1980/81.

In line with the lower monetary expansion, inflation rate went down to 9.8% from 15.9% in 1980/81. The situation of subdued inflation prevailed despite the large price increase of 4.7% in the month of January 1982, as a result of a 60% rise in domestic price of oil. In fact, for calendar year 1981 the inflation rate was only 7.1% as compared with 16.0% in 1980, a significant deceleration. The main factors underlying the lower inflation rates during fiscal 1981/82 and calendar 1981 were bumper rice harvest, slower increase in import costs and appreciation of the rupiah vis a vis some major currencies other than US dollar.

The government continued to pursue "balanced budget policy", total revenue and total expenditure, both at Rp 13.9 trillion, increased by 19% in 1981/82 as against 45% in the preceding year. The smaller increase was due mainly to the reduced rate of receipts from oil corporation tax, and lower domestic receipts from other sources. Receipts from export taxes even declined at a steeper rate than in the preceding year. Slackening non-oil exports, recent reductions in export taxes and import duties, were the main factors which contributed to the lower rise of revenues.

Routine and development expenditures had approximately equal shares in the total expenditure, i.e. Rp 6,978 billion and Rp 6,940 billion, respectively. Routine expenditure, increasing by about 20% from the preceding year's fig-

ure, was spent mostly on fuel subsidies, material purchases and subsidies to autonomous regions. Development expenditure, up by 17%, was largely allocated to the sectors of mining and energy, communication and tourism and agriculture and irrigation. Allocation for educational developments was substantially increased. It is worth noting that the share of development expenditure funded by public savings has been maintained at 75% in 1981/82 despite the slower growth of government revenues.

Total bank credit expanded by 33% to Rp 10.8 trillion during 1981/82, accelerating from 29% in the previous year. This reflected the relatively easy credit policy introduced through a 37% increase in the ceilings on bank credits in 1981/82. This policy was designed to achieve a high level domestic activity and to stimulate exports in the wake of world economic recession. Among major categories, credit extended under the small investment credits (KIK) and permanent working capital credit (KMKP) schemes recorded a remarkable growth, by 59% to Rp 1,078 billion. These credits are extended to indigenously-owned small-scale enterprises as a part of the government income distribution policy. Other credits such as Pasar Inpres credits, Mini credits, Midi credits and Candak Kulak credits also posted a significant increase.

With a view to promoting exports, special treatment was accorded to export credits. These credits were extended not only for financing the production and collection activities prior to shipment, but also for purchases or imports of goods to be used in production for export and for financing exports already shipped. The interest rate applicable to preshipment financing was reduced from 12% to 6% for "strong" export commodities and 9% for "weak" export

commodities. In the case of postshipment financing, the interest was 6% for all export commodities. Furthermore, self-financing requirement was lowered from 30% to 15% of total financing need.

Given the slackness in export earnings and the bleak prospects for capital inflows, brought about by the present world recession, the need for mobilization of funds domestically increased. Accordingly, efforts to step up mobilization of private savings through financial intermediaries and to develop savings habit of the people were intensified. These included improved services for Tabanas (the national development savings scheme) depositors, an extension of tax exemption period for securities and improved organization and administration of the capital market. As a result, the amount of funds mobilized through time deposits, Tabanas savings and issues of short and long-term securities kept on increasing at a rapid rate. Time deposit increased by 36% to Rp 1,761 billion in 1981/82 as compared with 19% in the preceding year. Though at lower rate than in the previous year, Tabanas deposits increased significantly, i.e. by 24% to Rp 400 billion. Money market papers issued by finance companies also showed a substantial increase of 38% to reach total of Rp 364 billion. The number of companies offering their shares in the capital market increased from 6 to 10, with total issues of about Rp 76 billion, more than double the previous year's figure.

In the sphere of banking, the government policy was largely directed towards increasing the relative position of national private banks and expanding banking services in outer regions. In this regard, the conditions to be fulfilled by national private banks for opening branch of-

fices and obtaining a foreign exchange bank status for a branch office were relaxed and simplified. To encourage banking business in outer regions, local clearing facilities were expanded, and capital and technical assistance were extended to local development banks.

As a result of the promotional efforts of the government in recent years, the banking sector expanded vigorously. In 1981/82 total assets, total funds mobilized and loans extended rose by 31%, 27% and 40%, respectively. A few national private banks still opted for mergers in 1981/82 with the result that the number of national private bank decreased. On the other hand, the number of their offices increased. A similar development was also experienced by insurance companies.

To sum up, the Indonesian economy continued to demonstrate its resiliency during 1981/82, although the country's exports and balance of payments were adversely affected by the world economic recession. The rate of economic growth was still quite high and, in fact, ranked highest among many countries of the world. Encouraging developments took place in several areas of the economy, particularly in rice production and the control of inflation. Furthermore, policy measures introduced to encourage exports will hopefully contribute more to the Indonesia's economic endurance in the future.

The Governor of Bank Indonesia

RACHMAT SALEH

## I. MONETARY DEVELOPMENT

### A. Monetary Development and Policy

Indonesia's monetary developments during 1981/82 were heavily influenced by a deterioration in its balance of payments as a result of world economic recession. After imparting a large expansionary impact during the preceding two years, the balance of payments made negligible contribution to the expansion of domestic liquidity in 1981/1982. A large part of the reduced expansionary impact of the foreign sector on domestic liquidity was offset by a decline in the contractionary impact of the Government budget as a result of lower growth rate of receipts from oil corporate tax. With a view to sustain a relatively high level of economic growth, especially in the industrial sector, the Monetary Authority eased the credit policy. In addition, in order to halt a further deterioration in the external balance, the Government adopted a series of measures designated to boost the exports of non-oil commodities (non-oil and non-LNG commodities) commonly known as "Export Policy of January 1982".<sup>1)</sup> This policy comprised, among others, the relaxation of export credit terms, provision of export credit guarantees and export insurance facilities, simplification of export procedures, and easing of foreign exchange regulations for exports.

Domestic liquidity<sup>2)</sup> in 1981/82 expanded by 28.4%, compared with 36.2% in 1980/81 and 39.6% in 1979/80. However, given the re-

duced rate of inflation during 1981/82, domestic liquidity in real terms grew at a higher rate, i.e. 16.6% in 1981/82 compared with 16.4% in 1980/81 and 15.6% in 1979/80.

The rate of inflation, as measured by the Consumer Price Index (CPI), during 1981/82 went up only by 9.8%, despite a 60% rise in domestic prices of petroleum fuels in January 1982. Factors moderating price increase included, among others, excellent rice harvests which ensured stability in food prices, declining prices of imported commodities as a result of world economic recession and effective appreciation of the rupiah against several strong currencies outside the US dollar.

As mentioned above, to sustain the domestic economic activities, the Monetary Authority took steps permitting a larger expansion of bank credits. The ceiling of credits and other assets of the banking system during 1981/82 was fixed at Rp 3,020 billion (36.1%) compared with Rp 1,850 billion (27.2%) in 1980/81. During 1981/82 the volume of credits expanded by 35.7% compared with 29.7% in 1980/81.

### B. Money Supply and Factors Affecting its Change

Money supply, comprising currency and demand deposits, reached Rp 6,777 billion at the end of 1981/82 or increased by 30.0% compared with 37.3% in 1981/82. In real terms, money supply registered an 18% increase during 1981/82, the highest increase ever recorded during the past few years.

Component-wise, the role of demand deposits in money supply continuously increased.

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1) Government Regulation No. 1 of 1982, dated January 16, 1982.

2) Domestic liquidity comprises currencies, demand deposits and quasi-money.



At end of the reporting year, it reached 62% compared with 57% at end of 1980/81. The increasing role of demand deposits was contributed by the wider use of banking services, reflecting higher public confidence in the banking institutions. It is worth mentioning, in 1969/70 demand deposits covered only 38% of total money supply.

Unlike that of the previous years, during 1981/82 bank credits was the main source of the monetary expansion, i.e. Rp 2,718 billion (32.8%) as compared with Rp 1,836 billion (28.4%) in 1980/81. The expansionary impact originated from credits to business enterprises and individuals, up by Rp 1,970 billion and from credits to public enterprises, by Rp 748 billion. The increase in credits to private enterprises and individuals was closely related to the Government efforts to promote activities of the economically weak groups. Within the bank credits to public enterprises and Government entities, credits to Bulog for the financing of domestic procurement of rice recorded the largest increase as rice production experienced a remarkable growth.

In 1981/82, foreign sector did not yield a significant expansionary impact as it did in the past two years. Net foreign assets contributed an expansionary impact of only Rp 26 billion compared with Rp 2,342 billion in 1980/81 and Rp 2,622 billion in 1979/80. As previously stated, the lower expansionary impact from the foreign sector was attributable to the deficits in the balance of payments, resulting from non-oil export declines, in addition to the rise in imports.

The government sector in 1981/82 registered a slight contractionary impact on the money supply, i.e. only Rp 100 billion as compared with Rp 1,821 billion in 1980/81. This was

caused mainly by the increase in government expenditures, whereas receipts, especially from oil corporate tax, indicated a declining trend.

Quasy-money<sup>3)</sup>, a contractionary factor on the expansion of money supply, recorded an increase of Rp 684 billion or 25.4% compared with 34.2% in 1980/ 81. This lower rate of growth was mainly on account of less attractive interest rate offered on these deposits as compared with the rates abroad. It may be added that foreign exchange time deposits were the major source of expansion of quasi-money.

Furthermore, net other items indicated a contractionary impact on the money supply by Rp 397 billion compared with Rp 256 billion in 1980/81. This higher contractionary impact was, inter alia, the result of the rise of profits of banking institutions.

### C . Monetary Prospects for 1982/83

The international economic situation in 1982/83 is expected to be dominated by economic recession. This will significantly influence the domestic economic and monetary developments since international trade plays an important role in Indonesian economy.

The impact of foreign sector on money supply, which was slightly expansionary in 1981/82, is expected to impart a significant contractionary impact in 1982/83. This projection is based on the consideration that export promotion measures might not directly yield positive results, due to the prevailing weaknesses of demand for Indonesia's export commodities. Further, the rate of increase in government revenues, especially receipts from oil

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3) Comprises savings deposits in rupiah and foreign currency plus demand deposits in foreign currency.

corporate tax and export tax, is estimated to be lower than that in 1981/82, whereas government expenditures would continue to be maintained at a relatively high level.

With a view to sustaining relatively high economic growth and price stability, the policy of fixing the ceilings on credits and other domestic assets of banks will continue to be pursued in 1982/83. In addition, the

Monetary Authority will continue to direct credits to priority sectors, particularly among the economically weak groups with the aim of achieving equitability in conducting business, and in labor intensive industries and export oriented activities.

Taking the above assumptions into consideration, the rise in domestic liquidity for 1982/83 is anticipated to be at a relatively high level.

**TABLE 1.1**  
**DOMESTIC LIQUIDITY**  
( billions of rupiah )

End of period <sup>1)</sup>	Domestic liquidity <sup>2)</sup>			Money supply <sup>3)</sup>		Quasi money <sup>4)</sup>	
	Total Rp	Changes (%)		Out- standing Rp	% of Total	Out- standing Rp	% of Total
		Annual	Quart- erly				
1970	330	41.6		250	75.8	80	24.2
1970/71	365	37.3		270	74.0	95	26.0
1971	469	42.1		321	68.4	148	31.6
1971/72	548	50.1		360	65.7	188	34.3
1972	695	48.2		475	68.3	220	31.7
1972/73	769	40.3		530	68.9	239	31.1
1973	987	42.0		669	67.8	318	32.2
1973/74	1,203	56.4		784	65.2	419	34.8
1974	1,452	47.1		937	64.5	515	35.5
1974/75	1,584	31.7		1,027	64.8	557	35.2
1975	1,978	36.2		1,250	63.2	728	36.8
1975/76	2,262	42.8		1,428	63.1	834	36.9
1976	2,631	33.0		1,603	60.9	1,028	39.1
1976/77	2,844	25.7		1,815	63.8	1,029	36.2
1977/78	3,275	15.2	4.6	2,111	64.5	1,164	35.5
1978/79							
June	3,481		6.3	2,240	64.4	1,241	35.6
September	3,639		4.5	2,371	65.2	1,268	34.8
December	3,809 <sup>5)</sup>	21.7	4.7	2,488	65.3	1,321 <sup>5)</sup>	34.7
March	4,155 <sup>6)</sup>	26.9	9.1	2,800	67.4	1,355 <sup>6)</sup>	32.6
1979/80							
June	4,477		7.8	3,005	67.1	1,472	32.9
September	4,866		8.7	3,160	64.9	1,706	35.1
December	5,222	37.1	7.3	3,385	64.8	1,837	35.2
March	5,803	39.6	11.1	3,797	65.4	2,006	34.6
1980/81							
June	6,488		11.8	4,179	64.4	2,309	35.6
September	7,293		12.4	4,682	64.2	2,611	35.8
December	7,691	47.3	5.5	4,995	64.9	2,696	35.1
March	7,906	36.2	3.8	5,214	65.9	2,692	34.1
1981/82							
June	8,361		5.8	5,599	67.0	2,762	33.0
September	9,109		8.9	5,991	65.8	3,118	34.2
December	9,705	26.2	6.5	6,474	66.7	3,231	33.3
March *	10,154	28.4	4.6	6,777	66.7	3,377	33.3

1) Fiscal year ends March 31.

2) Consists of narrow money and quasi money ( $M_2$ ).

3) Consists of currency and demand deposits ( $M_1$ ).

4) Consists of time and savings deposits as well as foreign currency deposits held by domestic private sector.

5) Includes revaluation of foreign currency deposits amounting to Rp 83 billion.

6) Includes an additional revaluation of foreign currency deposits amounting to Rp 99 billion.

**TABLE 1.2**  
**MONEY SUPPLY**  
( billions of rupiah )

End of period 1)	Money supply			Currency		Demand deposits	
	Total Rp	Changes (%)		Out- standing Rp	% of Total	Out- standing Rp	% of Total
		Annual	Quart- erly				
1970	250	36.4		155	62.0	95	38.0
1970/71	270	28.2		167	61.9	103	38.1
1971	321	28.4		199	62.0	122	38.0
1971/72	360	33.3		210	58.3	150	41.7
1972	474	48.0		272	57.4	202	42.6
1972/73	530	47.2		291	54.9	239	45.1
1973	669	41.8		375	56.0	294	44.0
1973/74	784	47.9		421	53.7	363	46.3
1974	937	40.2		494	52.7	443	47.3
1974/75	1,027	31.0		538	52.4	489	47.6
1975	1,250	33.3		625	50.0	625	50.0
1975/76	1,428	39.0		659	46.2	769	53.8
1976	1,603	28.2		781	48.7	822	51.3
1976/77	1,815	27.1		853	47.0	962	53.0
1977/78	2,111	16.3	5.2	1,036	49.1	1,075	50.9
1978/79							
June	2,240		6.1	1,110	49.5	1,130	50.5
September	2,371		5.9	1,156	48.8	1,215	51.2
December	2,488	24.0	4.9	1,240	49.8	1,248	50.2
March	2,800	32.6	12.5	1,369	48.9	1,431	51.1
1979/80							
June	3,005		7.3	1,493	49.7	1,512	50.3
September	3,160		5.2	1,480	46.8	1,680	53.2
December	3,385	36.1	7.1	1,552	45.9	1,833	54.1
March	3,797	35.6	12.2	1,774	46.7	2,023	53.3
1980/81							
June	4,179		10.1	1,955	46.8	2,224	53.2
September	4,682		12.0	2,130	45.5	2,552	54.5
December	4,995	48.0	6.7	2,153	43.1	2,842	56.9
March	5,214	37.3	4.4	2,229	42.8	2,985	57.2
1981/82							
June	5,599		7.4	2,365	42.2	3,234	57.8
September	5,991		7.0	2,444	40.8	3,547	59.2
December	6,474	29.6	8.1	2,545	39.3	3,929	60.7
March *	6,777	30.0	4.7	2,543	37.5	4,234	62.5

1) Fiscal year ends March 31.

**TABLE 1.3**  
**MONEY SUPPLY AND INDEX OF REAL MONEY**

End of period 1)	Money supply (billions of Rp)	Price index (April 1977— March 1978 = 100)	Money supply in real terms (billions of Rp)	Index of real money (March 1979 = 100)
1970	250	32.32	774	33.67
1970/71	270	34.19	790	34.36
1971	321	33.12	969	42.15
1971/72	360	34.48	1,044	45.41
1972	475	41.68	1,130	49.54
1972/73	530	41.64	1,273	55.37
1973	669	53.07	1,261	54.85
1973/74	784	61.35	1,278	55.59
1974	938	70.74	1,326	57.68
1974/75	1,027	73.69	1,394	60.64
1975	1,250	84.68	1,476	64.20
1975/76	1,428	88.26	1,618	70.38
1976	1,603	96.70	1,658	72.12
1976/77	1,815	98.95	1,834	79.77
1977/78	2,111	108.93	1,938	84.30
1978/79				
June	2,241	108.92	2,057	89.47
September	2,371	110.72	2,141	93.13
December	2,488	115.36	2,157	93.82
March	2,800	121.77 2)	2,299 2)	100.00 2)
1979/80				
June	3,005	132.27	2,272	98.83
September	3,160	139.78	2,261	98.35
December	3,385	143.07	2,366	102.91
March	3,797	147.14	2,581	112.27
1980/81				
June	4,179	156.61	2,668	116.05
September	4,682	160.78	2,912	126.56
December	4,995	167.55	2,981	129.67
March	5,214	172.14	3,029	131.75
1981/82				
June	5,599	174.73	3,204	139.36
September	5,991	177.40	3,377	146.89
December	6,474	179.82	3,600	156.59
March*	6,777	189.63	3,574	155.45

1) Fiscal year ends March 31.

2) Based on the Consumer Price Index of Indonesia; prior to March 1979 the index was based on the Cost of Living Index for Jakarta.

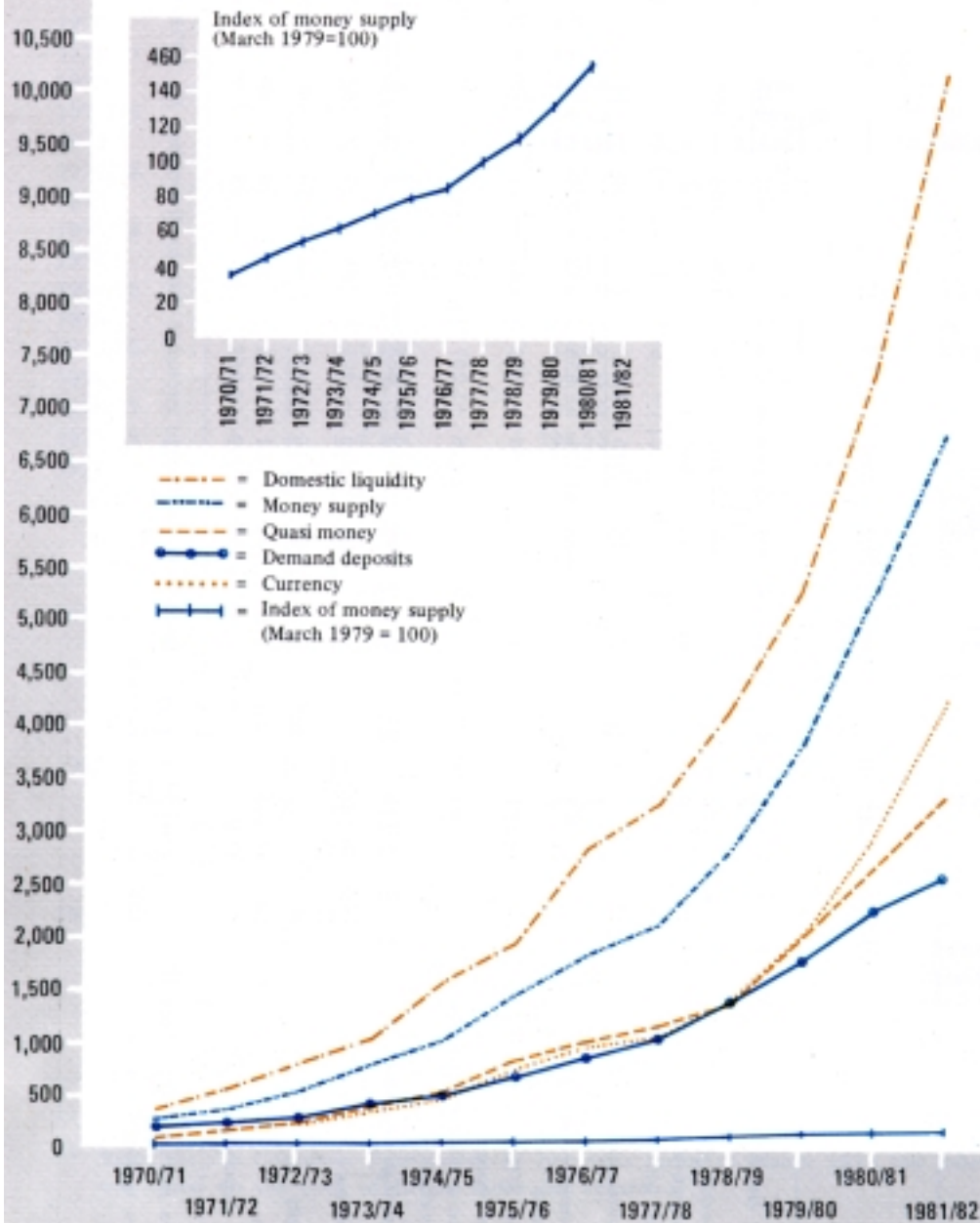
**TABLE 1.4**  
**FACTORS AFFECTING MONEY SUPPLY**  
(billions of rupiah )

Items	1977/78	1978 <sup>1)</sup>	1978/79	1979	1979/80	1980	1980/81	1981	1 9 8 1				<u>1982</u> I	1981/82
									I	II	III	IV		
I. Net foreign assets	+ 590	+ 641	+ 802	+1,864	+2,622	+3,050	+2,342	+ 304	+ 301	- 147	+ 118	+ 33	+ 22	+ 26
1. Foreign exchange reserves	+ 274	+ 582	+ 899	+1,018	+1,086	+1,401	+1,676	- 179	+ 499	- 176	- 197	- 304	+ 154	- 523
2. Other foreign assets	+ 326	+ 59	- 97	+ 846	+1,537	+1,589	+ 666	+ 483	- 198	+ 29	+ 315	+ 337	- 132	+ 549
(Of which blocked account)	(+149)	(- 77)	(- 155)	(+ 85)	(+ 81)	(- 5)	(- 5)	(+ 36)	(- -)	(+ 41)	(- 1)	(- 4)	(- 3)	(- 33)
II. Central Government	- 293	- 265	- 291	- 826	-1,179	-1,915	-1,821	- 570	- 299	- 417	- 138	+ 284	+ 171	- 100
III. Claims on entities/enterprises and individuals	+ 358	+1,487	+1,606	+ 927	+ 808	+1,671	+1,836	+2,348	+ 308	+ 651	+ 799	+ 590	+ 678	+2,718
1. Claims on official entities and public enterprises	- 57	+ 900	+ 974	+ 372	+ 250	+ 493	+ 539	+ 593	- 14	+ 72	+ 307	+ 228	+ 141	+ 748
2. Claims on private enterprises and individuals	+ 365	+ 587	+ 622	+ 555	+ 558	+1,178	+1,297	+1,755	+ 332	+ 579	+ 492	+ 362	+ 537	+1,970
IV. Time and savings deposits 2)	- 155	- 195	- 191	- 516	- 650	- 858	- 685	- 534	+ 4	- 70	- 356	- 112	- 146	- 684
V. Net other items	- 175	-1,186	-1,237	- 551	- 604	- 338	- 255	- 68	- 95	+ 368	- 31	- 311	- 422	- 396
Money supply	+ 205	+ 482	+ 689	+ 897	+ 997	+1,610	+1,417	+1,480	+ 219	+ 385	+ 392	+ 484	+ 303	+1,563
- Currency	+ 182	+ 261	+ 333	+ 312	+ 405	+ 601	+ 455	+ 393	+ 76	+ 136	+ 79	+ 102	- 2	+ 314
- Demand deposits	+ 113	+ 221	+ 356	+ 585	+ 592	+1,009	+1,962	+1,087	+ 143	+ 249	+ 313	+ 382	+ 305	+1,249

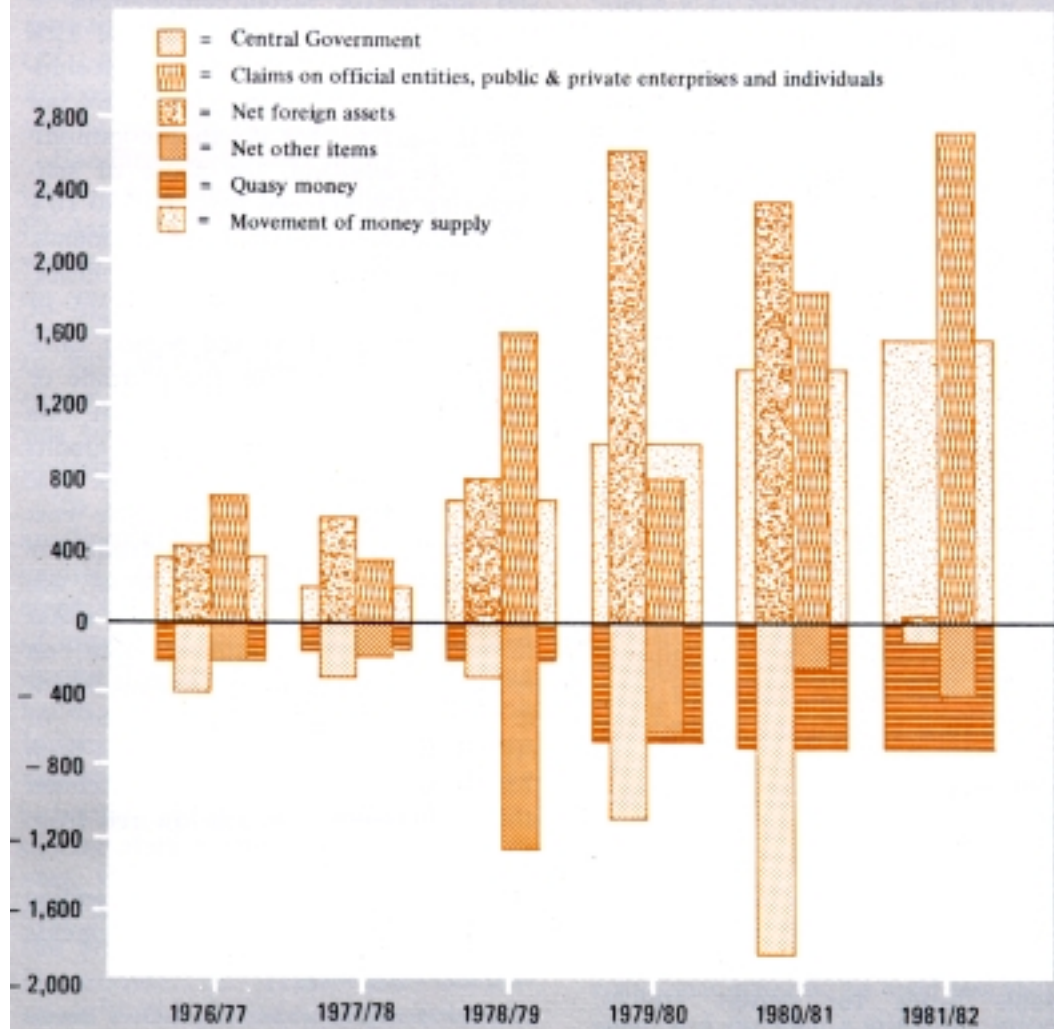
1) Includes increases from valuation adjustments of balances denominated in foreign exchange due to November 15, 1978 rupiah devaluation.

2) Includes foreign currency deposits held by private residents.

# MONEY SUPPLY AND DOMESTIC LIQUIDITY



# FACTORS AFFECTING MONEY SUPPLY





## II. BANK CREDIT DEVELOPMENT

### A. Credit Policy

Important measures in credit policy during the reporting year were relaxation of terms for export credit and for credit for financing production of export commodities. This policy was part of the Government strategy to step up exports. Another development in credit policy was the introduction of a credit scheme for promoting higher education. In addition, selective credit policy adopted in the past years were further improved.

The policy of regulating credit expansion through the imposition of ceilings on bank credits continued to be pursued. As mentioned earlier, in order to enable the domestic economy to adjust to external conditions, Bank Indonesia set a higher ceiling for credit expansion in 1981/82. The ceiling on bank credits, initially fixed at 28% (Rp 2,186 billion), was raised to 37% (Rp 2,888 billion), much above the preceding year's expansion of 28% (Rp 1,753 billion). Excluding credits from Bank Indonesia, this ceiling would be 43% (Rp 2,397 billion) as compared with only 32% in the preceding year.

With a view to reducing dependency on oil/LNG as a source of foreign exchange receipts, which reflected unfavorable movement recently, the Government took a series of measures designed to boost exports and production of non-oil and non-LNG commodities. These measures covered, inter alia, favorable terms for export credits, provision of collateral for such credits, provision of insurance facilities for exports, simplification of export procedures and easing of foreign exchange regulations relating to exports.

Previously, bank credits for financing of exports were restricted to activities in collection and production of goods for exports. Under the new policy, the scope of activities eligible for export credit was expanded. Activities undertaken during the interval between the shipment of export goods and the acceptance of usance draft or negotiation of sight draft overseas were also made eligible for export credit. Credits for financing pre-shipment activities, such as, collecting and producing, carried interest rate of 6% for "weak commodities"<sup>1)</sup> in contrast to the existing rate of 12% on pre-shipment credit. For post-shipment activities, a uniform rate of 6% per annum was fixed for all export commodities.<sup>2)</sup> In addition, the share of self financing was reduced from 30% to 15% of the total financial requirements.

To prevent misuse of these facilities, Bank Indonesia set a penalty rate of 1.5% over and above the regular rates of credits for the financing of trade or production. Further, the interest rate on Bank Indonesia's refinancing credits to the respective handling bank was raised to 8.5% per annum. The cost to handling banks arising from the relaxation of these credit terms was partly shared by Bank Indonesia, either through a lower interest rate on refinancing credits or replenishment in interest cost. The amount of refinancing availability was re-

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1) Ministry of Trade and Cooperatives Decree No. 30/KP/I/82, January 18, 1982; include coffee, palm oil, crude palm oil and palm kernels, logs, tea and mining products such as tin, bauxite, nickel and coal.

2) Bank Indonesia Circular Letter No. 14/4/ UKU, January 18, 1982.

duced from 75% to 60% of the total credit extended and its interest rate was lowered from 4% to 3% p.a.<sup>3)</sup>

Since the risk involved in extending export credit and in receiving payments from abroad are high, the Government devised insurance schemes, one relating to export credit guarantee and another to export insurance. Export credit guarantee is a guarantee provided to handling banks against nonpayment by exporters while export insurance covered risk to exporters against nonapparent from abroad. Unlike export credit guarantee, export insurance scheme is optional. In case of loss, under export insurance scheme, the insurance company (PT Askrindo) will replenish up to 85% of losses incurred, and the remainder will be borne by the exporter.<sup>4)</sup>

Handling banks were obliged to cover their export credits by a guarantee with PT Askrindo. Premium on the guarantee was to be borne equally by Bank Indonesia and the handling bank. In case of loss, PT Askrindo would replenish up to 85% of the guaranteed amount of export credit extended and the balance was to be shared equally by Bank Indonesia and the handling bank.

To ensure supply of raw materials, auxiliary goods, spare-parts and selected capital goods, the Government took steps to ease regulations on financing of imports of such goods. It was decided during the reporting year that handling banks could obtain refinancing from Bank Indonesia for financing import guarantee deposits as well as LC balances, while hitherto refinancing facility was restricted only to the LC

balances. However, this refinancing credit is available only for financing imports of commodities under the listing determined by the Department of Trade and Cooperatives.<sup>5)</sup> The financing of guarantee deposits for import of commodities not listed above, which was previously prohibited, were allowed provided such financing was made out of the owned resources of handling bank. The amount of import guarantee deposits was left to the discretion of individual handling bank.<sup>6)</sup>

The Government further eased its regulations on investment credits with a view to boost business of those availing of such credits. Now Bapindo and stateowned commercial banks could extend a second credit to the same customer even though less than 75% of obligation on first credit was repaid. A third credit could also be extended provided that the first credit was fully repaid.<sup>7)</sup>

To encourage development of education, the Government relaxed terms on investment credits for construction and repairs of school buildings as also for financing of equipments in private colleges. The relaxations are provided only for such credits up to Rp 200 million, in the form of reduction in the self-financing requirement to 10% from the prevailing level of 25% for priority projects, and 50% for nonpriority projects of the total credit. Moreover, maturity period for such credit was extended to 15 years from the existing period of 10 years.<sup>8)</sup>

In November 1981, it was decided to assist

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3) Bank Indonesia Circular Letter No. 14/6/ UKU, February 25, 1982 and Bank Indonesia Circular Letter No. 14/4/ UKU, January 18, 1982.

4) Minister of Finance Decree No. 32/KMK. 011/1982, Januari 18, 1982.

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5) Minister of Trade and Cooperatives Decree No. 56/KP/III/78, March 2, 1978

Minister of Trade and Cooperatives Decree No. 165/KP/IX/78, Sept. 20, 1978

Minister of Trade and Cooperatives Decree No. 95/KP/III/80, March 17, 1978

6) Bank Indonesia Circular Letter No. 14/1/UKU, September 18, 1981

7) Bank Indonesia Circular Letter No. 14/3/UPK, April 20, 1981

8) Bank Indonesia Circular Letter No. 14/3/UKU, December 3, 1981

teachers by providing bank credits on easy terms for financing their purchase of motorcycles. Those eligible for this type of credit must be permanent teachers employed by public or vocational schools, be aged less than 50 years and drawing a minimum salary of Rp 70,000.00. The maximum amount of credit was to be equal to the value of motorcycles purchased, and the amount of self-financing being determined on the ability of each borrower. The interest on this credit was fixed at 10.5% p.a. with a maximum maturity of 5 years, and collateral being the motorcycle purchased. Handling banks were eligible refinancing credits from Bank Indonesia at 3% interest rate up to 80% of the amount advanced.<sup>9)</sup>

During the past several years, paddy hullers and rice mills expanded rapidly and in some areas even resulted in excess capacity. Facing this situation, credits extended to these activities were discontinued, pending review of companies engaged in this activity. With the completion of the review, this credit was reintroduced in June 1981, with priority credits being given to state enterprises, cooperatives and indigenous entrepreneurs. The refinancing facility from Bank Indonesia was made available for this credit.<sup>10)</sup>

In an effort to expand KIK and KMKP credit, the Government eased the regulations on collateral for KIK and KMKP credits. The new regulations standardized credit insurance agreements among handling banks and any addendum thereto between Bank Indonesia and

PT Askrido. In addition, KIK, KMKP and other credits extended to individuals were required to be insured with PT Askrido for the whole amount, with the exception of credits extended under Presidential Instruction No. 14A of 1980, and credits guaranteed by the Government, such as Bimas scheme for paddy and secondary crops. In case of credits to corporate bodies the insurance requirement was imposed only to KIK and KMKP credits.<sup>11)</sup>

## B. Credit Developments

At end of the reporting year, outstanding of credits extended by banks totalled Rp 10,783 billion, an increase of 32% (Rp 2,629 billion) compared with 29% (Rp 1,827 billion) in the preceding year. This large increase, the highest in the past three years, attributable mainly from easing of credit ceilings. The largest portion of this increase went mainly to trade and manufacturing sectors. Outstanding credits extended by commercial and development banks advanced by 38% (Rp 2,263 billion) as compared with that of 35% in the preceding year. Credits extended by Bank Indonesia were up by 16% (Rp 366 billion), almost the same as that in the earlier year, of which the largest amount went to Bulog for food procurement.

As shown in Table 2.1., bank credits outstanding to all economic sectors, except mining, went up. Credits to the trade sector expanded substantially by Rp 1,238 billion or by 61%, and bulk of these were for financing wood and textile exports, fertilizer and insecticide imports, provision of domestic food (especially

9) Bank Indonesia Circular Letter No. 14/2/Ukk, November 3, 1981

10) Bank Indonesia Circular Letter No. 14/2/UPK, June 17, 1981.  
Bank Indonesia Circular Letter No. 14/3/UPK, June 17, 1981.

11) Bank Indonesia Circular Letter No. 14/3/UKK, February 25, 1982.

**TABLE 2.1**  
**BANK CREDITS IN RUPIAH AND FOREIGN EXCHANGE**  
**BY ECONOMIC SECTORS <sup>1)</sup>**  
(billions of rupiah)

Particulars	March 31					June	Sept.	Dec.	March
	1977	1978 <sup>2)</sup>	1979 <sup>3)</sup>	1980	1981	30, 1981	30, 1981	31, 1981	31, 1982
<b>Credits in rupiah</b>	<b>2,524</b>	<b>2,830</b>	<b>5,103</b>	<b>5,915</b>	<b>7,795</b>	<b>8,361</b>	<b>9,123</b>	<b>9,754</b>	<b>10,321</b>
— Agriculture <sup>4)</sup>	274	297	364	411	616	701	760	813	898
— Mining <sup>5)</sup>	209	187	1,752	1,801	1,819	1,692	1,726	1,693	1,643
— Manufacturing <sup>6)</sup>	807	933	1,312	1,722	2,377	2,560	2,767	2,938	3,162
— Trade	794	908	1,095	1,247	2,019	2,366	2,720	3,046	3,224
— Service rendering industry	264	329	398	411	504	542	609	672	702
— Others	176	176	182	323	460	500	541	592	692
<b>Credits in foreign exchange</b>	<b>1,193</b>	<b>1,115</b>	<b>387</b>	<b>412</b>	<b>359</b>	<b>380</b>	<b>392</b>	<b>405</b>	<b>462</b>
— Agriculture	12	—	1	1	—	—	—	—	—
— Mining	891	857	—	—	—	—	—	—	—
— Manufacturing	263	245	359	398	348	369	384	386	419
— Trade	18	11	20	5	7	6	4	16	40
— Service rendering industry	7	2	5	5	3	3	4	3	3
— Others	2	—	2	3	1	2	—	—	—
<b>Total bank credits</b>	<b>3,717</b>	<b>3,945</b>	<b>5,490</b>	<b>6,327</b>	<b>8,154</b>	<b>8,741</b>	<b>9,515</b>	<b>10,159</b>	<b>10,783</b>
— Agriculture	286	297	365	412	616	701	760	813	898
— Mining	1,100	1,044	1,752	1,801	1,819	1,692	1,726	1,693	1,643
— Manufacturing	1,070	1,178	1,671	2,120	2,725	2,929	3,151	3,324	3,581
— Trade	812	919	1,115	1,252	2,026	2,372	2,724	3,062	3,264
— Service rendering industry	271	331	403	416	507	545	613	675	705
— Others	178	176	184	326	461	502	541	592	692

- 1) Excludes interbank credits, credit to Government, credit to non-residents, special liquidity credit and foreign exchange component of project aid.
- 2) Since March 31, 1978, excludes interest in arrears.
- 3) Includes increases from valuation adjustments due to the exchange rate revision on November 15, 1978, amounting Rp 497 billion for mining, Rp 124 billion for manufacturing, Rp 2 billion for trade, Rp 1 billion for services and Rp 1 billion for other sectors.
- 4) Processing of agricultural products is classified under manufacturing, following International Standard Industrial Classification (ISIC) 1968.
- 5) Includes credits to Pertamina for financing its debt services. Since March 1979 credits in foreign exchange to Pertamina has been converted to credits in rupiah.
- 6) Includes credits to PT Krakatau Steel.

**TABLE 2.2**  
**BANK CREDITS IN RUPIAH AND FOREIGN EXCHANGE**  
**BY MATURITY AND ECONOMIC SECTORS <sup>1)</sup>**  
(billions of rupiah)

Specification	March 31					June	Sept.	Dec.	March
	1977	1978 <sup>2)</sup>	1979 <sup>3)</sup>	1980	1981	30, 1981	30, 1981	31, 1981	31, 1982
<b>Short term credits</b>	<u>2,162</u>	<u>2,313</u>	<u>2,983</u>	<u>3,402</u>	<u>4,814</u>	<u>5,408</u>	<u>5,949</u>	<u>6,382</u>	<u>6,832</u>
— Agriculture <sup>4)</sup>	232	236	293	310	427	477	501	501	529
— Mining <sup>5)</sup>	268	253	217	178	168	163	160	91	21
— Manufacturing <sup>6)</sup>	571	598	1,022	1,348	1,713	1,898	2,034	2,114	2,282
— Trade	772	873	1,062	1,183	1,919	2,237	2,564	2,897	3,093
— Service rendering industry	146	186	215	67	141	162	185	219	251
— Others	173	167	174	316	446	471	505	560	656
<b>Investment credits</b>	<u>1,555</u>	<u>1,632</u>	<u>2,507</u>	<u>2,925</u>	<u>3,340</u>	<u>3,333</u>	<u>3,566</u>	<u>3,777</u>	<u>3,951</u>
— Agriculture	54	61	72	102	189	224	259	312	369
— Mining	832	791	1,535	1,623	1,651	1,529	1,566	1,602	1,622
— Manufacturing	499	580	649	772	1,012	1,031	1,117	1,210	1,299
— Trade	40	46	53	69	107	135	160	165	171
— Service rendering industry	125	145	188	349	366	383	428	456	454
— Others	5	9	10	10	15	31	36	32	36
<b>Total bank credits</b>	<u>3,717</u>	<u>3,945</u>	<u>5,490</u>	<u>6,327</u>	<u>8,154</u>	<u>8,741</u>	<u>9,515</u>	<u>10,159</u>	<u>10,783</u>
— Agriculture	286	297	365	412	616	701	760	813	898
— Mining	1,100	1,044	1,752	1,801	1,819	1,692	1,726	1,693	1,643
— Manufacturing	1,070	1,178	1,671	2,120	2,725	2,929	3,151	3,324	3,581
— Trade	812	919	1,115	1,252	2,026	2,372	2,724	3,062	3,264
— Service rendering industry	271	331	403	416	507	545	613	675	705
— Others	178	176	184	326	461	502	541	592	692

- 1) Excludes interbank credits, credit to Government, credit to non-residents, spacial liquidity credit and foreign exchange component of project aid.
- 2) Since March 31, 1978, excludes interest in arrears.
- 3) Includes increases from valuation adjustments due to the exchange rate revision on November 15, 1978, amounting Rp 497 billion for mining, Rp 124 billion for manufacturing, Rp 2 billion for trade, Rp 1 billion for services and Rp 1 billion for other sectors.
- 4) Processing of agricultural products is classified under manufacturing, following International Standard Industrial Classification (ISIC) 1968.
- 5) Includes credits to Pertamina for financing its debt services. Since March 1979 credits in foreign exchange to Pertamina has been converted to credits in rupiah.
- 6) Includes credits to PT Krakatau Steel.

sugar) and for the distribution of essential commodities. The expansion of credits in the manufacturing sector, by 31% (Rp 856 billion), went mainly to wood processing, textile, basic metal and pharmaceutical industries. The credits to the services sector rose by 39% (Rp 198 billion) which, inter alia, were for financing of sea transportation. Credits to the agricultural sector rose by 46% (Rp 282 billion), which largely went to rubber, smallholder' sugar cane, palm oil and for the development of sea fishery. The declining amount in the mining sector, by 10% (Rp 176 billion), was mainly due to the repayment of borrowings by Pertamina. As compared with the preceding year, the share of outstanding credits to trade sector rose from 25% to 30%, whereas it declined from 22% to 15% in the case of mining sector; in other sectors the

share remained practically the same. Despite its unchanged share of 33% in total credits, the manufacturing sector still absorbed the largest amount of additional credits.

The distribution of bank credits by economic sectors is shown in Table 2.2. Working capital credits outstanding, increased during the reporting year by 42% to reach Rp 6,832 billion while investment credits went up by 18% to Rp 3,951 billion. These credits were mainly used for financing of trade sector and manufacturing sector, their share at the end of reporting year being 45% and 33%, respectively. Investment credits went to the mining sector, manufacturing and services sectors with shares of 41%, 33% and 11%, respectively.

At end of the reporting year investment credits under BI's program of 1969, KIK and other

**TABLE 2.3**  
**INVESTMENT CREDITS OUTSTANDING <sup>1)</sup>**  
( billions of rupiah )

Type of credit	March 31					June	Sept.	Dec.	March
						30,	30,	31,	31,
	1977	1978 <sup>2)</sup>	1979	1980	1981	1981	1981	1981	1982
Investment credit under Bank Indonesia scheme <sup>3)</sup>	263	287	343	463	608	651	743	816	884
KIK	40	53	68	118	249	288	322	353	374
Others <sup>4)</sup>	1,252	1,292	2,096	2,344	2,483	2,394	2,501	2,608	2,693
Total	1,555	1,632	2,507	2,925	3,340	3,333	3,566	3,777	3,951

1) Excludes foreign exchange component of project aid credit.

2) Since March 31, 1978, excludes interest in arrears.

3) Based on the Announcement of the Board of Directors of Bank Indonesia No. Peng. I/DIR/1969, March 7, 1969.

4) Mainly credits to Pertamina and PT Krakatau Steel.

**TABLE 2.4**  
**INVESTMENT CREDITS BASED ON BANK INDONESIA REGULATION**  
**BY ECONOMIC SECTORS AND SOURCE OF FUNDS <sup>1)</sup>**  
(billions of rupiah)

Particulars	March 31					June	Sept.	Dec.	March
	1977	1978	1979	1980	1981	30, 1981	30, 1981	31, 1981	31, 1982
<b>Credits outstanding</b>	<u>263</u>	<u>287</u>	<u>343</u>	<u>463</u>	<u>608</u>	<u>651</u>	<u>743</u>	<u>816</u>	<u>884</u>
1. By economic sector									
— Agriculture	41	57	70	78	99	115	136	148	155
— Mining	4	3	2	2	10	10	16	25	30
— Manufacturing	97	109	118	158	195	207	225	256	295
— Service rendering industry	111	106	144	207	276	288	330	351	367
— Others	10	12	9	18	28	31	36	36	37
2. By source of funds									
— Bank Indonesia	127	155	196	211	268	306	352	410	420
— State banks	133	131	146	251	340	344	390	405	463
— Government budget <sup>2)</sup>	3	1	1	1	1	1	1	1	1
<b>Approved by banks</b>	<u>343</u>	<u>362</u>	<u>448</u>	<u>662</u>	<u>922</u>	<u>1,003</u>	<u>1,170</u>	<u>1,238</u>	<u>1,326</u>
1. By economic sector									
— Agriculture	48	70	86	114	168	196	197	212	226
— Mining	5	5	11	6	10	10	37	37	40
— Manufacturing	137	143	153	212	275	303	393	431	476
— Service rendering industry	137	127	185	306	426	446	489	503	526
— Others	16	18	13	24	43	48	54	55	59
2. By source of funds									
— Bank Indonesia	230	245	306	393	354	631	755	805	856
— State banks	108	114	140	267	566	370	414	432	469
— Government budget <sup>2)</sup>	5	3	2	2	2	1	1	1	1

- <sup>1)</sup> Based on the Announcement of the Board of Directors of Bank Indonesia No. Peng. 1/DIR/1969, March 7, 1969.  
Excludes Small Investment Credits (KIK) and foreign exchange component of project aid.  
Includes rupiah cost of project aid.
- <sup>2)</sup> Since 1971, rupiah financing for investment credits is no longer allotted in the Government Budget.

**TABLE 2.5**  
**SMALL INVESTMENT CREDITS (KIK), PERMANENT WORKING**  
**CAPITAL CREDITS (KMKP), MINI CREDITS AND MIDI CREDITS**  
(billions of rupiah and thousand customers)

Particulars	March 31					June	Sept.	Dec.	March
	1977	1978	1979	1980	1981	30, 1981	30, 1981	31, 1981	31, 1982*
<b>1. Small investment credits</b>									
— Number of applications approved (customers)	31	42	57	79	125	125	139	167	176
— Value of applications approved	55	79	113	190	366	421	477	528	571
— Credit outstanding	40	53	68	118	249	288	322	353	374
<b>2. Permanent working capital credits</b>									
— Number of applications approved (customers)	183	336	438	665	953	1,078	1,186	1,242	1,298
— Value of applications approved	75	125	188	349	656	799	958	1,062	1,178
— Credit outstanding	46	65	93	181	384	474	543	635	704
<b>3. Total 1 + 2</b>									
— Number of applications approved (customers)	214	378	495	744	1,078	1,217	1,339	1,409	1,474
— Value of applications approved	130	204	301	539	1,022	1,220	1,435	1,590	1,749
— Credit outstanding	86	118	161	299	633	762	865	988	1,078
<b>4. Mini credits</b>	<u>8</u>	<u>11</u>	<u>16</u>	<u>20</u>	<u>41</u>	<u>47</u>	<u>51</u>	<u>54</u>	<u>57</u>
— Investment	1	2	3	3	4	5	6	6	6
— Exploitation	7	9	13	17	37	42	45	48	51
<b>5. Midi credits</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8</u>	<u>15</u>	<u>20</u>	<u>24</u>	<u>28</u>
— Investment	—	—	—	—	1	2	3	3	4
— Exploitation	—	—	—	—	7	13	17	21	24



investment credits, amounted to Rp 884 billion, Rp 374 billion and Rp 2,693 billion, respectively (Table 2.3). Investment credits under Bank Indonesia's program of 1969 increased markedly, by 45% to Rp 884 billion during the reporting year. It may be noted that the amount of credits approved under this program amounted to Rp 1,326 billion or up by 44%. As shown in Table 2.4 this credit was extended mainly to services (Rp 367 billion), manufacturing (Rp 295 billion) and agricultural (Rp 155 billion) sectors.

KIK credits, though expanding not as fast as in the preceding year, increased by 50% to Rp 374 billion outstanding at the end of the reporting year. The value of applications approved increased by 56% to Rp 571 billion, while the number of applications approved rose by 41% to 176 thousand. This remarkable increase, is conform with expanding activities of small entrepreneurs and improved coordination among institutions in charge of promoting indigenous entrepreneurs.

Efforts to enhance small businesses were also carried out through the cooperation of international institutions, like the World Bank, European Economic Community, and foreign governments, such as the Netherlands, Australia, and the Federal Republic of Germany. During the reporting year, the World Bank extended loan of \$ 106 million, of which the largest portion was utilized to expend bank credits under KIK scheme. Aids received from the Governments of the Netherlands and Australia, amounting \$ 1.1 million and \$ 2.2 million, respectively, were intended to support the program for promoting small scale business in Jabotabek (covering the areas of Jakarta, Bogor, Tangerang and Bekasi), Central Jawa, Yogyakarta, North Sumatra and West Sumatra.

During the reporting year, other investment credits increased by Rp 210 billion or up by 8% as compared with 6% in the preceding year. Of this increase as much as Rp 179 billion was accounted for by credits extended to PT Krakatau Steel.

In addition to KIK, credits especially designated for the economically weak groups include KMKP (Permanent Working Capital Credits), Midi credits and Pasar Inpres credits. KMKP continued to record substantial increase, its outstandings expanded by 83% to Rp 704 billion at end of the reporting year. Total value of KMKP approvals went up by 80% to Rp 1,178 billion and number of applications approved rose by 36% to 1,298 thousand. The expansion of KMKP, similar to that of KIK, is consistent with the advance achieved by the economically weak groups and the improved coordination among institutions involved.

Midi credits, introduced in July 1980, recorded a rapid growth, reaching Rp 28 billion at the end of the reporting year. This type of credit was funded by Bank Indonesia and during the reporting year the amount allotted reached Rp 10 billion.

Credits to regional governments for the construction of market places, introduced in 1976/77, commonly known as Pasar Inpres credits, continued to increase. During the reporting year, these credits rose by 38% to reach Rp 66 billion.

In order to improve the conditions of economically weak groups and raise the income of villagers, Bank Rakyat Indonesia (BRI) since 1974/75 has been designated to provide Mini credits. The funds for these credits are derived from the APBN (Government Budget). During 1981/82 Mini credits outstandings rose by 39% to reach Rp 57 billion. The funds allotted

during the reporting year were Rp 17.5 billion.

Besides credits mentioned above there are other small credits, namely credits for petty traders (Kredit Candak Kulak, abbreviated to KCK) and house ownership credits (Kredit Pemilikan Rumah, abbreviated to KPR). KCK was aimed at assisting petty traders in market places and low income groups was granted by cooperative units (KUDs). During 1981/82 outstandings under this credit rose by 51% to Rp 92 billion, and the number of KUDs increased by 621 units to 3,621 units at end of the reporting year.

To assist the low and middle income groups, the Government designated State Savings Bank

(Bank Tabungan Negara, abbreviated to BTN) and PT Pagan Sejahtera as agents in channeling KPR. During the reporting year KPR channeled through BTN registered a remarkable growth; the amount increased by Rp 137 billion or 156% to Rp 224 billion, and number of customers by 150% to 84 thousand. The amount of KPR channeled through PT Papan Sejahtera also went up, by Rp 2.7 billion to Rp 2.9 billion. It may be noted that KPR channeled through BTN was funded by the government budget and the banking system, the latter of which allotted Rp 178 billion during the reporting year.

### III. MOBILIZATION OF FUNDS

Previous measures on mobilization of funds comprising institutional development, encouragement of savings habit and provision of incentives were continued during the reporting year. In addition, the Government established a Committee for Directives on Bond Issues (Panitia Pengarah Kebijakan Penerbitan Obligasi), with the task of formulating policy on supervision and issuance of bonds. Furthermore, the Government designated Bank Negara Indonesia (BNI) 1946 and Bank Bumi Daya (BBD) as guarantors, and Bank Pembangunan Indonesia (Bapindo) as a trustee in the issuance of bonds.

In a further effort to promote the development of capital market, the Government extended the period of availability of transactions in securities. To enhance Tabanas savings, the number of banks participating in that scheme was enlarged and services provided to savers were improved. Furthermore, savings drive, particularly among youths, was continually launched.

#### A. Savings

##### 1. Time deposits

Time deposits, consisting of Inpres 1968 time deposits, other rupiah time deposits and foreign exchange deposits, indicated a significant role in the mobilizing funds in the community resources in the reporting year. Total time deposits reached Rp 1,761 billion or up by 36% as compared with only 19% in the preceding year (Table 3.1). A substantial increase was recorded by other rupiah deposits and for-

eign exchange deposits. Inpres time deposits continued to show an increase but at a lower rate and consequently their share to total time deposits declined from 58% in 1980/81 to 47% in 1981/82. This was mainly brought about by the less attractive rate of interest, offered on such deposits compared with that of other rupiah time deposits, in addition to availability of alternative investment opportunities such as securities in the capital market. As shown in Table 3.2., interest rates on Inpres time deposits remained unchanged since January 1, 1978.

##### a. Inpres time deposits

At the end of the reporting year, Inpres time deposits amounted to Rp 831 billion or up by 10% as compared with only 4% in 1980/81. Time deposits of a 24-month and 12-month maturity increased by 12% and 18%, respectively, while those of a 6-month maturity dropped substantially, by as much as 60%. It may be noted that time deposits of a 24-month maturity constituted 93% of total Inpres time deposits. In the reporting year, the Government continued to provide interest subsidy on Inpres time deposits of a 24-month maturity, namely 4.5% on those carrying deposit rate of 15% and 1.5% on those of 12% p.a. (Table 3.2.). In 1981/82 subsidy paid to banks accepting Inpres time deposits amounted Rp 11 billion as compared with Rp 12 billion in the preceding year. The payment of such subsidy was considered necessary because interest rates on loans charged by these banks were generally lower than those of time deposits of a 24 month maturity.

**TABLE 3.1**  
**TIME DEPOSITS**  
( billions of rupiah )

End of period	In local currency		In foreign currency 2)	Total
	Inpres	Others 1)		
1972	146	23	17	186
1973	148	45	21	214
1974	238	64	27	329
1975	386	77	35	498
1976	612	102	55	769
1977	692	148	44	884
1978 : March	687	160	52	899
June	708	174	51	923
September	721	184	52	957
December	707	160	78	945
1979 : March	707	140	82	929
June	708	154	94	956
September	712	174	129	1,015
December	716	211	148	1,075
1980 : March	725	238	126	1,089
June	726	331	121	1,178
September	751	367	150	1,268
December	734	369	129	1,232
1981 : March	754	413 r	125	1,292
June	785	505	102	1,392
September	814	613	130	1,557
December	829	654	187	1,670
1982 : January	823	655	221	1,699
February	825	682	220	1,727
March	831	703	227	1,761

1) Private banks and local development banks.

2) Through September 1978 based on exchange rate of Rp 415.00 per U.S. dollar, thenceforth Rp 625.00 per U.S. dollar.

**TABLE 3.2**  
**INPRES TIME DEPOSIT RATES**  
( annual percentage rates )

Maturity	Since April 9, 1974	Since December 28, 1974	Since January 13, 1977	Since January 1, 1978
Less than 3 months <sup>1)</sup>	6	6	3	— —
3 months	9	9	6	— —
6 months	12	12	9	6
12 months	18	15	12	9
18 months <sup>2)</sup>	24	21	— —	— —
24 months	30	24	18	15/12 <sup>3)</sup>

1) Since January 1, 1978, determined by individual banks.

2) Since January 13, 1977, the 18-month time deposits were eliminated.

3) 15% p.a. on amounts up to Rp 2.5 million and 12% p.a. on any excess over Rp 2.5 million.

## b. Other time deposits

The other rupiah time deposits were mainly accepted by private national banks, foreign banks and local development banks. In 1981/82, such deposits reached Rp 703 billion, an increase of 70%, almost the same rise as that in the previous year. This significant growth was, among others, due to more attractive interest rates offered by these handling banks (Table 3.4).

A rapid increase was also recorded in the foreign exchange deposits, which rose by 82% to Rp 227 billion at end of March 1982. The rise was in response to relatively attractive rates of interest offered by accepting banks, especially on time deposits of less than the 6-month maturity.

## 2. Savings deposits

Savings deposits, consisting of Tabanas, Taska and Savings for Haj pilgrimage (ONH) and other savings deposits, showed an impressive increase. Such development was reflected by the continuous growth in the amount of savings as well as the number of depositors. During 1981/82, the Government continued to inculcate savings habits, especially among the youth, in addition to providing better services to savers. Besides, the Government allowed a large number of private national commercial and regional development banks participating in Tabanas and Taska savings schemes.

**TABLE 3.3**  
**INPRES TIME DEPOSITS <sup>1)</sup>**  
( billions of rupiah )

End of period	24 months	18 months	12 months	6 months	3 months	Less than 3 months	Total
1972			107	29	9	1	146
1973			129	14	4	1	148
1974	180	8	37	8	4	1	238
1975	336	10	27	9	4	—	386
1976	518	4	48	25	14	3	612
1977 : March	543	4	49	24	9	2	631
June	555	3	42	31	12	1	644
September	578	2	34	43	9	1	667
December	605	2	33	41	10	1	692
1978 : March	616	1	35	34	1	—	687
June	622	—	39	45	2	—	708
September	624	—	39	56	2	—	721
December	609	—	42	52	4	—	707
1979 : March	608	—	36	58	5	—	707
June	617	—	30	55	6	—	708
September	615	—	29	65	3	—	712
December	607	—	30	75	4	—	716
1980 : March	611	—	32	75	7	—	725
June	617	—	34	72	3	—	726
September	646	—	36	65	4	—	751
December	656	—	34	39	5	—	734
1981 : January	671	—	35	23	5	—	734
February	685	—	34	25	5	—	749
March	692	—	34	25	3	—	754
April	708	—	37	24	3	—	772
May	713	—	37	25	3	—	778
June	720	—	37	25	3	—	785
July	737	—	38	21	3	—	799
August	745	—	38	23	3	—	809
September	748	—	39	23	4	—	814
October	755	—	38	24	3	—	820
November	756	—	40	18	3	—	817
December	765	—	43	18	3	—	829
1982 : January	762	—	43	15	3	—	823
February	770	—	41	11	3	—	825
March	777	—	40	10	4	—	831

<sup>1)</sup> According to Presidential Decree No. 28/1968.

**TABLE 3.4**  
**MAXIMUM INTEREST RATES ON TIME DEPOSITS**  
**WITH PRIVATE BANKS**  
( annual percentage rates )

Maturity	1980/81		1981/82	
	Rupiah	Foreign currency	Rupiah	Foreign currency
<b>National private banks</b>				
Less than 3 months	18.25	10.0	18.0	12.0
3 months up to 6 months	21.6	11.85	21.6	11.0
6 months up to 12 months	24.0	11.25	24.0	10.0
Above 12 months	28.8	— —	28.8	— —
<b>Foreign banks</b>				
Less than 3 months	15.75	14.75	16.50	15.75
3 months up to 6 months	15.25	13.75	16.75	16.75
6 months up to 12 months	14.75	13.0	17.0	11.94
Above 12 months	— —	16.0	— —	— —

#### **a. Tabanas and Taska**

In line with the efforts to develop savings habits among youths, particularly scouts, a special Tabanas called Tabanas National Jambore (Jamnas) 1981, was introduced during the reporting year. This special Tabanas was collected from all participants of the 1981 Jamnas. This special saving account is allowed to be withdrawn eventhough the first deposit is kept in a bank for less than one month. It could also be transferred to ordinary Tabanas or Tappelpram

(Savings for youths, students and scouts) in the same banks or in banks where depositors resided and interest could be paid or entered in the balance at the time of transfer.<sup>1)</sup> During the reporting year, a single point service system and computerized operation of Tabanas were introduced.<sup>2)</sup> The number of banks participating in Tabanas and Taska schemes was increased by 8,

1) Bank Indonesia Circular Letter No. 14/1/ UPUM June 24, 1981.

2) Bank Indonesia Circular Letter No. 14/2/ UPON, December 1, 1981,

**TABLE 3.5**  
**TABANAS AND TASKA SAVINGS DEPOSITS**  
( millions of rupiah )

End of period	Tabanas		Taska		Total	
	Number of depositors <sup>1)</sup>	Out-standing	Number of depositors <sup>1)</sup>	Out-standing	Number of depositors <sup>1)</sup>	Out-standing
1972	2,388,778	25,574	17,870	99	2,406,648	25,673
1973	2,862,264	32,486	11,794	84	2,874,058	32,570
1974	3,450,463	43,942	8,742	74	3,459,205	44,016
1975	4,108,173	70,048	9,380	115	4,117,553	70,163
1976	5,429,981	109,147	10,836	158	5,440,817	109,305
1977 : March	6,566,385	123,118	10,402	188	6,576,787	123,306
June	6,695,269	135,643	9,060	159	6,704,329	135,802
September	6,871,073	143,473	8,727	151	6,879,800	143,624
December	6,864,401	153,591	8,735	138	6,873,136	153,729
1978 : March	6,960,491	169,274	7,911	123	6,968,402	169,397
June	7,230,267	181,005	7,499	124	7,237,766	181,129
September	7,307,178	188,596	6,600	126	7,313,778	188,722
December	7,458,963	191,462	6,873	120	7,465,836	191,582
1979 : March	7,600,382	199,954	6,296	117	7,606,678	200,071
June	7,693,490	202,792	5,939	122	7,699,429	202,914
September	7,835,935	196,656	5,545	125	7,841,480	196,781
December	7,896,389	212,560	5,880	112	8,002,269	212,672
1980 : March	8,296,854	237,357	5,544	118	8,302,398	237,475
June	8,459,918	247,396	5,453	125	8,465,371	247,521
September	8,692,972	267,019	5,358	131	8,698,330	267,150
December	8,828,909	292,731	5,428	122	8,834,337	291,853
1981 : January	8,881,143	302,690	5,512	118	8,886,655	302,808
February	8,951,767	312,447	5,347	125	8,957,114	312,572
March	9,021,750	321,382	5,698	133	9,027,448	321,515
April	9,104,772	329,157	5,553	125	9,110,325	329,282
May	9,164,204	333,180	5,546	133	9,169,753	333,313
June	9,188,951	333,111	5,569	141	9,194,520	333,252
July	9,212,913	335,952	5,465	139	9,218,378	336,091
August	9,291,439	342,378	5,613	145	9,297,052	342,523
September	9,346,120	351,051	9,536	148	9,355,656	351,199
October	9,433,482	362,106	11,872	151	9,445,354	362,257
November	9,507,826	372,302	12,780	158	9,520,606	373,459
December	9,480,647	384,255	12,704	168	9,493,351	384,423
1982 : January	9,490,772	386,007	13,923	180	9,504,695	386,187
February	9,505,997	392,669	16,292	200	9,522,289	392,869
March	9,589,604	399,545	17,002	227	9,606,606	399,772

<sup>1)</sup> In units of depositors.



consisting of 3 local development banks and 5 private national banks, bringing the total number of participating banks to 37, consisting of 6 state banks, 11 local development banks and 20 private national banks.

In the reporting year, Tabanas savings continued to show an increase, although at a lower rate than in the previous year. Tabanas savings and the number of its depositors rose by 24% to Rp 400 billion and 6% to 9,590 thousand depositors, respectively (Table 3.5). In this amount is included Tappelpram and Employee's Tabanas. The amount of Tappelpram rose by 49% to Rp 1.8 billion and the number of depositors by 5% to Rp 1,019 thousand. The amount of Employee's Tabanas rose by 30% to Rp 17.5 billion as compared with 41% in the preceding year and number of its depositors reached 938 thousand, an increase of 4% compared with 6% in the previous year.

The balances under Taska and the number of its depositors, which hardly advanced during the past few years, showed an impressive growth during the reporting year. The balance rose by 71% to Rp 227 million and the number of depositors by 198% to 17,002 depositors. This performance was closely related to promotional efforts for Taska Scheme.

#### **b. Haj Pilgrimage Expenses (ONL-1) Savings Deposits**

In the reporting year ONH cost of pilgrimage was raised by 23% to Rp 1,943 thousand per person.<sup>3)</sup> Total amount of ONH savings reached Rp 119 billion, an increase of 7% compared with that of the previous year. However,

the number of Haj Pilgrims declined by 11% to 62,296, due among others, to the rise in the cost of pilgrimage. As in the preceding years, banks designated to collect ONH savings were Bank Negara Indonesia 1946, Bank Rakyat Indonesia and for the Irian Jaya province, Bank Ekspor Impor Indonesia.

### **B. Money Market**

#### **1. Interbank funds**

During the past few years, transactions in

**TABLE 3.6**  
**TRANSACTIONS AND INTEREST RATES**  
**IN JAKARTA'S MONEY MARKET**

Period	Volume of transaction (billions of Rp)	Weighted average of interest rates (per cent per annum)
<b>1978</b>		
January — March	326	5.96
April — June	386	6.56
July — September	384	7.21
October — December	426	9.42
<b>1979</b>		
January — March	527	12.79
April — June	358	13.21
July — September	413	12.97
October — December	497	13.96
<b>1980</b>		
January — March	367	14.73
April — June	207	13.67
July — September	265	10.52
October — December	525	12.55
<b>1981</b>		
January — March	671	15.95
April — June	842	16.56
July — September	980	18.02
October — December	901	14.49
<b>1982</b>		
January	348	16.82
February	296	17.29
March	313	17.31
January — March	957	17.13

3) Presidential Decree No. 3, March 4, 198.

**TABLE 3.7**  
**CERTIFICATES OF DEPOSIT <sup>1)</sup>**  
( billions of rupiah )

End of period	State banks	Foreign banks	Total
1972	5	4	9
1973	24	8	32
1974	65	8	73
1975	71	11	82
1976	25	19	44
1977 : March	15	32	47
June	15	33	48
September	20	20	40
December	23	31	54
1978 : March	14	44	58
June	13	48	61
September	11	49	60
December	14	33	47
1979 : March	16	14	30
June	19	15	34
September	16	19	35
December	14	19	33
1980 : March	28	19	47
June	35	33	68
September	32	33	65
December	52	27	79
1981 : January	56	27	83
February	60	26	86
March	56	26	82
April	39	27	66
May	40	24	64
June	37	26	63
July	39	26	65
August	58	25	83
September	66	26	92
October	74	26	100
November	54	28	82
December	58	27	85
1982 : January	45	26	71
February	50	24	74
March	51	23	74

<sup>1)</sup> Certificates of deposits outstanding represent the amount outstanding at the end of a period plus the amount sold and less the amount redeemed during the following period those transactions took place.

Jakarta's interbank money market have expanded rapidly. In 1981/82 the average volume of transactions worked out to Rp 307 billion per month or an increase by 121% as compared with only 2% in the preceding year (Table 3.6.). This sharp rise was, among others, attributable to expansion of banking activities induced in part by the rise of international interest rates. Similar to the preceding year, money market transactions were mainly conducted between state banks as **lenders and foreign banks as borrowers**. Besides interbank money market transactions, there were also call money transactions between banks and nonbank financial institutions (NBFIs), and among NBFIs.

## 2. Certificates of Deposits (CDs)

The CDs were issued by state banks and foreign banks. After showing a substantial increase in 1980/81, CDs declined by 10% to Rp 74 billion at end of 1981/82 (Table 3.7.), which was caused, among others, by the availability of more attractive investments, such as shares and certificates of shares. The decline was recorded by state banks and foreign banks and the share of 70% accounted for by banks and 30% by foreign banks in total CDs remained unchanged.

**TABLE 3.8**  
**INTEREST RATES ON CERTIFICATES OF DEPOSIT**  
( annual percentage rates )

Maturity	1 9 8 1				1982 March
	March	June	September	December	
1 week	2.50—12.50	2.50—12.50	2.50—12.50	2.50—12.50	2.50—10.00
2 weeks	9.00—13.00	6.00—13.00	6.00—13.00	6.00—13.00	6.00
1 month	3.00—15.30	3.50—16.00	3.50—16.00	3.50—16.00	4.00—16.00
2 months	4.00— 7.50	3.75— 8.00	3.75— 8.00	3.75— 8.00	3.75— 8.00
3 months	4.00—15.50	4.00—16.50	4.00—16.50	4.00—16.50	4.00—16.75
4 months	4.50	4.50	4.50	4.50	4.50
5 months	5.00	5.00	5.00	5.00	5.00
6 months	6.00—14.75	6.00—15.75	6.00—15.75	6.00—15.75	6.00—16.50
9 months	7.00	7.00	7.00	7.00	7.00— 8.00
12 months	8.00—14.75	8.00—15.00	8.00—15.00	8.00—15.00	8.00—16.00

### 3. Non-Bank Financial Institution (NBFI) papers

Short term securities, mainly promissory notes, issued by NBFIs continued to increase. The securities issued rose by 38% and reached Rp 364 billion at end of the reporting year. This expansion was mainly attributable to increased investments in securities, mainly by regional development banks.

#### h. Capital Market

One of the objectives of the establishment of capital market is to increase the public participation in long-term investment in shares and bonds issued by companies. To support the achievement of this objective, the Government established a Committee for Directives on Bond Issues and designated Bapindo as Trustee<sup>4)</sup> and BNI 1946 and BBD as Guarantors<sup>5)</sup>, in addition to the extension of the period of tax relief for trading the securities. This Committee was assigned to improve and control the issuance of bonds carried out by companies, among others, by collecting, studying and analyzing and formulating policy measures concerning supervision over issuance and trading in bonds.<sup>6)</sup>

As reported earlier, in an effort to foster the developments of capital market, in 1976 the Government granted tax reliefs and other concessions to companies selling their stocks in bourse, as well as to individuals purchasing stocks, and to broker and commission agents trading stocks in the capital market. These concessions, commencing January 1, 1977, were

granted for a period of five years, and in the reporting year its availability was extended till March 31, 1984.<sup>7)</sup>

The concessions granted to companies were in the form of reliefs on corporate tax, exemption from tax and stamp duties on capital gains resulting from capital revaluation. For individuals, the concessions were in the form of exemption from fiscal investigation on money used to purchase stocks and certificates of capital participation for the amount up to Rp 10 million. In addition, income tax and tax on interest, dividend and royalty (PBDR) on sales of shares and other securities were exempted. Furthermore, the funds invested in such securities were also exempted from property tax. The concessions granted to brokers and commission agents were in the form of exemption from sales tax levied on sales and purchases of securities in the capital market.

In line with the above efforts, activities of the capital markets continued to show an impressive growth, as reflected in the number of companies placing their stocks in the capital market. By the end of the reporting year the number of such companies were 10 compared with 6 in 1980/1981 and only 4 in 1979/1980. The four companies placing their stocks-in the capital market during the reporting year were engaged in production of pharmaceutical and consumer goods. The number of stocks placed by these companies was 15,242 thousand with a value of RP 38.9 billion. Up to the end the reporting year, the number of stocks sold in the capital market amounted to 29,830 thousand with a value of Rp 76 billion.

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4) Minister Finance Decree No. 461/KMK. 011/1981, August 5, 1981.

5) Minister Finance Decree No. 462/KMK.011/ 1981 and No. 463/KMK.011.1981, August 5, 1981.

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6) Minister of Finance Decree No. 183/KMK. 011/1981, April 1, 1981.

7) Minister of Finance Decree No. 65/KMK. 04/1982, February 3, 1983,

The number of stocks traded in the secondary market showed a remarkable increase, i.e. from 2,080 thousand stocks in 1980/81 to 3,234 thousand in 1981/82. This growth was closely related to the rise in the number of stocks issued and the larger public participation in the capital market.

As already known, besides stocks traded in the capital market, PT Danareksa also issued certificates, consisting of share certificates and certificates of funds. Share certificates is issued on the basis of companies shares held by PT Danareksa. Certificate of fund is issued on the basis of certain assets set aside by PT Danareksa.

By the end of 1980/81 PT Danareksa issued share certificates of two companies, one cement company and one cigarette company, and one certificate of funds general unit series A. In the

reporting year, PT Danareksa issued 787 thousand of share certificates of a company producing consumer goods, and 1,500 thousand of certificates of funds general unit series B. At end of the reporting year, the total number of share certificates of 3 companies and PT Danareksa certificate of funds was 4,360 thousand with a value of Rp 41.7 billion.

It may be added that during the reporting year, PT Danareksa sold 849 thousand share certificates and repurchased 153 thousand, resulting in an increase of 696 thousand share certificates held by the public with a value of Rp 4.4 billion. By the end of the reporting year, outstanding share certificates held by the public amounted to 1,102 thousand with a value of Rp 8.2 billion and certificate of funds sold were 2,870 thousand with a value of Rp 28.7 billion.

## IV. BANKING AND OTHER FINANCIAL INSTITUTIONS

### A. Banking

#### 1. Policy on banking supervision

Measures relating to banking supervision undertaken during the reporting year were designed to encourage mainly the role of national private banks. This measure included relaxations of requirements for establishment of branches and subbranches, and for upgrading their branches to the status of branches dealing in foreign exchange. In addition, measures adopted in previous years, especially those relating to upgrading of local development banks through provision of technical assistance, training of their personnel, strengthening of capital base, and expanding local clearing facilities so as to accelerate transactions through the banking system were continued.

In order to cope up with growing demand for banking services, primarily in the local areas, the general requirement for establishment of branches by national private banks was softened<sup>1)</sup>. Now banks were permitted to establish branches, provided their performance during at least the last two years was considered as “sound”, or “fairly sound” over a period of last four years. The banks establishing branches or subbranches were required to increase their paid-up capital equivalent to the amount needed for providing building and equipment, as also the estimated loss which the respective branch might suffer. However, the total number of branches of a bank and their distribution was limited by the factors such as national cover-

age, merger, indigenous ownership and degree of promoting indigenous customers. The foreign exchange banks, and non-foreign exchange banks which never merged but ranked among the first ten in terms of the volume of business were considered as having national coverage.<sup>2)</sup> Such banks were permitted to open branches throughout Indonesia. However, their distribution was fixed proportionately as between Jawa and outside of Jawa. Banks outside this category could only open branches in the provinces in which their main office were located. By this measure, the banks establish branches at regencies rather than at the capital city of province. Further, a bank was permitted to establish more branches if it was ever involved in merger, classified as indigenous bank and has promoted indigenous clientele.

The regulations regarding the requirements for establishing subbranches were also relaxed. These requirements are relatively simpler than those for establishing a branch particularly with respect to paid-up capital, and management and staff personnel. It was stipulated that additional paid-up capital should be just equivalent to that required for providing building and equipment. Banks were permitted to establish only one subbranch office for any main office of branch office in one clearing area.

To promote international transactions, the requirements for banks for dealing in foreign exchange transactions in outlying regions were made less rigid, especially those relating to degree of soundness, paid-up capital and merger involvement.<sup>3)</sup> Under the new regulations, national private foreign exchange banks could

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1) Bank Indonesia Circular Letter No. 14/25/UPPB, February 9, 1982.

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2) “The first ten” was applied to national private banks of which the volume of activities ranked among the first ten.

3) Bank Indonesia Circular Letter No. 14/26/UPPB tgl. 10 Februari 1982.

promote their branches to those dealing in foreign exchange transactions provided the bank in question was considered as “fairly sound” on the basis of its performance, at least during the past three years. Besides, a bank requesting promotion of its branch to the level of foreign exchange branch for the first time and is not able to comply with the paid-up capital requirement of at least Rp 6 billion can upgrade its branch, provided it increases the paid-up capital to twice the value of its network and offers the additional capital to Bank Indonesia. In case capital of the bank has not reached Rp 6 billion, even after including the additional capital, then for promoting its next branch the bank was required to increase its own capital by Rp 500 million over and above the estimated capital required for that branch. The bank in question was also required to offer to Bank Indonesia 50% of total additional capital so determined. Other requirements stipulated earlier still continued to be valid. Essentially these requirements are: (1) that the foreign exchange bank be classified as indigenous owned, (2) has already and is ready to offer its shares to public, (3) has office operating at least in 4 provinces with at least two of them being located outside Jawa, (4) has been in operation for at least 6 months after getting the permit. According to earlier regulations the bank promoting branch office to that dealing in foreign exchange was permitted provided it had done merger with 6 banks having branches or with 7 banks having no branches. This regulation was relaxed so that the bank itself had the opportunity of promoting its branch to the one dealing in foreign exchange provided it had merged with other banks. Where merger was completed prior to September 1977, the total number of branches which could be promoted to the levels of foreign exchange branches would be equal to total number of banks merging with the bank in question. In case merger was completed after September 1977 then the total number of branches which may be promoted to the one

dealing in foreign exchange could be double the number of merging banks.

The national private banks still had the opportunity for merger, although the time limit for availing of tax relief offered to such merging banks, provided their request was made before June 30, 1981 and the merger was executed before December 31, 1981 had expired. During the reporting year, 8 banks were merged, so by the end of March 1982, there were 90 banks.

In order to expand and accelerate the flow of deposits, the regulations on clearing system were finalized. Till September 1981, the clearing was done locally by Bank Indonesia and participation in clearing was restricted only to banks at a clearing area. Subsequently Bank Indonesia revised regulations regarding clearing. The new regulations made distinction between local clearing and interregional clearing.<sup>4)</sup> Further at a place where Bank Indonesia does not have its office, the clearing will be led by a bank approved by Bank Indonesia. The bank so approved will submit weekly report relating to clearing statistics and send it along with the weekly liquidity report to the office of Bank Indonesia, designated as a supervisor for that clearing area. In addition, subbranches of commercial and development banks were permitted to participate in local clearing but only as indirect participants.

As mentioned earlier, policy for promotion of local development banks through provision of technical assistance, training of personnel and strengthening of capital base was continued.

In 1981/82 technical assistance and training of personnel were provided to 8 banks, raising the number of banks receiving such assis-

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4) Bank Indonesia Circular Letter No. 14/8/UPPB, September 10, 1981.

tance to 19 by the end of 1981/82. Technical assistance covers organization, management, personnel, credit extension and funds mobilization, research, accounting, planning, reporting and supervision system. In implementation of this program, Bapindo was designated to provide training in accounting and reporting system, and PT Uppindo for training in personnel, accounting and auditing. To strengthen the capital base of local development banks having paid-up capital of less than Rp 500 million, the Government made funds amounting to Rp 4.5 billion. These funds were given as soft loans to the provincial administrations for their participation in capital base of local development banks.

As is known, Keppres 14A-1980 regulates execution of contracts and purchase of goods financed by the Government Budget (APBN), under which the contractors are required to submit guarantees from designated banks and other financial institutions. Till the end of reporting year, the number of banks designated to issue guarantees were 84,<sup>5)</sup> comprising 6 state banks, 24 local development banks, and 54 national private banks.

In order to assist the indigenous companies having potential for expanding their activities but were short of capital, Bank Indonesia during the reporting year allowed banks to participate in the capital base of these companies. The capital participation by state banks is temporary and was not to exceed 8 years. The amount of capital participation was to be based on considerations of real capital needs and maintaining a balance between owned capital and borrowed capital. This capital participation was to

be restricted to the indigenous companies having limited liability and providing opportunities for employment, production of export goods, and production of essential items.

## 2. Banking development

The number of commercial banks was 87 at the end of 1981/82. Because of merger of 8 banks, in the reporting year the number of national private commercial banks was reduced from 75 to 71. The number of state commercial banks and foreign owned banks (including one joint venture bank) remained unchanged, at 5 and 11, respectively. The number of offices of commercial banks rose from 1,015 to 1,030 as a result of the establishment of 9 branches and 1 subbranch of state bank and 2 branch and 2 subbranches of national private banks.

The number of development banks remained at 28, comprising 1 state development bank (Bapindo), 26 local development banks and 1 private development bank. The number of offices of local developments in the reporting year increased from 178 to 194 following establishment of offices by 16 local development banks. In the reporting year, a private local development bank was allowed to be established in East Timor.

At the end of the reporting year, the number of savings banks remained unchanged at 3, consisting of 1 state savings bank and 2 private savings banks. The number of their offices increased from 10 to 14 as a result of the establishment of 4 branches by state savings banks.

The number of village banks, paddy banks, petty traders banks, employees' banks and other rural banks, declined from 5,833 to 5,801 banks, after licences of 52 paddy banks and 1 village banks were revoked and the number of

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5). Minister of Finance Decree No. 59/KMK. 011/1982, January 30, 1982.



**TABLE 4.1**  
**THE SHARE OF GROUP OF BANKS IN TOTAL ASSETS,**  
**FUNDS AND LOANS OUTSTANDING**  
 ( percentage )

Group of banks	Assets		Loans		Funds	
	March 1981	March 1982	March 1981	March 1982	March 1981	March 1982
State banks	79.8	79.6	78.9	78.5	77.8	76.1
National private banks	9.4	9.9	10.7	11.0	9.6	11.0
Local development banks	3.9	3.6	2.8	3.2	4.6	3.8
Foreign banks	6.9	6.9	7.6	7.3	8.0	9.1

petty traders banks increased by 10 and village banks by 11.

The number of foreign banks remained unchanged at 11 as also their offices at 20. In the reporting year, 8 more representative offices of foreign banks were established raising their number to 59.

The activities of deposit money banks, as reflected in the growth of their total assets, funds and loans extended, were encouraging. Total assets rose by 31% to reach Rp 13,637 billion and funds mobilized rose by 27% to Rp 8,990 billion, compared with increases of 35% and 37%, respectively, in the preceding year. The shares of national private banks and foreign banks in total assets and total funds also rose, whereas that of state banks and local development banks declined (Tabel 4.1.).

Total loans extended by the deposit money banks in the reporting year rose by 40% to reach Rp 8,050 billion as compared to the growth of 32% in the previous year. The shares of national private banks and local development banks in the volume of loans extended showed an increase.

During the reporting year, the amount of total liquid assets of all banks declined from

25% to 22% of current liabilities (Table 4.6). This was consistent with larger increase in loans extended compared to the funds mobilized. However, liquid assets of local development banks in percentage terms remained the highest at 51%. This high liquidity was closely related to the fact that funds deposited with local development banks were owned mostly by government and subject to large withdrawals at any time. (Table 4.5 and Table 4.6).

## **B. Other Financial Institutions**

### **1. Non Bank Financial Institutions (LKBB)**

Efforts to promote and expand activities of nonbank financial institutions were continued. To encourage the economic and financial co-operation among ASEAN countries, PT Sarana Bersama Pembiayaan Indonesia (PT SBPI) was established in June 1981 to provide a channel for shareholders of ASEAN Finance Cooperation Ltd. (AFC) in Indonesia. The other shareholders of AFC are financial institutions of four ASEAN countries. Shares of PT SBPI are owned 50% by state banks and 50% by national private banks. The purpose of establishing AFC is

to mobilize resources from ASEAN as well as other countries contributed by government and private sectors and use them to the benefits of ASEAN countries by financing regional projects.

By the establishment of PT SBPI, the number of LKBB rose to 14, consisting of 9 investment finance 3 development finance, and 2 other finance companies (including 1 housing finance company). The major activities of development finance companies are mainly to extend medium and long-term credits and to undertake participation in the capital of companies. The major activities of investment finance company are mainly to act as brokers in the issuance of financial papers as also to act as underwriters. Besides, under certain conditions, investment finance company could issue commercial papers and undertake activities of financial broker and commissioner. The functions of housing finance companies are mainly to extend loans for house ownership to medium income groups.

In order to encourage investments by non-bank financial institutions in business companies, Bank Indonesia continued to provide rediscount facilities. During the reporting year, the amount of rediscount on sales and repurchases by LKBB amounted to Rp 143 billion and Rp 135 billion reflecting a growth of 174% and 203%, respectively, over the preceding year. The validity period of six months for rediscount facility could under certain circumstances be extended by another six months.

The medium-and long-term credit as also capital participation activities of LKBB registered progress in the reporting year. In 1981/82 credit extended increased by 56% to reach Rp 56 billion, mostly investment in the manufacturing sector (74%). Although capital partici-

pation was relatively small, it nevertheless increased. In reporting year, capital participation increased by 49% to reach Rp 11.3 billion. This was closely related to the policy of the previous year, which increased the ceiling for capital participation by development finance company from a maximum of 25% to 50% of paid-up capital, whereas the ceiling for investment finance company remained unchanged at 25%. Capital participation was undertaken in the capital of PMDN and PMA companies.

Efforts to promote the development of nonbank financial institutions since it was first established several years ago have shown encouraging results which provides environment for its further development. During the reporting year, assets of nonbank financial institutions increased by 33% to reach Rp 611 billion. Funds other than their owned capital rose by 33% to reach Rp 543 billion. Their investment increased also by 33% to reach Rp 580 billion at the end of 1981/82. Nearly 82% of the investment was undertaken by investment finance companies in the form of financial papers. Investment by development finance companies was made in the form of financial papers, medium and long-term credits as also capital participation (Table 4.7 and Table 4.8).

## 2. Pawnshop

The purpose of establishing a pawnshop is to meet cash needs of the low income groups. During the year legal status of pawnshop was changed from government agency (Jawatan Pegadaian) to government companies (Perusahaan Jawatan Pegadaian or Perjan) under the supervision of Department of Finance.<sup>6)</sup> The maximum amount of a

**TABLE 4. 2**  
**DEVELOPMENT OF PAWNSHOP ACTIVITIES**  
( billions of rupiah )

Particulars	1975	1976	1977	1978	1979	1980	1981
Number of offices <sup>1)</sup>	441	441	441	446	448	450	463
Total loans extended	31	38	46	59	90	110	156
Redemption	29	35	44	56	83	103	144
Loans outstanding	8	11	13	16	23	30	42

1) In units.

Source : Pawnshop Service.

credit which could be granted by this institution was Rp 100,000.00 carrying interest rate of 3% - 4% a month for a period of 4-6 months.

In 1981, the number of pawnshop offices increased by 13 to 463 offices. The amount disbursed reached Rp 156 billion and its repayment amounted Rp 144 billion, an increase of 42% and 40%, respectively. Loans outstanding rose by Rp 12 billion to reach Rp 42 billion at the end of 1981 (Table 4.2).

### 3. Insurance companies

Since the past several years, insurance activity has been encouraged to grow on sound business lines, and its role in resource financing development has been continually promoted. There were 75 insurance companies in Indonesia, which comprised life insurance, social insurance, indemnity insurance and reinsurance companies.

Progress recorded by the insurance sector over the last several years has been remarkable both in terms of

the funds mobilized and investments made. The amount of insurance premia collected in 1980 increased by 26% to reach Rp 337 billion (Table 4.3), reflecting growth in use of insurance services. In the same year investment increased also by 26% to reach Rp 293 billion, but bulk of the investment was in the form of time deposits in banks and short-term commercial papers.

Funds mobilized by life insurance companies till the end of 1980 were Rp 85 billion, recording a growth of 29% over the year. Their investment increased by 46% to reach Rp 60 billion. It may be noted that life insurance companies are required to keep solvency margins which at any time should be larger or at least equal to 1 % of premium of preceding year with the minimum of Rp 10 million.<sup>7)</sup>

In order to encourage the development of social insurance, the legal status of Perum AK Jasa Rahardja and Perum Taspen was changed to be Persero.<sup>8)</sup> In 1981/82, funds mobilized by social insurance companies, increased by 43%

6) Presidential Decree No. 51 of 1981, November 11, 1981.

7) Minister of Finance Decree No. 436/KMK.O11/1979, August 4, 1979.

8) Government Regulations No. 3a, November 6, 1980 and No. 26, July 30, 1981.

**TABLE 4.3**  
**ACQUISITION OF FUNDS AND INVESTMENTS**  
**BY INSURANCE COMPANIES**  
( billions of rupiah )

Type of insurance	Funds		Investment	
	1979	1980	1979	1980
Life insurance	66	85	41	60
Social insurance	116	166	127	178
Others <sup>1)</sup>	86	86	55	55
Total	268	337	223	293

<sup>1)</sup> Includes PT Askrido.

Source : Department of Finance.

to reach Rp 166 billion, and their investment rose by 40% to reach Rp 178 billion.

In reporting year, the government issued regulations to strengthen paid-up capital of indemnity insurance companies. It was decided that an indemnity insurance company should increase its paid-up capital to reach at least Rp 500 million. A period of four years was provided for fulfilling this requirement and by December 31, 1985, at the latest that capital must be fully paid-up.<sup>9)</sup> In line with the increase in paid-up capital, mandatory deposits were raised to 20% of paid-up capital. In the case of indemnity insurance of joint venture companies, whose shares were mostly held by foreigners, the mandatory deposits was fixed at \$ 200,000.00. In addition, beginning October 1981 newly established indemnity insurance companies in Jakarta should have paid-up capital of at least of Rp 1.5 billion and mandatory

deposits up to 20% of paid-up capital.<sup>10)</sup> Till the end of 1980, the total funds and investment of indemnity companies remained unchanged from the preceding year's level.

The role of PT Askrido, over the years, emerged as an important company in the insurance sector. As a part of Government strategy to encourage nonoil exports, PT Askrido since January 1982 has been providing export insurance and guarantee for export credit. The guarantee was designed to cover risk faced by bank in extension of export credit. The premium for this guarantee is linked to the period of export credit, namely 0.50% of total insured for period up to 6 months, 0.75% for period 6 up to 9 months and 1% for 9 up to 12 months. The amount of compensation for loss was fixed up to a maximum of 85% of total approved loan and the remainder was shared equally by Bank Indonesia and the handling bank. The insurance for export is designed to cover risk for default in payment by importer abroad to the exporter in Indonesia. The premium is fixed at the minimum of 0.2% and maximum of 4% of the value of export as recorded in export document. The amount of compensation guaranteed by PT

9) Minister of Finance Decree No. 433/KMK.011/1981 July 14, 1981.

10) Minister of Finance Decree No. 611/KMK. 011/1981 Oct. 21, 1981.

Askrindo was limited up to 85% of total loss, whereas the remainder was to be borne by exporter.

In 1981 the total premium collected by PT Askrindo was Rp 18.7 billion, comprising Rp 6.7 billion on account of KIK, Rp 11.3 billion on account of KMKP and Rp 0.7 billion on account of other working capital credits. The amount insured were Rp 663.1 billion and consisted of insurance for KIK amounting to Rp 214.6 billion, insurance for KMKP amounting to Rp 379.4 billion and insurance for other working capital credits amounting to Rp 69.1 billion.

Besides PT Askrindo, there was another company involved in indemnity insurance, namely, Institute for Insurance of Cooperation Credit (Lembaga Jaminan Kredit Koperasi or abbreviated LJKK). This institution insured specially the repayment of credits extended by banks to cooperatives, mainly, Village Cooperative Units (KUDs). During 1981 the amount of credit insured by LJKK was Rp 54 billion

for 4,194 cooperatives for the loans they received from banks amounting to Rp 140 billion. From 1971 till the end of December 1981 insurance on such credits amounted to Rp 111 billion for 50,262 cooperatives bank loans of Rp 660 billion.

To encourage cooperative activities, the Government by the end of 1981 established a company, namely, Public Enterprise on Financial Development of Cooperatives (Perusahaan Umum Pengembangan Keuangan Koperasi),<sup>11)</sup> The major objective of this company is to provide guarantee to the cooperative on credit extended by bank or other institutions, and to assist in development of cooperatives in such areas as financing, management, consultancy, and to prepare feasibility studies. With the establishment of this company the LJKK established in 1970 was dissolved and merged with Perum Pengembangan Keuangan Koperasi.

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11) Government Regulation No. 51, December 23, 198.

**TABLE 4.4**  
**NUMBER OF BANKS AND THEIR OFFICES**  
**IN INDONESIA**

Particulars	March 31, 1981	1981/82		March 31, 1982
	Number of banks/offices	Established	Licenses revoked	Number of banks/offices
<b>Commercial banks</b>				
State banks				
— Number of banks	5	—	—	5
— Number of offices	701	11	—	712
National private banks				
— Number of banks	75	—	4	71
— Number of offices	294	8	4	298
Foreign banks/joint ventures				
— Number of banks	11	—	—	11
— Number of offices	20	—	—	20
<b>Development banks</b>				
State development banks				
— Number of banks	1	—	—	1
— Number of offices	19	—	—	19
Local development banks				
— Number of banks	26	—	—	26
— Number of offices	158	16	—	174
Private development banks				
— Number of banks	1	—	—	1
— Number of offices	1	—	—	1
<b>Savings banks</b>				
State savings banks				
— Number of banks	1	—	—	1
— Number of offices	8	4	—	12
Private savings banks				
— Number of banks	2	—	—	2
— Number of offices	2	—	—	2
<b>Number of commercial banks, Development banks and savings banks</b>				
— Number of banks	122	—	4	118
— Number of offices	1,203	39	4	1,238
<b>Rural banks 1)</b>				
— Village banks	3,536	11	1	3,546
— Paddy banks	2,142	—	52	2,090
— Petty traders' banks	154	10	—	164
— Employees banks	1	—	—	1
<b>Total number of banks</b>	<b>5,955</b>	<b>21</b>	<b>57</b>	<b>5,919</b>
<b>Total number of offices</b>	<b>7,036</b>	<b>60</b>	<b>57</b>	<b>7,039</b>

1) Number of banks/offices.

**TABLE 4.5**  
**CONSOLIDATED BALANCE SHEET OF DEPOSIT MONEY BANKS 1)**  
( billions of rupiah )

Items	March 31, 1981					March 31, 1982				
	State banks	National private banks	Local dev. banks	Foreign banks	Total	State banks	National private banks	Local Dev. banks	Foreign banks	Total
<b>ASSETS</b>										
— Cash in hand	138	47	51	5	241	161	44	52	7	264
— Bank Indonesia	928	99	122	59	1,208	958	142	114	82	1,296
— Securities	—	1	2	—	3	—	1	1	—	2
— Domestic drafts	51	15	39	16	121	44	12	31	15	102
— Loans outstanding	4,222	606	160	386	5,374	5,863	871	261	546	7,541
— Foreign exchange assets										
— Loans	303	8	—	48	359	455	16	—	38	509
— Others	2,283	133	—	177	2,593	2,848	200	—	208	3,256
— Participations	17	2	1	—	20	49	5	1	—	55
— Premises, furniture and fixtures	73	46	10	11	140	99	56	15	13	183
— Others assets	290	26	17	18	351	380	9	13	27	429
<b>AKTIVA = PASIVA</b>	<b>8,305</b>	<b>983</b>	<b>402</b>	<b>720</b>	<b>10,410</b>	<b>10,857</b>	<b>1,356</b>	<b>488</b>	<b>936</b>	<b>13,637</b>
<b>LIABILITIES</b>										
— Paid-up capital	52	90	23	17	182	52	121	32	17	222
— Reserves/profit and loss account	345	40	24	16	425	519	54	36	19	628
— Borrowings	248	13	3	2	266	308	12	4	1	325
— Demand deposits	2,791	341	285	169	3,586	3,605	446	289	172	4,512
— Time and savings deposits	1,255	268	23	164	1,710	1,451	441	37	283	2,212
— Drafts payable	83	18	9	8	118	288	24	11	11	334
— Guarantee deposits	130	12	2	2	146	87	14	3	1	105
— Foreign exchange liabilities										
— Demand deposits	730	8	—	147	885	785	20	—	185	990
— Time and savings deposits	275	11	—	68	354	313	21	—	162	496
— Borrowings	8	12	—	12	32	5	8	—	3	16
— Others	292	43	—	82	417	316	42	—	51	409
— Bank Indonesia	1,713	78	26	—	1,817	2,749	121	64	3	2,937
— Other liabilities	383	49	7	33	472	379	32	12	28	451

1) Consists of commercials banks and development banks.

**TABLE 4. 6**  
**MONTHLY AVERAGE RUPIAH LIQUIDITY POSITION OF DEPOSIT MONEY BANKS**  
(billions of rupiah )

Items	1980/81				1981/82					
	State banks	National private banks	Local dev. banks	Foreign banks	Total	State banks	National private banks	Local Dev. banks	Foreign banks	Total
Reserves	710	117	181	45	1,053	858	143	179	52	1,232
Current liabilities	3,133	393	313	291	4,130	4,248	557	351	351	5,507
Reserves as percentage of current liabilities	23	30	58	15	25	20	26	51	15	22
Minimum reserve requirement	470	59	47	44	620	637	84	53	52	826
Excess/deficiency	240	58	134	1	433	221	59	126	--	406
Required reserves with Bank Indonesia	157	20	16	14	207	212	28	18	17	275
Reserves with Bank Indonesia	606	82	138	39	865	723	101	128	44	996
Excess reserves with Bank Indonesia	449	62	122	25	658	511	73	110	27	721
Excess/deficiency as percentage of current liabilities	14	16	39	9	16	12	13	31	8	13



**TABLE 4.7**  
**INVESTMENT AND SOURCES OF FUNDS OF**  
**NON-BANK FINANCIAL INSTITUTIONS 1)**  
(billions of rupiah )

Items	March 31, 1981			March 31, 1982		
	Develop- ment type 2)	Invest- ment type	Total	Develop- ment type 2)	Invest- ment type	Total
<b>Investment of funds</b>						
— Call money	— —	1	1	— —	2	2
— Marketable securities	29	361	390	35	475	510
— Loans extended	36	— —	36	56	— —	56
— Equity participation	5	3	8	7	4	11
— Others	2	— —	2	— —	1	1
<b>Total</b>	<b>72</b>	<b>365</b>	<b>437</b>	<b>98</b>	<b>482</b>	<b>580</b>
<b>Sources of funds</b>						
— Call money	— —	13	13	— —	14	14
— Securities issued	11	253	264	11	353	364
— Loans received	40	80	120	66	85	151
— Subordinated loans	2	9	11	2	12	14
— Capital	22	18	40	22	25	47
<b>Total</b>	<b>75</b>	<b>373</b>	<b>448</b>	<b>101</b>	<b>489</b>	<b>590</b>

1) Excludes other non-banks financial institutions  
(PT Sarana Bersama Pembiayaan Indonesia).

2) Includes non-banks financial institutions for financing of house ownership.

**TABLE 4.8**  
**CONSOLIDATED BALANCE SHEET OF NON-BANK**  
**FINANCIAL INSTITUTIONS 1)**  
(billions of rupiah)

Items	March 31, 1981			March 31, 1982		
	Develop- ment type 2)	Invest- ment type	Total	Develop- ment type 2)	Invest- ment type	Total
<b>Current assets</b>						
Cash and banks	1	2	3	2	3	5
Call money	—	1	1	—	2	2
Securities						
— Marketable shares and bonds	—	—	—	—	1	1
— Others	29	341	370	35	453	488
Loans and advances	—	—	—	8	—	8
Other current assets	5	13	18	4	15	19
<b>Other assets</b>						
Securities						
— Non-marketable shares and bonds	5	1	6	6	3	9
— Others	—	20	20	—	22	22
Loans and advances	36	—	36	48	—	48
Equity participation	—	2	2	1	1	2
Fixed assets	1	2	3	2	2	4
Others	1	1	2	1	2	3
<b>ASSETS = LIABILITIES</b>	<u>78</u>	<u>383</u>	<u>461</u>	<u>107</u>	<u>504</u>	<u>611</u>
<b>Current liabilities</b>						
Call money	—	13	13	—	14	14
Securities issued	11	252	263	11	353	364
Loans received	—	79	79	5	84	89
Other current liabilities	1	8	9	3	11	14
<b>Other liabilities</b>						
Securities issued	—	1	1	—	1	1
Loans received	40	1	41	61	1	62
Others	2	1	3	3	3	6
<b>Capital and subordinated loans</b>						
Paid-in capital	18	8	26	18	10	28
Reserves	2	2	4	2	1	3
Retained earnings	2	9	11	2	14	16
Subordinated loans	2	9	11	2	12	14

1) Excludes other non-banks financial institutions  
(PT Sarana Bersama Pembiayaan Indonesia).

2) Includes non-banks financial institutions for financing house ownership.

## V. GOVERNMENT FINANCE

### A. General

The balanced budget policy of keeping receipts and expenditures balanced, continued to be pursued during the reporting year. In line with the efforts to increase government revenues and improve the climate for business activities, changes in administrations, adjustments in some tax rates and tax concessions were effected, which were expected to enhance discipline in tax compliance. Regarding expenditures, the policy was directed towards austerity in routine expenditures so as to increase public savings and better management and control of development

expenditures.

The budgeted revenues and expenditures for the fiscal year 1981/1982 were balanced at Rp 13,900 billion, at which level both were higher by Rp 2,179 billion or by 19% than the preceding year. The actual revenues and expenditures were slightly higher than budgeted, i.e. Rp 13,922 and Rp 13,918 billion, respectively, (Table 5.1.). With the price inflation of 9.8% in 1981/82, revenues and expenditures rose both by only 9% in real terms as compared with 29% in the preceding year. The modest increase was related to the reduced rate of domestic receipts from corporate tax on oil.

**TABLE 5. 1**  
**GOVERNMENT REVENUES AND EXPENDITURES**  
( billions of rupiah )

Particulars	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
<b>I. Revenues</b>	4,309	5,301	8,078	11,721	13,900	13,922	15,607
1. Domestic	3,536	4,266	6,697	10,227	12,274	12,213	13,756
2. Development	773	1,035	1,381	1,494	1,626	1,709	1,851
<b>II. Expenditures</b>	4,306	5,299	8,076	11,716	13,900	13,918	15,607
1. Routine	2,149	2,744	4,062	5,800	7,501	6,978	7,001
2. Development	2,157	2,555	4,014	5,916	6,399	6,940	8,606
<b>III. Public savings (I. 1 – II. 1)</b>	1,387	1,522	2,635	4,427	4,773	5,235	6,755
<b>IV. Total development funds (I. 2 + III)</b>	2,160	2,557	4,016	5,921	6,399	6,944	8,606
<b>V. Surplus (+) / deficit (–) (IV – II. 2)</b>	+ 3	+ 2	+ 2	+ 5	0	+ 4	0

Source : Department of Finance.

The budget for 1982/83 which was balanced at Rp 15,607 billion, or an increase of 12% from actuals during the preceding year, reflected limited capacity of the government to raise resources. Domestic revenues were expected to reach Rp 13,756 billion or 88% of total revenues, while routine expenditures would amount to Rp 7,001 billion or 45% of total expenditures. Despite the fact that the budgeted outlay was increased by only 12% over the amount in the preceding year, the development expenditure was budgeted 24% higher than the preceding year. This was expected to be achieved through restraining routine expenditures, especially oil subsidies. Development expenditure of Rp 8,606 billion was expected to be financed by public savings of Rp 6,755 billion and foreign aid Rp 1,851 billion.

## **B. Government Revenues**

The continued world recession during 1981/82, and the sluggish demand for oil in the international market were the main factors which affected the development of government revenues emanating especially from corporate tax on oil and export tax. Revenues from corporate tax on oil showed a significantly reduced rate of increase. However, its share in total domestic revenues rose to 71% from 69% in the preceding year mainly because other items in domestic revenues did not increase appreciably.

In view of the above developments, the Government launched a series of measures<sup>1)</sup> to promote non-oil (non-oil and non-gas) exports, which is expected to raise government revenues. In addition, efforts were intensified to improve

tax compliance so as to increase government revenues. The above policy was carried out by adjustment in tax rates such as income tax, withholding tax and import duties.

Domestic revenues, which constituted the largest part of government revenues amounted to Rp 12,213 billion, an increase by 19% over the preceding year. These revenues consisted of direct taxes, indirect taxes, and non-tax receipts, the share of which was 83%, 14% and 3%, respectively, in total domestic revenues during the reporting year. Development receipts which emanated from foreign aid, increased by 14% as compared with 8% in the preceding year.

Following an increase of 60% in the preceding year, direct taxes revenues registered an increase of only 23% and amounted to Rp 10,100 billion in 1981/82. This increase resulted from receipts on corporate tax on oil despite the fact that such receipts decelerated to 23% from the growth rate of 65% in the preceding year. Non-oil direct tax receipts comprising income tax, corporate tax, withholding tax, land tax and other direct taxes rose by 22% as compared with 39% in the preceding year. The lower rate of increase in 1981/82 were due to slower rate of economic growth.

In the reporting year, the Government raised again the limit of nontaxable income (income on which no tax was imposed) by 25%.<sup>2)</sup> The limit of an individual and spouse was increased from Rp 240 thousand to Rp 300 thousand and of each children from Rp 120 thousand to Rp 150 thousand, whereas the rate was allowed to remain unchanged. The lowest rate of tax was still 5%, applicable to the taxable income of less than Rp 240 thousand and the highest was 50%

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1) Government Regulation No. 1, 1982.

2) Minister of Finance Decree No. 72/KMK. 04/1982 of February, 1982.

**TABLE 5. 2**  
**GOVERNMENT REVENUES**  
( billions of rupiah )

Particulars	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
<b>I. Domestic revenues</b>	<u>3,536</u>	<u>4,266</u>	<u>6,697</u>	<u>10,227</u>	<u>12,274</u>	<u>12,213</u>	<u>13,756</u>
1. Direct taxes	2,511	2,996	5,129	8,230	10,038	10,100	11,113
— Income tax	104	122	148	164	207	207	256
— Corporation tax	170	226	297	448	558	559	823
— Corporate tax on oil	1,949	2,309	4,260	7,020	8,575	8,628	9,122
— Withholding tax (MPO)	202	233	291	433	513	513	680
— Land tax (Ipeda)	52	63	71	87	88	94	109
— Others	34	43	62	78	97	99	123
2. Indirect taxes	881	1,078	1,380	1,681	2,017	1,776	2,251
— Sales tax	203	221	192	266	294	311	442
— Sales tax on imports	115	126	137	195	222	223	299
— Excises	182	253	326	438	553	544	618
— Import duties	287	295	317	448	539	536	678
— Export tax	81	166	389	305	381	129	170
— Others	13	17	19	29	28	33	44
3. Non-tax receipts	144	192	188	316	219	337	392
<b>II. Development receipts</b>	<u>773</u>	<u>1,035</u>	<u>1,381</u>	<u>1,494</u>	<u>1,626</u>	<u>1,709</u>	<u>1,851</u>
1. Program aid	35	48	65	64	65	45	25
2. Project aid	738	987	1,316	1,430	1,561	1,664	1,826
<b>Total</b>	<u>4,309</u>	<u>5,301</u>	<u>8,078</u>	<u>11,721</u>	<u>13,900</u>	<u>13,922</u>	<u>15,607</u>

Source : Department of Finance.

of taxable income of more than Rp 18 million. Income tax receipts in 1981/82 amounted to Rp 207 billion, an increase of 26% due to intensified tax collection.

Despite the fact that increase in revenues from corporation tax was lower than that in preceding year, these revenues still recorded significant growth of 25% and amounted Rp 559 billion during the reporting year. The increase was mainly attributed to the rise in number of

foreign and domestic investment companies completing their tax holiday period.

Revenues from withholding tax, which represented prepayment of corporation tax, amounted to Rp 513 billion in 1981/82 or an increase of 18% as compared with 49% in the preceding year. The smaller increase was due to the sluggish domestic business activity, mainly, in the industrial and export sectors. With promulgation of Government Regulation No. 1 of

1982, rates for withholding tax on imports were adjusted in line with a new policy on import.<sup>3)</sup>

Revenues from Ipeda amounted to Rp 94 billion in 1981/82 or an increase of 8% as compared with 22% in the preceding year. This modest increase was attributable to the adjustment in the classification of land in response to urban growth.

Revenues from tax on interest dividend and royalties, which constituted the largest component in revenues from other direct taxes amounted to Rp 99 billion in 1981/82 or were higher by 27% than the preceding year. This was attributed to the intensive tax collection effort.

Revenues from indirect taxes amounted to Rp 1,776 billion during 1981/82, or up by 6% following an average increase of 20% in the past few years. The modest increase was accounted for by the decline in revenues from tax on export, although revenues from other indirect taxes continued to increase.

Revenues from sales tax amounted to Rp 311 billion during 1981/82, or an increase of 17% as compared with 38% in the preceding year. The deceleration was attributed to the extension of period of the reduced rate of sales tax on cloves, clove stem and tobacco up to June, 1982.<sup>4)</sup> It may be noted that the Government policy on sales tax was directed towards a favorable climate in maintaining and ensuring price stability and stimulating the use of domestic production, and restricting consumption of luxury and nonessential goods.

In the reporting year, receipts from import duties and sales tax on imports rose by 20%

and 14% reaching at Rp 536 billion and Rp 223 billion as compared with growths of 41% and 42%, respectively, in the preceding year. This deceleration was in line with the downward adjustment of tariffs on import duties and sales tax on imports in order to maintain production level, and promote domestic and foreign investment mainly in tourism sector. In addition, tax and import duty concessions on certain construction material were given so as to encourage investment in construction, and leasing of office buildings.<sup>5)</sup>

In 1981/82, revenues from excises rose by 24% to Rp 544 billion as compared with an increase of 34% in the preceding year. The revenues were derived mainly from tobacco, sugar, beer and refined alcohol. In order to increase receipts from excise on tobacco and promote employment, the Government implemented a policy of giving priority in issue of licenses to labor intensive cigarette factories.

Due to continuation of world recession, both the value and the volume of non-oil exports declined in 1981/82. In view of this development, the Government lowered the rates of export tax and additional export taxes (PET) on certain export commodities. As a result, receipts from export taxes declined by 58% to Rp 129 billion.

Revenues from other indirect taxes, mainly stamp and auction duties, amounted Rp 33 billion in 1981/82, or an increase of 14% over that in the preceding year.

Non-tax receipts rose by 7% to Rp 337 billion, owing mainly to receipts from profits of state banks and state enterprises, educational sector, proceeds from the sales of government houses, and fees of forest products.

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3) Directorate General of Taxation Decree No. 179/PJ. 24/1982 of February 6, 1982.

4) Minister of Finance Decree No. 312/KMK. 04/1981 of May 20, 1981.

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5) Minister of Finance Decree No. 470/KMK. 01/1981 of August 21, 1981.

The share of program aid and project aid to total development expenditures continued to decline to 25% of total development expenditures in the reporting year from 34% in the first year of Repelita III.

### C. Government Expenditures

Government expenditure policy in 1981/82, as in the earlier years, was directed towards the goal of achieving equal distribution of development and its gain. This was reflected in the allocation of routine as well as development expenditures. In the routine expenditures, this policy was carried out through the increased outlays on education and health sectors, namely, by providing increased number of teachers in Inpres primary schools, nurses, health officers, physicians in public health centers financed by subsidies to autonomous regions. In the development expenditures this policy was carried out by outlays which provided equal opportunities to engage in business activities and financed development in regions, and created employment opportunities. This was primarily reflected in the increased expenditures provided for region development, in the form of direct subsidies and Inpres projects. In addition, in the implementation of development expenditures, greater opportunities were accorded to the economically weak groups, and priority was placed on the use of domestically produced goods.

Total government expenditures in 1981/82 amounted to Rp 13,918 billion, or an increase of 19% as compared with 45% in the preceding year. As mentioned earlier, the lower rate of increase in expenditures was in line with slower increase of domestic revenues. Routine and development expenditures rose by 20% and 17% to Rp 6,978 billion and Rp 6,940 billion, re-

spectively, during the reporting year (Table 5.3). The increase in routine expenditures was mainly accounted for by the rise in material expenditures, subsidy in oil consumption and subsidies to local governments. The rise in development expenditures was largely reflected in the increased outlays on health, social welfare, education and culture, and transmigration and manpower programs.

As in the earlier years, the share of personnel expenditures continued to be the largest. During the reporting year these expenditures rose to Rp 2,277 billion or up by only 12% as compared with 42% in the preceding year. The slower rate of increase was related to the policy of restraining the increase of salaries of civil servants. Moreover, personnel recruitment was lower than previously targeted.

A significant increase was registered in material expenditures, i.e. 38% to Rp 923 billion as compared with 18% in the preceding year. Of this increase, the largest portion was spent on domestically produced materials. In line with policy on equal opportunities in employment and business activities for economically weak groups, the Government revised the regulations for material purchases by Presidential Decree No. 18 of 1981. The new regulations, provided more opportunities and concessions to economically weak groups to participate in business activities, and also stipulated sanctions for contractors who fail to carry out projects themselves.

In the reporting year, expenditures on subsidies to autonomous regions reached Rp 1,209 billion, or up by 24% compared with 46% in the previous year. This was mainly accounted for by additional outlays for teachers in Inpres primary schools, medical personnel in public health centers, and the payments of compensa-

tion following the abolition of “contribution for educational development” (SPP) in primary schools.

Amortizations and interest payments amounted to Rp 931 billion in 1981/ 82, an increase of 19%. This amount was used for servicing foreign debts.

Other routine expenditures rose to Rp 1,638 billion in 1981/82, an increase of 22% as compared with 87% in the preceding year. This deceleration followed from the slower increase in subsidy on domestic oil consumption, which accounted for 25% of other routine expenditures. This subsidy rose by only 29% as compared with 91% in the preceding year following 60% hike in domestic oil prices in January 1982. It may be noted that a large increase in subsidy on oil consumption in 1980/81 was due to sharp rise in prices of oil in international market.

Public savings, which represented domestic revenues minus domestic expenditures, amounted Rp 5,235 billion, an increase of only 18% as compared with 68% in the preceding year. The deceleration was in line with the slower increase of domestic revenues. However, public savings still financed 75% of development expenditures as compared with 66% in the first year of Repelita III.

A substantial proportion of development expenditures was used to finance economic services, namely agriculture and irrigation, mining and energy, telecommunication and tourism. Mining and energy sectors recorded the highest increase, up by 63% to Rp 828 billion, especially energy. This reflected the high priority given to the development in this sector due

to its important role in the economy both as source of government revenues and of foreign exchange.

Development expenditures on education and culture rose by 24% to Rp 821 billion. These amounts were used to finance the improvement on quality of education and enlarging educational opportunity which, among others, included upgrading of teachers, library and laboratories, educational and vocational training supplies, curriculum and educational system refinement.

Development expenditures on regional, business and environmental activities increased by 17% to Rp 1,192 billion during the reporting year. These were incurred on development assistance to provinces, villages and cities, equity participation by Government in business activities, and conservation of natural resources and environments. Development assistance expenditures on province, villages and urban rose by 28% to Rp 616 billion. During the reporting year the development assistance for each villages was raised from Rp 750 thousand to Rp 1 million and such assistance was given to 64,650 villages. The development assistance for regency (Kabupaten) reached Rp 163 billion on the basis of Rp 1,000,00 per person compared to Rp 750.00 in the preceding year. Further, development assistance to provinces amounted to Rp 215 billion, reflecting an increase from Rp 5 billion to Rp 7.5 billion to each province. These expenditures were used to improve the quality of life.



**TABLE 5.3**  
**GOVERNMENT EXPENDITURES**  
( billions of rupiah )

Items	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
<b>I. Routine expenditures</b>	<b>2,149</b>	<b>2,744</b>	<b>4,062</b>	<b>5,800</b>	<b>7,501</b>	<b>6,978</b>	<b>7,001</b>
1. Personnel expenditures	893	1,002	1,420	2,023	2,412	2,277	2,492
— Rice allowances	126	133	180	252	289	253	295
— Salaries and pensions	673	760	1,054	1,483	1,742	1,660	1,782
— Food allowances	48	51	110	193	249	241	268
— Other domestic personnel expenditures	31	34	47	61	81	80	93
— Overseas personnel expenditures	15	24	29	34	51	43	54
2. Material expenditures	377	419	569	671	994	923	1,068
— Domestic	359	398	540	638	950	891	1,021
— External	18	21	29	33	44	32	47
3. Subsidies to local governments	479	522	670	976	1,209	1,209	1,315
— Irian Jaya	22	22	25	34	42	42	43
— Other	457	500	645	942	1,167	1,167	1,272
4. Amortizations and interest payments	228	535	684	785	964	931	976
— Domestic debts	7	9	36	31	30	16	30
— Foreign debts	221	526	648	754	934	915	946
5. Others	172	266	719	1,345	1,922	1,638	1,150
<b>II. Development expenditures</b>	<b>2,157</b>	<b>2,555</b>	<b>4,014</b>	<b>5,916</b>	<b>6,399</b>	<b>6,940</b>	<b>8,606</b>
1. Departments/Institutions including national defence and security	745	851	1,480	2,533	2,800	2,725	3,695
2. Regional development	366	431	549	807	1,127	1,134	1,518
— Subsidies to villages	23	24	31	51	70	70	88
— Subsidies to kabupatens/sub provinces	69	71	87	119	163	163	194
— Irian Jaya	6	6	—	—	—	—	—
— East Timor	4	4	7	6	7	7	9
— Subsidies to provinces	75	87	101	167	215	215	253
— Rural development — Ipeda	53	63	71	87	88	95	109
— Development of primary schools	85	112	156	250	374	374	589
— "Inpres Pasar" 1)	1	1	12	3	6	6	11
— Public health centers	26	27	30	50	79	79	98
— "Inpres penghijauan and reboisasi" 2)	24	36	41	48	70	70	87
— "Infrastructure Inpres" 3)	—	—	13	26	55	55	80
3. Other development expenditures	308	286	669	1,146	911	1,417	1,567
— Subsidies on fertilizer	32	83	125	284	314	371	461
— Government capital participation	167	128	253	476	360	481	541
— Others	109	75	291	386	237	565	565
4. Paid aid	738	987	1,316	1,430	1,561	1,664	1,826
<b>Total</b>	<b>4,306</b>	<b>5,299</b>	<b>8,076</b>	<b>11,716</b>	<b>13,900</b>	<b>13,918</b>	<b>15,607</b>

1) Subsidies for reconstruction and development of shopping centers.

2) Subsidies for regreening and reforeststation.

3) Subsidies for development.

Source : Department of Finance.

TABLE 5.4  
DEVELOPMENT EXPENDITURES BY SECTOR  
( billions of rupiah )

Sector	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
1. Government	67	65	143	221	257	235	302
— State apparatus	56	54	112	168	190	181	223
— Law	11	11	31	53	67	54	79
2. National defence and security	56	159	330	479	482	566	569
3. Education and culture	249	293	419	663	887	821	1,424
— Education, youth, culture and Belief in the Almighty God	211	251	361	575	787	726	1,302
— Science, technology and research	38	42	58	88	100	95	122
4. Health, social welfare, role of women, population and family planning	71	79	142	218	259	286	322
5. Housing and human settlement	89	56	117	191	156	166	281
6. Religion and manpower	68	103	181	357	482	457	666
— Religion	7	8	19	32	46	40	60
— Manpower and transmigration	61	95	162	325	436	417	606
7. Economy	1,117	1,363	1,760	2,768	2,874	3,217	3,816
— Agriculture and irrigation	380	450	508	929	941	953	1,253
— Industry	125	157	356	415	330	528	366
— Mining and energy	238	319	377	507	684	828	938
— Transportation and tourism	355	413	466	780	810	806	1,098
— Information, press and social communication	11	11	22	34	45	44	55
— Trade and cooperatives	8	13	31	103	64	58	106
8. Regional, business enterprises and environment	440	437	922	1,019	1,002	1,192	1,226
— Regional, rural and urban development	250	275	336	482	612	616	741
— Development of business enterprises	190	162	466	389	201	390	265
— National resources and environment	—	—	120	148	189	186	220
	2,157	2,555	4,014	5,916	6,399	6,940	8,606

Source : Department of Finance.

TABLE 5. 5  
DEVELOPMENT EXPENDITURES BY SECTOR  
EXCLUDING PROJECT AID  
( billions of rupiah )

Sector	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
1. Government	67	61	122	204	255	233	298
— State apparatus	56	50	91	151	188	179	219
— Law	11	11	31	53	67	54	79
2. National defence and security	56	108	176	342	338	388	401
3. Education and culture	217	250	369	603	840	780	1,333
— Education, youth, culture and Belief in the Almighty God	182	216	318	525	744	689	1,221
— Science, technology and research	35	34	51	78	96	91	112
4. Health, social welfare, role of women, population and family planning	56	57	108	182	218	252	278
5. Housing and human settlement	61	38	89	158	134	144	242
6. Religion and manpower	58	91	158	327	444	426	614
— Religion	7	8	19	32	46	40	60
— Manpower and transmigration	51	83	139	295	398	386	554
7. Economy	495	567	827	1,727	1,672	1,919	2,449
— Agriculture and irrigation	234	315	353	706	711	818	990
— Industry	36	4	49	224	120	193	203
— Mining and energy	68	66	120	207	233	275	394
— Transportation and tourism	142	163	274	472	512	543	718
— Information, press and social communication	8	7	11	28	43	42	54
— Trade and cooperatives	7	12	20	90	53	48	90
8. Regional, business enterprises and environment	409	396	849	943	937	1,134	1,165
— Regional, rural and urban development	242	267	318	458	588	599	714
— Development of business enterprises	167	129	432	353	173	362	244
— National resources and environment	—	—	99	132	176	173	207
Total	1,419	1,568	2,698	4,486	4,838	5,276	6,780

Source : Department of Finance.

TABLE 5.6  
PROJECT AID DEVELOPMENT EXPENDITURES BY SECTOR  
( billions of rupiah )

Sector	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
1. Government	--	4	21	17	2	2	4
-- State apparatus	--	4	21	17	2	2	4
-- Law	--	--	--	--	--	--	--
2. National defence and security	--	51	154	137	144	178	168
3. Education and culture	32	43	50	60	47	41	91
-- Education, youth, culture and Belief in the Almighty God	29	35	43	50	43	37	81
-- Science, technology and research	3	8	7	10	4	4	10
4. Health, social welfare, role of women, population and family planning	15	22	34	36	41	34	44
5. Housing and human settlement	28	18	28	33	22	22	39
6. Religion and manpower	10	12	23	30	38	31	52
-- Religion	--	--	--	--	--	--	--
-- Manpower and transmigration	10	12	23	30	38	31	52
7. Economy	622	796	933	1,041	1,202	1,298	1,350
-- Agriculture and irrigation	146	135	155	223	230	135	263
-- Industry	89	153	307	191	210	335	163
-- Mining and energy	170	253	257	300	451	553	544
-- Transportation and tourism	213	250	192	308	298	263	380
-- Information, press and social communication	3	4	11	6	2	2	1
-- Trade and cooperatives	1	1	11	13	11	10	6
8. Regional, business enterprises and environment	31	41	73	76	65	58	61
-- Regional, rural and urban development	8	8	18	24	24	17	27
-- Development of business enterprises	23	33	34	36	28	28	21
-- National resources and environment	--	--	21	16	13	13	13
Total	738	987	1,316	1,430	1,561	1,664	1,826

Source : Department of Finance.

## VI. INTERNATIONAL ECONOMIC AND MONETARY DEVELOPMENTS

### A. World Economic Situations

#### 1. Industrial countries (developed countries)

The economic situation in industrial countries during 1981 was characterized by recession and high rate of inflation, although there were indications of a reversed trend. The slow down of real economic growth, in some countries even a negative rate, resulted in the rise of unemployment and slackening of world trade. These conditions were exacerbated by a tendency of moving towards protectionism.

As shown in Table 6.1, real GNP growth of DECD countries as a whole declined from 1.3% in 1980 to 1.2% in 1981. All major DECD countries, except Canada and the United States, experienced a declining economic growth. The United Kingdom recorded the sharpest recession, as reflected in a negative growth of - 2.1%, while Canada, which in 1980 experienced zero economic growth, improved to 3% in 1981. The rate of unemployment in DECD countries rose from 6.2% in 1980 to 7.2% in 1981. The highest rate (10.6%) was experienced by the United Kingdom and the lowest (2.2%) by Japan.

Inflation in DECD countries as a whole slowed from 12.9% in 1980 to 10.6% in 1981, since almost all OECD countries succeeded in pushing down the prices. Japan had the lowest inflation (4.9%), while the highest was recorded by Italy (19.6%). The decline in the rates of inflation was mainly a result of the tight monetary policy enforced by most OECD countries. However, in the process a situation of high interest rate emerged. The high and unstable interest rates caused uncertainty in the business

world, which was unfavorable for investment.

The economic growth rate of the *United States*, in terms of GNP, recorded a turn around from - 0.2% in 1980 to 2.0% in 1981. This mostly reflected increased economic activity stimulated by high level of consumer spending, private investment, and exports during the first quarter. In the subsequent quarters, restrictive monetary growth coupled with high interest rates led to a slowdown of economic activity and a rise in the rate of unemployment from 7.1% to 7.6% in 1981. On the other hand, this policy, combined with more stable energy and food prices, helped the USA moderate its inflation to 10.5% as compared 13.5% in the preceding year. Appreciation of the dollar against major currencies, caused by high interest rates, resulted in a decline in the exports of this country. Imports also declined, mainly due to smaller energy bills. Since the decline in exports was faster than that of imports, its trade deficit rose from \$ 25.3 billion to \$ 27.9 billion in 1981. In contrast, its current account surplus rose from \$ 3.7 billion to \$ 6.6 billion in 1981, due to higher inflows on the services account.

Although still one of the highest among the developed countries, the economic growth of *Japan* slowed down from 4.2% in 1980 to 2.9% in 1981, with the rate of unemployment slightly rising to 2.2%. This situation was largely due to a slackening in domestic consumption, despite an increase in the government's spending and exports being maintained at relatively high level. Weakening demand of domestic consumption, stable oil prices and lower spending on raw material imports resulted in a reduction in its inflation rate from 8.0% in 1980 to 4.9% in

**TABLE 6. 1**  
**GROSS NATIONAL PRODUCT, CONSUMER PRICE INDEX**  
**AND RATE OF UNEMPLOYMENT IN DEVELOPED COUNTRIES**  
 ( percentage )

Particulars	Gross National Product			Consumer Price Index			Rate of unemployment		
	1979	1980	1981	1979	1980	1981	1979	1980	1981
— OECD	3.6	1.3	1.2	9.8	12.9	10.6	5.1	6.2	7.25
— European OECD	3.5	1.5	-0.3	10.6	14.2	12.6	— —	— —	— —
— Seven major countries of OECD :									
Canada	3.0	0.0	3.0	9.1	10.1	12.5	7.5	7.5	7.6
France	3.5 <sup>1)</sup>	1.2 <sup>1)</sup>	0.8 <sup>1)</sup>	10.8	13.6	13.3	5.9	6.3	8.1
Germany, Federal Republic of	4.4	1.8	-0.3	4.1	5.5	5.9	3.3	3.4	4.8
Italy	4.9	3.9	-0.2	14.8	21.2	19.6	7.7	7.6	8.4
Japan	5.2	4.2	2.9	3.6	8.0	4.9	2.1	2.1	2.2
United Kingdom	2.0	-1.6	-2.1	13.4	18.0	11.9	5.4	6.9	10.6
United States of America	3.2	-0.2	2.0	11.3	13.5	10.5	5.8	7.2	7.6

1) Gross Domestic Product.

Source : — World Economic Outlook — ICMS/Doc/82/3 May 4, 1982.  
 — World Economic Outlook, December 1981, OECD.

1981. Export, however, remained fairly strong since yen depreciated against the dollar.

On the other hand, imports, already slackening due to the weak domestic demand, went further down. Consequently, the trade surplus jumped from \$ 2.1 billion in 1980 to \$ 20 billion in 1981. Further, the current account recorded a surplus of \$ 4.8 billion, in contrast to a deficit of \$ 10.7 billion in the preceding year.

Despite growth in exports, the weakness in domestic demand caused economic growth of *Federal Republic of Germany* to deteriorate from 1.8% in 1980 to - 0.3% in 1981. This deterioration was accompanied by an increase in unemployment rate from 3.4% in the preceding year to 4.8% in 1981. In addition, the rate of inflation rose from 5.5% to 5.9%. The major reasons for this increase were higher wages, rising energy bills induced by depreciation of

Deutsche mark, particularly against the United States dollar. In the foreign sector, the balance of trade surplus rose remarkably, i.e. from \$ 10 billion in 1980 to \$ 17 billion in 1981. The current account, though still in deficit, made substantial improvement by reducing its deficit to only \$ 7.6 billion in 1981 from \$ 16.3 billion in 1980.

*The United Kingdom* experienced the worst recession among the OECD countries, as reflected in the negative growth of its GNP by 2.1% in 1981, after suffering a decline of 1.6% in the preceding year. This situation was mainly attributable to the tight financial and monetary policy pursued to fight inflation. This policy succeeded in reducing inflation from 18% in 1980 to 11.9% in 1981. However, unemployment worsened from 6.9% in 1980 to 10.6% in 1981. On the external sector, the surplus on

trade improved from \$ 2.7 billion in 1980 to \$ 5.7 billion in 1981, which conformed to the decline in the domestic demand for imported goods combined with a reduction in oil import bill. Consequently, the surplus in the current account improved substantially, from \$ 7.3 billion in the preceding year to \$ 16.2 billion in 1981.

The growth rate of real Gross Domestic Product (GDP) in *France* was only 0.8% in 1981, compared with 1.2% in 1980. This declining economic growth was mainly caused by the persistent weakness in domestic demand, which was reflected by the slowdown of both consumption and investment spending. The unemployment rate worsened from 6.3% in 1980 to 8.1% in 1981. However, the rate of inflation went slightly down to 13.3% in 1981 from 13.6% in 1980. The high increase in prices, mainly as a result of a rise in wages, coupled with depreciation of French franc, led to an increase in prices of imported goods. On the external sector, the current account continued to record a deficit, i.e. \$ 7.9 billion, equal to that in the previous year.

The economic situation of DECD countries is not expected to improve much during 1982 from the present recessionary situation. Notwithstanding, some countries, such as *the Federal Republic of Germany, Italy and the United Kingdom*, which deteriorated during 1981, are expected to show some improvements. Japan and France are expected to experience somewhat better improvements. Continuation of the tight monetary policy would, however, slow down investment and keep unemployment rates still at high levels. On the other hand, this policy, together with stable oil prices would help to curb inflation.

## 2. Developing countries

The recessionary situation, the high level of interest rates, appreciation of the United States dollar and the tendency of protectionism by the developed countries had a negative impact on the economies of developing countries as a whole. Besides, during 1981/82, for the first time there was an oversupply of oil in the world market giving downward pressures on the price of oil, which adversely affected the economies of oil exporting developing countries. The main factors in the oil glut were the declining demand on oil from developed countries consequent to recession, conservation policy on oil and increasing usage of alternative energy sources.

The economic growth of OPEC countries declined further from - 2.8% in 1980 to - 4.5% in 1981. This sharp deterioration was caused mainly by a reduction in oil production induced by the weakening demand. Reduced levels of production and softening of oil prices in international market led to a substantial shrinkage in the current account surplus of the OPEC countries, from \$ 115.0 billion in 1980 to \$ 70.8 billion in 1981. However, this situation, together with a fall in import costs, had a positive impact on the domestic price level. The inflation rate declined from 12.6% in 1980 to 11.8% in 1981.

The economic growth in the non-oil developing countries also experienced a sharp deterioration, from 4.8% in 1980 to 2.5% in 1981. This decline was caused mostly by weakening of demand for goods exported by these countries, in addition to the protectionist measures enforced by developed countries. As a result, the current account deficit of non-oil developing countries widened from \$ 86.2 billion in

1980 to \$ 99.0 billion. The inflation rate continued to stay at high levels, albeit declining slightly from 32.1% in 1980 to 31.4% in 1981.

The prospect of economic growth for developing countries as a whole continued to be unfavorable due to the still prevailing world recession. With regard to OPEC countries, the barrier to economic growth arises from the uncertainty of oil markets, whereas non-OPEC countries will suffer from slowdown in foreign demand for their exports, and prevalence of high interest rates in the capital market. The balance of trade of developing countries was expected to deteriorate further and their deficits, particularly non-OPEC countries, would still be high. On the other hand, inflation rate was expected to be lower than in 1981, although still at a high level.

## **B. International Monetary Development**

The international monetary situation during 1981 was still affected by high interest rates in the United States and major industrial countries, and wide fluctuations in exchange rates of some leading currencies. During the year under report, in general there was a slight improvement in the disequilibrium of the balance of payments among most countries, although this situation was accompanied by swelling needs of non-OPEC countries for capital transfers to overcome their balance of payments deficits.

As noted above, the prevalence of the high interest rates were mainly due to strict enforcement of tight monetary policy and the persistent substantial deficit in the government budgets of industrial countries. The high interest rates caused wide fluctuations in the exchange rates of major currencies. During the first eight months of 1981, the exchange markets were

marked by the strengthening of the US dollar. However, since September 1981, the US dollar weakened again mainly as a result of a decline in interest rates in the United States. It should be noted, the gold price in the international market continued to fall during 1981, i.e. by 30% to reach \$ 400.00 per ounce in London. This situation was in line with the increasing trend of interest rates, aggravated by increased supplies of gold in the international market.

The improvement in the above disequilibrium was reflected by declining deficits in the current accounts of industrial countries and reduced surplus of oil exporting countries. This development was accounted for by the slowdown of imports by industrial countries due to recession, especially oil imports, coupled with energy conservation and substitution measures and more stable prices.

Non-oil developing countries continued to suffer large current account deficits. The main factors in this deterioration were declining exports, unfavorable terms of trade, and increasing cost of foreign borrowings. This situation, worsened by declining economic growth, led those countries to grave liquidity problems.

International liquidity during 1981 improved only nominally. International liquidity, comprising foreign exchange, gold, Special Drawing Rights (SDR) and Reserve Position in the Fund (RPF) increased by 4.8% only, compared with 16.9% in 1980. This marginal growth was accounted for by the inactive international trade and the decreasing value of gold reserves.

Foreign exchange reserves of industrial countries as a whole decreased by 2.8% compared with an increase of 20.7% in 1980. The sharpest decline was experienced by the United Kingdom because of large amortisation payments.



Some of the European Monetary System (EMS) member countries recorded declines in their reserves, caused by the active central banks' intervention in foreign exchange markets in their attempts to maintain the value of their currencies. Only Japan, among the industrial countries, registered a rise in its reserves, and this was caused mainly by a surplus on the trade account and inflows of private capital.

The foreign exchange reserves of nonoil developing countries declined by 3.6% during 1981. The reserves of the oil developing countries still increased but at a slightly lower rate than that of the previous year.

As in previous year, efforts were made by the International Monetary Fund (IMF) to overcome liquidity difficulties, particularly faced by the non-oil developing countries, among others by increasing the amount and prolonging the terms of credit to them, especially to those facing serious difficulties in structural adjustments of their balance of payments. Moreover, the Eighth General Review of Quotas was concluded, which on completion of subscription would increase the Fund's resources, and thereby enable the Fund to increase its financial assistance to member countries.

In 1981, the role of SDR was improved. International transactions which could be covered by SDR were widened. Further, the interest rate on SDR holdings was raised to 100% of the weighted average rates of the securities issued by certain monetary authorities, from 80% in the preceding year. On the other hand, the reconstitution requirement of 15% was abolished.

### **C. Cooperation among and Economic Developments in ASEAN Countries**

In 1981, the member countries of the Asso-

ciation of South East Asian Nations (ASEAN) continued to step up their cooperation, especially in the fields of trade, industry and finance. Besides, progress was achieved in improving cooperation between ASEAN and other countries either in groups or individually.

In the trade sector, an agreement was reached to enlarge the number of commodities under the ASEAN Preferential Trading Agreements (PTA) from 5,825 in the preceding year to 6,581 commodities, which number was further increased to 8,529 items. The PTA provides for a 20--25% minimum reduction of import tax on commodities traded among the ASEAN member countries.

In the industrial sector, the ASEAN urea project in Indonesia was still under construction and was expected to become operational by the end of 1983 or early 1984, while the construction of a similar project in Malaysia was about to get underway. In the case of soda ash project in Thailand, the supplementary agreement was concluded for the next stage of implementation. A proposal to replace the initially planned integrated pulp and paper project in the Philippines by a copper plant project was approved at the Ministers' Conference, held in Jakarta in May 1981.

A conference of the Ministers of Finance and Economic held in Jakarta in May 1981 arrived at a basic agreement concerning ASEAN Industrial Complements (AIC) in order to accelerate the tempo of industrial development. Under the AIC scheme, each member may produce different components that may be used by all the members. As a first step it was agreed to produce some components of motor vehicles and to reduce import tax by up to 50% on the complement items.

Cooperation in the field of finance and

banking was enhanced through efforts coordinated by the ASEAN Committee on Finance and Banking (COFAB), and in June 1981, ASEAN Finance Corporation (AFC) was established. The AFC is a joint venture among banks and financial institutions from the five ASEAN countries. As reported last year, the initial paid-up capital of AFC was Sin \$ 100 million. The main purpose of the AFC is to mobilize resources from governmental and private sectors for financing industrial projects within ASEAN. Furthermore, in November 1981, ASEAN Japan Development Corporation (AJDC) was established, representing a joint venture between AFC and Japan ASEAN Investment Company (JAIC). This corporation was intended to mobilize funds to finance ASEAN projects as well as ASEAN-Japan joint ventures.

The ASEAN Swap Arrangement, which started in August 1977, was extended during the year under report for another 5 years to be effective from August 5, 1982. As reported earlier, this agreement was designed to help ASEAN member countries encountering temporary balance of payments difficulties. The arrangement provided for a fund of \$ 200 million, which could be drawn up to a maximum amount of \$ 80 million by each member country.

Furthermore, in an effort to increase cooperation between ASEAN and other countries, views were exchanged, during the reporting year, with the United States, Canada, Japan, Australia, New Zealand, European Economic Community (EEC) and United Nations Development Program (UNDP)/ Economic and Social Commission for Asia and the Pacific (ESCAP) concerning economic and social cooperations. Emerging from these discussions were an economic cooperation agreement, signed in New

York in September 1981, between ASEAN and Canada. As a sequel to this, a Cooperation Committee was formed within ASEAN to help in signing of such agreement and evaluate the programs undertaken. With UNDP/ ESCAP, a technical assistance was agreed to finance some study projects implemented by various committees within the ASEAN. For the period of 1982-1986 such assistance will amount to \$ 5.4 million.

The unfavorable international economic situation arising from recession in industrialized countries affected adversely the economic growth and exports in the ASEAN countries. The impact of this situation was felt by all member countries, as reflected in the downturn of its exports. The balance of payments of these countries, except Singapore, deteriorated during 1981. With the exception of Thailand, the rate of economic growth declined further from the rates achieved in the preceding year, though these rates continued to be higher than those achieved by many other countries. The highest growth rate, 9.9%, was recorded by Singapore and the lowest, 4.8%, by the Philippines. The inflation rate remained subdued in almost all ASIAN countries, primarily because of a decline in import costs and weakness in prices of their exports in the world market and a slowdown in monetary expansion.

The real growth of Gross Domestic Product (GDP) in *Singapore* decelerated to 9.9% during 1981, from 10.2% in the preceding year. The slight decline in this growth rate was caused mainly by a slowdown in the industrial and trade sectors due to deterioration in its export which increased by only 7% as compared with 34% in the preceding year. Imports rose by 14%, due mainly to increased imports of airplanes and ships. As a result of the relatively faster growth

of imports than exports, trade deficit increased to \$ 6.6 billion in 1981 from \$ 4.6 billion in the preceding year. However, the increase trade deficit was compensated by large inflows of capital and a surplus on the services account. As a result, the balance of payments recorded a surplus of \$ 900 million in 1981 as compared with \$ 686 million in 1980. Inflation rate was 8.2% in 1981, while in the preceding year it was 8.5%.

The real GDP growth of *Malaysia* decelerated from 8.0% in 1980 to 6.5% in 1981. Due to the recession prevalent in industrialized countries, Malaysian exports suffered a decline of 8.7% in 1981, a sharp contrast to an increase of 16.4% in the preceding year. Though lower than in the preceding year (37.2%), imports continued to grow, i.e. by 12.6%. The unfavorable developments in the external trade, followed by a larger deficit in the services account, resulted in the current account deficit widening from only \$ 523 million in 1980 to \$ 5,758 million in 1981. Price developments also deteriorated caused, among others, by the government efforts to induce domestic demand through fiscal measures. Consumer price index (CPI) rose from 6.7% in 1980 to 9.6% in 1981. Prices of consumers goods, especially foodstuffs, contributed to the rise of consumer price index. Despite a slowdown in the economic activity, unemployment rate, at 5.2% in 1981, was virtually unchanged from that of 5.3% in 1980.

The real GDP growth in *the Philippines* slowed down from 5.8% in 1980 to 4.8% in 1981, mainly as a result of a decline in agricultural production induced by unfavorable weather condition and the lower outputs of

mining, industrial and construction sectors. Receipts from exports rose only by 2.1%, in contrast to 25.8% in 1980, while import payments rose by 8.7%. Consequently, the trade deficit widened to \$ 2.5 billion in 1981. The higher trade deficit was partly offset by an increase in transfers from abroad and capital inflows, yet, deficit in the overall balance of payments still rose to \$ 560 million from \$ 381 million in 1980. The CPI slowed down to 12.4% in 1981 from 17.8% in the preceding year. This declining rate of inflation was closely related to the adequate supplies of essential commodities, in addition to a slight decline in the international oil prices.

The growth rate of GDP in *Thailand* increased from 6.3% in 1980 to 7.9% in 1981, mainly contributed by the agricultural and industrial sectors. As in other ASEAN countries, the foreign trade sector was marked by a deterioration in export performance in 1981. Export receipts increased by only 14.7% as compared with 23.5% in 1980. The increase in imports was 14.2% in 1981, well below the 23.4% rise in 1980, due mainly to the use of domestic natural gas as a substitute for imported oil. Henceforth, deficit in the balance of trade remained practically unchanged at around \$ 2.8 billion. However, the overall balance in international payments showed a small surplus of \$ 109 million in 1981 as compared with \$ 226 million in the preceding year. The inflation at 12.7% in 1981 was lower than 19.7% in 1980, primarily because of good harvest, reduced oil imports, and appropriate fiscal and monetary policies.

## D. Relation between Indonesia and International Financial Institutions

### 1. International Monetary Fund (IMF or Fund)

Transactions with the Fund during the reporting year comprised Fund's use of rupiah in transactions with other member countries under the Fund's Operational Budget and receipts of SDRs for US dollars under the Designation Plan.

During the reporting year, Indonesia was included four times in the Operational Budget for a total amount of SDR 91.9 million. Under this scheme, Indonesia made US dollar available to the Fund equivalent to this amount, out of which SDR 42.5 million was utilized by the Fund to make transfers to Zimbabwe, Burma, Romania, Sri Lanka, and Pakistan. Consequently, Indonesia's position in the IMF in the form of Reserve Position in the Fund (RPF) increased by the same amount. Since joining the IMF again in 1967 till the end of reporting year, Indonesia has been included 22 times in the Operational Budget for a total cumulative amount of SDR 264.2 million, of which SDR 104.1 million was used by the Fund to make transfers to other IMF member countries.

Under the SDR Designation Plan, Indonesia was committed four times in 1981/82 to make US dollars available to the Fund aggregating SDR 50.8 million equivalent. Out of this, SDR 25.6 million was exchanged for SDRs. On account of this transaction, Indonesia's foreign exchange reserves in the form of US dollar holdings decreased while its SDR holdings increased by the same amount. As a result of the above transactions under Designation Plans and other transactions, the Special Drawing Right hold-

ings of Indonesia increased to SDR 240.7 million at end of 1981/82 from SDR 211.6 million at end of the preceding year.

### 2. World Bank Group

During the reporting year, the amount of loans extended to Indonesia by the *International Bank for Reconstruction and Development* (IBRD or World Bank) aggregated to \$ 1,143 million. These loans were meant for 13 projects in education, irrigation, communication, electricity, agriculture and mining sectors. Thus, the total loans approved till the end of 1981/82 reached the amount of \$ 4,562 million for 67 projects. The loans carried a 7 - 30 year maturity, including a 3 --- 10 year grace period, and interest rates ranging from 7% to 11.6% p.a. plus a commitment charge of 0.75% p.a.. Since January 5, 1982, an additional charge was imposed on all new loans, in the form of front end fee, at the rate of 1.5%, on the amount approved.

By the end of 1980, Indonesia was no longer eligible for aids under the *International Development Assistance* (IDA), because its foreign exchange reserves was considered sufficiently large and its balance of payments performed well during the past few years. Consequently, total aids approved till the end of 1981/82 remained at \$ 931.8 million, for the financing of 47 projects covering agriculture, industry, communications, electricity, and urban development. As commonly known, aids under IDA have a 50-year maturity including a 10-year grace period, bearing no interest but an administration charge of 0.75% p.a. on the disbursed portion. Since January 5, 1982, an administration fee of 0.50% p.a. was imposed on the undisbursed portion of all new loans. In meeting its obligation under the Sixth IDA Replenishment ap-

proved in 1980 for a total amount of \$ 12 billion, on September 23 and November 19, 1981, Indonesia paid the first two of its three installments of contribution amounting to \$ 241,600.00 equivalent each. The payments were made in rupiah.

Indonesia received financial assistance from *International Finance Corporation* (IFC) in the form of equity capital and loan. In providing this assistance, IFC involved the participation of other financial institutions as well as private companies. During the reporting year, IFC had assisted one private company with an equity capital of \$ 0.3 million and loan of \$ 2 million, the latter bearing an interest of 17% p.a.. In addition, this company also received a loan of \$ 2 million from another institution. Until the end of 1981/82, IFC had extended assistance for 13 private companies to the amount of \$ 15 million in equity investments and \$ 66 million in loans. Investment by other institutions amounted to \$ 55.8 million. Effective from 1978, the IFC's subscribed capital was increased from \$ 110 million to \$ 650 million. Indonesia's share was increased from \$ 6.1 million to \$ 7.4 million, payable in five installments. The last installment, amounting to \$ 1.2 million, was paid in the reporting year.

### 3. Asian Development Bank (ADB)

ADB loans to Indonesia originated from its Ordinary Resources and Asian Development Fund (ADF). Loans under Ordinary Resources had a 10-30 year maturity, including a 2 - 8 year of grace period and carried an 8.1% - 11% interest p.a.. Loans originating from ADF, commonly known as Special Fund Resources, had a 40-year maturity, including a 10-year grace period, carrying no interest but an administration fee of 1% p.a.. In 1981/82, total ADB loans extended to Indonesia

reached \$ 371.8 million for projects in irrigation, technical schools, road constructions, electricity, water supply, and industry. These projects were financed out of the Ordinary Resources. Up until the end of the reporting year, total credits received from ADB amounted \$ 1,603.1 million, consisting of \$ 1,440.8 million from the Ordinary Resources and \$ 162.3 million from ADF. It should be noted that since 1980 Indonesia was no longer, eligible for loans originating from ADF, unless a sharp deterioration occurred in its economic situation.

### 4. Islamic Development Bank (IDB)

At the end of March, 1982, IDB's subscribed capital was ID 1,820 million,<sup>1)</sup> of which Indonesia's paid subscription amounted to ID 32.62 million. In the reporting year, IDB approved a financial assistance of \$ 4 million in equity capital for a textile project in Sumatra, and \$ 5.8 million for small scale industrial development, the latter being channeled through Bapindo. At end of 1981/82, the total financial assistance approved by ADB amounted to \$ 28.8 million for 4 projects.

### 5. Inter -Governmental Group on Indonesia (IGGI)

At the 24th IGGI meeting, held in Amsterdam on May 12-13, 1981, it was concluded to provide financial assistance for Indonesia to the amount of \$ 2.1 billion for the period of 1981/82, consisting of aids from donor countries and multilateral financial institutions. Till the end of March 1982, total IGGI loan agreements signed amounted to \$ 20.7 billion, of which - \$ 10.8 billion was disbursed.

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1) ID stands for Islamic Diner; ID 1.00 = SDR 1.00.

## VII. INDONESIA'S BALANCE OF PAYMENTS

### A. Balance of Payments Policy

#### 1. General

The world economic situation of the past two years was characterized by the reduced demand for primary commodities exported by developing countries and the imposition of restrictions by some developed countries on their imports. These developments had an unfavorable affect on the non-oil and nongas exports from Indonesia. The oil export, during the year under report, showed a tendency to decrease as a result of the excess supply in the world oil market which, in the short-run, presents only a small probability for improvement. Meanwhile, the Government issued, during the reporting year, a new package of regulations called the "Export Policy of January 1982" directed to promote exports and production of nonoil and non-gas export commodities<sup>1)</sup>. The main features of this policy are the extension of low interest export credit facility, provision of export credit guarantee and export insurance, relaxation of requirements on export payments, simplification of export procedures, further relaxation of foreign exchange regulations, and reductions of service fees at the primary export ports.

The policy to impose lower rates of tariff and import sales tax on raw and auxiliary materials for the production of export commodities continued to be in effect. Measures were also taken for expediting of export and import documentation procedures.

Within the context of the Government

policy to stimulate foreign capital investment, measures were introduced to simplify the procedures for obtaining capital investment license, and to grant some additional tax facilities. Also a few adjustments were made in the Foreign Investment Priority List (DSP).

#### 2. Export measures

As mentioned, the Export Policy of January 1982 covers several aspects of export. One of these is the provision of export credit carrying especially low interest rate and other favorable conditions. Moreover, the Government instituted facilities of export insurance and export credit guarantee. A detailed description about these was given in Chapter II.

In this regard, whenever exporters availed of the export credit, it was made obligatory that the export proceeds were used, as the first priority, to repay whole or installments of the export credit. In this case exporters are allowed, within a period of five days, to sell the foreign exchange to whomsoever they find it most profitable. If they do not do so, then the banks granting the credit would sell the foreign exchange on behalf of the exporters at the best rate favorable to the exporters.<sup>2)</sup>

In regard to export procedure, relaxations were introduced in the requirements on export payments, and customs procedures were simplified. Exports which earlier could only be undertaken through the use of Letters of Credit (L/C)<sup>3)</sup>, could, under the January 1982 policy, be undertaken

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1. Government Regulation No. 1, 1982, January 16, 1982.

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2. Circular Letter of Bank Indonesia No. SE/14/8/UKU, February 25, 1982.

3. Except the exports of tobacco, which can be done on consignment.

through other means, such as advance payment, collection draft, document against payment (D/P) and document against acceptance (D/A), open account (O/A), on consignment and through other types of payment generally practised in the international trade.

This relaxation applies only to exports to the countries with which Indonesia trades directly<sup>4</sup>. In order to facilitate the recordings of exports by different methods of payment, a new set of reporting form, called the Notification of Commodities Export (PEB), was introduced in April 1982. This was to replace the E3 form<sup>5</sup>. The Government also enjoined on customs to process export document for 24 hours a day, to grant license for loading export commodities on ships even when they have not moored to the pier, and to complete the processing of export documents at the latest one day after the loading of the export commodities<sup>6</sup>.

In connection with the relaxation of requirements on export payments, adjustments were made in the methods of collection of export tax and additional export tax, which vary according to the payment methods used in export transactions. Whenever the payment is conducted through the Sight Letter of Credit (sight L/C) the export tax shall be levied at the time of draft negotiation. In case usance L/C is being used, the tax shall be levied when draft is discounted at a bank, or on due date if the draft in question is not discounted at a bank. For exports on consignment and exports conducted

through open account, draft collection and advance payment, the tax shall be levied at the time when the payment is received from abroad, or in case the draft is purchased by a bank it shall be levied at the time of purchase of the draft by the bank<sup>7</sup>. It should be noted that the rate of export tax on some commodities remained unchanged at 5%, 10% and 20%. Besides, additional export tax with varying rate between 0% and 18.04% were still imposed on certain commodities.<sup>8</sup>

In regard to foreign exchange proceeds from exports, it is no longer obligatory for exporters to surrender to Bank Indonesia foreign exchange revenues earned from exports. Exporters are now free to acquire and utilize foreign exchange proceeds either for payments abroad, to deposit them with banks in Indonesia or abroad or exercise the option of selling such proceeds in the free market. In case they desire to sell such foreign exchange proceed partly or entirely to Bank Indonesia, the Bank will be obliged to purchase the foreign exchange at a rate prevailing in the Foreign Exchange Bourse (BVA).

Under the Export Policy of January 1982, the Government granted reductions on warehouse and port fees for cargo of non-oil and non-gas commodities. Warehouse fee has been reduced by 80% for commodities stored in the warehouse for a period of not more than 28 days<sup>9</sup>. The port superintendent may exempt ships from the compulsory piloting, so as to free them from the burden of paying the pilotage expense. Furthermore, a reduction has been

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4. Decree of the Minister of Trade and Cooperatives No. 27/KP/I/82, January 18, 1982.

5. Joint Decree of the Minister of Finance and the Minister of Trade and Cooperatives No.157/KMK.05/1982, March 10, 1982. 95/Kpb/III/82

6. Instruction of the Minister of Finance No. 1/IMK/1982, January 18, 1982.

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7. Decree of the Minister of Finance No. 28/KMK.011/1982, January 18, 1982.

8. Decree of the Minister of Finance No. 29/KMK.011/1982, January 18, 1982.

9. Decree of the Minister of Communication No. KM.16/PR.302/Phb-82, January 18, 1982.



made on the tugging charge for commercial ships<sup>10)</sup>.

As far as the ocean freight service is concerned, the freight charge have been set at levels so as to enable the' freight service to be internationally competitive, the number of ports of call has been reduced, and fixed and regular navigation schedules have been arranged. The prevailing ocean freight charge shall not be more than the charge stipulated at the Freight Conference for the shipments from nearby ports. In order to reduce the number of calls on ports attempts have been made to accumulate the goods for export at four primary ports i.e. Belawan, Tanjung Priok, Tanjung Perak, and Ujung Pandang.<sup>11)</sup>

The other government measures in stimulating export stipulated linking of Government imports financed by the Government budget and by export credits from abroad with non-oil and non-gas exports. This implies that parties abroad supplying the Government with imported goods are obliged to arrange export of commodities of basically equal in value from Indonesia. This provision applies to Government imports exceeding Rp 500 million (equivalent to around \$ 800 thousand) in value. By the end of March 1982 the Government stipulated eleven export commodities which may be linked with Government imports. These commodities are: rubber, coffee, white pepper, black pepper, tobacco, manioc, cement, sawn timber, plywood, other processed wood, and textile products. The provision also requires that the exports with are linked with Government imports should be incremental, that is over and

above the normal exports to the concerned country. Government imports include imports by Government departments, non-departmental Government institutions, and Government owned companies, coordinated by the Team under KEPPRES 10, 1980, except those financed by soft loan and loans from the World Bank, Asian Development Bank, Islamic Development Bank and imports by joint ventures between government enterprises and foreign companies.

In continuation of the policy adopted during the past fiscal year, certain measures were taken during the reporting year, concerning export tax, additional export tax, export certificate, the procedures for timber export, the improvement of quality of exports, and the marketing of commodities to certain countries.

To stimulate exports of coffee, pepper and rubber, the Government annulled export tax on these commodities<sup>12)</sup>. Moreover, additional export tax for sterin was reduced from 5.92% to 1.42%, while for sawn Javanese teak wood, black tea, coffee, and palm oil additional export tax was abolished<sup>13)</sup>. In the mean time the types of industrial commodities on which export certificate facility is granted were increased from 384 to 637 types of commodity.<sup>14)</sup>

With a view to providing job opportunities and increasing value added of timber, exports of logs were gradually restricted. Since the reporting year allocation of log export could be

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10. Decree of the Minister of Communication No. KM.17/PR.302/Phb-82, January 18, 1982.

11. Decree of the Minister of Communication No. KM.113/HK.207/Phb-82, March 29, 1982.

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12. Letter of the Minister of Finance No. 362/KMK.011/1981, June 19, 1981 and No. 540/KMK.O11/1981, September 16, 1981.

13. Various Announcements of the Minister of Trade and Cooperatives on additional export tax, and the latest of those was the Announcement No. 489/M/X/81, October 24, 1981.

14. Various Decrees of the Minister of Finance on export certificates facility, and the latest of those was the Decree No. 121/KMK.05/1982, February 26, 1982.



granted only to the holders of Forestry Exploitation Rights (HPH) who are either in the stage of establishing an integrated timber industry or already in the stage of commercial production<sup>15)</sup>

In order to strengthen competitiveness of export commodities, quality improvement has been initiated by way of standardizing the qualities for particular export commodities, and by granting authority to certain laboratories to issues certificate of quality.

To expand the markets for Indonesian exports, economic cooperation with certain countries was enhanced. With regard to trade expansion within ASEAN countries the number of commodities that could be exported from Indonesia under the ASEAN Preferential Trading Arrangements was expanded from 4,659 to 6,813<sup>16)</sup>. To encourage export to the Middle eastern countries, exhibitions of industrial and agricultural products were held, sales missions were deputed to conduct market surveys, and more intensive distribution of information about export markets to exporters in Indonesia was undertaken.

### 3. Import measures

In accordance with the Government Regulation No. 1, 1982, improvements in the import procedure were made. According to the new procedure payments for import, which earlier could only be made through L/C, could now

be made through any method normally practised in international trader<sup>17)</sup>. Meanwhile customs procedure was further streamlined in order to speed up the flow of import documents, such as the Notification for the Entry of Goods for Usage (PPUD) document<sup>18)</sup>.

In line with the measure taken during the past years, reductions on import duties and import sales tax were granted to certain goods considered essential to the domestic industry<sup>19)</sup>. The provision of compulsory minimum import deposit was abolished for all commodities imported by using sight L/Cs. Now foreign exchange banks are free to determine the amount of import deposit.

With a view to promoting trade among ASEAN countries, Indonesia extended the list of commodities eligible for imports under the ASEAN Preferential Trading Arrangements from 1,166 to 1,716 commodities. The extension was based on a mutual agreement that import duties on commodities whose import value ranged between \$ 50,000 and \$ 500,000 in 1979 was to be reduced by 20% and 25%<sup>20)</sup>.

### B. The Balance of Payments Movements

#### 1. Main features

The world economic recession, the import restrictions imposed by industrial countries and the excess supply in the world market of oil af-

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15. Joint Decree of the Directors General of Forestry, Various Manufacturing Industry, Domestic Trade, and Foreign Trade:  
No. 15/Kilts/DJ/I/1982,  
No. 034/DJAI/SK/II/1982,  
No. 17/DAGRIIKp/II/1982,  
No. 02 /DAGLU/Kp/II/1982, February 15, 1982.  
16. Instruction of the Director General of Foreign Trade  
No. 16/DAGLU-54/INS/ VIII/81, August 29, 1987 .

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17. Decree of the Minister of Trade and Co operatives  
No. 28/KP/I/82, January 18, 1982.  
18. Instruction of the Minister of Finance  
No. 2/KMK/1982, January 18, 1982.  
19. Various Decrees of the Minister of Finance on tariff and sales tax on imports, and the latest of those was the Decree No. 705/KMK.05/1981, November 30, 1981.  
20. Decrees of the Minister of Finance No. 526/KMK/05/81, September 10, 1981 and No. 71/KMK.05/82, February 5, 1982.

**TABLE 7.1**  
**INDONESIA'S BALANCE OF PAYMENTS 1)**  
( millions of \$ )

Accounts	1977/78	1978/79	1979/80 <sup>r</sup>	1980/81 <sup>r</sup>	1981/82 <sup>*</sup>
A. Goods and services	— 690	— 1,155	2,198	2,131	— 2,790
1. Merchandise goods, exports f.o.b.	10,860	11,353	18,511	22,885	22,994
imports f.o.b.	— 7,866	— 8,443	—10,706	—14,242	—17,830
2. Freight and insurance on imports	— 1,031	— 982	— 1,262	— 1,645	— 2,021
3. Other transportation	— 235	— 319	— 332	— 359	— 414
4. Travel	— 96	— 120	— 169	— 252	— 386
5. Investment income	— 1,826	— 1,925	— 2,764	— 2,943	— 3,019
5.1. Oil and LNG sector	(— 961)	(— 910)	(—1,595)	(—1,945)	(—2,483)
5.2. Direct investment and others	(— 865)	(—1,015)	(—1,169)	(— 998)	(— 536)
6. Government, not included elsewhere	— 44	— 40	— 92	— 106	— 165
7. Other services	— 452	— 679	— 988	— 1,207	— 1,949
Balance of goods and services (1 through 7)	— 690	— 1,155	2,198	2,131	— 2,790
Balance of goods (1)	2,994	2,910	7,805	8,643	5,164
Balance of services (2 through 7)	— 3,684	— 4,065	— 5,607	— 6,512	— 7,954
B. Grants	110	125	218	195	156
8. Private	— —	— —	— —	— —	— —
9. Government	110	125	218	195	156
C. Special Drawing Rights (SDRs)	— —	64	65	62	— —
D. Total (A + B + C)	— 580	— 966	2,481	2,388	— 2,634
E. Capital movements	858	1,135	— 1,225	— 1,223	4,684
E. 1. Other than reserves	1,509	1,843	465	1,513	3,696
10. Direct investment and other long-term capital movement	1,535	1,648	1,397	1,932	3,292
10.1. Direct investment	285	271	217	140	142
10.2. Bonds	— —	100	62	46	47
a. Government	— —	100	62	46	47
b. Private	— —	— —	— —	— —	— —
10.3. Other long-term capital movement	1,250	1,277	1,118	1,746	3,103
a. Government	1,333	1,351	1,718	1,828	2,509
b. Private	— 83	— 74	— 600	— 82	594
11. Short-term capital movement	— 26	195	— 932	— 419	404
11.1. Government	— —	— —	— —	— —	— —
11.2. Private	— 26	195	932	— 419	404
E. 2. Reserves	— 651	— 708	— 1,690	— 2,736	988
12. Monetary gold	— 3	— 36	— 343	— 789	113
13. Special Drawing Rights	— 13	— 120	— 91	— 97	56
14. Reserves position in the fund	— 82	— 6	— 16	— 26	— 104
15. Foreign exchange	— 389	— 546	— 1,172	— 1,820	923
16. Others	— 164	— —	— 68	— 4	— —
F. Errors and omissions (between D and E)	— 278	— 169	— 1,256	— 1,165	— 2,050

1) — The presentation basically follows the IMF 1977 Balance of Payments Manual.

— Positive is credit and negative is debit.

affected unfavorably Indonesia's balance of payments position. After having surpluses during five consecutive years, Indonesia's balance of payments in the reporting year showed a deficit, as a result of which there was a decline of \$ 988 million in the net official reserves that stood at \$ 6,354 million as of March 31, 1982. The net foreign assets held by commercial banks, on the other hand, increased by \$ 843 million to \$ 4,268 million. If this is taken into account, the overall deficit in Indonesia's balance of payments amounted to only \$ 145 million.

The current account turned around from a surplus during the previous two years to its earlier pattern of deficit, and the deficit in 1981/82 amounted to \$ 2,790 million (see Table 7.1). This was a result of a 25% fall in non-oil exports reflecting a sluggish demand world wide. The sharp fall in non-oil exports was due to sharp declines in the export value of almost all major commodities: timber (47%), rubber (22%), coffee (34%), palm oil (53%) and pepper (14%) (see Tables 7.2 and 7.3). Total imports, meanwhile, rose markedly, though by a somewhat lower rate than that of 32% in the preceding year, i.e. by 25%. This increase was primarily attributable to the rise in imports by oil companies and imports under project aid. A welcome feature was the continuing decline in rice imports from \$ 392 million to \$ 193 million in value and from 1.2 million tons to 0.4 million tons in volume.

## **2. Current account**

The current account in 1981/82 turned into a deficit of \$ 2,790 million from a

surplus of \$ 2,131 million and \$ 2,198 million in each of the preceding two years. This resulted from a decline in non-oil exports as well as in net earnings from oil, and a widening payment deficit on services. The deficit on services amounted to \$ 7,954 million, while the trade account showed a surplus of \$ 5,164 million.

### **a. Balance of trade**

As in the past years the balance of trade continued to posit surplus which was \$ 5,164 million in 1981/82, a significantly smaller amount than that in preceding year. Exports rose only by \$ 109 million, while imports recorded a large increase of \$ 3,588 million.

#### **a.1. Exports**

The total exports rose only by less than 1% in 1981/82, as compared with 24% in the preceding year, resulting from a sharp fall in the non-oil exports and a slowdown in the increase of oil exports.

Japan remained the biggest buyer of Indonesian goods although its share slightly declined from 49% to 48%. The United States stayed at second rank with its share decreasing from 20% to 17%, whereas the share of the ASEAN countries remained unchanged at around 12%, in spite of a slight decline (of 3%) in exports to these countries. It may be added that efforts were being made for expansion of market in the Middle eastern countries such as Egypt, Saudi Arabia, Turkey and Algeria.

#### **i. Oil and LNG exports**

Indonesia's oil and LNG exports including

oil exports under cross purchase/cross exchange arrangements<sup>21)</sup>, rose by only 9% to \$ 18,824 million, compared with 40% in the preceding year. The deceleration resulted from a slower rise in oil prices during the reporting year. The weighted average of the oil price in 1981/82 went up by just 8% to \$ 35.13 per barrel, compared with 44% in the previous year.

Oil exports rose by 9% to \$ 16,482 million despite a 3% decline in volume to 468 million barrels. Exports of crude oil were down by 1% to 421 million barrels. The decline was due to an increase in refinery input reflecting a growing domestic demand for fuel. The exports of oil products declined by 14%, mainly as a result of depressed world market. Taking into account payments made by the oil companies for imports and services the net earnings from oil declined by 10% to \$ 8,379 million in 1981/82. The fall was attributable to increases by \$ 1,366 million in import and \$ 895 million in service payments.

By country of destination, Japan still held the lead as the biggest buyer of Indonesia's oil in spite of a decline in its share from 56% to 46%. The United States ranked second with its share of 19% compared with 25% in the preceding year. The remainder of the oil exports went to Trinidad and Tobago, Bahama, Australia, the Philippines, Singapore and South Korea (see Table 7.4).

LNG exports advanced by 11% to \$ 2,342 million as a result of an 8% increase in volume to 458 million MMBTU and a 3.3% rise in price to \$ 5.65 per MMBTU<sup>22)</sup>. After allowing

payments for imports and services related to LNG production, the net earnings from LNG exports went up by 10% to \$ 1,382 million. Japan remained the sole buyer of Indonesia's LNG.

## ii. Non-oil and non-LNG exports

The non-oil and non-LNG exports declined by 25% to \$ 4,170 million as compared to a downward slide of 10% in the preceding year. This sharp drop was due both to a fall in the prices of some commodities and to a Government policy in favor of the fulfillment of domestic demand for certain export commodities. Practically all major export commodities, i.e. timber, rubber, coffee, palm oil and shrimps that constituted on average 67% of the total non-oil and non-LNG exports during the last five years, showed declines in value as well as in volume. In the case of tea and tin, their export values declined despite an increase in their export volume.

Unlike the preceding year when the export value of textiles and handicrafts declined by 16%, this year their export value rose by 15% as a result of successful efforts for marketing garments to the EEC countries, notably Benelux, the United Kingdom, Italy and France, though the export volumes were still less than the quotas agreed upon. Urea exports declined sharply by 52%, despite an increase in its production. The export of cement increased to \$ 16 million.

By country of destination, Japan still held the lead in spite of the decline in its share from 29% to 22%. The United States ranked second with an increase in its share from 12% to 16%. The share of ASEAN countries rose nominally from 18% to 19% in 1981/82.

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21. Under cross purchase or cross exchange arrangements Pertamina exports crude oil for the advantage of a foreign party, and in exchange the foreign party supplies Pertamina with refined products of equal value.

22) MMBTU = Million BTU (British Thermal Unit)

Export performance of a few important commodities in the non-oil and non-LNG category is described in the ensuing paragraphs.

### Timber

Timber export continued to rank first among the non-oil and non-LNG commodities, though the contribution of timber declined to 23% in 1981/82 from 30% in the preceding year resulting mainly from a 43% drop in its export value to \$ 951 million. This drop was due to a 48% decline in its export volume to 5,940 thousand tons reflecting the tightened restrictions on unprocessed log exports. As described in the last year report the main purpose of this restrictive policy was to encourage the export of processed wood in order to increase the value added of timber exports as well as to create employment opportunities. It may be added that the value of exports of processed wood (sawn-wood, plywood and other processed wood) had increased considerably, i.e. by 95%, resulting in a rise in its share in the total timber exports from 14% to 47%. By volume, the export of processed wood increased by as much as 115% making its share in the total timber exports increased to 29% in 1981/82 from 7% in the preceding year.

Japan remained the biggest buyer of Indonesia's timber despite a decline in its share from 52% to 45%. Other buyers were Taiwan (12%), Singapore (12%), Hongkong (6%) and Italy (6%).

### Rubber

The export value of rubber dropped significantly in 1981/82, that is by 30%, to \$ 758 million, compared with a small decline of 2%

in the preceding year. The drop was due to a 22% fall in rubber price on the world market and a 10% decline in export volume. This unfavorable development was attributable to the world economic recession.

By country of destination, the United States was the biggest buyer of Indonesia's rubber with a share of 36%. Singapore which ranked first during the last few years slipped down to the second rank (34%). Other consumers of Indonesia's rubber were the Soviet Union (8%), Japan (4%), and the Federal Republic of Germany (3%).

### Coffee

It was the first time in the last four years that the share of coffee exports in total exports went down from the third to the fourth rank following timber, rubber, and tin. This was due to a sharp drop in coffee exports, i.e. by 42% to \$ 340 million in the reporting year, which was attributable both to the worsening of coffee prices in the world market and to a decline in export volume. Coffee prices dropped sharply following the excess supply of coffee in the world market, whereas lower export quotas fixed for Indonesia under the International Coffee Organization (ICO) agreement resulted in the fall of export volume. The export quota which was previously fixed at 192 thousand tons for the period of October 1980 up to September 1981 was reduced to 138 thousand tons for the period from October 1981 up to September 1982, and this constituted 4.3% of total quotas of the ICO members. Moreover, Indonesia's exports to non-ICO countries was adversely affected since Singapore, which previously was one of the non ICO markets for Indonesia's coffee, joined the ICO in August 1981. In the light of

**TABLE 7.2**  
**VALUE OF EXPORTS 1)**  
( millions of \$ )

Items	1977/78	1978/79	1979/80 <sup>r</sup>	1980/81 <sup>r</sup>	1981/82 <sup>*</sup>
A. Oil 2)	7,191	6,858	10,995	15,187	16,482
B. LNG	162	516	1,345	2,111	2,342
C. Non-oil and non-LNG	<u>3,507</u>	<u>3,979</u>	<u>6,171</u>	<u>5,587</u>	<u>4,170</u>
Timber	947	1,136 <sup>r</sup>	2,166 <sup>r</sup>	1,658	951
— Log	( 947 )	( 1,131 )	( 2,060 )	( 1,428 )	( 503 )
— Processed timber	( — )	( 5 )	( 106 )	( 230 )	( 448 )
Rubber	609	781	1,101	1,078	758
Coffee	626	509	715	588	340
Palm oil	202	222	257	178	78
Animal and produce	179	214	255	224	211
— Shrimps	( 154 )	( 187 )	( 217 )	( 170 )	( 164 )
— Others	( 25 )	( 27 )	( 38 )	( 54 )	( 47 )
Tea	120	98	91	97	94
Foodstuffs	61	93	139	135	92
— Tapioca	( 13 )	( 28 )	( 60 )	( 36 )	( 21 )
— Others	( 48 )	( 65 )	( 79 )	( 99 )	( 71 )
Pepper	62	66	46	51	48
Tobacco	59	58	60	69	49
Copra cakes	33	34	52	46	32
Hides	19	30	49	29	32
Rattan	20	40	92	73	85
Textile and handicrafts	17	26	151	127	147
Electrical appliance	26	40	70	81	59
Urea fertilizer	46	36	41	23	11
Cement	—	5	29	11	16
Mining products	363	437	609	779	764
— Tin	( 253 )	( 324 )	( 388 )	( 454 )	( 437 )
— Copper	( 74 )	( 64 )	( 95 )	( 115 )	( 133 )
— Others	( 36 )	( 49 )	( 126 )	( 210 )	( 194 )
Miscellaneous	118	154 <sup>r</sup>	248 <sup>r</sup>	340	403
Total (A + B + C)	<u>10,860</u>	<u>11,353</u>	<u>18,511</u>	<u>22,885</u>	<u>22,994</u>

1) Based on f.o.b. value.

2) Crude oil and oil products. Including cross purchase/cross exchange for the year 1979/80, 1980/81 and 1981/82 with total \$ 1,016 million, \$ 1,099 million and \$ 1,849 million respectively.

**TABLE 7.3**  
**VOLUME OF EXPORTS**

Items	1977/78	1978/79	1979/80 <sup>r</sup>	1980/81 <sup>r</sup>	1981/82 <sup>*</sup>
A. Oil (millions of barrels) <sup>1)</sup>	533	503	487	481	468
B. LNG (millions of MMBTU) <sup>2)</sup>	71	216	373	424	458
C. Non-oil and non-LNG (thousands of tons)					
Timber	15,747	16,141	16,120 <sup>r</sup>	11,509	5,940
— Log	(15,747)	(16,092)	(15,821)	(10,702)	( 4,207)
— Processed timber	( — — )	( 49)	( 299)	( 807)	( 1,733)
Rubber	873	928	1,016	954	859
Coffee	179	232	238	231	218
Palm oil	438	415	440	377	181
Animal and produce	77	84	98	110	105
— Shrimps	( 45)	( 48)	( 49)	( 42)	( 39)
— Others	( 32)	( 36)	( 49)	( 68)	( 66)
Tea	60	65	69	78	87
Foodstuffs	875	1,312	1,388	1,264	970
— Tapioca	( 184)	( 435)	( 545)	( 334)	( 267)
— Others	( 691)	( 877)	( 843)	( 930)	( 703)
Pepper	31	39	24	32	38
Tobacco	27	27	25	30	26
Copra cakes	301	323	354	390	298
Hides	5	7	8	5	6
Rattan	82	79	113	73	84
Textile and handicrafts	6	13	29	24	30
Electrical appliance	— —	1	1	1	1
Urea fertilizer	361	275	247	151	40
Cement	— —	112	647	295	322
Mining products	2,260	2,275	3,074	3,291	2,557
— Tin	( 25)	( 26)	( 27)	( 30)	( 31)
— Copper	( 188)	( 169)	( 187)	( 177)	( 210)
— Others	( 2,047)	( 2,080)	( 2,860)	( 3,084)	( 2,316)
Miscellaneous	301	453	2,190	3,007	8,547

1) Crude oil and oil products. Including cross purchase/cross exchange for the year 1979/80, 1980/81 and 1981/82 with total 45 million, 47 million and 51 million barrels respectively.

2) MMBTU = Million BTU (British Thermal Unit).

**TABLE 7.4**  
**OIL EXPORTS BY COUNTRY OF DESTINATION 1)**  
( millions of barrels and \$ )

Country	1977/78		1978/79		1979/80 <sup>r</sup>		1980/81 <sup>r</sup>		1981/82 <sup>*</sup>	
	Barrel	\$	Barrel	\$	Barrel	\$	Barrel	\$	Barrel	\$
<b>1. The United States of America</b>										
— Crude oil	173.9	2,370.1	170.3	2,344.4	114.4	2,568.6	112.1	3,652.5	81.8	2,903.6
— Oil products	6.4	83.4	5.8	76.4	15.1	355.1	4.9	152.5	6.6	215.0
<b>Total</b>	<b>180.3</b>	<b>2,453.5</b>	<b>176.1</b>	<b>2,420.8</b>	<b>129.5</b>	<b>2,923.7</b>	<b>117.0</b>	<b>3,805.0</b>	<b>88.4</b>	<b>3,118.6</b>
— % Share	33.8	34.1	35.0	35.3	26.6	26.6	24.3	25.0	18.9	18.9
<b>2. Japan</b>										
— Crude oil	231.3	3,116.3	199.7	2,632.4	224.9	5,049.4	216.9	7,114.2	185.1	6,570.6
— Oil products	34.5	449.4	26.7	343.9	29.6	698.2	45.9	1,429.4	32.7	1,066.1
<b>Total</b>	<b>265.8</b>	<b>3,567.7</b>	<b>226.4</b>	<b>2,976.3</b>	<b>254.5</b>	<b>5,747.6</b>	<b>262.8</b>	<b>8,543.6</b>	<b>217.8</b>	<b>7,636.7</b>
— % Share	49.9	49.6	45.0	43.4	52.3	52.3	54.6	56.3	46.5	46.3
<b>3. Other countries</b>										
— Crude oil	78.8	1,065.1	92.1	1,335.2	96.2	2,164.4	98.1	2,738.3	154.7	5,493.0
— Oil products	8.2	106.8	8.6	125.5	6.7	158.8	3.2	99.7	7.2	233.2
<b>Total</b>	<b>87.0</b>	<b>1,171.9</b>	<b>100.7</b>	<b>1,490.7</b>	<b>102.9</b>	<b>2,323.2</b>	<b>101.3</b>	<b>2,838.0</b>	<b>161.9</b>	<b>5,726.2</b>
— % Share	16.3	16.3	20.0	21.9	21.1	21.1	21.1	18.7	34.6	34.8
<b>4. Total (1 + 2 + 3)</b>										
— Crude oil	484.0	6,551.5	462.1	6,312.0	435.5	9,782.4	427.1	13,505.0	421.6	14,967.2
— Oil products	49.1	639.6	41.1	545.8	51.4	1,212.1	54.0	1,681.6	46.5	1,514.3
<b>Total</b>	<b>533.1</b>	<b>7,191.1</b>	<b>503.2</b>	<b>6,857.8</b>	<b>486.9</b>	<b>10,994.5</b>	<b>481.1</b>	<b>15,186.6</b>	<b>468.1</b>	<b>16,481.5</b>
— % Share	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1) Based on f.o.b. value.



this development efforts were intensified to expand the marketing of coffee to non-ICO member countries such as the Middle East and the Socialist countries.

Indonesia's coffee export to the ICO countries went mainly to the United States (33%), Japan (13%), the Netherlands (9%), Italy (6%), Singapore (6%), and the Federal Republic of Germany (4%), whereas among non-ICO member countries exports went mostly to Denmark and the Middle East.

## Tin

The export value of tin reached \$ 437 million, slightly below that of the preceding year, despite a 3% increase in its export volume. The decline in the export value was due to a 27% drop in tin prices associated with the psychological effect of the release of tin stock by the United States into the market, which up to date has reached 7 thousand tons. The increased volume was purchased by the Socialist countries, mainly, the Soviet Union. It may be added that producing and consuming countries did not succeed to conclude the Sixth International Tin Agreement (ITA) which was expected to come into effect as of July 1, 1982 because of the decision of the United States to stay out of the agreement. In the meantime the International Tin Conference held in Kuala Lumpur, Malaysia, in October 1981 unanimously decided to raise the floor and ceiling prices of tin by about 6.8% to M.\$ 29.15 and M.\$ 37.89 per kg, respectively.

Indonesia's tin exports were absorbed largely by Singapore (47%), the Netherlands (36%) and Japan (14%).

## Palm oil

The export value of palm oil slipped by 56% to \$ 78 million, as compared to a fall of 31% in the preceding year. The decrease was due both to a sharp drop in the export volume (52%) resulting from the more extensive use of palm oil for cooking in the country and to a price decline in the world market. The price decline was induced largely by the continued downward movement of the price of soybean oil a close substitute for palm oil.

Country-wise Netherlands accounted for 32%, followed by the United Kingdom (27%), Federal Republic of Germany (19%), Italy (13%) and Kenya (5%) of total exports of palm oil during the reporting year.

## Shrimp

The export value of shrimp showed a further decline in 1981/82 by 4% to \$ 164 million. The export volume fell by 7% while the price increased by 4%. The fall in the volume was due primarily to the gradual prohibition of trawling operations, starting from December 1980. Shrimp was mainly exported to Japan (78%), while the remainder went to the United States, Hongkong and Singapore.

## Tea

During the reporting year the export value of tea decreased by 3% to \$ 94 million. This was due to a 14% decline in export price of tea while the volume increased by as much as 11%.

Country-wise, United States accounted for 19%, Egypt 16%, Singapore 13%, Pakistan

13%, Australia 13%, and the Netherland 8% of the total value of tea exported from Indonesia.

### Other Important Export Commodities

The role of other non-oil and non LNG export commodities like rattan, textile and handicraft, copper, nickel matte and electronic appliances has become more important in recent years. During the year under report the export value of these commodities accounted for \$ 543 million or 13% of non-oil and non-LNG exports.

The value of rattan exports, which mainly went to Hongkong and Taiwan, increased by 17% during the reporting year to \$ 85 million. The export of textile and handicraft increased by 15% to \$ 147 million, of which textile and garment exports was of \$ 94 million. The textile and garment export rose during the reporting year by 19% primarily as a result of the efforts to expand such exports to the EEC countries, principally Benelux, the United Kingdom and France. The export value of copper increased by 16% to reach \$ 133 million, attributable mainly to the growth in volume. In contrast, however, the export value of nickel matte declined by 5% to \$ 120 million, and that of electrical appliances by 27% to \$ 59 million.

### a.2. Imports

Imports rose by 25% to \$ 17,830 million in the reporting year (see Table 7.5). Imports by the oil and LNG companies grew by 34% to \$ 4,916 million due primarily to the increased exploration activities of the oil companies under the production sharing contracts. Other imports went up at a somewhat slower rate of 19% to \$ 12,515 million.

General foreign exchange and foreign aid financed large proportion of imports (other than those by the oil and LNG companies), foreign exchange 67% and foreign aid 24%. The remaining was financed by direct investment (2%), and other capital inflows on account of Government owned enterprises (7%).

Imports financed by general foreign exchange went up by 11% as compared with 44% during the previous year, and amounted to \$ 8,671 million during the reporting year. The increase was attributable to the increase in imports of materials and capital goods, such as machinery, metals and transportation equipment.

Imports financed by foreign aid constituted largely those financed by project aid. In the reporting year imports financed by project aid went up by 44% to \$ 3,100 million as compared to 10% in the preceding year.

Imports under foreign capital inflow showed a sharp increase, i.e. by 118% to \$ 1,093 million. This increase primarily stemmed from the increase in imports by the Government owned enterprises i.e. by 161% to \$ 892 million, compared to a rise of 239% in the preceding year, resulting from the expansion of LNG projects at Badak and Arun as well as the purchases of aeroplanes by PT Garuda. Imports effected through direct foreign capital investment rose by 26% to \$ 201 million.

In order to secure adequate domestic supply of some essential commodities such as rice, sugar, wheat and fertilizer, the Government policy has been to supplement domestic production by imports. Imports of these commodities, generally known as Program Imports or Government Program Imports, are financed largely out of general foreign exchange. During the year under report such imports increased

**TABLE 7. 5**  
**VALUE OF IMPORTS <sup>1)</sup>**  
( millions of \$ )

Items	1977/78	1978/79	1979/80 <sup>r</sup>	1980/81 <sup>r</sup>	1981/82 <sup>*</sup>
<b>A. Imports by oil and non-LNG enterprises</b>	<u>1,490</u>	<u>1,711</u>	<u>2,656</u>	<u>3,681</u>	<u>4,916</u>
<b>B. Imports by non-oil and non-LNG enterprises</b>	<u>6,376</u>	<u>6,732</u>	<u>8,050</u>	<u>10,561</u>	<u>12,914</u>
General foreign exchange imports	3,916	4,425	5,391	7,788	8,671
Foreign aid imports	1,828	1,797	2,205	2,271	3,150
— Food aid	( 38 )	( 16 )	( 88 )	( 54 )	( 7 )
— PL 480 (Rice, bulgur, wheat grains) <sup>2)</sup>	( 119 )	( 78 )	( 151 )	( 64 )	( 43 )
— Project aid	( 1,671 )	( 1,703 )	( 1,966 )	( 2,153 )	( 3,100 )
Imports under foreign capital inflow	547	510	454	502	1,093
— Direct investment	( 364 )	( 318 )	( 353 )	( 160 )	( 201 )
— Other foreign capital inflow <sup>3)</sup>	( 183 )	( 192 )	( 101 )	( 342 )	( 892 )
Imports under Merchant's L/C	85	—	—	—	—
<b>Total ( A + B )</b>	<u>7,866</u>	<u>8,443</u>	<u>10,706</u>	<u>14,242</u>	<u>17,830</u>

1) Based on f.o.b.

2) Initial payments are included into general foreign exchange imports.

3) Import by state enterprises as Pertamina and PT Garuda.

by 6% to \$ 1,373 million, primarily due to the increases in sugar and fertilizer imports. The imports of sugar increased by 46%, attributable to the increase in the volume by 59% to 852 thousand tons. Such imports were effected at a price 9% lower than that in the last year. Fertilizer imports rose by 38% to \$ 153 million due mainly to the increase in volume by 35% to 600 thousand tons. The increases in the vol-

umes of sugar and fertilizer imports resulted from a rise in domestic demand. Wheat imports increased by 7% to \$ 313 million due to a rise in volume by 6% to 1,414 thousand tons. The imports of rice which sharply dropped in the preceding year, fell further by 51% to \$ 193 million in the reporting year. This was mainly due to the drop in volume by 65% to 428 thousand tons following the rise in domestic production.

Imports of raw and auxiliary materials led those of capital goods and consumer goods. The share of raw and auxiliary materials in total imports (excluding imports made by oil and LNG companies) rose to 44% from 36% in the preceding year. The share of capital goods declined from 45% to 37%, and the share of consumer goods remained at around 19% (Table 7.6). The increase in the share of raw and auxiliary materials imports reflected the growth of domestic demand induced by the increasing tempo of development activity. The decline in the share of capital goods imports was partly on account of the step up of domestic production of capital goods and partly because of the availability inventory of imported capital goods from the preceding year.

The pattern of imports by country of origin did not reflect any shift from the previous year. Asian countries, primarily Japan and Singapore remained the most important countries, accounting for 58% of Indonesia's total imports. The share of European countries was 20%, and American countries was 16%

TABLE 7. 6  
IMPORT BY ECONOMIC CATEGORIES  
( percentage )

Year	Capital goods	Raw materials & auxiliaries	Consumer goods
1977/78	36.2	31.7	32.1
1978/79	35.6	39.6	24.8
1979/80	37.1	33.7	29.2
1980/81	45.2	35.7	19.1
1981/82	37.5	43.8	18.7

(Appendix Table XV). Among the industrial countries Japan still held the lead (29%), followed by the United States (13%) and the Federal Republic of Germany (7%). The share of

imports from the ASEAN countries increased slightly from 13% to 14% of total imports, of which Singapore ranked first (10%), followed by the Philippines, Thailand and Malaysia.

## b. Services account

The services account showed a deficit of \$ 7,954 million which was higher by 22% than the deficit in the preceding year. The deficit on investment income increased marginally from \$ 2,943 million to \$ 3,019 million. On the remaining services the deficit grew by 38% to \$ 4,935 million. These services, among others, included foreign freight & insurance on imports, foreign travel and other services.

## 3. Capital movements

### a. Non - monetary capital movements

The non-monetary capital movements indicated a surplus of \$ 3,696 million compared with \$ 1,513 million in the previous year. The larger amount of surplus was due mainly to the shift in the private sector capital movements from a deficit of \$ 361 million in 1980/81 to a surplus of ~ \$ 1,140 million in the reporting year. The capital inflows for LNG expansion in Badak and Arun, oil export credit as well as credits for the purchase of 6 Airbus planes were the main factors contributing to the surplus<sup>23)</sup>. The official capital movements also showed increasing inflow from \$ 1,874 million to \$ 2,556 million resulting from the inflows relating to the project aid.

23) The surplus in oil export credit was on account of a decline in oil exports resulting in higher receipts than the value of exports realized during the same period.

The official capital inflows (including grants), which comprised mainly of aid from IGGI countries, amounted to \$ 3,521 million in 1981/82 as compared with \$ 2,684 million in the preceding year. The amortization payments increased by 31% from 615 million during 1980/81 to \$ 809 million in 1981/82. It should be noted that the capital inflow figures of 1981/82 included that originated from the issuance of Government bonds denominated in Japanese yen which amounted to the equivalent of \$ 47 million. Prior to this the Government of Indonesia previously had issued six bonds abroad the total of which amounted to \$ 255 million. These bonds were denominated in Japanese yen (\$ 50 million), Deutsche mark (\$ 50 million), Netherland guilder (\$ 37 million), Kuwait dinar (\$ 25 million), and Swiss franc (\$ 46 million).

#### **b. Foreign exchange reserves**

Net international reserves of the monetary authority decreased by \$ 988 million to \$ 6,354 million. The reserves at the end of the reporting year were sufficient to finance approximately five months of imports. Meanwhile, foreign exchange holdings of commercial banks increased over the year by \$ 843 million to \$ 4,268 million at the end of March 1982.

#### **4. External debts**

At the end of March 1982 external debt outstanding stood at \$ 16,436 million, consisting of government debt (\$ 14,557 million) and the debt of state enterprises (\$ 1,879 million).

TABLE 7. 7  
THE OUTSTANDING EXTERNAL DEBTS  
AT THE END OF MARCH 1982  
( millions of \$ )

Particulars	Position
I. Government debts	14,557
1. Old debts <sup>1)</sup>	1,685
2. New debts	12,872
a. IGGI <sup>2)</sup>	8,744
— ODA <sup>3)</sup>	( 6,729)
— Non-ODA	( 2,015)
b. Non-IGGI	4,128
— ODA	( 1,092)
— Non-ODA	( 3,036)
II. Debts of the state enterprises	1,879
Total	16,436

1) Old debts are those obtained prior to July 1966.

2) IGGI borrowings are those obtained under commitment in the IGGI meeting.

3) Official Development Assistance (ODA) is a soft term loan.

Of the outstanding external debt the largest part amounting to \$ 6,729 million, was on account of soft term, Official Development Assistance, which is mostly from the IGGI member countries. Out of this ODA debts, \$ 4,437 million originated from bilateral borrowings and \$ 2,292 million from multilateral borrowings (IBRD, IDA and ADB). NonODA loans from IGGI members mostly represented export credits, which are semi -concessional in nature.

Debt on ODA terms from non-IGGI member countries amounted to \$ 1,092 million, representing the borrowings secured from the Middle eastern countries and Japan (the Overseas Economic Cooperation Fund or OECF). The non-ODA debts from non-IGGI members

were primarily on commercial terms in the form of syndicated loans and bonds. It may be added that debts of state enterprises amounted to \$ 1,879 million, representing commercial borrowings made by PN Pertamina and PT Garuda Indonesian Airways.

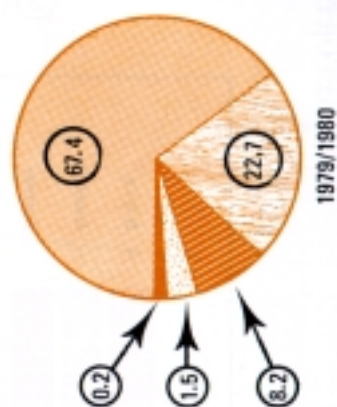
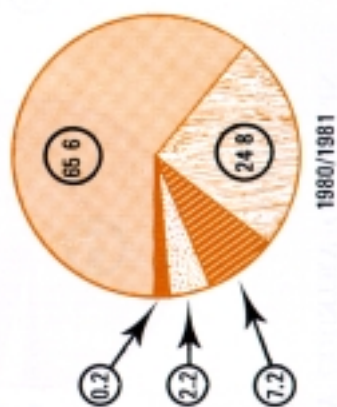
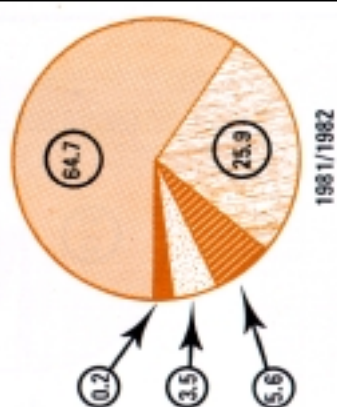
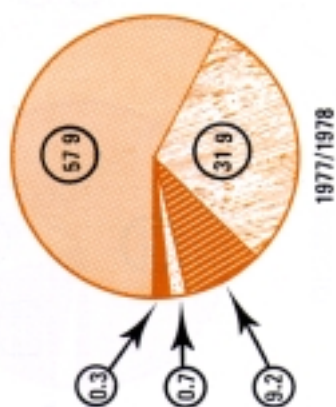
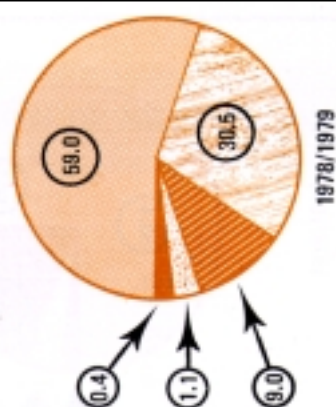
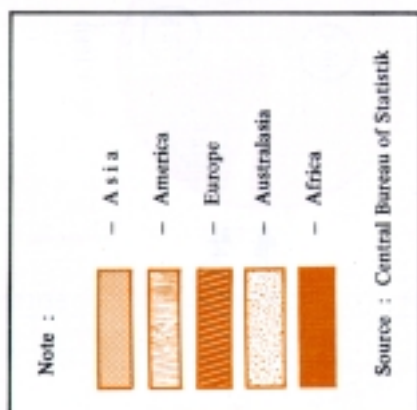
## **5. Balance of payments prospects for 1982/83**

Balance of payments for 1982/83 is projected to record a deficit. This is primarily based upon the assumption that international economic scene affecting the payments position is unlikely to show a significant improvement.

The total exports, comprising of net earn-

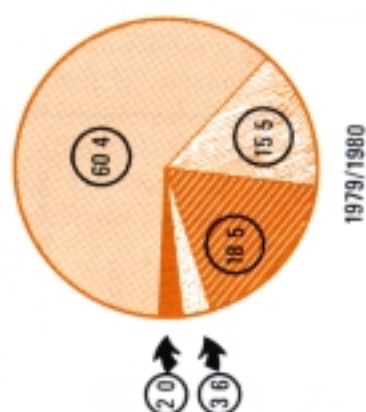
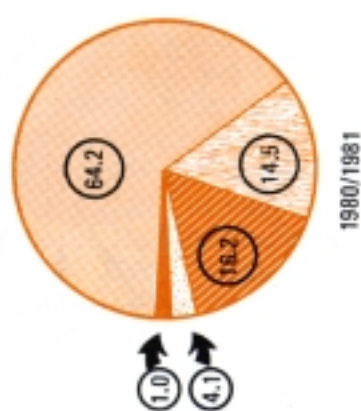
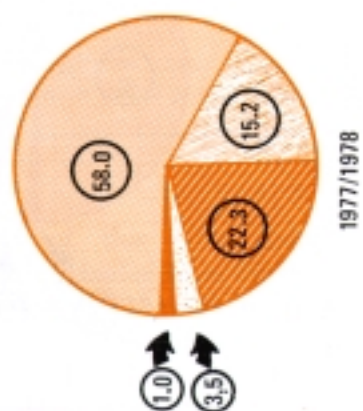
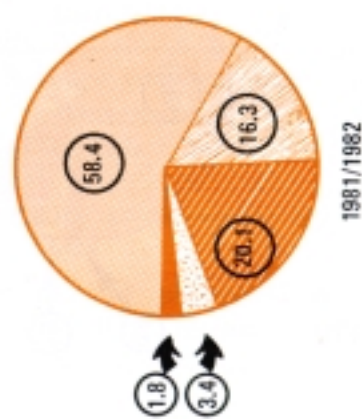
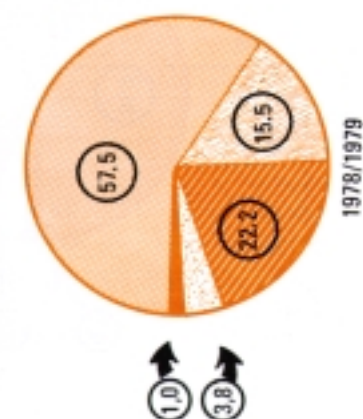
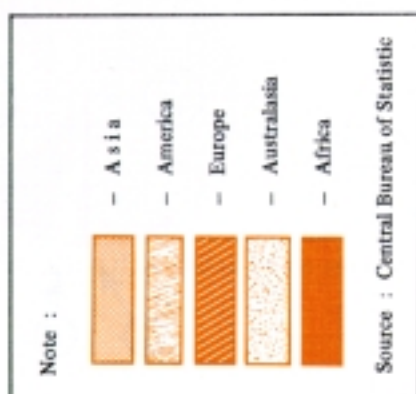
ings from oil and LNG and non-oil and non-LNG gross exports, are not expected to increase significantly. Although possibility exists for non-oil and non-LNG exports to increase because of the expected impact of the January 1982 Export Policy, net earnings from oil is expected to decline as export volume is likely to fall and no price increase can be foreseen. On the other hand, imports are expected to grow with the expansion of the domestic economic activity. Based on this scenario the current account is expected to record a deficit. Net surplus on capital movements (other than reserves) is anticipated to increase, although the estimated amount of the surplus is not sufficient to offset the deficit in the current account.

# EXPORTS BY COUNTRY OF DESTINATION



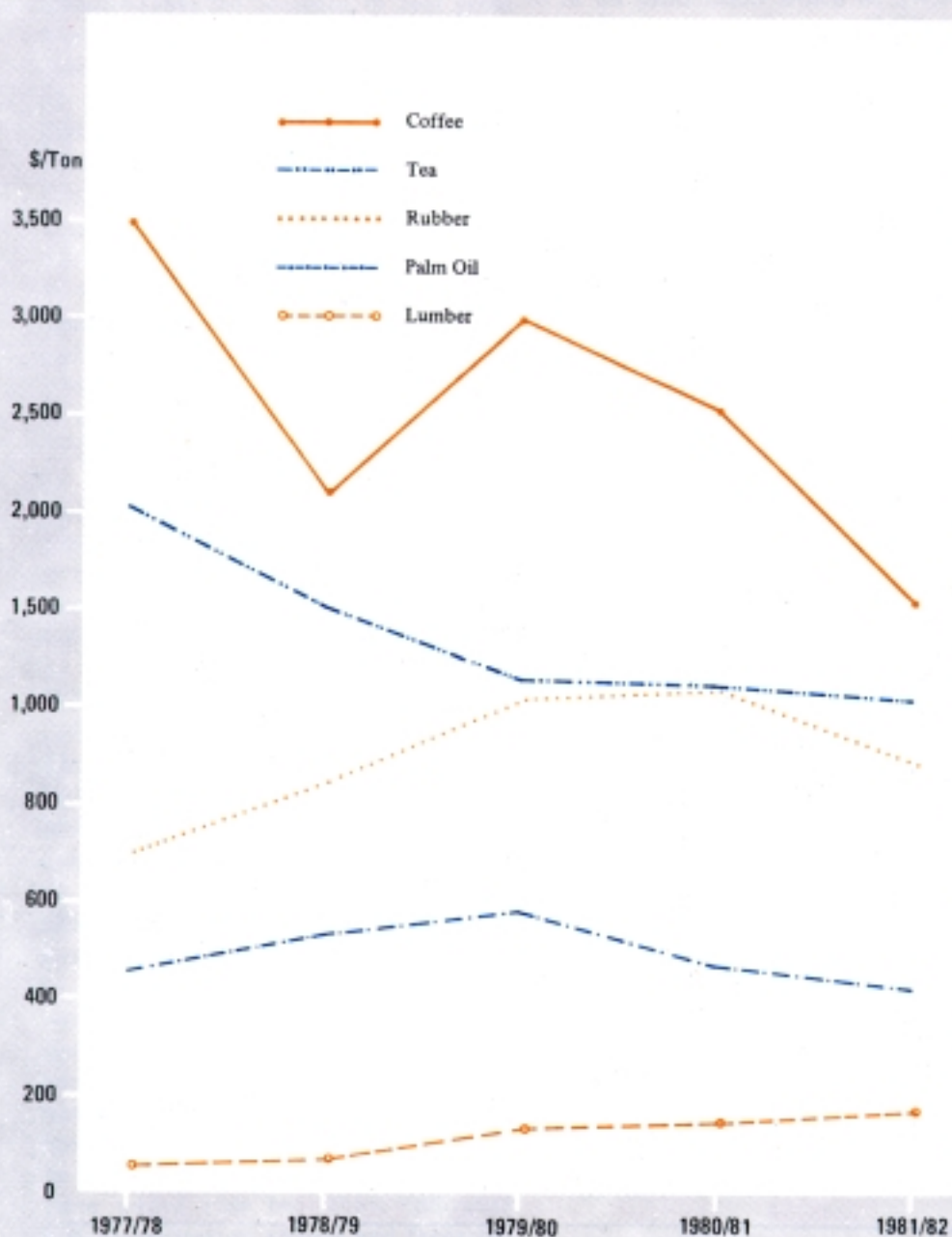


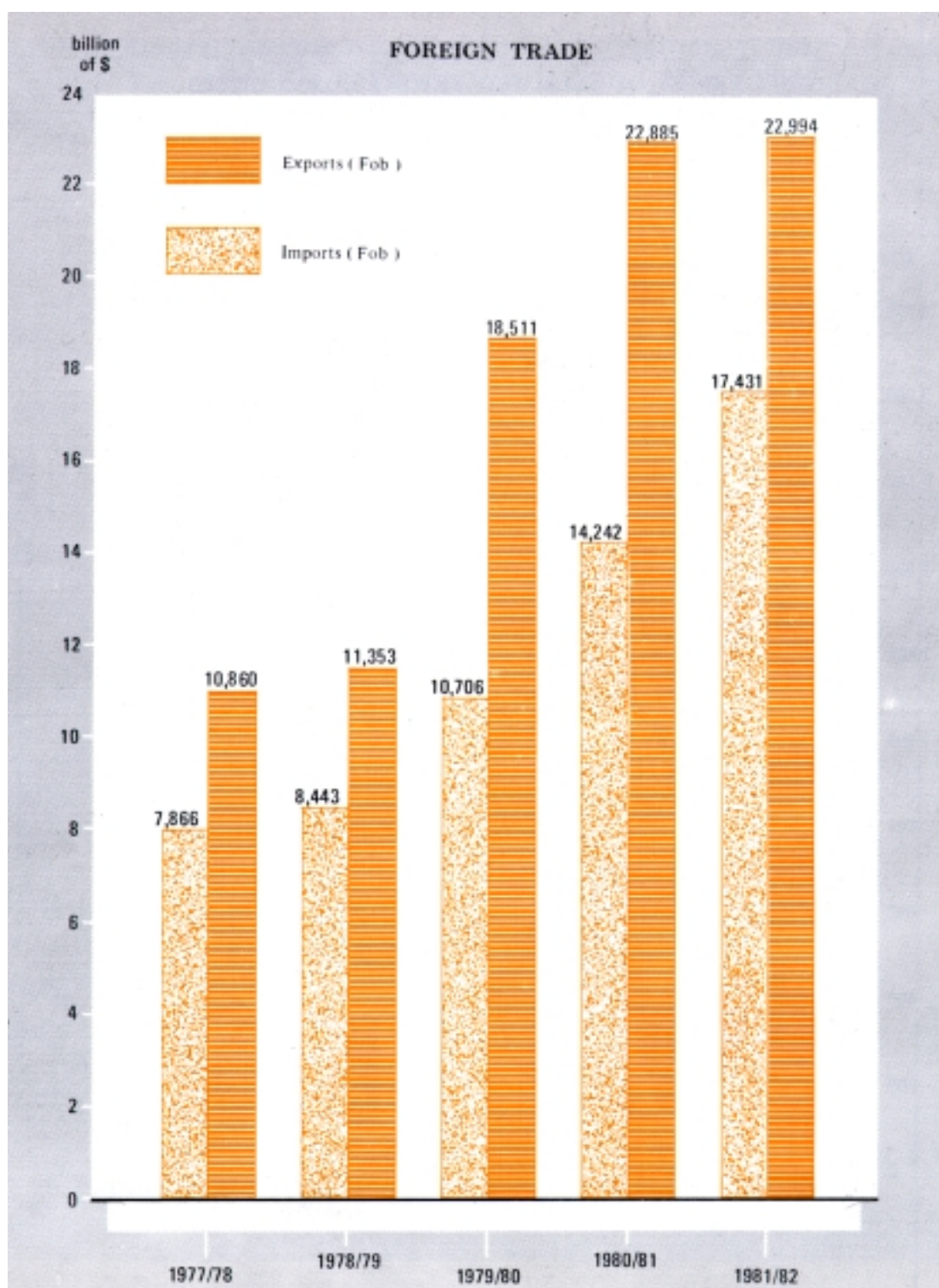
# IMPORTS BY COUNTRY OF ORIGIN





# UNIT PRICES OF SELECTED EXPORT COMMODITIES





## VIII. PRODUCTION, INFRASTRUCTURE AND PRICES

### A. National Product

The rate of economic growth in 1981, measured by the increase in real gross domestic product (GDP), at 7.6% was quite encouraging. Although this rate of economic growth was lower than that of 9.9% achieved in the preceding year, it still continued to be higher than the average annual rate targeted during Repelita III (6.5 %) and was one of the highest among many countries of the world. Taking into account the annual population growth rate of 2.3%, real per capita GDP during 1981 increased by 5.2%, compared with 7.4% in the preceding year. The increase in GDP during 1981 was mainly induced by the rise in government spending, particularly government investment. The continued high rate of economic growth in the past few years created favorable climate for investment, both domestic and foreign. In 1981 investment increased by 7.1% and comprised 25.8% of real GDP.

As in the preceding year, the economic growth in 1981 was contributed mainly by the increase in the value added of manufacturing sector, and followed closely by the value added of trade sector. During 1981, value added in the manufacturing sector increased by 12.0%, which was mainly due to the increase in output of cement, automobile tyres, automobiles, electronics and clove cigarette. The increase in value added of trade sector was 11.7%. Value added in the agricultural sector rose by 3.5% during 1981. As in 1980, the rice production whose value added rose by 10.5% following the intensification efforts and favorable weather condition contributed mainly to the growth of agricultural sector.

Value added by the mining sector increased by 3.3% during 1981 after experiencing a decline during the preceding 3 years. The increase was mainly attributable to the increase in oil production which at 1.4% was in contrast to decreases of 0.6% in 1980 and 2.7% in 1979. Output of other mining products also increased, natural gas by 7.5%, tin 8.3%, coal 15.3% and iron sand 14.8%.

The gross value added in the remaining sectors aggregatively rose by 8.6% in 1981. The increases were mainly registered in construction 9.7%, public administration and defence 10.7%, and transport and communication 7.1%.

The difference in the rates of growth in the various economic sectors resulted in a shift of their importance in GDP. The role of agricultural sector in real GDP, though it remained the most important, declined from 30.7% in 1980 to 29.5% in 1981, whereas the role of the manufacturing sector rose from 15.3% to 15.9% (Table 8.2).

At current market prices, the role of mining sector increased during the past few years mainly because of the rise in prices of oil and increase in natural gas production.

GDP at current market prices in 1981 totalled Rp 53,677 billion. With mid year population estimate of 149.4 million, per capita GDP was Rp 359,284.00. In terms of US\$, this amount was equivalent to \$ 569.00<sup>1)</sup> which was 14% higher than per capita income in the preceding year. The increase in per capita income

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1) \$ 1 = RP 631.67.

**TABLE 8.1**  
**GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN**  
( billions of rupiah )

Sector	1977	1978	1979	1980*	1981**
<b>I. At constant 1973 market prices</b>					
— Agriculture, forestry and fishery	2,981	3,135	3,255	3,425	3,545
— Farm food crops	( 1,734 )	( 1,836 )	( 1,909 )	( 2,703 )	( 2,240 )
— Others	( 1,247 )	( 1,299 )	( 1,346 )	( 1,352 )	( 1,305 )
— Mining and quarrying	1,070	1,049	1,047	1,035	1,069
— Manufacturing	1,058	1,236	1,395	1,704	1,909
— Electricity, gas and water supply	49	57	69	78	90
— Construction	464	529	563	639	701
— Wholesale and retail trade	1,438	1,530	1,681	1,852	2,068
— Transport and communication	428	514	560	609	652
— Banking and other financial intermediaries	151	165	180	208	229
— Ownership of dwelling	252	287	306	336	359
— Public administration and defence	690	768	805	972	1,076
— Services	290	297	304	311	319
Gross Domestic Product	8,871	9,567	10,165	11,169	12,017
<b>II. At current market prices</b>					
— Agriculture, forestry and fishery	5,906	6,706	8,996	11,290	13,140
— Farm food crops	( 3,660 )	( 3,991 )	( 4,892 )	( 6,358 )	( 7,793 )
— Others	( 2,246 )	( 2,715 )	( 4,104 )	( 4,932 )	( 5,347 )
— Mining and quarrying	3,600	4,358	6,980	11,673	12,971
— Manufacturing	1,817	2,420	3,310	5,288	6,277
— Electricity, gas and water supply	106	118	149	225	288
— Construction	1,023	1,242	1,790	2,524	2,985
— Wholesale and retail trade	2,959	3,450	4,775	6,391	8,064
— Transport and communication	821	1,032	1,421	1,965	2,196
— Banking and other financial intermediaries	236	396	655	752	1,292
— Ownership of dwelling	542	671	914	1,200	1,439
— Public administration and defence	1,394	1,685	2,200	3,142	3,905
— Services	607	668	835	996	1,120
Gross Domestic Product	19,011	22,746	31,025	45,446	53,677

Source : Central Bureau of Statistics.

**TABLE 8.2**  
**PERCENTAGE DISTRIBUTION OF GROSS DOMESTIC PRODUCT**  
**BY INDUSTRIAL CLASSIFICATION**

Sector	1977	1978	1979	1980*	1981**
<b>I. At constant 1973 market prices</b>					
— Agriculture, forestry and fishery	33.6	32.8	32.0	30.7	29.5
— Farm food crops	( 19.5)	( 19.2)	( 18.8)	( 18.6)	( 18.6)
— Others	( 14.1)	( 13.6)	( 13.2)	( 12.1)	( 10.9)
— Mining and quarrying	12.1	11.0	10.3	9.3	8.9
— Manufacturing	11.9	12.9	13.7	15.3	15.9
— Electricity, gas and water supply	0.6	0.6	0.7	0.7	0.8
— Construction	5.2	5.5	5.6	5.7	5.8
— Wholesale and retail trade	16.2	16.0	16.5	16.6	17.2
— Transport and communication	4.8	5.4	5.5	5.4	5.4
— Banking and other financial intermediaries	1.7	1.7	1.8	1.8	1.9
— Ownership of dwelling	2.8	3.0	3.0	3.0	3.0
— Public administration and defence	7.8	8.0	7.9	8.7	8.9
— Services	3.3	3.1	3.0	2.8	2.7
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0
<b>II. At current market prices</b>					
— Agriculture, forestry and fishery	31.1	29.5	28.1	24.8	24.5
— Farm food crops	( 19.3)	( 17.6)	( 15.3)	( 14.0)	( 14.5)
— Others	( 11.8)	( 11.9)	( 12.8)	( 10.8)	( 10.0)
— Mining and quarrying	18.9	19.2	21.8	25.7	24.2
— Manufacturing	9.5	10.6	10.3	11.6	11.7
— Electricity, gas and water supply	0.6	0.5	0.5	0.5	0.5
— Construction	5.4	5.5	5.6	5.6	5.5
— Wholesale and retail trade	15.6	15.2	14.9	14.1	15.0
— Transport and communication	4.3	4.5	4.4	4.3	4.1
— Banking and other financial intermediaries	1.2	1.7	2.0	1.7	2.4
— Ownership of dwelling	2.9	3.0	2.9	2.6	2.7
— Public administration and defence	7.3	7.4	6.9	6.9	7.3
— Services	3.2	2.9	2.6	2.2	2.1
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0

Source : Central Bureau of Statistics.

**TABLE 8.3**  
**EXPENDITURES ON GROSS DOMESTIC PRODUCT**  
(billions of rupiah)

Particulars	1977	1978	1979	1980*	1981**
<b>I. At constant 1973 market prices</b>					
— Private consumption <sup>1)</sup>	6,433	6,113	6,958	8,129	9,237
— Government consumption	1,044	1,228	1,345	1,490	1,617
— Gross domestic capital formation	2,028	2,333	2,436	2,896	3,103
— Export of goods and non-factor services	1,744	1,810	1,881	1,725	1,594
Less :					
Import of goods and non-factor services	2,378	1,917	2,455	3,071	3,534
— Gross Domestic Product	8,871	9,567	10,165	11,169	12,017
— Net factor income from abroad	— 423	— 508	— 672	— 808	— 748
— Gross National Product	8,448	9,059	9,493	10,361	11,269
Less :					
Net indirect taxes	431	466	496	544	587
Less :					
Depreciation	576	624	663	729	786
— National income	7,441	7,969	8,334	9,088	9,896
<b>II. At current market prices</b>					
— Private consumption <sup>1)</sup>	12,459	13,851	17,262	25,365	32,543
— Government consumption	2,077	2,659	3,733	4,688	5,788
— Gross domestic capital formation	3,826	4,671	6,704	9,485	11,064
— Export of goods and non-factor services	4,466	4,935	9,940	13,898	14,183
Less :					
Import of goods and non-factor services	3,817	3,370	5,614	7,990	9,901
— Gross Domestic Product	19,011	22,746	32,025	45,446	53,677
— Net factor income from abroad	— 679	— 892	—1,536	—2,103	—2,097
— Gross National Product	18,332	21,854	30,489	43,343	51,580
Less :					
Net indirect taxes	845	1,029	1,305	1,635	1,765
Less :					
Depreciation	1,236	1,483	2,089	2,962	3,534
— National income	16,251	19,342	27,095	38,746	46,281

1) Residual.

Source : Central Bureau of Statistics.

**TABLE 8.4**  
**PERCENTAGE DISTRIBUTION OF EXPENDITURE**  
**ON GROSS DOMESTIC PRODUCT**

Particulars	1977	1978	1979	1980*	1981**
<b>I. At constant 1973 market prices</b>					
— Private consumption <sup>1)</sup>	72.5	63.9	68.5	72.8	76.9
— Government consumption	11.8	12.8	13.2	13.3	13.4
— Gross domestic capital formation	22.9	24.4	24.0	25.9	25.8
— Export of goods and non-factor services	19.6	18.9	18.5	15.5	13.3
Less :					
Import of goods and non-factor services	26.8	20.0	24.2	27.5	29.4
— Gross Domestic Product	100.0	100.0	100.0	100.0	100.0
— Net factor income from abroad	— 4.8	— 5.3	— 6.6	— 7.2	— 6.2
— Gross National Product	95.2	94.7	93.4	92.8	93.8
Less :					
Net indirect taxes	4.8	4.9	4.9	4.9	4.9
Less :					
Depreciation	6.5	6.5	6.5	6.5	6.5
— National income	83.9	83.3	82.0	81.4	82.4
<b>II. At current market prices</b>					
— Private consumption <sup>1)</sup>	65.5	60.9	53.9	55.8	60.6
— Government consumption	10.9	11.7	11.7	10.3	10.8
— Gross domestic capital formation	20.1	20.5	20.9	20.9	20.6
— Export of goods and non-factor services	23.5	21.7	31.0	30.6	26.4
Less :					
Import of goods and non-factor services	20.0	14.8	17.5	17.6	18.4
— Gross Domestic Product	100.0	100.0	100.0	100.0	100.0
— Net factor income from abroad	— 3.6	— 3.9	— 4.8	— 4.6	— 3.9
— Gross National Product	96.4	96.1	95.2	95.4	96.1
Less :					
Net indirect taxes	4.4	4.5	4.1	3.6	3.3
Less :					
Depreciation	6.5	6.5	6.5	6.5	6.6
— National income	85.5	85.1	84.6	85.3	86.2

1) Residual.

Source : Central Bureau of Statistics.



has shifted the position of Indonesia from a low income to a middle-income developing country. <sup>2)</sup>

## B. Capital Investment

The Government policies with regard to capital investment pursued thus far were continued during the year under report. In order to achieve better coordination in the planning and promotion of capital investment, the functions of the Investment Coordinating Board (BKPM) were extended. In addition to the formulation of policies in the planning and promotion of capital investment, the Board was

entrusted with the responsibility for the supervision of the implementation of capital investment. Government also revised the Priority List (DSP), first on April 1, 1981, and later on October 1, 1981. After these adjustments, fields of activity open to domestic capital investment increased from 599 to 641, while those for foreign capital investment were reduced from 402 to 329. These adjustments were consistent with the Government policy of providing more opportunities for domestic investment by encouraging the participation of the economically weak groups and the cooperatives, whereas foreign capital investment was oriented towards capital intensive activities and those which involve technology that the domestic entrepreneurs find unable to provide. The October 1, 1981, DSP provides 161 fields of activity and 103 of these

2) Based on the World Bank's criteria.

**TABLE 8.5**  
**APPROVED DOMESTIC INVESTMENT PROJECTS BY SECTOR 1)**  
( millions of rupiah )

Sector	1968—1977	1978	1979	1980	1981	Total	
						Value	Project
1. Agriculture	181,841	100,409	36,410	126,942	165,142	610,744	184
2. Forestry	247,862	58,459	81,802	397,620	362,132	1,147,875	474
3. Mining	50,045	18,347	32,882	37,092	13,462	151,828	25
4. Manufacturing	1,701,270	531,214	502,343	861,462	1,469,529	5,065,818	2,572
5. Construction	13,006	2,590	2,060	1,531	15,076	34,263	10
6. Hotel and tourism	90,645	11,571	12,418	1,032	52,620	168,286	127
7. Housing and offices	168,864	15,071	3,778	23,961	—	199,185	48
8. Other services	139,044	24,160	16,936	53,923	71,712	305,775	160
<b>Total</b>	<b>2,592,577</b>	<b>761,821</b>	<b>688,629</b>	<b>1,503,563</b>	<b>2,137,184</b>	<b>7,683,774</b>	<b>3,600</b>

1) Includes cancellations of projects formerly under the foreign capital investment law.

Source : Investment Coordinating Board.



are open to domestic capital investment, while the remaining 58 fields are open to joint ventures foreign capital investment. Further, there are 81 fields of activities which are closed to foreign as well as domestic investment.

## 1. Domestic capital investment

Compared with the preceding year, domestic capital investment plans approved by the Government in 1981 increased significantly, namely by 42% to Rp 2,137 billion for 102 projects. The increase took place in all fields of activities with the exception of forestry and mining, where, on the contrary, approvals of planned investment decreased by 9% and 64%, respectively.

Since the enactment of the Domestic Investment Law in 1968 through the end of 1981, domestic investment projects approved by the Government totalled 3,600, with intended capital of Rp 7,684 billion. Out of this, Rp 5,066 billion (66%) were in the manufacturing sector. Other sectors involving large amounts were forestry with investment of Rp 1,148 billion (15%), and agriculture with Rp 611 billion (8%).

Geographically, a large number of projects were located in West Jawa (22%), followed by Jakarta (21%), East Jawa (12%), Central Jawa (8%), North Sumatra (6%) and East Kalimantan (5%). In terms of the value of intended capital investment, West Jawa remained the region absorbing most of the amount (24%). Other regions with a fairly large amount of intended domestic capital investment were Jakarta (18%), East Jawa (11%) and East Kalimantan (8%).

## 2. Foreign capital investment

In 1981 the Government approved 43 foreign investment projects with an intended investment of \$ 1,179 million, thus raising the foreign investment approvals since the enactment of the Foreign Investment Law to \$ 10,246 million for 787 projects. The total intended investment approved in 1981 increased by 30% (\$ 273 million) following a decline of 51% (\$ 932 million) in the preceding year. Investment approvals for agriculture and mining sectors decreased, but there were large increases in the other sectors, by \$ 161 million in manufacturing by \$ 115 million in forestry, by \$ 43 million in construction and by \$ 19 million in fishery. Within the manufacturing sector, significant increases were registered in the approvals for textile and leather industries, from \$ 80 million to \$ 142 million and for paper manufacturing industry, namely from \$ 2 million to \$ 48 million.

By field of activity, most of the capital investment approved since 1967, were in the manufacturing industry, namely \$ 7,112 million (69%) for 474 projects. Out of this amount \$ 2,060 million (23 projects) were invested in basic metal industry, \$ 1,430 million (73 projects) in textile and leather industry, \$ 1,345 million (134 projects) in chemical and rubber industry. Other manufacturing industry absorbing fairly large amount of capital investment were nonferrous mineral industry, metal works industry and food industry.

In terms of number, 35% of foreign investment projects were located in Jakarta, 21% in West Jawa, 9% in East Jawa and 5% in North Sumatra. In terms of the value of investment,

TABLE 8.6  
APPROVED FOREIGN INVESTMENT PROJECTS BY SECTOR <sup>1)</sup>  
( millions of \$ )

Sector	1967-1975	1976	1977	1978	1979	1980	1981	Total	
								Value	Project
Agriculture, forestry and fishery	<u>303.9</u>	<u>34.8</u>	<u>57.7</u>	<u>64.8</u>	<u>108.9</u>	<u>114.6</u>	<u>231.7</u>	<u>916.4</u>	<u>151</u>
— Agriculture	77.1	9.2	26.3	3.1	25.9	43.3	25.9	210.8	57
— Forestry	178.3	18.4	28.7	38.6	42.7	68.9	184.2	559.8	70
— Fishery	48.5	7.2	2.7	23.1	40.3	2.4	21.6	145.8	24
Mining	<u>1,046.6</u>	<u>10.9</u>	<u>200.5</u>	<u>43.0</u>	<u>150.0</u>	<u>3.0</u>	<u>1.8</u>	<u>1,455.8</u>	<u>16</u>
— Metal	895.6	10.9	200.0	26.9	150.0	—	1.8	1,285.2	6
— Others	151.0	—	0.5	16.1	—	3.0	—	170.6	10
Manufacturing	<u>3,015.2</u>	<u>346.8</u>	<u>357.7</u>	<u>275.4</u>	<u>1,530.6<sup>r</sup></u>	<u>712.3</u>	<u>873.5</u>	<u>7,111.5</u>	<u>474</u>
— Food	122.4	70.9	8.4	5.5	66.9	15.6	40.5	330.2	47
— Textiles and leather	887.8	31.1	71.1	114.6	103.4	79.8	141.9	1,429.7	73
— Wood and wood products	37.8	5.5	—	1.0	6.0	11.2	123.6	185.1	20
— Paper and paper products	31.1	66.3	9.7	0.4	10.5	2.4	48.5	168.9	12
— Chemicals and rubber	289.4	28.3	79.3	25.4	365.1	281.7	275.5	1,344.7	134
— Non-metallic minerals	357.4	71.4	98.3	19.7	78.7 <sup>r</sup>	222.1	20.1	867.7	32
— Basic metals	1,084.9	11.6	18.4	9.9	854.9	—	80.6	2,060.3	23
— Metal products	198.8	61.5	72.5	92.0	45.1	98.8	142.8	711.5	126
— Others	5.6	0.2	—	6.9	—	0.7	—	13.4	7
Construction	<u>61.4</u>	<u>1.8</u>	<u>3.9</u>	<u>5.4</u>	<u>0.5</u>	<u>5.7</u>	<u>48.8</u>	<u>127.5</u>	<u>63</u>
Trade and hotels	154.7	13.1	7.0	9.7	3.0	38.6	—	226.1	15
— Trade	11.0	0.7	—	—	—	—	—	11.7	3
— Hotels	143.7	12.4	7.0	9.7	3.0	38.6	—	214.4	12
Transportation and communication	40.7	4.2	—	—	0.2	32.5	0.1	77.7	18
— Transportation	40.7	4.2	—	—	0.2	32.5	0.1	77.7	18
— Communication	—	—	—	—	—	—	—	—	—
Services	<u>209.8</u>	<u>27.2</u>	<u>20.3</u>	<u>4.4</u>	<u>45.7</u>	<u>—</u>	<u>23.4</u>	<u>330.8</u>	<u>50</u>
— Trade services	195.1	27.2	20.3	2.4	45.7	—	23.4	314.1	39
— Personal services	14.7	—	—	2.0	—	—	—	16.7	11
Total	<u>4,832.3</u>	<u>438.8</u>	<u>647.1</u>	<u>402.7</u>	<u>1,838.9<sup>r</sup></u>	<u>906.7</u>	<u>1,179.3</u>	<u>10,245.8</u>	<u>787</u>

<sup>1)</sup> After taking into account the cancellations and shifting of projects from foreign to domestic investment.

TABLE 8.7  
APPROVED FOREIGN INVESTMENT PROJECTS BY ORIGIN <sup>1)</sup>  
( millions of \$ )

Country of origin	1967-1975	1976	1977	1978	1979	1980	1981	Total	
								Value	Project
1. Europe	<u>469.3</u>	<u>45.1</u>	<u>50.8</u>	<u>53.0</u>	<u>94.3</u>	<u>233.9</u>	<u>134.2</u>	<u>1,080.6</u>	<u>158</u>
— Belgium	35.7	5.2	4.0	0.8	8.0	40.7	45.8	140.2	16
— France	13.2	7.3	0.2	5.5	—	0.4	—	26.6	8
— Germany, Fed. Rep. of	175.0	9.8	6.6	1.4	4.0	23.4	13.9	234.1	24
— Netherlands	156.8	16.1	6.9	32.9	2.9	145.5	50.2	411.3	44
— United Kingdom	40.0	6.7	7.8	4.9	45.3	4.8	14.9	124.4	40
— Others	48.6	—	25.3	7.5	34.1	19.1	9.4	144.0	26
2. America	<u>209.2</u>	<u>14.5</u>	<u>35.0</u>	<u>29.5</u>	<u>53.2</u>	<u>138.2</u>	<u>17.6</u>	<u>497.2</u>	<u>87</u>
— Canada	2.4	—	2.4	4.6	—	—	—	9.4	2
— United States of America	193.2	14.5	29.5	21.9	53.0	136.9	9.7	458.7	79
— Others	13.6	—	3.1	3.0	0.2	1.3	7.9	29.1	6
3. Asia	<u>2,628.4</u>	<u>330.7</u>	<u>279.4</u>	<u>225.1</u>	<u>1,191.3<sup>r</sup></u>	<u>179.0</u>	<u>763.5</u>	<u>5,597.4</u>	<u>423</u>
— Hongkong	413.7	165.6	127.3	61.9	116.6	47.2	292.9	1,225.2	126
— Japan	2,040.2	91.8	104.3	162.2	1,037.4 <sup>r</sup>	73.5	234.7	3,744.1	207
— Malaysia	21.8	1.0	—	—	4.8	—	1.2	28.8	15
— Philippines	19.8	0.8	3.8	—	2.9	6.2	4.8	38.3	8
— Singapore	46.9	3.0	32.1	0.8	6.1	33.2	20.6	142.7	31
— Thailand	2.4	0.2	—	0.2	—	1.8	3.1	7.7	4
— Others	83.6	68.3	11.9	—	23.5	17.1	206.2	410.6	32
4. Africa	<u>11.4</u>	<u>—</u>	<u>—</u>	<u>4.5</u>	<u>—</u>	<u>4.3</u>	<u>—</u>	<u>20.2</u>	<u>2</u>
— Liberia	11.4	—	—	4.5	—	4.3	—	20.2	2
5. Australia	<u>227.0</u>	<u>11.0</u>	<u>2.2</u>	<u>—</u>	<u>8.3</u>	<u>1.8</u>	<u>19.3</u>	<u>269.6</u>	<u>37</u>
6. Group of country	<u>1,287.0</u>	<u>37.5</u>	<u>279.7</u>	<u>90.6</u>	<u>491.8</u>	<u>349.5</u>	<u>244.7</u>	<u>2,780.8</u>	<u>80</u>
Total	<u>4,832.3</u>	<u>438.8</u>	<u>647.1</u>	<u>402.7</u>	<u>1,838.9<sup>r</sup></u>	<u>906.7</u>	<u>1,179.3</u>	<u>10,245.8</u>	<u>787</u>

1) After taking into account the cancellations and shifting of projects from foreign to domestic investment.

TABLE 8.8  
IMPLEMENTATION OF FOREIGN INVESTMENT BY SECTOR  
JUNE 1967 through DECEMBER 1981  
( millions of \$ )

Sector	1967-1974	1975	1976	1977	1978	1979	1980	1981	Total	
									Value	Project <sup>1)</sup>
<b>Agriculture, forestry and fishery</b>	<u>280.2</u>	<u>48.9</u>	<u>39.2</u>	<u>37.4</u>	<u>38.6</u>	<u>34.0</u>	<u>48.6</u>	<u>48.3</u>	<u>575.2</u>	<u>123</u>
— Agriculture	29.0	3.2	8.0	12.5	10.1	4.3	14.5	13.0	94.6	45
— Forestry	203.2	34.4	22.7	22.1	15.0	19.2	26.2	34.9	377.7	65
— Fishery	48.0	11.3	8.5	2.8	13.5	10.5	7.9	0.4	102.9	13
<b>Mining</b>	<u>216.4</u>	<u>40.4</u>	<u>42.4</u>	<u>20.1</u>	<u>57.3</u>	<u>47.5</u>	<u>49.4</u>	<u>70.0</u>	<u>543.5</u>	<u>9</u>
<b>Manufacturing</b>	<u>1,033.0</u>	<u>392.4</u>	<u>301.2</u>	<u>186.2</u>	<u>267.0</u>	<u>192.0</u>	<u>235.4</u>	<u>243.5</u>	<u>2,850.7</u>	<u>386</u>
— Food	111.7	13.9	10.8	11.9	14.9	7.1	7.4	15.8	193.5	40
— Textiles and leather	443.3	181.8	91.8	27.9	31.4	41.7	78.7	102.5	999.1	60
— Wood and wood products	5.5	10.6	4.6	1.4	0.4	0.1	3.3	2.2	28.1	8
— Paper and paper products	13.9	0.7	3.3	9.6	11.8	1.4	6.1	2.5	49.3	10
— Chemicals and rubber	146.3	45.9	45.7	28.0	71.7	44.8	32.0	44.5	458.9	117
— Non-metallic minerals	85.3	54.2	71.3	42.9	9.0	3.2	30.0	30.9	326.8	23
— Basic metal	37.8	43.3	30.7	27.8	37.8	47.5	23.9	7.9	256.7	19
— Metal products	179.9	41.1	42.4	35.4	89.9	36.0	52.0	35.3	512.0	102
— Others	9.3	0.9	0.6	1.3	0.1	10.2	2.0	1.9	26.3	7
<b>Construction</b>	<u>22.1</u>	<u>7.9</u>	<u>4.5</u>	<u>3.0</u>	<u>1.4</u>	<u>12.0</u>	<u>0.8</u>	<u>0.6</u>	<u>52.3</u>	<u>51</u>
<b>Trade and hotels</b>	<u>54.0</u>	<u>8.2</u>	<u>17.6</u>	<u>6.2</u>	<u>17.2</u>	<u>4.3</u>	<u>0.4</u>	<u>2.9</u>	<u>110.8</u>	<u>13</u>
— Trade	9.8	0.1	0.2	—	0.7	—	—	2.5	13.3	3
— Hotels	44.2	8.1	17.4	6.2	16.5	4.3	0.4	0.4	97.5	10
<b>Transportation and Communication</b>	<u>9.7</u>	<u>2.2</u>	<u>4.4</u>	<u>2.0</u>	<u>4.7</u>	<u>21.9</u>	<u>4.8</u>	<u>1.3</u>	<u>51.0</u>	<u>14</u>
— Transportation	4.3	1.2	4.2	1.8	1.3	0.1	2.1	0.2	15.2	14
— Communication	5.4	1.0	0.2	0.2	3.4	21.8	2.7	1.1	35.8	—
<b>Services</b>	<u>40.5</u>	<u>23.7</u>	<u>12.3</u>	<u>3.8</u>	<u>14.0</u>	<u>6.9</u>	<u>7.2</u>	<u>12.4</u>	<u>120.8</u>	<u>33</u>
— Trade services	32.5	22.9	12.3	3.5	5.1	6.9	7.2	12.0	102.4	24
— Personal services	8.0	0.8	—	0.3	8.9	—	—	0.4	18.4	9
<b>Others</b>	<u>82.2</u>	<u>23.4</u>	<u>3.9</u>	<u>0.1</u>	<u>5.0</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>114.6</u>	<u>—</u>
<b>Total</b>	<u>1,738.1</u>	<u>547.1</u>	<u>425.5</u>	<u>258.8</u>	<u>405.2</u>	<u>318.6</u>	<u>346.6</u>	<u>379.0</u>	<u>4,418.9</u>	<u>629</u>

1) through September 1981.

Sources : — BKPM and Bea Cukai (Import).

— Monthly Bulletin of Foreign Exchange Banks (cash in flows).

West Jawa ranked first with 22% of total intended capital investment, followed by North Sumatra (19%), Jakarta (17%), and East Jawa (5%). It should be noted that the total intended investment in North Sumatra (\$ 1,906 million) included investment for the Asahan Project, with an intended investment of \$ 1,712 million.

By country of origin, most of the intended foreign capital investment approved since 1967 through 1981 came from Japan, namely \$ 3,744 million (37%) for 207 projects. Other countries with a fairly large amount of capital investment were Hongkong, with \$ 1,225 million (12%) for 126 projects, the United States with \$ 459 million (5%) for 79 projects, the Netherlands with \$ 411 million (4%) for 44 projects, Australia with \$ 269 million (3%) for 35 projects and the Federal Republic of Germany with \$ 234 million (2%) for 24 projects.

The implementation of foreign capital investment reached \$ 4,419 million (43%) in 629 projects at end of 1981. Of the total amount, 64% was invested in the manufacturing industry, 12% in mining and 9% in forestry (Tabel 8.8).

### C. Agriculture

In 1981, the agricultural production continued to record high rate of growth especially relating to foodcrops, plantation crops and some products of livestock reflected high rates of growth. Those recording high growth rates were rice, beans and corn under the foodcrops, palm oil, rubber, coffee, copra and tea under plantation crops, and milk and eggs as products of livestock. In forestry and fishery, however, output of timber and sea fishery experienced declines. These declines were consistent with the

government policies to restrict exports of logs in order to induce domestic wood processing industries and to prohibit the use of trawlers to protect traditional fishermen.

### 1. Food crops

With a view to achieving self-sufficiency, efforts to increase production of foodcrops especially in rice and secondary crops, were implemented through intensification, extensification, and diversification of foodcrops. These efforts were mainly carried out through Bimbingan Masal (Bimas) and Intensifikasi Masal (Inmas) programs. These programs provide extension services in the implementation of "Panca Usaha Tani" (Five Elements of Agricultural Intensification Program/PUT) applied to all farmers (Bimas) or to a group of farmers (Inmas) supported by facilities of bank credits. Since the beginning of the Third Plan, these programs were further intensified, under Intensifikasi Khusus (Insus or a special intensification program), a variant of Bimas and Inmas applied to selected farmers having land in adjacent. The implementation of this program, during the reporting year, showed a significant increase, both in terms of areas harvested and productivity. The harvested area increased from 1.1 million ha to 1.7 million ha in 1981/82, while the average yield per ha increased from 3.02 ton to 3.30 ton.

In order to increase food production, since 1980/81 a special program called Opsus has been implemented. Under this program, priority is given to the implementation of Bimas and Inmas in isolated regions and in areas vulnerable to food shortages. In the reporting year, the number of regions under this program rose from 5 to 11 provinces.

**TABLE 8.9**  
**AGRICULTURAL PRODUCTION**  
( thousand tons )

Product	1977	1978	1979	1980	1981*
1. Foodstuffs					
— Rice	15,876	17,525	17,872	20,163	22,288
— Corn	3,143	4,029	3,606	3,991	4,066
— Cassava	12,488	12,902	13,751	13,726	14,128
— Sweet potatoes	2,460	2,083	2,194	2,079	2,242
— Peanuts	409	446	424	470	503
— Soybeans	523	617	680	653	778
— Smallgreen peas	84	100	103	141	150
2. Plantation crops					
— Rubber	838	884	898	1,002	1,046
— Smallholder	( 584 )	( 612 )	( 616 )	( 705 )	( 740 )
— Estate	( 254 )	( 272 )	( 282 )	( 297 )	( 306 )
— Copra	1,518	1,575	1,582	1,759	1,812
— Palm oil	485	532	642	701	748
— Palm kernels	93	94	108	126	135
— Granulated sugar	1,059	1,160	1,291	1,249	1,250
— Tea	76	91	125	106	109
— Smallholder	( 14 )	( 17 )	( 17 )	( 21 )	( 22 )
— Estate	( 62 )	( 74 )	( 108 )	( 85 )	( 87 )
— Coffee	197	223	228	285	295
— Smallholder	( 181 )	( 206 )	( 209 )	( 266 )	( 276 )
— Estate	( 16 )	( 17 )	( 19 )	( 19 )	( 19 )
— Tobacco	84	81	87	116	118
— Smallholder	( 72 )	( 68 )	( 73 )	( 101 )	( 103 )
— Estate	( 12 )	( 13 )	( 14 )	( 15 )	( 15 )
— Pepper	43	46	47	37	39
— Nutmeg	14	15	17	18	18
— Cloves	39	21	35	39	40
3. Forestry					
— Timber 1)	22,939	31,094	26,427	21,740	15,954
4. Fishery					
— Sea	1,158	1,227	1,318	1,395	1,387
— Inland	414	420	430	455	482
5. Livestock					
— Meat	468	475	486	571	596
— Eggs	131	151	164	259	275
— Milk 2)	61	62	72	78	86

1) Thousand cubic meters.

2) Million liters.

Source : — Supplement to the President's Report to Parliament, August 16, 1982.  
— Department of Agriculture.

In line with the intensified implementation of the above programs, the role and activities of supporting institutions were also improved. During 1981/82, the number of Bank Rakyat Indonesia (BRI) village units increased from 3,455 to 3,619, village unit cooperatives (KUD) from 4,710 to 5,176. Of the latter, 1,600 cooperatives were promoted to "KUD model" The number of farm input stalls were raised from 12,139 units to 18,173 units. Also the number of extension service personnel in the fields (PPL) and extension service advisers (PPM) rose from 12,576 to 13,242 people.

The expansion of area under cultivation was synchronized with transmigration and resettlement<sup>3)</sup> programs. Both programs were carried out by opening new rice fields and tidal irrigated lands supported by the infrastructural development. During the reporting year, the opening of new lands under tidal irrigation was 44.0 thousand ha, raising the total tidal irrigated lands to 440 thousand ha, spread over areas of Riau, Jambi, South Sumatra, West Kalimantan, Mid Kalimantan, and South Kalimantan. Further, 4.3 thousand ha of new rice fields were opened.

Due to the above efforts, the harvested area in 1981 rose from 14.7 million ha to 15.2 million ha, of which 9.4 million ha was area harvested under paddy. Of this area, 1.8 million ha was under Bimas programs and 5.8 million ha under Inmas programs.

#### a. Rice

Rice production in 1981, rose significantly, by 10.5% to 22,288 thousand tons (Table 8.10).

**TABLE 8. 10**  
**PRODUCTION, HARVESTED AREA**  
**AND AVERAGE YIELD PER HA**

Year	Output (thousand tons) <sup>1)</sup>	Harvested area (thousand ha)	Average yield (tons/ha) <sup>1)</sup>
1977	15,876	8,359	1.90
1978	17,525	8,929	1.96
1979	17,872	8,803	2.03
1980	20,163	9,005	2.34
1981*	22,288	9,376	2.38

<sup>1)</sup> Equivalent of rice.

Source : Supplement to the President's  
Report to Parliament, August  
16, 1982.

This increase resulted primarily from the expansion of cultivated area and the implementation of intensification programs and supported by favorable weather conditions and appropriate floor purchase price. The harvested area under rice rose by 4.1% to 9.376 thousand ha, while the average yield rose by 1.7% to 2.38 tons per ha.

Along with the programs oriented to increase rice production, efforts to improve post-harvest operations, such as, storage, transportation,

**TABLE 8. 11**  
**NUMBER AND CAPACITY OF**  
**PRODUCTION OF RICE MILLS**

Year	Number of rice mills (thousand units)	Capacity of production (million tons) <sup>1)</sup>
1977	36.5	15.9
1978	38.4	16.1
1979	51.4	14.7
1980	54.1	18.0
1981*	55.1	18.3

<sup>1)</sup> Equivalent of price.

Source : Department of Agriculture.

3) This program comprises resettling small groups of community whose residence and jobs are mobile.

**TABLE 8.12**  
**OUTPUT, HARVESTED AREA AND AVERAGE YIELD**  
**OF SECONDARY CROPS**

Particulars	1977	1978	1979	1980	1981*
Output (thousand tons)					
— Corn	3,143	4,029	3,606	3,991	4,066
— Cassava	12,488	12,902	13,751	13,726	14,128
— Sweet potatoes	2,460	2,083	2,194	2,079	2,242
— Peanuts	409	446	424	470	503
— Soybeans	523	617	680	653	778
— Small green peas	84	100	103	141	150
Harvested area (thousand ha)					
— Corn	2,567	3,205	2,594	2,735	2,786
— Cassava	1,364	1,383	1,439	1,412	1,396
— Sweet potatoes	326	301	287	276	287
— Peanuts	507	506	473	506	510
— Soybeans	646	733	784	732	837
— Small green peas	174	193	194	252	273
Average yield (quintal/ha)					
— Corn 1)	12.2	13.3	13.9	14.6	14.6
— Cassava	91.6	93.0	96.0	97.0	101.2
— Sweet potatoes	75.5	69.0	76.0	75.0	78.1
— Peanuts	8.1	8.8	9.0	9.3	9.9
— Soybeans	8.1	8.4	8.7	8.9	9.3
— Small green peas	4.9	5.2	5.3	5.6	5.5

1) Equivalent of corn bean.

Source : — Supplement to the President's Report to Parliament, August 16, 1982.  
— Department of Agriculture.

processing and packaging were continued. In this case the Government increased the number of rice mills and built more warehouses in different parts of the country (Table 8.11).

In order to maintain a sufficient national stock of rice and ensuring stability of its price, the construction of 18 new rice storage units were completed with a total storage capacity of

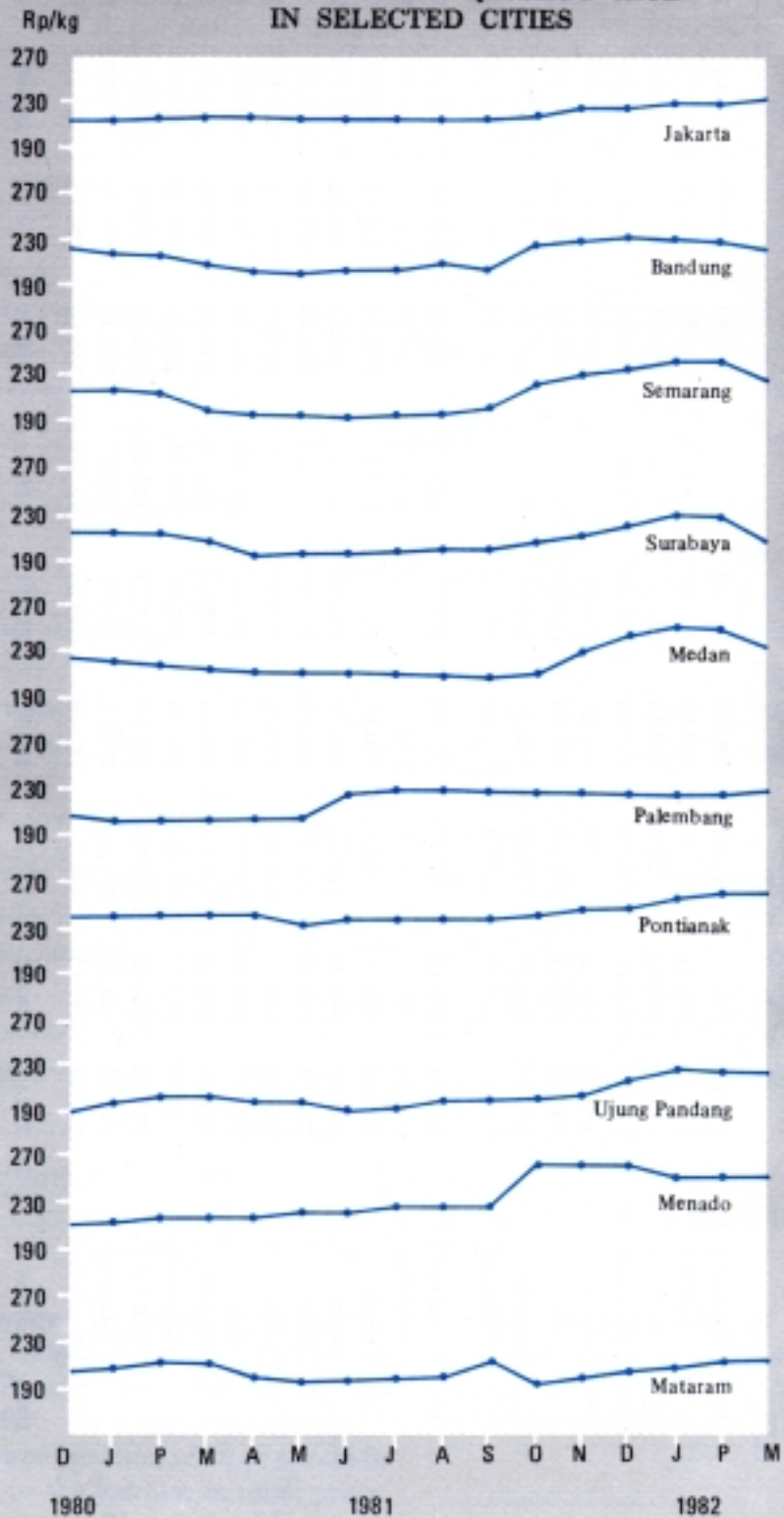


TABLE 8.13  
PRICES OF MEDIUM QUALITY RICE IN SELECTED CITIES  
( average price in Rp/kg )

Period	Jakarta	Bandung	Semarang	Surabaya	Medan	Palembang	Pontianak	Ujung Pandang	Menado	Mataram
1976	December	123.31	125.00	124.00	128.90	135.20	139.04	140.00	140.00	126.00
1977	December	133.54	134.11	132.14	132.53	144.50	147.23	142.50	145.00	125.80
1978	December	140.32	141.60	139.89	139.39	161.17	152.94	157.91	150.00	120.00
1979	December	183.18	180.00	186.46	178.88	190.45	183.04	190.00	185.00	170.00
1980	March	183.02	180.49	175.79	181.77	185.31	185.05	195.00	185.00	176.73
	June	184.46	197.77	180.92	185.00	198.81	197.71	209.58	204.37	173.33
	September	186.60	181.39	185.86	182.15	202.69	196.16	223.89	200.00	178.85
	December	213.42	221.66	217.78	212.90	225.00	219.61	240.16	215.00	208.65
1981	January	213.94	216.42	218.49	212.68	222.53	215.00	240.41	217.50	210.00
	February	214.74	215.37	215.71	212.84	218.15	215.00	241.57	220.00	215.83
	March	215.42	206.73	199.52	206.51	216.58	215.00	243.55	220.00	215.38
	April	215.88	200.00	195.52	194.76	213.02	216.27	242.73	221.73	202.31
	May	213.88	198.75	194.17	195.18	212.80	217.25	234.19	225.00	197.00
	June	213.26	202.87	193.68	195.23	212.80	228.00	238.69	225.00	198.46
	July	213.28	202.04	194.85	198.13	211.87	231.66	239.00	230.00	200.00
	August	213.56	209.13	196.81	199.46	210.00	231.66	239.51	230.00	202.08
	September	213.56	202.37	201.64	199.19	208.98	230.83	238.80	230.00	215.19
	October	215.50	224.56	224.18	205.50	211.38	229.99	241.42	265.00	196.60
	November	225.00	228.76	231.70	212.77	231.57	229.65	248.14	265.00	201.00
	December	224.43	231.17	236.56	221.48	245.50	227.09	248.04	265.00	208.65
1982	January	228.28	230.83	243.94	230.72	252.54	226.64	256.02	255.00	210.00
	February	228.59	228.15	244.16	229.34	250.63	226.64	261.83	255.00	215.00
	March	232.53	221.19	225.59	207.71	234.51	229.66	260.20	255.00	215.00

Source : Bulog.

# PRICES OF MEDIUM QUALITY RICE IN SELECTED CITIES



25.0 thousand tons. Hence, at end of 1981/82 the number of rice storage units rose to 375 with the total storage capacity of 1,204 thousand tons. In line with the increased production, during 1981 the Government expanded its purchases of unhusked and milled rice from 1,635 thousand tons to 1,951 thousand tons. Consequently, rice imports decreased from 1.2 million tons to only 428 thousand tons.

In order to further stimulate rice production and increase farmers income in October, 1982 the Government announced the new floor purchase prices of unhusked and milled rice effective January 1, 1982. The floor purchase prices of unhusked and milled rice were raised from Rp 128.00 to Rp 146.00 and from Rp 195.00 to Rp 214.00 per kg, respectively.<sup>5)</sup>

This upward revision of floor purchase prices led to the increase in retail prices of rice in some cities, but this increase was relatively small. The average price of medium quality milled rice in Jakarta, which was Rp 215.42 per kg in March, 1981, rose to Rp 232.53 per kg in March, 1982 (Table 8.13).

## **b. Seceondary crops**

Efforts to stimulate production of secondary crops were continued by increasing yields of land, expanding the areas under cultivation and setting of attractive floor purchase prices of major secondary crops. Since November 1, 1981, the floor purchase price of corn was raised from Rp 95.00 to Rp 105.00 per kg, of peanuts from Rp 390.00 to Rp 425.00, of soy beans from Rp 240.00 to Rp 270.00 and of small green beans from Rp 290.00 to Rp 310.00.<sup>6)</sup>

During 1981, most secondary crops whose floor purchase prices were raised, reflected increases both in harvested area and in total output. Production of corn rose by 1.9% to 4,066 thousand tons, peanuts by 7.0% to 503 thousand tons, soy beans by 19.1% to 778 thousand tons and small-green beans by 6.4% to 150 thousand tons. Harvested area of the above secondary crops rose by 10.3% to 4,406 thousand ha. Production of cassava and sweet potatoes, also increased, i.e. by 2.9% and 7.8% to 14,128 thousand tons and 2,242 thousand tons, respectively even though there were no floor purchase prices of their commodities (Table 8.12).

## **2. Plantation crops**

The policy with regard to the agricultural estate continued to emphasize - the development and enhancement of the role of smallholders. This was carried out by providing extension services and credit facilities under Nucleus Smallholders Estates (PIR) and Project Management Units (UPP). The Nucleus Smallholder Estate requires large scale estates help the development of small estate holders in their surrounding area, not only in technique of planting and cultivation, but also in processing in marketing of their products. Under the Project Management Units, a specialized team is constituted to provide guidance and assistance to smallholders estates in organizing KUD (Village Unit Cooperatives) in order to improve their processing and marketing.

During the reporting year, .output of plantation crops, especially palm oil, rubber, coffee, copra and tea increased significantly (see Table 8.9.).

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4) In terms of rice.

5) Presidential Instruction No. 13, 1981, October 27, 1981.

6) Presidential Instruction No. 13, 1981, October 27, 1951.

### a. Rubber

Rubber production, which is mostly carried out by smallholders (about 70%), increased by 4.4% to 1,046 thousand tons in 1981. Of this,

**TABLE 8.14**  
**SHARE OF CRUMB RUBBER TO**  
**TOTAL OUTPUT OF NATURAL RUBBER**

Year	Crumb rubber (thousand tons)	Share (percentage)
1977	485	57.9
1978	445	50.3
1979	572	66.2
1980	611	61.0
1981*	674	64.4

Source : — Department of Trade  
and Cooperatives,  
— Department of Industry.

740 thousand tons were produced by smallholders whose output increased by 5.0%, and the remaining 306 thousand tons represented estate output which rose by 3% (Table 8.14).

During the past several years, a large proportion of rubber production (60.6%) was in the form of crumb rubber. In 1981, the production of crumb rubber rose by 10.3% to 674

thousand tons, which accounted for 64.4% of total rubber production.

As the world recession continued in 1981, the consumption of both natural and synthetic rubber declined. This situation affected export and production of rubber, especially natural rubber, by 6% and 5%, respectively. However, rubber production in Indonesia continued to increase but the volume and value of its export declined by 10% to 859 thousand tons and 30% to \$ 758 million, respectively.

### b. Copra

As a result of rejuvenation program, introducing high yielding hybrid varieties and improving cultivation, being implemented since the First Five Year Plan, the copra production during the past several years has been going up. In 1981, the copra production reached 1,812 thousand tons, which was 3% above the last year production. However, since the domestic demand for cooking oil grew fast, the increased copra production was found to be insufficient. Therefore, a part of consumption was met by palm oil.

As mentioned in the last year's report, due to the rising domestic demand for cooking oil,

**TABLE 8.15**  
**WORLD PRODUCTION AND CONSUMPTION OF RUBBER**  
( thousand tons )

Year	Production			Consumption		
	Natural	Synthetic	Total	Natural	Synthetic	Total
1977	3,625	8,615	12,240	3,715	8,615	12,330
1978	3,755	8,910	12,665	3,725	8,770	12,495
1979	3,860	9,360	13,220	3,870	9,125	12,995
1980	3,820	8,620	12,440	3,760	8,660	12,420
1981*	3,620	8,460	12,080	3,730	8,435	12,165

Source : International Rubber Study Group (IRSG), Rubber Statistical Bulletin  
Vol. 36, No. 6/7, March/April 1982.

copra, which was once an important export commodity of Indonesia, was no longer exported and even import of copra was made in 1977 and 1978. With increasing use of palm oil as a substitute for copra in production of cooking oil and the favorable world market price, a small quantity (36 thousand tons) was again exported in 1980. But with easing of the world prices and increase in domestic consumption, no export of copra was made in 1981.

#### c. Palm oil

Of estate crops, palm oil was one of the few which experienced continual increase in production, mainly as a result of efforts in intensification, rejuvenation, and rehabilitation of factories. The efforts were very successful mainly because palm oil was generally cultivated on large estates. Since the past few years, efforts were made to induce smallholders to cultivate palm oil crops through the PIR program.

In 1981, palm oil production rose by 7% to 748 thousand tons, compared with an increase of 9% in the preceding year.

Due to the rising domestic demand for cooking oil, which could not be met by copra, palm oil had been used domestically since 1978, whereas previously it was wholly exported. During 1981/82 exports of palm oil was merely 181 thousand tons (\$ 78 million) as compared to 377 thousand tons (\$ 178 million) in 1980/81. The decline in the value and volume of palm oil exports in 1981/82 was also caused by unfavorable price in the world market.

#### d. Sugar-cane

Sugar-cane, a basic raw material for granulated sugar, was cultivated by smallholders and

sugar factories. The Government policy is to gradually shift sugarcane cultivation from the factories to smallholders, which was implemented through the so-called sugarcane intensification (TRI) program. Under the program, smallholders were provided with bank credits. This program aimed at raising income of smallholders and at the same time expanding sugar production. During 1981/82 the cultivated area under TRI program was 167 thousand ha or 40% of total area under sugar-cane. With a view to increase sugar production, the Government took steps to increase area under sugar-cane and built sugar factories, particularly in areas outside Jawa. Following a decline in the preceding year, the production of granulated sugar, which is mostly undertaken by state sugar factories, remained unchanged at 1,250 thousand tons during 1981.

The production of granulated sugar was still inadequate to meet the domestic demand and in the reporting year imports of sugar amounted to 852 thousand tons valued at \$ 703 million.

#### e. Tea

Tea, comprising black and green tea, is produced by estates and smallholders. During 1981, tea production increased by 3% to 109 thousand tons, which was attributable to the expansion of area under cultivation, replanting and rehabilitation of sugar factories.

In 1981/82, the volume of tea export increased by 11% to 87 thousand tons, however, its value decreased by 3% to \$ 94 million.

#### f. Coffee

Coffee production, mostly exported and mainly produced by smallholders, rose by 3.5%

to 295 thousand tons. This increase was due to the extension of area under cultivation and better cultivation techniques induced by high price of coffee in the world market toward the middle of 1980.

Consequent to the declining coffee prices in world market and the reimposition of quotas since October 1980, the volume of coffee export in 1981/82 declined by 6% to 218 thousand tons and its value dropped by 42% to \$ 340 million. It should be noted that the quota for export from Indonesia was fixed at 164 thousand tons for the period October 1980 to September 1981, and 138 thousand tons for October 1981 to September 1982. To export the surplus, the Government encouraged exports to the non-ICO (International Coffee Organization) countries, especially to the Middle East, East Europe and Asian countries.

#### **g. Tobacco**

Tobacco production, which mostly (about 87%) undertaken by smallholders, increased by 2% to 118 thousand tons in 1981. This small increase was closely related to the expansion of the cultivated area, induced by favorable prices in the previous year.

Tobacco was used by domestic cigarette industries as well as exported. During 1981/82, volume and value of exports declined by 13% to 26 thousand tons and 29% to \$ 49 million, respectively. Tobacco was exported mainly to West Germany, United States and Spain.

#### **h. Spices**

Among the three important spices, the production of pepper and cloves increased by 5.4% to 39 thousand tons, and 2.6% to 40 thousand

tons, respectively. On the other hand, nutmeg production remained practically unchanged.

The volume of pepper export in 1981/ 82 increased by 7% to 32 thousand tons. Because of the decline in world market prices of pepper, exports in value decreased by 14% to \$ 44 million.

The increase in production of cloves was the result of efforts to expand the area under cultivation using the high yield Zanzibar variety in the past few years. The increase was also induced, to some extent, by the rising domestic demand as raw material for cigarette industry. However, since production could not meet the rising domestic demand, imports of cloves were also stepped up during 1981. Imports of cloves were 14.5 thousand tons or \$ 120 million in 1981/82 compared with 9.5 thousand tons or \$ 61 million in the preceding year.

#### **3. Forestry**

As mentioned in last year's report, in order to encourage domestic wood processing industry and expand employment opportunities, the Government restrained export of logs and stipulated that the holders of forestry exploitation rights (HPH) should earmark a portion of their logs output for the domestic timber processing industries. These policies, together with slackened world demand, resulted in a sharp decline of timber output. Timber output, which recorded an 18% decline to 22 million m<sup>3</sup> in 1980, went further down by 27% to 16 million m<sup>3</sup> in 1981.

In 1981/82 the volume and value of timber exports declined by 48% to 5.9 million tons and 43% to \$ 951 million, respectively. Bulk of timber exported originated from Kalimantan and Sumatra.

**TABLE 8.16**  
**EXPORT OF RATTAN, RESIN AND COPAL**

Items	Volume (thousand tons)			Value (millions of \$)		
	1979	1980	1981*	1979	1980	1981*
Rattan	111.6	82.8	80.4	82.6	80.0	81.0
Resin	7.4	6.3	5.8	1.4	2.0	1.6
Copal	2.1	1.5	2.8	0.8	0.7	1.2

Besides timber, exports of other forestry products such as rattan, resin and copal continued to remain important (Table 8.16).

In order to conserve forestry resources and its natural environments, the Government intensified the enforcement of measures for reforestations and greening (see Table 8.17). Further, the Government also intensified control on forestry exploitation and the cutting of trees undertaken by the holders of HPH. It may be mentioned that by the end of the reporting year there were 518 PMA and PMDN enterprises having forestry exploitation rights extending over an area of 52,2 million ha.

#### 4. Fishery

In 1981, fishery production increased

**TABLE 8.17**  
**REFORESTATION AND GREENING**  
( thousand ha )

Year	Reforestation	Greening
1977/78	204.1	632.7
1978/79	237.3	596.5
1979/80	206.0	573.4
1980/81	181.9	508.6
1981/82*	92.9	198.3

Source : Supplement to the President's Report to Parliament, August 16, 1982.

slightly by 1% to 1,869 thousand tons. The increase emanated from the inland fishery, the output of which rose by 5.9% to 482 thousand tons, whereas output of sea fishery declined by 0.6% to 1,387 thousand tons. The increased output in inland fishery was closely related to the efforts of the Government to encourage expansion of fresh water fishery and fishpond through extension services, distribution of fish and seedlings. The decline in output of sea fishery was closely related to the efforts of the Government to prohibit use of trawlers in order to protect traditional fishermen as also to conserve fishery resources.

Besides meeting domestic demand, output of fishery is also exported. The major portion of fishery export is shrimp, export of which declined by 7% to 39 thousand tons in 1981.

#### 5. Livestock

The most important livestock production are meat, eggs and milk. In 1981, their production increased by 4.4%, 6.2%, and 10.3% to 596 thousand tons, 275 thousand tons and 86 million liters, respectively. The increase in output of livestock products was due to the rising demand induced by higher income and the desire to achieve higher nutrition standard and the efforts to improve productivity through vari-



ous programs such as “Panca Usaha Ternak Potong” (PUTP) and “Pengembangan Usaha Sapi Perah” (PUSP) for cattle, and “Bimas Ayam” for poultry.

In order to promote poultry-farms mainly designed to create employment opportunities and to increase the income of small operators, the Government since November 1981, restrained the production of large poultry farms.<sup>7)</sup> The limits for the poultry farm specializing to produce eggs (layer) was fixed at 5,000 heads.<sup>8)</sup> On the other hand, the poultry farm specializing to produce meat (broiler) was fixed at 750 heads per week<sup>9)</sup>

#### D. Mining

Mining sector plays a very important role in the economy of Indonesia as it is a major foreign exchange earner, a major source of government revenues and a potent item in the formation of GDP. During 1981/82, at least 85% of export earnings and 70% of government domestic revenues were derived from this sector. Mining constituted 24% of GDP at current price in 1981.

In 1981, output of several mining products showed increases despite world economic recession. Significant increases were recorded in output of natural gas, tin, nickel ore, coal, copper concentrate and iron sand concentrate. On the other hand, output of crude oil, bauxite, gold and silver registered declines (Table 8.18).

In order to increase output of mining products and diversify its sources, the Government continued efforts in searching new areas and provided opportunities to foreign companies to

undertake exploration. In mining of crude oil, a remarkable increase in exploration activities occurred in 1981, which over 60% was confined to offshore. In order to increase the use of natural gas, the Government expanded the capacity of plants for conversion liquefied natural gas. Much of this work is expected to be completed in 1983/84. In addition, an agreement on cooperation was reached between PN Tambang Batubara (State Coal Mining Corporation) and several foreign companies to engage in the mining of coal in East Kalimantan and South Kalimantan.

#### 1. Crude oil

After registering an increase in 1980, crude oil production declined from 581 million barrels to 570 million barrels (or 1.56 million barrels per day) in the reporting year (Table 8.19). The decline was closely related to the difficulties in marketing of exports during the last few months of the reporting year, because of the oil glut in world market. In spite of this, exploration activities by PN Pertamina and foreign contractors were stepped up as reflected, inter alia, by the number of oil wells drilled. Number of oil wells drilled reached 228 in 1981 as compared with 193 in 1980 and 169 in 1979. In addition, nine production sharing contracts were signed with foreign companies. As of 1981, the number of contracts signed in crude oil sector was 66 as compared with 57 in the previous year, and production had commenced under 20 of these contracts.

Or the total crude oil production of 570 million barrels in 1981/82, 421 million barrels (74%) were exported<sup>10)</sup>, whereas the balance was

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7) Presidential Decree No. 50, 1981.

8) No more than May 1, 1984.

9) No more than August 19, 1982.

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10) Including cross purchase/cross exchange for exports amounting 51.4 million barrels and imports 38.9 million barrels.



**TABLE 8.18**  
**SELECTED MINING OUTPUT**

Items	Unit	1977/78	1978/79	1979/80	1980/81	1981/82*
Crude oil	million barrels	616.0	589.2	577.2	581.1	570.4
Natural gas <sup>1)</sup>	million MSCF	542.8	820.1	998.5	1,045.7	1,123.7
Tin	thousand tons	26.3	27.4	30.3	33.6	35.9
Nickle :						
— Nickle ore	thousand tons	1,316.7	1,178.0	1,771.5	1,339.3	1,598.1
— Ferro nickle <sup>2)</sup>	tons	4,821.0	4,404.0	4,000.0	4,506.0	4,766.0
— Nickle matte <sup>2)</sup>	tons	2,077.0 <sup>1)</sup>	5,705.0	12,381.0	17,827.0	19,201.0
Bauxite	thousand tons	1,221.8	964.9	1,160.7	1,269.9	1,015.1
Coal	thousand tons	248.5	256.0	267.3	329.3	367.2
Copper	thousand dry tons	186.8	184.9	188.5	178.7	196.9
Iron sand	thousand tons	317.2	120.2	78.5	68.3	105.6
Gold	kilograms	252.0	220.0	197.0	225.0	173.0
Silver	kilograms	2,788.0	2,216.0	1,806.0	2,383.0	1,940.0

1) Calender year.

2) Equivalent to nickle metal.

Source : — Supplement to the President's Report to Parliament, August 16, 1982.  
— Ministry of Mines and Energy.

refined into fuel products for domestic consumption and for exports. The export volume of refined petroleum products was 47 million barrels in the reporting year as compared with

**TABLE 8.19**  
**PRODUCTION OF CRUDE OIL**  
( million barrels )

Year	Production	Average production per day
1977/78	616.0	1.69
1978/79	589.2	1.61
1979/80	577.2	1.58
1980/81	581.1	1.59
1981/82*	570.4	1.56

Source : Supplement to the President's Report to Parliament, August 16, 1982.

54 million barrels in the preceding year. Since output of domestic refinery was not adequate to meet domestic demand, 48 million barrels of petroleum products had to be imported in the reporting years.<sup>10)</sup> It may be added that the domestic need of petroleum products was 157 million barrels in 1981/82.

Due to the increased cost of production of refined petroleum products and in an effort to reduce oil subsidy, in 1982 the Government raised domestic fuel prices by an average of 60%. The new domestic selling prices became Rp 360.00 for super gasoline, Rp 240.00 for avgas, avtur and premium, Rp 75.00 for solar, diesel and fuel oils and Rp

00.00 for kerosene.<sup>11)</sup> However, on average the new prices were still lower than the cost of production and as domestic consumption continued to increase, the oil subsidy rose from Rp 1,022 million to Rp 1,316 million in the reporting year.

2. Natural gas

Since 1977 natural gas is being exported in the form of liquefied natural gas (LNG). LNG is now widely used as raw material and source of energy in various industries, such as, fertilizer, cement and steel smelting. Because of this, its role in Indonesian economy has become vital in recent years. Production and use of natural gas rose by 7% to 1,124 million MSCF and 11% to 901 million MSCF in 1981 (Table 8.20).

Currently, large volume of natural gas is converted into LNG, in Arun refinery (Aceh) and Badak refinery (East Kalimantan). Entire LNG

output is exported to Japan under a long-term sale contract. In the reporting year, the value of LNG exports reached \$ 2,342 million as compared with \$ 2,111 million in 1980/81. It may be mentioned that as LNG exports increased, which was due to the rising demand from Japan, LNG production went beyond the capacity set previously.

Indonesia currently owns 5 LNG trains (units of production), namely, 2 units in Badak with the installed capacity of 3.3 metric tons and 3 units in Arun with the installed capacity of 4.5 metric tons. To meet the rising demand for LNG, programs were underway in Badak and Arun refineries to create at each refinery additional capacity of 3.3 million metric tons annually, which is expected to commence towards close of 1983 at Badak and in early 1984 at Arun.

3. Tin

In the reporting year, tin production rose by 7% to 36 thousand tons. The rise was attributable to the increase in the activities of off-shore mining carried out, among others, by addition of a dredger with annual capacity of 1,100 tons of tin.

Unlike production, export volume of tins<sup>12)</sup> did not show a significant change, it amounted 31 thousand tons compared to 30 thousand tons in the preceding year. However, due to the decline in price of tin in international market, which resulted from the world economic recession and release of the reserves by the United States, export value of tin declined from \$ 454 million to \$ 437 million.

TABLE 8. 20  
OUTPUT AND USE OF NATURAL GAS

Year	Output 1) (million MSCF)	Use 2) (million MSCF)
1977	542.8	282.7
1978	820.1	296.6
1979	998.5	771.8
1980	1,045.7	810.8
1981*	1,123.7	901.3

- 1) The output of natural gas consists of associated gas and non-associated gas.
- 2) The use of natural gas is the total volume of natural gas actually used for several purposes. Part of the natural gas output (especially associated gas), not or not yet used, was flared locally to prevent pollution and fires.

Source : Ministry of Mines and Energy.

11). Presidential Decree No. 1/1982, January 4, 1982.

12). In terms of tin metal.

#### 4. Nickel

Exports of nickel ore increased by 5% to 1,300 thousand tons in the reporting year. In line with this increase, production of nickel ore by PT Aneka Tambang in Pomalaa (South East Sulawesi) and Gebe Island (Halmahera) also rose by 19% to 1,598 million tons in the reporting year.

As mentioned in the last year report, nickel produced by PT Aneka Tambang was partly processed into ferro nickel and exported. In the reporting year, production as well as exports of ferro nickel increased by 6% and 15%, respectively (Table 8.21).

In addition to Aneka Tambang, the mining of nickel ore was carried out by PT Inco in Soroako (South Sulawesi), the output of which was wholly processed into nickel matte. During 1981/82, production of nickel matte rose by 8% to 19,201 tons, but its exports declined by 15% to 16,907 tons due to deterioration of price in the international market (Table 8.22).

TABLE 8. 21  
OUTPUT AND EXPORT OF  
NICKLE ORE AND FERRO NICKLE  
( thousand tons )

Year	Nickel ore		Ferro nickel	
	Pro- duction	Exports	Pro- duction	Exports
1977/78	1,316.7	830.0	4.8	4.8
1978/79	1,178.0	887.6	4.4	5.1
1979/80	1,771.5	1,192.4	4.0	3.6
1980/81	1,339.3	1,238.7	4.5	4.4
1981/82*	1,598.1	1,299.5	4.8	5.1

1) Equivalent to nickel metal.

Source : Supplement to the President's Report to Parliament, August 16, 1982.

TABLE 8. 22  
OUTPUT AND EXPORT OF  
NICKLE MATTE 1)  
( ton )

Year	Output	Export
1977/78 2)	2,077	— —
1978/79	5,705	7,420
1979/80	12,381	10,789
1980/81	17,827	19,896
1981/82*	19,201	16,907

1) Equivalent to nickel metal.

2) Calendar year figures.

Source : Supplement to the President's Report to Parliament, August 16, 1982.

#### 5. Bauxite

Nearly all bauxite output mined by PT Aneka Tambang in Bintan Island (Riau) was exported to Japan to be processed into alumina and aluminium.

Consequently, its output is influenced heavily by the demand conditions in Japan. In the reporting year, bauxite production declined by 20% to 1,015 thousand tons and exports by 18% to 956 thousand tons.

In order to reduce dependency on foreign demand and exploit vast reserves of bauxite, a bauxite extracting plant with annual capacity of 600 thousand tons was planned to be set up in the island of Bintan. Of the total production, 450 thousand tons were earmarked as raw material for aluminium smelting plant in Kuala Tanjung (North Sumatra), whereas the remainder was planned to be exported. In connection with this plan, a contract for the establishment of alumina smelting plant by PT Aneka Tambang and foreign contractors, namely, Kai-

ser Aluminium Technical Service (KATSI) and Kaiser Engineer International (KEI) was signed during the reporting year. The construction of the alumina smelting plant was due to be completed in 1986.

#### **f. Coal**

In Indonesia coal was mined by PN Batubara with its Ombilin mining unit in Sawahlunto (West Sumatra) and Bukit Asam unit in Muara Enim (South Sumatra). In order to step up the exploitation of coal, the mining unit in Bukit Asam was separated from PN Batubara and an independent corporation called PT Tambang Batubara was established <sup>13)</sup> In the reporting year, total coal output rose by 12% to 367 million tons. The increase was attributable to the use of new mining equipments, especially at Ombilin in West Sumatra. In line with the rise in production, the sales of coal to meet both domestic and foreign demand also increased. The domestic use of coal was mainly for fuel in cement industry and as auxiliary in smelting tin and ferro nickel plants. In the reporting year, domestic sales of coal reached 195 thousand tons, whereas exports rose by 25% to 135 thousand tons with an export value of \$ 5 million.

In addition to increasing production capacity in existing coal mines, namely, Ombilin and Bukit Asam, the Government continued to open new coal mines in anticipation of the growing needs. For this purpose, contracts between PN Batubara and

four PMA companies were signed to mine coal in East and South Kalimantan. It was expected that the four companies would commence production in 1988.

#### **7. Copper**

Currently, the only company producing copper concentrate in Indonesia was Freeport Indonesia Inc., engaged in the mining area of Gunung Bijih, Irian Jaya. In order to increase production in the reporting year, the company started deep mining in the eastern part of Gunung Bijih in addition to the mining at the former site. As a result, copper concentrate production rose by 10% to 197 thousand tons in 1981/82.

Along with the increased production, volume and value of copper concentrate exports rose by 19% to 210 million tons and 16% to \$ 133 million respectively, in the reporting year.

#### **8. Iron sand**

Output of iron-sand concentrate produced from the mining sites of Cilacap (Central Jawa) and Pelabuhan Ratu (West Jawa) showed a remarkable growth of 55% in 1981/82 to reach 106 thousand tons. The increase was due mainly to the rise in domestic demand for iron-sand concentrate. In 1981/82, domestic demand for iron-sand concentrate rose by 29% to 87 thousand tons (Table 8.23).

#### **9. Gold and silver**

Output of gold and silver mined by PT Aneka Tambang in Cikotok and Cirotan (West

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13). Government Regulation No. 42/1980, December 15, 1980.

TABLE 8. 23  
OUTPUT AND DOMESTIC SALES OF  
IRON SAND CONCENTRATE  
( thousand tons )

Year	Output	Domestic sales
1977/78	317.2	28.0
1978/79	120.2	45.8
1979/80	78.5	63.5
1980/81	68.3	67.6
1981/82*	105.6	87.1

Source : — Supplement to the President's Report to Parliament, August 16, 1982.  
— Department of Mines and Energy.

Jawa), showed sharp declines in the reporting year, gold by 23% to 173 kg and silver 15% to 1,940 kg. The declines were due mainly to the diminishing contents of the metals in the ores mined at present sites. In order to increase production, PT Aneka Tambang continued to search for new gold and silver mines.

## E. Manufacturing Industry

In recent years, output of manufacturing industry registered relatively fast growth. Its value added in constant price grew at an annual rate of 15% during the last five years. In 1981 this sector recorded a growth of 12%, which was lower than that of 22% in the preceding year. This growth, by no means small, was accounted for mainly by output of cement, motor-vehicle tires, cigarettes and electronic products (Table 8.24).

Relatively fast growth of manufacturing sector was in line with measures adopted by the Government towards development of manufacturing industry. The measures included, inter alio, imposition of lower import duties on imports of raw materials, auxiliary goods and capi-

tal goods, and higher import duties on finished and semi finished goods which are being produced domestically, and standardization of manufacturing products and granting of credits on concessionary terms. In order to improve the competitiveness of industrial products, since 1978 the Government has been issuing Export Certificates for exporters for promoting exports.

For future development of manufacturing industry, the Government established key projects, which would have large multiplier effect. Such projects, among others, are in basic chemical and metal industries.

The Government continued to pay special attention to the growth of small industries which are considered essential for creating employment opportunities. In this connection, the Government established small scale industrial estates (LIK), a location serving as the center of small scale industrial activities with the required infrastructural facilities. During the reporting year, two LIKs were established one in Yogyakarta and another in Magetan.

### 1. Textile

In the reporting year, the development of textile and garment industry was directed towards the establishment of factories producing raw material, encouraging exports and improvement of product quality, and creating varieties in the products. Output of raw material in the form of cotton yarn rose by 4% to 1,233 thousand bales, following 19% growth in the preceding year. In the reporting year, the Government signed a contract for the establishment of aromatic center in Plaju (South Sumatra) for producing raw material for the textile industry. This plant is expected to go on stream from 1986.

TABLE 8. 24  
SELECTED INDUSTRIAL PRODUCTION

Products	Unit	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82*
<b>Textile industry</b>							
— Textile	million meters	1,247.0	1,332.5	1,576.0	1,910.0	2,027.3	2,094.0
— Weaving yarn	thousand bales	622.9	678.3	837.3	998.0 <sup>r</sup>	1,184.0	1,233.0
<b>Chemical industry</b>							
— Urea fertilizers	thousand tons	406.0	990.0	1,437.2	1,827.0	1,985.0	2,006.7
— Non urea fertilizers <sup>1)</sup>	thousand tons	105.2	93.3	141.0	270.0	649.0	773.7
— Cement	thousand tons	1,979.3	2,878.6	3,629.0	4,705.1	5,851.8	6,844.2
— Automobile tyres	thousand units	1,883.3	2,339.1	2,540.4	2,898.4	3,320.0	3,816.9
— Motorcycle tyres	thousand units	1,520.0	2,429.4	1,658.2	2,070.5	2,319.7	2,801.3
— Paper	thousand tons	54.4	83.5	155.2	214.2	232.0	246.6
— Salt	thousand tons	560.0	786.0	261.8	703.0	690.0	285.8
<b>Metal industry</b>							
— Reinforcing steel bar	thousand tons	296.3	240.0	300.0	500.0	640.5	671.0
— Steel wire	thousand tons	84.6	98.0	100.0	108.0	143.2	159.7
— Galvanized iron sheet	thousand tons	156.0	185.0	185.0	250.0	294.2	301.6
— Steel pipe	thousand tons	107.0	120.0	118.3	129.5	153.8	243.0
— Steel ingot	thousand tons	—	—	80.0	122.4	397.1	436.1
— Wire rod	thousand tons	—	—	—	89.5	160.2	157.4
— Sponge iron	thousand tons	—	—	—	99.5	281.8	384.5
<b>Machinery and factory equipment industry <sup>2)</sup></b>							
— Diesel engines	thousand units	24.0	25.3	30.4	25.0	34.1	69.4
— Hand tractors	units	30	44	280	550	877	1,074
— Sprayers	thousand units	20.0	15.3	36.5	78.0	134.2	154.3
— Sewing machines	thousand units	400.0	484.0	600.0	477.6	525.4	551.6
— Hullers	units	1,000	830	2,200	2,500	1,868	1,078
<b>Vehicle industry <sup>2)</sup></b>							
— Automobiles	thousand units	75.3	83.9	108.7 <sup>r</sup>	102.6	170.1	209.9
— Motorcycle	thousand units	267.6	271.8	330.5 <sup>r</sup>	221.6	410.0	503.3
— Aeroplanes	units	3	7	16	16	12	17
— Helicopters	units	13	6	16 <sup>r</sup>	16	12	12
— Steel vessels	thousand BRT	18.5	13.2	11.5	24.0	27.5	28.9
<b>Electrical appliance industry <sup>2)</sup></b>							
— Electric/telecommunication cords	thousand tons	9.0	12.5	15.7	17.4 <sup>r</sup>	19.1	18.7
— Black and white television sets	thousand units	210.0	460.0	687.6	574.0	631.4	643.6
— Color television sets	thousand units	2.8	22.0	45.6	85.8	98.7	203.3
— Radio sets	thousand units	1,100.0	1,000.0	1,536.0	1,018.8	1,110.5	1,154.9
— Radio cassette recorders	thousand units	325.0	547.6	488.0	560.5	616.6	672.0
— Refrigerators	thousand units	50.0	65.0	90.0	99.6	134.5	138.5
— Dry batteries	million units	420.0	442.0	420.0	462.0	526.7	263.6
— Storage batteries	thousand units	480.0	575.0	690.0	1,747.2	3,319.7	3,651.6
— Light bulbs / TL bulbs	million units	26.0	24.0	30.4	29.9	33.8	36.5
<b>Other industries</b>							
— Coconut oil	thousand tons	276.2	276.3	319.1	452.0	610.0	480.8
— Cooking oil	thousand tons	32.6	31.3	37.8	266.2	278.9	326.4
— Laundry soap	thousand tons	175.5	194.9	218.5	202.9	213.0	207.8
— Detergents	thousand tons	33.4	38.5	44.2	46.5	54.4	63.9
— Clove cigarettes	million pieces	37,900.1	40,900.0	43,500.0	41,500.0	50,500.0	55,600.0
— White cigarettes	million pieces	22,637.0	23,100.0	25,700.0	28,600.0	33,400.0	28,400.0
— Tooth paste	million tubes	103.6	104.4	108.5	113.9	123.0	137.5
— Matches	million boxes	772.0	506.1	539.8	553.0	586.2	664.8

1) Until 1978/79 consisting of ZA only, since 1979/80 consisting of ZA, TSP and NPK.

2) Mostly assembling industry.

Source : — Supplement to the President's Report to Parliament, August 16, 1982.

— Department of Industry.

Export promotion was encouraged through granting of incentives in the form of export certificates. However, several problems still remained to be solved especially relating to restrictions imposed on garments imported by several developed countries, particularly the European Economic Community (EEC). The restrictions resulted in the reduced rate of increase in exports of garments during 1980/\$1. Due to quota adjustment by EEC and expansion in the granting of export certificates during the second semester of 19\$1, volume and value of textile exports again recorded remarkable growth in 1981/82; volume rose by 26% to 29 thousand tons and value by 15.7% to \$ 147 million.

Despite significant rise in exports, production grew by only 3.3% to 2,094 million meters as compared with 6.1% in the preceding year. The lower rate of increase in production was closely related to the existence of large inventory buildup.

## 2. Fertilizer

During the past four years, fertilizer production showed a significant rise, i.e. by an annual average of 26.5%. The increase was attributable to the expansion in production capacity of fertilizer plants so as to meet increased domestic demand. Since 1977, fertilizers had been even exported to a few countries. But because of the growing domestic demand, the volume exports continued to decline and during the reporting year exports were small mainly to fulfill the contracts previously committed.

At the end of 1981/82, the installed capacity of urea fertilizer plants, consisting of three plants, namely, PT Pusri, PT Pupuk Kijang and PT Petrokimia Gresik, totalled

2.2 million tons annually. In order to increase production capacity, several fertilizer plants were under construction, namely, the projects of Kalimantan I and II in Bontang, PT Pupuk Iskandar Muda and PT Pupuk ASEAN in Lhokseumawe each with the capacity of 570 thousand tons.

In 1980/81, production of urea fertilizer nearly reached its maximum capacity, and therefore its output recorded only a slight increase of 1.1% to 2,007 thousand tons during the reporting year.

In order to meet the growing domestic demand for fertilizers, 302 thousand tons of fertilizer were imported during 1981 as compared with 9 thousand tons in the preceding year. In addition, imports of non-urea fertilizer increased by 86% to 705 thousand tons, especially those categories of fertilizers which were not adequately produced domestically. In the coming years, output of urea fertilizer is expected to accelerate with installation of fertilizer plants now under construction, which is expected to be completed in 1985, and in which the installed national capacity of urea fertilizer will reach 4.5 million tons annually.

Production of non-urea fertilizer, consisting of TSP, DAP, NPK and ZA, reached 774 thousand tons, an increase of 19% compared with 140% in the preceding year. Currently, non-urea fertilizer was produced by PT Petrokimia Gresik, the capacity of which is expected to be raised to 1.4 million tons annually during the course of next three years.

## 3. Cement

During the reporting year, cement production recorded a significant rise, i.e. by 17% to



6,844 thousand tons. The rise was due to the increased utilization of the capacity which totalled 8,700 thousand tons at the end of the reporting year.

Despite a fast growth in cement production in the past few years, imports of cement, especially white cement, were still considered necessary because of inadequate domestic production. In the reporting year, import volume amounted to 375 thousand tons worth \$ 46 million. As a part of export promotion measures, portland cement and clinker were exported. During 1981, exports of portland cement and clinker amounted to 323 thousand tons and 163 thousand tons, respectively.

In order to meet domestic demand which is estimated to increase by about 15% to 20% annually, the Government continued to expand the national capacity either through expansion of the existing plants or establishment of new plants.

Currently, seven cement plants were under construction with an additional capacity of 6,800 thousand tons annually. In addition, preparation had been made to expand 2 cement plants (PT Semen Cibinong and PT Semen Nusantara) with an annual capacity of 2 million tons and construction of 2 plants (PT Semen Cirebon and Proyek Semen Madura) with an annual capacity of 3 million tons. Expansion and construction of the plants are expected to be completed in 1986, bringing total capacity of cement plants to around 21 million tons annually.

#### 4. Motor vehicle tires

Following widespread use of motor vehicles, production of motor vehicle tires recorded a significant growth. Output of automobile and mo-

torcycle tires registered increases of 15% and 21% to 3,817 thousand and 2,801 thousand pieces, respectively. Though still in a small quantity, the automobile tires were exported during the reporting year.

In order to meet the increased domestic demand, the capacity of the existing plants were expanded through expansion and modernization. During the reporting year, the annual production capacity of automobile tires rose by 5% to 4,570 thousand pieces and motorcycle tires by 12% to 2,785 thousand pieces. Meanwhile, during the reporting year, an agreement was made between a national tire corporation and a foreign corporation to engage in the production of off-road tires, aircraft tires and military-vehicle tires.

#### 5. Paper

Paper industry is one of the few industry which recorded relatively fast growth in the past few years. The average annual capacity and production grew at 41% and 35%, respectively. During the reporting year, paper production reached 247 thousand tons, an increase of 6% over the output in the preceding year (Table 8.25).

In order to meet the future demand of paper which is estimated to increase by an annual average of 12%, plans were made to expand 3 paper mills and to establish 11 new paper mills throughout Indonesia with an additional capacity of 988.5 thousand tons. Among these projects, some were designed to produce special kinds of paper which were presently imported such as newsprint, craft and coated paper, and paper for cement bags. According to these plans, newsprint will be produced by Leces



**TABLE 8. 25**  
**PRODUCTION CAPACITY AND**  
**OUTPUT OF PAPER**  
( thousand tons )

Year	Production capacity	Output
1977/78	127.8	83.5
1978/79	291.2	155.2
1979/80	324.1	214.2
1980/81	344.6	232.0
1981/82*	430.0	246.6

Source : — Supplement to the President's Report to Parliament, August 16, 1982.

— Ministry of Industry.

IV, craft paper and cement bags by Cilacap, Cibinong, Sidoarjo and Lhokseumawe and coated paper in South Sulawesi. In addition, the feasibility of setting up a paper mill for producing paper for valuable documents was also under study.

Despite the fast growth recorded in paper industry, production met only 36% of domestic demand. Hence import of 448 thousand tons of paper worth \$ 280 million became inevitable during the reporting year.

## 6. Salt

As commonly known, the annual salt production fluctuates widely, depending upon weather conditions. During the reporting year, salt production showed a sharp decline, by 59% to 286 million tons (Table 8.26). The decline was closely related to unfavorable weather conditions.

During 1981, domestic demand for salt amounted to 650 thousand tons, of which 450 thousand tons were for household consumption and the rest for industrial uses. Despite the low production which was well below the required

**TABLE 8. 26**  
**PRODUCTION OF SALT**  
( thousand tons )

Year	Smallholder	PN Garam	Total
1977/78	494	292	786
1978/79	187	75	262
1979/80	520	183	703
1980/81	500	190	690
1981/82*	...	...	286

Source : Supplement to the President's Report to Parliament, August 16, 1982.

level during the year, the surplus from the previous year's production was used to meet the domestic demand. The stock held by PN Garam at the end of December 1981 was 894 thousand tons which was more than adequate.

As mentioned in the last year's report, since 1977 PIE Garam had been assigned as the holder of national stock of salt so as to maintain its price at an appropriate level and ensure its stability. For this purpose, the Government fixed the floor purchase price and PIV Garam was obligated to purchase output of small operators when the price was below the floor purchase price. During the year under report, the Government revised upward the floor purchase price of salt from Rp 15.00 to Rp 17.00 for Grade I, from Rp 12.00 to Rp 14.00 for Grade II and from Rp 9.00 to Rp 10.50 for Grade III.<sup>14)</sup>

## 7. Basic metal and metal products

Metal industry comprising basic metals and basic products, machinery and equipment, and

14) Directorate General of Domestic Trade, Ministry of Trade and Cooperative Decision No. 299/KP/VI/81, June 9, 1981.

vehicles showed an encouraging growth during the reporting year.<sup>15)</sup>

With the exception of wire rod, all important products of basic metal and basic product industry registered increases, especially sheet (97%), steel pipe (58%), sponge iron (36%), steel wire (12%) and steel ingot (10%). These increases were closely related to the rapid growth in construction activities (10%).

The increase in machinery and equipment output was reflected mainly in the production of diesel engines followed by hand tractors and sewing machines. The output of diesel engines rose by 104% to 69 thousand units, hand tractors by 22% to 1,074 units and sewing machines by 5% to 552 thousand units. The decline in output was mainly registered by rice huller which was a phenomenon of past two years and was attributable to the suspension of investment credit facilities as the present capacity was temporarily considered more than adequate. In order to enable the industry to produce big machinery, the Investment Coordinating Board (BKPM) had accorded approvals to several national and foreign companies to engage in the production of diesel and petrol engines for automobiles.

So far industries producing means of transportation had been using imported components. Efforts of the Government were to increase the use of domestically produced components, either through encouraging the establishment of plants producing these components or reducing the imports. In addition, the Government made attempts to support the growth of industry producing means of domestic trans-

portation by requiring the transportation companies, especially, shipping and airlines companies to give preference to the purchase of domestically produced means of transportation of particular size and type. In line with these efforts, motor vehicle industry displayed rapid growth in switching to the use of domestically produced components. Production (assembly) of automobiles and motorcycles recorded during the past five year compound average annual growth of 23% and 13%, respectively. During the reporting year, automobile production rose by 21% to 210 thousand units and motorcycles also by 23% to 503 thousand units. A significant progress was also achieved in the assembling of aircrafts (excluding helicopters), i.e. from 12 to 17 during the reporting year. Compared with other means of transportation, vessel industry showed a slower growth as its production rose from 27 thousand BRT to 29 thousand BRT during the reporting year.

## 8. Electrical appliances

General improvement in the standard of living and availability of electric power with wide distribution networks gave rise to the increased demand for electrical appliances. Consequently, output of several kinds of electrical consumer items and electrical appliances maintained upward movement. Output of several electrical consumer items rose significantly; color television by 106% to 203 thousand units, radio cassette recorders by 9% to 672 thousand units, and light bulbs and TL bulbs by 8% to 36 million units.

## E. Electric Power

The efforts of the Government with regard

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15) Under the classification by Directorate General of Basic Metal Industries of the Ministry of Industry.

to electricity were to expand capacity of electric power generators as well as transmission lines and distribution networks. During the past few years expansion of distribution networks were made with the aim of distributing widely the availability of electricity to the people in line with the policy of ensuring equitable distribution of development gains. In this connection the rural electrification program was started in 1979/80,, which was expected to stimulate economic activities in rural areas, thereby increase income and standard of living in rural areas.

In 1981, the electric power generating capacity of PLN was expanded significantly, by 10.5% to 2.821 MW as compared with the preceding year increase of only 6%. This increase was mainly attributable to the expanded capacity of the steam power generators, up by 26% to 956 MW. The repair and construction of transmission lines totalled 804 kmc<sup>16)</sup> and addition 13 units of transformer stations with total capacity of 1.057 MVA were created during 1981. In addition, construction of low and medium voltage transmission lines reached 1.767 kmc and 2.716 kmc respectively and the construction of 2.380 distribution stations with total capacity of 237,453 KVA were completed. With regard to rural electrification program, the number of villages receiving electricity were increased by 26% to 4,169 at the end of reporting year.

Consequently total output of electricity produced by PLN and other enterprises kept on increasing. The output of electric power of PLN increased by 16% to 8,229 million KWH while those by other enterprises increased by 84% to 1.502 million KWH.

**TABLE 8. 27**  
**PRODUCTION OF ELECTRIC POWER**  
( million KWH )

Year	Generated by PLN	Generated Outside of PLN <sup>1)</sup>	Total
1977	3,792	756	4,548
1978	4,721	728	5,449
1979	5,850	802	6,652
1980	7,067	815	7,882
1981*	8,229	1,502	9,731

1) Only those distributed to the community through PLN.

Source : State Electricity Company.

## G. Communication

In 1981, communication services in general increased significantly, particularly relating to freight transportation, postal and telecommunication services. This development was in line with the increased economic activities and rapid economic growth and supported by expanded and improved infrastructure and transportation facilities.

Significant growth occurred in passenger transportation lay air, both domestic and international, whereas railway transportation and pioneer sailings slightly declined. It is encouraging that all types of freight transportation progressed.

Postal and telecommunication services continued to expand both domestically and internationally. More than 90% of kecamatan (sub-districts) were served by postal and giro services including those in the transmigration and resettlement areas. The expansion of these services was relatively high in 1981. Further, with the expansion of automation program and the use of transmission system in the form of micro-waves and satellite communication, and sea cable, the number of cities served by long

16) Kmc = Kilometer circuit.

distance direct dial system (SLJJ) increased to 89 in 1981. Also, the number of countries that could be directly dialed by telephone (international direct dial) increased from 8 to 49.

## I. Land Transportation

The Government policy on land transportation during the reporting year continued to be aimed at development of integrated transportation system of highways, railways, and waterways. In line with the expansion of economic activities and improved and expanded roadways, passengers and freight transportation also expanded. Consequently, demand for vehicles for road transportation such as buses, trucks, passenger cars and motorcycles rose. In 1981, the number of vehicles increased from 3,971.5 thousand units in the preceding year to 4,622.3 thousand units, comprising of 722.4 thousand passenger cars, 590.5 thousand trucks, 112.1 thousand buses, and 3,197.3 thousand motor cycles (Table 8.28).

During the reporting year, various efforts to upgrade railway transportation comprised improvement in infrastructure and services to passengers, and expansion of equipments. In 1981 rehabilitation of 318 km of railway track and

**TABLE 8. 28**  
**NUMBER OF LAND**  
**TRANSPORTATION VEHICLES**  
( thousand units )

Year	Buses	Truck/ cargo vehicles	Passenger cars	Motor cycles
1977	46.6	268.1	471.1	1,741.5
1978	57.8	328.0	531.2	1,904.0
1979 <sup>r</sup>	69.5	383.6	577.3	2,266.2
1980	86.2	478.1	729.5	2,677.8
1981*	112.1	590.5	722.4	3,197.3

Source : Supplement to the President's  
Report to Parliament, August  
16, 1982.

reconditioning of 59 units of bridges were completed. In addition, 3 steam locomotives, 163 diesel locomotives, 286 passenger wagons and 1,583 cargo wagons were reconditioned. In 1981, the number of passengers transported by railways were. 40 million, or about one million lower than those in 1980. On the other hand volume of cargo handled by railways rose by 13% to 4.9 million tons (Table 8.29).

The development of rivers, lakes and ferry transportations continued to focus on upgrading of facilities so as to support the growth of passengers and cargo in other transportation systems. These efforts emphasized construction of quays and ports, installation of river poles,

**TABLE 8. 29**  
**OUTPUT OF RAILWAY TRANSPORTATION SERVICES**

Year	Passenger transportation		Cargo transportation	
	Passenger (thousands)	Passenger-km (millions)	Cargo (thousand tons)	Cargo-km (millions)
1977	20,960	3,082	3,998	814
1978	29,200	4,751	4,200	1,022
1979	37,709	5,981	4,241	1,016
1980	40,740	6,229	4,300	980
1981*	39,951	6,030	4,862	1,016

Source : Supplement to the President's Report to Parliament, August 16, 1982.

**TABLE 8.30**  
**OUTPUT OF WATER**  
**TRANSPORTATION SERVICES**

Year	Passenger transported (thousand)	Cargo transported (thousand tons)
1977	12,351	2,522
1978	13,586	2,648
1979	14,501	2,416
1980	15,592	3,095
1981*	15,575	3,946

Source : Ministry of Communication.

maintenance of river beds, and scrapping of rivers, lakes and channels. While the number passengers carried through the water transportation remained unchanged at around 16 million, the volume of cargo handled rose by 27% to 3.9 million tons in 1981 (Table 8.30).

## 2. Sea transportation

Efforts to develop sea transportation during 1981/82 aimed at achieving better integration among international and national fleet, special railings, local railings, pioneer railings and traditional railings. To support these efforts, additional facilities were provided such as improved harbors, safety devices in railings and construction of dockyards. In addition, efforts were made to improve the skills of manpower and to simplify procedures for sailing licences to the companies.

The number of vessels in operation in international fleet increased to 61 with total capacity of 802 thousand DWT in 1981/82 from 58 vessels with total capacity of 668 thousand DWT in 1980/81. Consequently, cargo handled by the ocean going fleet increased by 28% to 9.402 thousand tons. To expand container services, PT Jakarta Lloyd added 2 units of semi container vessels and

**TABLE 8.31**  
**NUMBER OF VESSELS AND**  
**THEIR SERVICES**

Year	Number of vessels	Capacity (thousand DWT)	Cargo transportation (thousand tons)
1977/78	54	491	5,891
1978/79	52	502	5,635
1979/80	50	513	5,820
1980/81	58	668	7,353
1981/82*	61	802	9,402

Source : Supplement to the President's Report to Parliament, August 16, 1982.

one unit of container vessel with total capacity of 54 thousand DWT in 1981. In addition, another private shipping company operated 11 units of semi container vessels with total capacity of 130 thousand DWT.

The route of international fleet were from Indonesia to Japan, Hongkong, Taiwan, Canada, the United States and Europe.

The volume of cargo handled by national fleet consisting of 361 vessels with capacity of

**TABLE 8.32**  
**NUMBER OF VESSELS AND**  
**CARGO HANDLED**

Year	Number of vessels	Capacity (thousand DWT)	Cargo transportation (thousand tons)
1977/78	316	311	3,635
1978/79	322	312	3,529
1979/80	335	341	3,573
1980/81	374	406	5,816
1981/82*	361	425	5,952

Source : Supplement to the President's Report to Parliament, August 16, 1982.

**TABLE 8. 33**  
**NUMBER OF VESSELS AND PIONEER**  
**SAILING SERVICES**

Year	Number of vessels	Transportation		
		Capacity (thousand DWT)	Passenger (thousands)	Cargo (thousand tons)
1977/78	20	12.9	76.3	62.9
1978/79	21	11.2	104.0	50.1
1979/80	28	12.9	132.0	66.5
1980/81	31	17.6	165.0	90.0
1981/82*	33	17.6	121.8	98.0

Source : Supplement to the President's Report to Parliament, August 16, 1982.

425 thousand DWT, increased by 2.3% to 5,952 thousand tons. It is worth noting that despite the decline in number of vessels, the total capacity went up by 4.7% (Table 8.32).

Local sailings, which connect places in an island, were directed to meet the demand for transportation in respective areas and to support the scheduled shipping lines. During 1981/82 the number of vessels used by local sailings was 1,090 with total capacity of 161 thousand BRT, and volume of cargo handled was 2,271 thousand tons.

Traditional sailings which complement national and local sailings, and mainly serve remote areas, operate boats of the size of around 100 m<sup>3</sup> or 75 BRT and less. In 1981/82 the number of boats increased by 31% to 3,346, the capacity rose by 47% to 179 thousand BRT and cargo handled went up by 34% to 1,959 thousand tons.

In 1981/82, the number of vessels of pioneer sailings which connected isolated regions was 33 units with aggregate capacity of 17.6 thousand DWT. While cargo handled rose by 9% to 98 thousand tons, the number of passengers carried declined sharply by 26% to 122 thousand (Table 8.33).

### 3. Air transportation

To meet the rising demand for transportation service, the policy with regard to air transportation was to increase the use of wide-bodied aircrafts and domestically assembled aircrafts.

In developing national commercial flights, a multi-airline system has been adopted comprising 6 scheduled airlines and 19 unscheduled airlines. The number of aircrafts operated by 6 scheduled airlines during 1981 decreased from 169 units to 164 units because of some replacements.

With the growth of commercial flights, facilities at airports were expanded, and some new airports were built. Run-ways, aprons and equipments were upgraded to accommodate landing by wide-bodied aircrafts. The number of airports which were able to handle landing by B-747 increased from 2 to 4, by DC-10 or A-300 increased from 5 to 8, and by DC-9 increased from 13 to 15.

During 1981 PT Garuda Indonesian Airways (GIA), the largest scheduled airlines, increased its fleet by 11 aircrafts consisting of 2 B-747, 6 Airbus A-300, and 3 F-28. On the other hand, 3 DC-9 aircrafts were disposed of with the result GIA had total of 79 aircrafts in 1981.

**TABLE 8. 34**  
**AIR TRANSPORTATION FLEET**

Year	Type of airplanes			Total
	Piston	Turboprop	Turbojet	
1977	8	50	56	114
1978	8	53	58	119
1979	8	89	63	160
1980	8	92	69	169
1981*	...	...	77	164

Source : Ministry of Communications.



**TABLE 8.35**  
**OUTPUT OF AIR TRANSPORTATION**  
**SERVICES**

Year	Passenger carried (thousands)		Cargo carried (thousand tons)	
	Domestic flights	Inter- national flights	Domestic flights	Inter- national flights
1977	3,373	245	32.9	3.9
1978	3,980	270	35.8	4.3
1979	4,193	343	38.5	5.7
1980	4,664	487	45.3	11.2
1981*	5,588	661	50.5	12.7

Source : Supplement to the President's  
Report to Parliament, August  
16, 1982.

Air transportation traffic, both domestic and international, increased significantly during 1981. The number of passengers and cargos transported by domestic flights increased by 20% and 11%, respectively, compared with increases of 11% and 18% in the preceding year. The number of passengers and cargo transported by international flights rose by 36% and 13%, respectively (Table 8.35).

In addition, pioneer flights which are expected to stimulate economic activity in remote areas were expanded by providing more airports in 21 provinces.

#### 4. Postal and Giro services

Postal and Giro services continued to be expanded through opening of new post offices, addition of mobile postal units so as to cover new settlement areas including transmigration areas. During 1981, out of the existing 3,432 subdistricts in Indonesia, 3,100 subdistricts or 90% were served by postal service. Out of the existing 283 transmigration areas, 63% were served by postal service. During 1981 the number of post offices increased by 67 (Table 8.36).

Postal and giro services comprised delivery of letters and parcels, issuance and encashments of postal drafts, giro and cheques. During 1981, number of parcels delivered increased by 4% to 1,213 thousand parcels whereas the letters delivered declined nominally to 273 million. The amount of money transfers through postal drafts, giro and cheques increased by 24% to Rp 2,235 billion.

In addition to the above service, Perum Pos and Giro also assisted Bank Tabungan Negara (the State Savings Bank) in mobilising savings. During 1981, total savings mobilized through the postal and giro offices increased by 34% to Rp 43 billion (Table 8.37).

**TABLE 8.36**  
**NUMBER OF POST OFFICES**

Type of post offices	1977	1978	1979	1980	1981*
Main post offices	185	193	195	198	198
Subsidiary post offices	169	180	197	208	231
Auxiliary post offices	923	978	1,023	1,041	1,085
<b>Total</b>	<b>1,277</b>	<b>1,351</b>	<b>1,415</b>	<b>1,447</b>	<b>1,514</b>

Source : Ministry of Communication.

**TABLE 8.37**  
**POSTAL AND GIRO SERVICES**

Type of services	1977	1978	1979	1980	1981*
Postal letters (millions)	237	252	266	276	273
Postal parcels (thousands)	1,000	881	1,141	1,172	1,213
Postal drafts (billions Rp)	121	139	175	246	302
Postal giro and cheques (billions Rp)	661	480	1,113	1,559	1,933
Savings (billions Rp)	11	16	19	32	43

Source : Supplement to the President's Report to Parliament, August 16, 1982.

## 5. Telecommunication

The telecommunication policy continued to focus on the expansion of telephone networks, covering local, domestic and international, and improvement in the quality of services provided. This was executed through construction of telephone exchanges and providing automatic telephones system. During 1981 the number of telephone exchanges increased from 137 to 150 with total capacity rising from 525 thousand lines to 546 thousand lines. The capacity of automatic tele-

phone exchanges accounted for 88% of the total existing capacity.

Further, the number of cities included in the long-distance direct dialing network (SLJJ) increased by 4 to 89 by the end of 1981. In addition, 14 other cities were provided with limited SLJJ facility which enabled them to dial directly only to certain cities. Also overseas telephone calls were automatized.

The number of countries which could be reached by the international direct dial (SLI) increased significantly from 8 at the end of 1980 to 49 at the end of 1981. In 1981, the telecom-

**TABLE 8.38**  
**NUMBER OF TELEPHONE EXCHANGES AND CAPACITY LINE UNITS**

Year	Automatic		Manual		Total	
	Telephone exchanges	Capacity (line units)	Telephone exchanges	Capacity (line units)	Telephone exchanges	Capacity (line units)
1977	54	218,320	506	107,293	560	325,613
1978	69	367,200	493	108,253	562	475,453
1979	101	460,100	468	88,172	569	548,272
1980	137	524,860	457	73,762	594	598,622
1981*	150	545,500	469	74,130	619	619,630

Source : Ministry of Communications.



munication service using telex system which was planned to replace gradually the telegraph system, was also expanded by addition of 2 central telex units raising the number to 26 units with total capacity of 12,080 lines. Now the telex service could be used by customers as well as public through telegraph offices equipped with teleprinters. In 1981, the number of customers increased from 5,289 to 6,679, while the number of cities served by the domestic telex networks for public use increased from 110 to 136. In addition, one unit of central telex that could communicate abroad was also installed.

## 6. Tourism

The number of foreign tourists visiting Indonesia during the past few years maintained uptrend, though there was some deceleration in 1981. Number of foreign tourists during 1981 rose by 7% to 600.2 thousand as compared with an increase of 12% in the preceding year. The slower growth of foreign tourists, among others, was related to the world wide recession, mainly the industrial countries. The number of foreign tourists coming from the United States, the Eastern European countries and the Middle East countries decreased. On the other hand, significant increases were recorded in the number of foreign tourists coming from Asian Pacific (12%) and Western European (9%) countries. Australia held the lead in the share of foreign tourists (16%) followed by Singapore (12%) and Japan (11%).

In raising foreign exchange revenues through non-oil and non-LNG sources, tourism presents a great potential. Therefore, the Government continued to encourage foreign tourists visiting Indonesia, among others, through the promotion campaigns at Indonesia's tourist promo-

**TABLE 8. 39**  
**NUMBER OF FOREIGN TOURIST**  
**VISITING TO INDONESIA**  
( thousand visitors )

Year	Total
1977	433.4
1978	468.6
1979	501.6
1980	561.2
1981	600.2

Source : Directorate General of Tourism,  
Ministry of Communications.

tion centers in San Francisco, Singapore, Tokyo, Sydney, London and Frankfurt. In addition, measures were also taken to increase the number of centers for tourists' attractions and improve other associated tourist facilities. Availability of accommodation, being one of the important factors, was increased. Number of hotel rooms available in 10 tourists' centers were increased from 17,537 to 18,529 or by 7% during 1981.

## H. Prices

Price development during the reporting year as measured by the consumer price index (CPI) of 17 cities showed an increase of 9.8%. The 1981/82 inflation rate was the lowest in the past ten years despite a 60% raise in the price of domestic oil during the reporting year. Other factors contributing to the low rate of inflation were the high level of rice production, the weakness of import prices as a result of the world recession, and appreciation of rupiah against some foreign currencies (other than US dollar).

The inflation rate of 9.8%, among others, was related to the increase in the price of housing and miscellaneous components, the indices of which rose by 15.52% and 13.05%, respec-

tively. The high rate of price increase of housing was mainly caused by the increased price of oil and electricity services which on an average rose by 60% and 27%, respectively. The rise in price of miscellaneous component was mainly due to the increased tariff on transportation services as a result of again the increase in price of oil.

In order to stimulate the increase of production and income of farmers, the Government announced in October 1981 raises in the floor purchase prices of secondary crops<sup>17)</sup> effective from November 1, 1981 and the floor purchase price of rice<sup>18)</sup> effective from January 1, 1982. The floor purchase price of secondary crops which comprise maize, soybeans, groundnuts and small green beans paid by village unit co-operatives (KUD) to farmers increased by 6.9% through 12.5%, while those paid by Bulog to KUD were raised by 7.26% through 12.75%. The floor purchase price of rice paid by Bulog to KUD was raised by 9.74% to Rp 214/kg, while that paid to others increased by 10.21% to Rp 210.50/kg. The floor purchase price of dry unhusked rice paid by KUD to farmers was raised by 12.5% to Rp 135.00/kg while that paid by Bulog to KUD and to other increased by 14.06% to Rp 146.00/kg, and by 12.96% to Rp 139.50/kg, respectively. Despite the increases in the floor purchase prices, the CPI of foodstuffs during 1981/82 rose only by 6.13%. This phenomenon reflected that price increases of foodstuff other than rice and secondary crops remained subdued.

In 1981/82, clothing component of CPI rose

by 3.81% although its production cost increased consequent to the increased price of oil and transportation services. It is well known that during the past few years price of clothing remained rather weak which, inter alia, was caused by the over production.

During 1981/82 the price index rose by an average of 0.82% per month. The highest rate of increase was recorded in January 1982, namely 4.7%, as a result of the increase in price of oil. However, a better supply and distribution of basic commodities had lowered the inflation rate in February 1982 below the monthly average. Another highest rate of price increases occurred in July 1981 (1.2%) and in October 1981 (1.17%). The increased consumer spending on the eve of Idul Fitri was the main cause of price rise in July 1981, and the increased floor purchase prices of secondary crops, rice and unhusked rice was responsible for October 1981 price rise.

The domestic prices of export commodities, in general, such as rubber and coffee showed a downward slide. The average price of RSSI rubber and Robusta coffee in Jakarta declined by 29.33% and 28.63%, respectively. These decreases were in line with the movement of their prices in international markets. In 1981/82, the average price of RSS I rubber in New York declined by 24.59% to \$ 0.5057/ lb. This decline was closely related to the reduced demand for natural rubber, mainly as a result of the world recession. The price of Robusta coffee began to decline in June 1980 as a result of over supply in the international markets. To halt the declining price, the International Coffee Organization (ICO) reimposed quota on coffee exports in October 1980. The quota fixed for Indonesia was far below its level of production and its ability to export. This situation depressed the domestic price of coffee.

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17) According to Presidential Instruction No. 12/1981, Oct. 27, 1981.

18) According to Presidential Instruction No. 13/1981, Oct. 27, 1981.

**TABLE 8. 40**  
**CONSUMER PRICE INDEX FOR INDONESIA (COMPOSITE OF 17 CITIES)**  
 ( April 1977 through March 1978 = 100 )

Period	Foodstuffs	Housing	Clothing	Miscellaneous	General index	Change in the general index (%)	
						Annual/ quarterly <sup>1)</sup>	Monthly
1980							
March	144.82	146.70	173.82	139.58	147.14		
1980/81						+15.85	
June	151.33	161.11	178.85	151.27	156.61	+ 6.32	
September	155.13	164.23	185.48	156.17	160.78	+ 2.65	
December	165.67	168.74	190.80	159.09	167.55	+ 4.17	
March	172.60	171.63	192.82	161.68	172.14	+ 2.71	
1981/82						+ 9.80	
April	173.58	175.05	193.42	162.96	173.74		+ 0.93
May	173.72	175.52	193.70	163.27	174.00		+ 0.15
June	174.35	176.86	194.43	163.47	174.73	+ 1.50	+ 0.42
July	177.00	178.29	196.90	165.18	176.83		+ 1.20
August	178.42	178.33	197.21	166.41	177.74		+ 0.51
September	177.38	178.32	197.28	166.70	177.40	+ 1.52	—0.19
October	180.33	179.74	198.25	168.30	179.48		+ 1.17
November	178.48	180.26	198.38	168.69	178.91		—0.32
December	179.34	182.26	198.19	168.76	179.82	+ 1.36	+ 0.51
January	184.48	194.86	199.95	181.92	188.28		+ 4.70
February	183.72	198.42	200.24	183.69	189.29		+ 0.54
March	183.38	200.12	200.27	183.90	189.63	+ 5.42	+ 0.18

1) Annual/quarterly change of the CPI is calculated on a cumulative basis as a summation of the monthly percentage changes.

Source : Central Bureau of Statistics.

## I. Transmigration

As a part of development efforts in population and manpower, the implementation of

transmigration program, namely the movement of population to outside of Jawa and Bali, was integrated with other development activities, such as building of feeder roads, irrigation, ex-

**TABLE 8.41**  
**PRICES OF SELECTED EXPORT COMMODITIES**  
**IN THE DOMESTIC MARKET (JAKARTA)**  
(rupiah per kg )

Period	Rubber RSS-I	Coffee robusta	Tea BOP
1980/81			
April	760.98	1,265.00	675.00
May	708.93	1,312.00	700.00
June	718.38	1,206.25	700.00
July	707.34	1,037.50	700.00
August	723.00	981.25	700.00
September	754.17	931.25	700.00
October	748.06	925.00	700.00
November	762.67	937.50	700.00
December	751.48	912.00	700.00
January	744.95	925.00	700.00
February	736.40	1,000.00	700.00
March	690.21	968.75	700.00
1981/82			
April	602.02	931.25	700.00
May	604.79	908.40	700.00
June	562.31	610.45	700.00
July	495.71	663.00	700.00
August	487.25	713.50	700.00
September	510.87	713.50	700.00
October	494.09	638.88	700.00
November	492.21	689.81	675.00
December	485.79	691.13	675.00
January	486.03	772.19	675.00
February	493.75	735.65	675.00
March	508.48	783.50	675.00

Source : Central Bureau of Statistics.

**TABLE 8.42**  
**PRICES OF SELECTED EXPORT COMMODITIES**  
**IN THE WORLD MARKET**

Period	Rubber RSS-I New York (US\$ cent/lb)	Coffee robusta Singapore (Sin. \$/100 kg)	Tea BOP London (pence/kg)	Tin London (L/1 ton)
<b>1980/81</b>				
April	68.50	677.69	60	7,620
May	64.00	680.00	65	7,270
June	67.25	660.00	71	7,320
July	65.88	660.00	70	7,190
August	69.50	482.50	70	7,125
September	70.12	427.50	58	7,130
October	68.75	417.50	54	6,790
November	70.25	397.00	62	6,350
December	68.50	407.50	54	6,200
January	67.00	427.00	54	5,760
February	65.00	412.50	67	6,010
March	60.00	382.50	64	6,130
<b>1981/82</b>				
April	61.25	372.50	64	5,620
May	59.62	342.50	74	6,080
June	58.25	267.50	80	6,370
July	52.88	322.50	81	7,680
August	51.50	322.50	79	8,050
September	46.50	312.50	...	8,225
October	45.50	312.50	...	8,170
November	47.00	332.50	...	8,335
December	49.50	347.50	79	8,351
January	45.50	347.50	79	8,700
February	44.75	347.50	...	8,400
March	44.62	357.50	...	6,980

pansion of smallholder estates, and development of the national security and defence (HANKAMNAS).

The number of people transmigrated during the reporting year recorded a substantial (25%) growth reaching a total of 88,197 families or 349,516 people. This significant increase reflected better implementation of the transmigration program as a result of effective coordination among the executing institutions. It may be mentioned that the use of aircrafts for transportation of transmigrants was increasingly made.

The agreements with state and private agricultural estates to absorb transmigrants in their labor force was an important element of transmigration program during

the reporting year. Further, the Government encouraged spreading of activities in areas outside of Jawa by providing facilities for PMDN/PMA investment especially of labor intensive native.

**TABLE 8. 43**  
**REALISATION OF TRANSMIGRATION**

Year	Total	
	Families	People
1977/78	13,138	59,602
1978/79	14,180	60,250
1979/80	14,683	81,488
1980/81	70,306	283,550
1981/82*	88,197	349,516

Source : Ministry of Manpower and Transmigration.

## APPENDICES

# APPENDIX A

## BANK INDONESIA <sup>1)</sup> CONDENSED BALANCE SHEET as per March 31, 1982 ( billions of rupiah )

ASSETS		CURRENCY IN CIRCULATION	LIABILITIES
FOREIGN EXCHANGE ASSETS		FOREIGN EXCHANGE LIABILITIES	2,905
a. Gold and foreign exchange 2)	3,697	a. Foreign liabilities 2)	—
b. Other foreign Assets	<u>79</u>	b. Others	<u>2,376</u>
	3,776		2,376
CLAIMS ON GOVERNMENT		DEPOSITS AND OTHER LIABILITIES	
a. Advances to government	543	a. Government	1,275
b. Transactions/payment on account of membership in international financial institutions	7	b. Aid counterpart funds	595
— In gold	<u>237</u>	c. International financial institutions	289
— In rupiahs	244	d. Third parties	—
	9	— Banks	1,141
c. DICS promissory notes	<u>796</u>	— Others	<u>106</u>
			1,247
LOANS		CAPITAL AND RESERVES	3,406
a. Financial institutions 3)	3,247	OTHER LIABILITIES	447
b. Others	<u>2,628</u>		1,534
	5,875		
PREMISES, FURNITURE AND FIXTURES	51		
OTHER ASSETS	<u>170</u>		
	10,668	TOTAL	<u>10,668</u>

1) As submitted to the Government.

2) Regarded as a component of international reserves.

3) Bank and non-bank.



**BANK INDONESIA**  
**PROFIT AND LOSS ACCOUNT**  
**as per March 31, 1982**  
**( billions of rupiah )**

EXPENDITURES		REVENUES	
EXPENSES		Interest	595
— Personnel, material, operational	57	Commission	1
— Currency issue	55	Miscellaneous	32
— Miscellaneous	144		
— Depreciation	167		
	<hr/>		
	423		
PROFIT			
— Profit after tax	205		
TOTAL	<hr/>		
	628		
	<hr/> <hr/>		
			<hr/> <hr/>

## **APPENDIX B**

### **MANAGEMENT OF BANK INDONESIA As Per March 31, 1982**

Government Commissioner : A.J. Witono S.

#### **BOARD OF MANAGING DIRECTORS**

Governor : Rachmat Saleh  
Managing Director : Arifin Mohamad Siregar  
Managing Director : Durmawel Ahmad  
Managing Director : J.E. Ismael  
Managing Director : M. Djoko Soedomo  
Managing Director : Kamardy Arief  
Managing Director : Teuku Mohamad Zahirshah  
Managing Director : Marjanto Danoesapoetro

## GENERAL MANAGER

Office of the Board : Soengkowo Prijoredjo  
Administration and  
Organization Department : Barnbang Susilo  
Budget Department : Soetopno  
15 Foreign Exchange Department : F.II. Raruxig  
Economics and Statistics  
Department : Slangor  
Legal Department : T.M. Sjakur Maclaanud  
International Department : N.A.L. Mailangkay  
General Services Department : Sukiyato  
Money and Capital Market  
Department : Mahfud Jakile  
General Credit Department : Rijanto  
Cooperative and Small  
Credit Department : Sujitno Siswowidagdo  
Bank Supervision Department : Binhadi  
Internal Control Department : Lulu Prawira Subrata  
Issue Department : R. Soejoto  
Credit Planning and Credit  
Supervision Department : R. Martono  
Personnel Department : D.M. Gunawan

## REPRESENTATIVES

Kuala Lumpur and Singapore : Sutadi  
London : R. Paryono  
New Fork : H. I-Iutagalung  
Tokyo : Eddy Suwardi

## REGIONAL COORDINATORS

Coordinator of Bank Indonesia for East Jawa : Achmad Effendie  
Coordinator of Bank Indonesia  
for Central Jawa and Yogyakarta : Sumantri PIadisuryatno

## BRANCH MANAGERS

Ambon	: Purতো
Balikpapan	: Sri Hastjarja Poerwasoeparta
Banda Aceh	: Aibar Durin
Bandung	: Masri Saleh
Banjarmasin	: A. Bakri Pangoriseng
Bengkulu	: P.R.O. Sihombing
Cirebon	: Abdullah Ali
Denpasar	: Sugiono
Jambi	: Mohd. Kurdi
Jayapura	: Soedharnindhito
Jember	: C. Korompis
Kediri	: Soediarto
Kendari	: Buchari Thany
Kupang	: Husein Bratasuwignya
Lhokseumawe	: Soelasma
Malang	: R.P. Djokojoewono
Mataram	: Mohamad Zain Sidin
Medan	: R. Rachmad
Menado	: Bistok Hutasoit
Padang	: Kamaruddin
Palembang	: Kamaloeddin Chatab
Palu	: R. Saptadi Baroto
Pekanbaru	: R. Soetrisno
Pematang Siantar	: Purwoko
Pontianak	: Ibnoe Soejachmoen N.P.
Purwokerto	: Ruslan Ahmadi
Samarinda	: Darwis Idroes
Semarang	: Sumantri Hadisuryatno
Sibolga	: Jatno Soesilarto
Solo	: Djamalius Luddin
Surabaya	: Achmad Effendie
Tasikmalaya	: H. Afnan
Tegal	: Djoko Sutrisno
Telukbetung	: Abdul Kadir Hadi
Ternate	: Srie Slamet
Ujung Pandang	: Ahmad Sirod
Yogyakarta	: Suparman Wijaya

**TABLE I**  
**CEILING ON BANK LOANS AND OTHER ASSETS**  
**OF COMMERCIAL BANKS**  
(billions of rupiah)

Type of bank	March 31						
	1976	1977	1978	1979 <sup>1)</sup>	1980 <sup>2)</sup>	1981	1982*
<b>1. State banks</b>							
— Ceiling	418	417	352	451	614	1,035	1,855
% 3)	34.3	23.6	16.8	18.7	20.6	27.9	39.8
— Actual	320	410	317	482	727	1,156	1,983
%	26.3	23.2	15.1	20.0	24.4	31.2	42.5
<b>2. National private banks</b>							
— Ceiling	67	69	95	129	163	325	502
%	49.6	37.3	38.5	37.5	34.4	47.9	51.4
— Actual	50	62	97	127	165	301	382
%	37.0	33.5	39.3	36.9	34.8	44.3	39.1
<b>3. Foreign banks</b>							
— Ceiling	20	22	25	52	51	111	171
%	12.9	13.7	13.5	24.8	17.4	30.7	33.9
— Actual	6	25	25	51	57	104	161
%	3.9	15.5	13.5	24.3	19.4	25.6	31.9
<b>4. Commercial banks</b>							
— Ceiling	505	508	472	632	828	1,471	2,528
%	33.5	24.0	18.7	21.3	22.1	30.7	41.2
— Actual	376	497	439	660	949	1,561	2,526
%	24.9	23.5	17.4	22.3	25.3	32.5	41.1

- 1) Excludes increase caused by foreign exchange revaluation on November 15, 1978, i.e.
- State banks                      Rp 98 billion,
  - National private banks        Rp 1 billion and
  - Foreign banks                  Rp 33 billion.
- 2) Includes increase caused by foreign exchange revaluation on November 15, 1978.
- 3) Amount of bank loans and other assets at end of preceding financial year.  
Due to adjustments, the base figure at the beginning of a financial year does not necessarily equal the base figure plus the actual amount implemented in the preceding year.

**TABLE II**  
**CEILING ON BANK LOANS OF COMMERCIAL BANKS**  
(billions of rupiah)

Type of bank	March 31						
	1976	1977	1978	1979 <sup>1)</sup>	1980 <sup>2)</sup>	1981	1982*
<b>1. State banks</b>							
— Ceiling	372	401	303	421	592	974	1,782
% 3)	33.2	24.1	15.5	18.9	21.2	28.6	40.6
— Actual	310	361	286	476	613	1,067	1,918
%	27.7	21.7	14.6	21.4	21.9	31.3	43.6
<b>2. National private banks</b>							
— Ceiling	67	63	94	129	163	294	457
%	67.7	42.0	45.0	45.3	41.2	55.4	58.2
— Actual	40	57	68	98	135	242	375
%	40.4	38.0	32.5	34.4	34.1	45.6	47.8
<b>3. Foreign banks</b>							
— Ceiling	19	22	30	54	52	106	158
%	14.6	16.3	18.8	26.1	17.6	27.3	36.6
— Actual	8	22	51	58	48	92	155
%	6.2	16.3	31.9	28.0	16.2	26.7	35.9
<b>4. Commercial banks</b>							
— Ceiling	458	486	427	604	807	1,374	2,397
%	34.0	24.9	18.4	22.2	23.1	32.0	42.7
— Actual	358	440	405	632	796	1,401	2,448
%	26.6	22.6	17.4	23.2	22.8	32.6	43.6

- 1) Excludes increase caused by foreign exchange revaluation on November 15, 1978, i.e.  
— State banks                      Rp 2 billion,  
— National private banks        Rp 2 billion and  
— Foreign banks                    Rp 32 billion.
- 2) Includes increase caused by foreign exchange revaluation on November 15, 1978.
- 3) Amount of bank loans and other assets at end of preceding financial year.  
Due to adjustments, the base figure at the beginning of a financial year does not necessarily equal the base figure plus the actual amount implemented in the preceding year.

TABLE III  
STATE BANK LENDING RATES AND REDISCOUNT RATES AND PERCENTAGE  
OF REFINANCING FACILITIES PROVIDED BY BANK INDONESIA  
( percentage )

Specification	Bank lending rates (annual)			Rediscount rates (annual)			Percentage of loan eligible for refinancing		
	Before Jan. 1, 1978	Jan. 1, 1978	Jan. 18, 1982	Before Jan. 1, 1978	Jan. 1, 1978	Jan. 18, 1982	Before Jan. 1, 1978	Jan. 1, 1978	Jan. 18, 1982
<b>Short-term credits</b>									
<i>Category I</i>									
1. Supply and distribution of rice, paddy and corn by BUUDs/KUDs	9	9	9	3	3	3	100	100	100
<i>Category II</i>									
2. Bimas and Inmas credits for rice and secondary crops	12	12	12	3	3	3	100	100	100
3. Collection and distribution of small-holders salt by BUUDs/KUDs and PN Garam and working capital credit for PN Garam	12	12	12	6	4	4	80	75	75
4. Operation of wheat flour mills	12	12	12	6	4	4	70	75	75
5. Export and production of export goods	12	12		5	4		70	75	
a. Before shipment									
i. Export of "strong" commodities			9			3			60
ii. Export of other commodities			6			3			60
b. Post shipment (Export of all commodities)			6			3			60
6. Production, import and distribution of fertilizer and insecticides for use by smallholders	12	12	12	6	4	4	85-80	75	75
7. Aid financed imports and distribution of non-food commodities	12-18	12	12	6-10	4	4	100-50	75	75
8. Collection and distribution of agricultural produce, animal husbandry and fishery by BUUDs/KUDs and cooperatives	15	12	12	10	4	4	70	75	75
9. Smallholders agriculture and handicraft	15-18	12	12	10	4	4	50-70	75	75
10. Smallholders animal husbandry, poultry farming and fishery	15-18	12	12	10	4	4	50-70	75	75
<i>Category III</i>									
11. Manufacturing and service rendering industries									
a. Rice mills/hullers	15	13.5	13.5	10	6	6	70	70	70
b. Sugar mills	15	13.5	13.5	10	6	6	70	70	70
c. Coconut oil and palm oil	18	13.5	13.5	10	6	6	50	70	70
d. Textile	15	13.5	13.5	10	6	6	70	70	70
e. Agricultural equipment	18	13.5	13.5	10	6	6	50	70	70
f. Paper	18	13.5	13.5	10	6	6	50	70	70
g. Cement	18	13.5	13.5	10	6	6	50	70	70
h. Public transportation	15	13.5	13.5	10	6	6	70	70	70
i. Printing and publishing	18	13.5	13.5	10	6	6	50	70	70
j. Tourism	24	13.5	13.5	—	6	6	—	70	70
12. Other production activities	18	13.5	13.5	10	6	6	50	70	70
13. Import and distribution of supervised goods	18	13.5	13.5	10	6	6	50	70	70
14. Sugar stock	18	13.5	13.5	10	6	6	75	70	70
15. Domestic trade	18	13.5	13.5	10	6	6	50	70	70
16. Contractors of DIP, Inpres and local government financed projects and contractors of low-cost housing projects	21	13.5	13.5	10	6	6	20	70	70
<i>Category IV</i>									
17. Other contractors	21	15	15	10	6	6	20	60	60
<i>Category V</i>									
18. Imports and distribution of other import goods	24	18	18	—	6	6	—	40	40
<i>Category VI</i>									
19. Others, n.i.e.	24	21	21	—	6	6	—	25	25
<b>Investment Credits</b>									
<i>Category I</i>	12	10.5	10.5	4	3	3	80	80	80
<i>Category II</i>	12	12	12	4	4	4	75	75	75
<i>Category III</i>	15	13.5	13.5	6	4	4	70	70	70
<i>Category IV</i>	15	13.5	13.5	6	4	4	65	65	65
Small Investment Credits (KIK)	12	10.5	10.5	4	3	3	80	80	80
Permanent Working Capital Credits (KMKP)	15	12	12	8	4	4	70	75	75

**TABLE IV**  
**INVESTMENT CREDITS BASED ON BANK INDONESIA**  
**REGULATION 1)**  
(billions of rupiah)

Specification	March 31					June	Sep.	Dec.	March
	1977	1978	1979	1980	1981	30, 1981	30, 1981	31, 1981	31, 1982*
<b>Credit outstanding</b>	<u>222</u>	<u>225</u>	<u>271</u>	<u>362</u>	<u>497</u>	<u>540</u>	<u>630</u>	<u>701</u>	<u>769</u>
<b>1. By economic sector</b>									
— Agriculture	19	21	28	29	50	65	85	95	102
— Mining	4	3	2	2	10	10	16	25	30
— Manufacturing	79	84	89	111	145	158	177	209	249
— Service rendering industry	111	106	144	203	264	276	316	336	351
— Others	9	11	8	17	28	31	36	36	37
<b>2. By sources of fund</b>									
— Bank Indonesia	93	105	138	130	171	220	265	319	328
— State banks	126	119	132	231	325	319	364	381	440
— Government budget 2)	3	1	1	1	1	1	1	1	1
<b>Approved by banks (credit-line)</b>	<u>291</u>	<u>285</u>	<u>363</u>	<u>517</u>	<u>781</u>	<u>1,859</u>	<u>1,028</u>	<u>1,095</u>	<u>1,183</u>
<b>1. By economic sector</b>									
— Agriculture	21	28	34	49	106	134	135	150	164
— Mining	5	5	11	6	10	10	37	37	40
— Manufacturing	114	109	122	151	215	240	332	369	414
— Service rendering industry	137	127	185	288	408	427	470	484	506
— Others	14	16	11	23	42	48	54	55	59
<b>2. By sources of fund</b>									
— Bank Indonesia	184	183	238	277	453	517	645	694	746
— State banks	102	99	123	238	326	341	382	400	436
— Government budget 2)	5	3	2	2	2	1	1	1	1

1) Based on announcement of the Board of Directors of Bank Indonesia No. Peng. 1/DIR/1969, March 7, 1969.

Excludes foreign exchange component and rupiah financing of project aid (see Table V and Table VI).

2) Since 1971 the Government budget no longer provides rupiah financing for investment credits.



**TABLE V**  
**LOCAL CURRENCY (RUPIAH) FINANCING**  
**OF PROJECT AID INVESTMENTS BY ECONOMIC SECTOR**  
(billions of rupiah)

Particulars	March 31					June	Sep.	Dec.	March
	1977	1978	1979	1980	1981	30, 1981	30, 1981	31, 1981	31, 1982*
<b>Outstanding amounts</b>	<u>41</u>	<u>62</u>	<u>72</u>	<u>101</u>	<u>111</u>	<u>111</u>	<u>113</u>	<u>115</u>	<u>115</u>
<b>1. By economic sector</b>									
— Agriculture	22	36	42	49	49	50	51	53	53
— Mining	—	—	—	—	—	—	—	—	—
— Manufacturing	18	25	29	47	50	49	48	47	46
— Service rendering industry	—	—	—	4	12	12	14	15	16
— Others	1	1	1	1	—	—	—	—	—
<b>2. By sources of fund</b>									
— Bank Indonesia	34	50	57	81	97	85	87	91	92
— State banks	7	12	15	20	14	26	26	24	23
<b>Approved by banks (credit-line)</b>	<u>52</u>	<u>77</u>	<u>85</u>	<u>145</u>	<u>141</u>	<u>144</u>	<u>142</u>	<u>143</u>	<u>143</u>
<b>1. By economic sector</b>									
— Agriculture	27	41	52	65	62	62	62	62	62
— Mining	—	—	—	—	—	—	—	—	—
— Manufacturing	23	34	31	61	60	63	61	62	62
— Service rendering industry	—	—	—	18	18	19	19	19	19
— Others	2	2	2	1	1	—	—	—	—
<b>2. By sources of fund</b>									
— Bank Indonesia	46	62	68	116	109	114	111	111	110
— State banks	6	15	17	29	32	30	31	32	33

TABLE VI  
 RUPIAH COUNTERVALUE OF PROJECT AID  
 BY ECONOMIC SECTOR  
 ( billions of rupiah )

Particulars	March 31					June	Sep.	Dec.	March
	1977	1978	1979	1980	1981	30, 1981	30, 1981	31, 1981	31, 1982*
<b>Outstanding amounts</b>	<u>132</u>	<u>198</u>	<u>249</u>	<u>464</u>	<u>563</u>	<u>589</u>	<u>622</u>	<u>640</u>	<u>663</u>
— Agriculture	29	31	37	36	40	43	44	44	45
— Mining	11	10	7	5	6	6	6	6	5
— Manufacturing	72	139	183	329	346	337	356	365	368
— Service rendering industry	9	11	11	82	140	172	183	191	211
— Others	11	7	11	12	31	31	33	34	34
<b>Approved by banks (credit-line)</b>	<u>260</u>	<u>445</u>	<u>541</u>	<u>866</u>	<u>1,455</u>	<u>1,502</u>	<u>1,504</u>	<u>1,542</u>	<u>1,540</u>
— Agriculture	54	58	69	71	106	107	107	106	106
— Mining	13	14	12	10	15	15	15	15	15
— Manufacturing	143	290	299	408	517	553	556	594	592
— Service rendering industry	32	51	122	336	751	765	764	765	765
— Others	18	32	39	41	66	62	62	62	62

**TABLE VII**  
**PLANNED AND ACTUAL GOVERNMENT REVENUES AND EXPENDITURES**  
**DURING REPELITA I, 1969/70 – 1973/74**  
(billions of rupiah )

Particulars	1969/70		1970/71		1971/72		1972/73		1973/74		Total	
	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals
Domestic revenues	228	244	276	344	324	428	374	590	428	968	1,630	2,574
Routine expenditures	204	217	243	288	281	349	319	438	357	713	1,404	2,005
Government savings	24	27	33	56	43	79	55	152	71	255	226	569
Foreign aid	99	91	120	120	180	136	209	158	225	203	833	709
— Project aid	( 36)	( 25)	( 45)	( 41)	( 95)	( 45)	( 124)	( 62)	( 140)	( 114)	( 440)	( 288)
— Program aid	( 63)	( 66)	( 75)	( 79)	( 85)	( 91)	( 85)	( 95)	( 85)	( 89)	( 393)	( 421)
Development funds	123	118	153	176	223	215	264	310	296	458	1,059	1,278
Development expenditures	123	118	153	169	223	196	264	298	296	451	1,059	1,233
— Rupiah	( 87)	( 93)	( 108)	( 128)	( 128)	( 151)	( 140)	( 236)	( 156)	( 337)	( 619)	( 945)
— Project aid	( 36)	( 25)	( 45)	( 41)	( 95)	( 45)	( 124)	( 62)	( 140)	( 114)	( 440)	( 288)
Surplus (+) / Deficit (-)	--	--	--	+7	--	+19	--	+12	--	+7	--	+45

Source : Department of Finance.

TABLE VIII  
PLANNED AND ACTUAL GOVERNMENT REVENUES AND EXPENDITURES  
DURING REPELITA II, 1974/75 — 1978/79  
( billions of rupiah )

Particulars	1974/75		1975/76		1976/77		1977/78		1978/79		Total	
	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals	Repe- lita	Actuals
Domestic revenues	1,363	1,754	2,074	2,242	2,277	2,906	2,608	3,535	3,089	4,266	11,411	14,703
Routine expenditures	961	1,016	1,294	1,333	1,428	1,630	1,630	2,149	1,905	2,744	7,218	8,871
Government savings	402	738	780	909	849	1,276	978	1,386	1,184	1,522	4,193	5,832
Foreign aid	214	232	192	492	208	784	218	773	224	1,036	1,056	3,316
— Project aid	( — )	( 196 )	( — )	( 472 )	( — )	( 774 )	( — )	( 737 )	( — )	( 988 )	( — )	( 3,166 )
— Program aid	( — )	( 36 )	( — )	( 20 )	( — )	( 10 )	( — )	( 36 )	( — )	( 48 )	( — )	( 150 )
Development funds	616	970	972	1,401	1,057	2,060	1,196	2,159	1,408	2,558	5,249	9,148
Development expenditures	616	962	972	1,398	1,057	2,054	1,196	2,156	1,408	2,556	5,249	9,126
— Rupiah	( — )	( 766 )	( — )	( 926 )	( — )	( 1,280 )	( — )	( 1,419 )	( — )	( 1,568 )	( — )	( 5,960 )
— Project aid	( — )	( 196 )	( — )	( 472 )	( — )	( 774 )	( — )	( 737 )	( — )	( 988 )	( — )	( 3,166 )
Surplus (+) / Deficit (—)	—	+8	—	+3	—	+6	—	+3	—	+2	—	+22

Source : Department of Finance.

**TABLE IX**  
**PLANNED AND ACTUAL GOVERNMENT REVENUES AND EXPENDITURES**  
**DURING THE FIRST FOUR YEARS OF REPELITA III, 1979/80 - 1982/83**  
(billions of rupiah)

Particulars	1979/80		1980/81		1981/82		1982/83	
	Repelita	Actuals	Repelita	Actuals	Repelita	Actuals	Repelita	Budget
Domestic revenues	5,440	6,697	6,090	10,227	6,804	12,213	7,526	13,756
Routine expenditures	3,446	4,062	3,845	5,800	4,294	6,978	4,767	7,001
Government savings	1,994	2,635	2,245	4,427	2,510	5,235	2,759	6,755
Foreign aid	1,494	1,381	1,647	1,494	1,840	1,709	2,019	1,851
a. Project aid	(1,429)	(1,316)	( -- )	( 1,430)	( -- )	( 45)	( -- )	( 1,826)
b. Program aid	( 65)	( 65)	( -- )	( 64)	( -- )	( 1,664)	( -- )	( 25)
Development funds	3,488	4,016	3,892	5,921	4,350	6,944	4,778	8,606
Development expenditures	3,488	4,014	3,892	5,916	4,350	6,940	4,778	8,606
a. Rupiah	(2,059)	(2,698)	( -- )	(4,486)	( -- )	(5,276)	( -- )	(6,780)
b. Project aid	(1,429)	(1,316)	( -- )	(1,430)	( -- )	(1,664)	( -- )	(1,826)
Surplus (+) / Deficit (-)	--	+2	--	+5	--	+4	--	--

Source : Department of Finance.

**TABLE X**  
**DEVELOPMENT EXPENDITURES BY SECTOR 1)**  
(billions of rupiah)

Sector	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
Agriculture and irrigation	380	450	508	929	942	953	1,253
Industry	125	157	356	415	330	528	366
Mining and energy	238	319	377	507	684	828	938
Transportation and tourism	355	413	466	780	810	806	1,098
Trade and cooperatives	8	13	31	103	64	58	106
Manpower and transmigration	60	95	162	325	436	417	606
Regional, rural and urban development	250	275	336	482	613	616	741
Religion	7	8	19	32	46	40	60
Education, youth, culture and belief in the Almighty God	211	251	361	575	787	726	1,302
Health, social welfare, role of woman, population and family planning	71	79	142	218	258	286	322
Housing and human settlement	90	56	117	191	156	166	281
Law	11	11	31	53	67	54	79
National defence and security	56	159	330	479	481	566	569
Information, press and social communication	11	11	22	34	46	44	55
Science, technology and research	38	42	58	88	100	95	122
State apparatus	56	54	112	168	190	181	223
Development of business enterprises	190	162	466	389	201	390	265
National resources and environment	— —	— —	120	148	188	186	220
<b>Total</b>	<b>2,157</b>	<b>2,555</b>	<b>4,014</b>	<b>5,916</b>	<b>6,399</b>	<b>6,940</b>	<b>8,606</b>

1) Based on the sectoral breakdown of the Third Plan, while the figures for the fiscal year 1977/78 through 1978/79 were adjusted accordingly.

Source : Department of Finance.

**TABLE XI**  
**DEVELOPMENT EXPENDITURES BY SECTOR**  
**EXCLUDING PROJECT AID <sup>1)</sup>**  
(billions of rupiah )

Sector	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
Agriculture and irrigation	234	315	353	706	711	818	990
Industry	36	4	49	224	120	193	203
Mining and energy	68	66	120	207	233	275	394
Transportation and tourism	142	163	274	472	512	543	718
Trade and cooperatives	7	12	20	90	53	48	90
Manpower and transmigration	51	83	139	295	398	386	554
Regional, rural and urban development	242	267	318	458	589	599	714
Religion	7	8	19	32	46	40	60
Education, youth, culture and belief in the Almighty God	182	216	318	525	744	689	1,221
Health, social welfare, role of woman, population and family planning	56	57	108	182	217	252	278
Housing and human settlement	61	38	89	158	134	144	242
Law	11	11	31	53	67	54	79
National defence and security	56	108	176	342	337	388	401
Information, press and social communication	8	7	11	28	44	42	54
Science, technology and research	35	34	51	78	96	91	112
State apparatus	56	50	91	151	188	179	219
Development of business enterprises	167	129	432	353	173	362	244
National resources and environment	— —	— —	99	132	176	173	207
Total	1,419	1,568	2,698	4,486	4,838	5,276	6,780

1) Based on the sectoral breakdown of the Third Plan, while the figures for the fiscal year 1977/78 through 1978/79 were adjusted accordingly.

Source : Department of Finance.

**TABLE XII**  
**PROJECT AID DEVELOPMENT EXPENDITURES**  
**BY SECTOR <sup>1)</sup>**  
(billions of rupiah )

Sector	1977/78	1978/79	1979/80	1980/81	1981/82		1982/83 Budget
					Budget	Actuals	
Agriculture and irrigation	146	135	155	223	231	135	263
Industry	89	153	307	191	210	335	163
Mining and energy	170	253	257	300	451	553	544
Transportation and tourism	213	250	192	308	298	263	380
Trade and cooperatives	1	1	11	13	11	10	16
Manpower and transmigration	10	12	23	30	38	31	52
Regional, rural and urban development	8	8	18	24	24	17	27
Religion	—	—	—	—	—	—	—
Education, youth, culture and belief in the Almighty God	29	35	43	50	43	37	81
Health, social welfare, role of woman, population and family planning	15	22	34	36	41	34	44
Housing and human settlement	28	18	28	33	22	22	39
Law	—	—	—	—	—	—	—
National defence and security	—	51	154	137	144	178	168
Information, press and social communication	3	4	11	6	2	2	1
Science, technology and research	3	8	7	10	4	4	10
State apparatus	—	4	21	17	2	2	4
Development of business enterprises	23	33	34	36	28	28	21
National resources and environment	—	—	21	16	12	13	13
<b>Total</b>	<b>738</b>	<b>987</b>	<b>1,316</b>	<b>1,430</b>	<b>1,561</b>	<b>1,664</b>	<b>1,826</b>

1) Based on the sectoral breakdown of the Third Plan, while the figures for the fiscal year 1977/78 through 1978/79 were adjusted accordingly.

Source : Department of Finance.



**TABLE XIII**  
**INDONESIA'S BALANCE OF PAYMENTS**  
( millions of \$ )

Particulars	1977/78 <sup>r</sup>	1978/79 <sup>r</sup>	1979/80 <sup>r</sup>	1980/81 <sup>r</sup>	1981/82 <sup>*</sup>
<b>A. Current account</b>	<u>- 690</u>	<u>-1,155</u>	<u>2,198</u>	<u>2,131</u>	<u>- 2,790</u>
1. Oil (net)	4,352	3,785	6,308	9,345	8,379
1.1. Export, f.o.b.	( 7,191)	( 6,858)	(10,995)	(15,187)	(16,482)
1.2. Import, c & f	(-1,639)	(-1,830)	(-2,845)	(-3,913)	(-5,279)
1.3. Services	(-1,200)	(-1,243)	(-1,842)	(-1,929)	(-2,824)
2. LNG Import,	93	225	667	1,256	1,382
2.1. Export, f.o.b.	( 162)	( 516)	( 1,345)	( 2,111)	( 2,342)
2.2. Import, c & f	(- 17)	(- 52)	(- 95)	(- 137)	(- 129)
2.3. Services	(- 52)	(- 239)	(- 583)	(- 718)	(- 831)
3. Non-oil/LNG (net)	-5,135	-5,165	-4,777	-8,470	-12,551
3.1. Export, f.o.b.	( 3,507)	( 3,979)	( 6,171)	( 5,587)	( 4,170)
3.2. Import, c & f	(-7,241)	(-7,543)	(-9,028)	(-11,837)	(-14,443)
3.3. Services	(-1,401)	(-1,601)	(-1,920)	(- 2,220)	(- 2,278)
<b>B. Special Drawing Rights (SDRs)</b>	<u>--</u>	<u>64</u>	<u>65</u>	<u>62</u>	<u>--</u>
<b>C. Official transfer &amp; capital</b>	<u>2,204</u>	<u>2,208</u>	<u>2,690</u>	<u>2,684</u>	<u>3,521</u>
1. IGGI 1)	1,642	1,674	2,237	2,406	2,415
1.1. Program aid	157	94	239	118	50
1.2. Project aid	1,485	1,580	1,998	2,288	2,365
a. ODA 2)	( 759)	( 921)	( 1,106)	( 1,299)	( 996)
b. Non-ODA	( 726)	( 659)	( 892)	( 989)	( 1,369)
2. Non-IGGI	562	534	453	278	1,106
2.1. ODA	( 87)	( 183)	( 163)	( 130)	( 168)
2.2. Non-ODA	( 475)	( 351)	( 290)	( 148)	( 938)
<b>D. Official debt repayments</b> (principal)	<u>- 761</u>	<u>- 632</u>	<u>- 692</u>	<u>- 615</u>	<u>- 809</u>
1. Debts before July 1966	- 70	- 87	- 87	- 85	- 78
2. Debts since July 1966	- 691	- 545	- 605	- 530	- 731
<b>E. Miscellaneous capital (net)</b>	<u>176</u>	<u>392</u>	<u>-1,315</u>	<u>- 361</u>	<u>1,140</u>
1. Direct investments	285	271	217	140	142
2. Trade credits	- 50	--	--	--	--
3. Others	- 59	121	-1,532	- 501	998
<b>F. Total (A through E)</b>	<u>929</u>	<u>877</u>	<u>2,946</u>	<u>3,901</u>	<u>1,062</u>
<b>G. Net errors and omissions</b> (between F & H)	<u>- 278</u>	<u>- 169</u>	<u>-1,256</u>	<u>- 1,165</u>	<u>2,050</u>
<b>H. Monetary movement</b>	<u>- 651</u>	<u>- 708</u>	<u>-1,690</u>	<u>- 2,736</u>	<u>988</u>

1) Inter Governmental Group on Indonesia.

2) Official Development Assistance.

**TABLE XIV**  
**EXPORTS BY COUNTRY OF DESTINATION**  
( millions of \$ )

Country	1977/78	1978/79	1979/80	1980/81	1981/82*
<b>Europe</b>					
Belgium and Luxemburg	24	16	20	27	15
Denmark	49	40	42	38	13
France	60	56	99	105	51
Germany, Federal Rep. of	248	236	361	364	220
Italy	110	150	215	237	194
Netherlands	387	360	374	441	308
Norway	5	3	5	5	3
Sweden	6	3	4	9	7
United Kingdom and Rep. of Ireland	88	55	114	135	140
Others	57	114	180	282	275
<b>Total</b>	<b>1,034</b>	<b>1,063</b>	<b>1,414</b>	<b>1,643</b>	<b>1,226</b>
<b>Share</b>	<b>9.2%</b>	<b>9.0%</b>	<b>8.2%</b>	<b>7.2%</b>	<b>5.6%</b>
<b>America</b>					
Canada	25	31	22	32	18
United States of America	2,967	2,904	3,431	4,461	3,804
Others	602	668	453	1,178	1,887
<b>Total</b>	<b>3,594</b>	<b>3,603</b>	<b>3,906</b>	<b>5,671</b>	<b>5,709</b>
<b>Share</b>	<b>31.9%</b>	<b>30.5%</b>	<b>22.7%</b>	<b>24.8%</b>	<b>25.9%</b>
<b>Africa</b>	<b>31</b>	<b>46</b>	<b>25</b>	<b>56</b>	<b>42</b>
<b>Share</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>
<b>Asia</b>					
Hongkong	32	51	116	163	123
India	34	20	29	44	17
Iraq	50	53	33	34	5
Japan	4,597	4,737	8,159	11,282	10,496
Malaysia	20	29	69	123	60
Pakistan	54	32	24	30	20
Philippines	154	167	196	233	389
Singapore	1,083	1,323	2,171	2,425	2,252
Thailand	7	26	33	38	34
Others	489	521	754	612	835
<b>Total</b>	<b>6,520</b>	<b>6,959</b>	<b>11,584</b>	<b>14,984</b>	<b>14,231</b>
<b>Share</b>	<b>57.9%</b>	<b>59.0%</b>	<b>67.4%</b>	<b>65.6%</b>	<b>64.7%</b>
<b>Australasia</b>					
Australia	74	112	209	367	543
New Zealand and Oceania	2	19	57	137	220
<b>Total</b>	<b>76</b>	<b>131</b>	<b>266</b>	<b>504</b>	<b>763</b>
<b>Share</b>	<b>0.7%</b>	<b>1.1%</b>	<b>1.5%</b>	<b>2.2%</b>	<b>3.5%</b>
<b>Others</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>—</b>	<b>41</b>
<b>Share</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.1%</b>
<b>Grand total</b>	<b>11,260</b>	<b>11,806</b>	<b>17,199</b>	<b>22,858</b>	<b>22,012</b>

Source : Central Bureau of Statistics.

**TABLE XV**  
**IMPORTS BY COUNTRY OF ORIGIN**  
( millions of \$ )

Country	1977/78	1978/79	1979/80	1980/81	1981/82*
<b>Europe</b>					
Belgium and Luxemburg	46	34	64	64	77
Czechoslovakia	16	5	6	8	8
France	182	164	149	278	310
Germany, Democratic Rep. of	2	3	9	4	6
Germany, Federal Rep. of	490	591	514	708	852
Italy	50	56	76	76	92
Netherlands	183	136	122	130	182
Spain	13	12	39	17	72
Sweden	20	34	37	58	75
Switzerland	50	53	70	69	128
United Kingdom and Rep. of Ireland	231	208	203	339	547
Others	100	186	161	174	183
<b>Total</b>	<b>1,383</b>	<b>1,482</b>	<b>1,450</b>	<b>1,925</b>	<b>2,532</b>
<b>Share</b>	<b>22.3%</b>	<b>22.2%</b>	<b>18.5%</b>	<b>16.2%</b>	<b>20.1%</b>
<b>America</b>					
Canada	58	92	65	100	91
United States of America	780	885	1,070	1,520	1,668
Others	105	56	79	102	297
<b>Total</b>	<b>943</b>	<b>1,033</b>	<b>1,214</b>	<b>1,722</b>	<b>2,056</b>
<b>Share</b>	<b>15.2%</b>	<b>15.5%</b>	<b>15.5%</b>	<b>14.5%</b>	<b>16.3%</b>
<b>Africa</b>	<b>63</b>	<b>69</b>	<b>159</b>	<b>124</b>	<b>231</b>
<b>Share</b>	<b>1.0%</b>	<b>1.0%</b>	<b>2.0%</b>	<b>1.0%</b>	<b>1.8%</b>
<b>Asia</b>					
Burma	80	51	57	47	10
China, Rep. of	155	113	155	232	210
Hongkong	62	141	103	141	83
India	62	140	99	55	119
Japan	1,729	2,007	2,421	3,652	3,656
Malaysia	21	24	33	38	58
Pakistan	20	41	25	14	32
Philippines	23	85	39	179	209
Singapore	480	463	541	1,059	1,316
Thailand	319	97	227	295	182
Others	644	676	1,025	1,902	1,488
<b>Total</b>	<b>3,595</b>	<b>3,838</b>	<b>4,725</b>	<b>7,614</b>	<b>7,363</b>
<b>Share</b>	<b>58.0%</b>	<b>57.5%</b>	<b>60.4%</b>	<b>64.2%</b>	<b>58.4%</b>
<b>Australasia</b>					
Australia	189	221	235	397	335
New Zealand and Oceania	30	36	46	85	89
<b>Total</b>	<b>219</b>	<b>257</b>	<b>281</b>	<b>482</b>	<b>424</b>
<b>Share</b>	<b>3.5%</b>	<b>3.8%</b>	<b>3.6%</b>	<b>4.1%</b>	<b>3.4%</b>
<b>Grand total</b>	<b>6,203</b>	<b>6,679</b>	<b>7,829</b>	<b>11,867</b>	<b>12,606</b>

Source : Central Bureau of Statistics.

**TABLE XVI**  
**LONG-TERM BORROWINGS 1)**  
( millions of \$ )

Creditors	1977/78	1978/79	1979/80	1980/81	1981/82*
<b>Country</b>					
Abu Dhabi	— —	1	2	8	1
Austria	— —	— —	— —	— —	27
Australia	— —	12	6	— —	43
Belgium	24	33	7	43	— —
Canada	189	19	16	16	16
Denmark	57	— —	— —	— —	58
France	258	95	133	138	179
Germany, Federal Rep. of	151	235	678	639	379
India	2	10	— —	— —	— —
Iran	49	111	— —	— —	— —
Japan	299	373	355	404	445
Korea, Rep. of	46	— —	49	2	— —
Kuwait	— —	3	5	6	12
Netherlands	115	48	67	85	65
New Zealand	— —	— —	— —	— —	— —
Norway	102	— —	— —	— —	— —
Saudi Arabia	25	31	61	— —	30
Sweden	— —	48	7	— —	— —
Switzerland	— —	— —	30	7	10
United Kingdom	54	102	23	— —	153
United States of America	239	271	262	253	140
U.S.S.R.	— —	— —	2	— —	1
Yugoslavia	100	11	64	— —	— —
<b>Institution</b>					
ADB	33	104	124	58	121
CCC — USDA 2)	— —	— —	— —	— —	— —
IDA — IBRD	301	476	314	509	367
Syndicate bank	50	— —	175	275	810
<b>Others</b>					
Bond	— —	100	62	46	47
Hire-purchase	— —	— —	30	— —	— —
<b>Total</b>	<b>2,094</b>	<b>2,083</b>	<b>2,472</b>	<b>2,489</b>	<b>2,904</b>

1) Represent disbursements.

2) Commodity Credit Corporation of the United States Department of Agriculture.

**TABLE XVII**  
**GRANTS 1)**  
( millions of \$ )

Country/Institution	1977/78 <sup>2)</sup>	1978/79	1979/80 <sup>2)</sup>	1980/81	1981/82*
<b>Country</b>					
Australia	31	41	42	45	45
Belgium	5	5	5	8	—
Canada	3	3	3	5	5
France	1	4	2	—	4
Germany, Federal Republic of	9	8	15	15	—
Italy	—	1	1	1	1
Japan	14	15	29	18	20
Netherlands	14	11	34	31	24
Switzerland	—	2	3	4	—
United Kingdom	—	—	24	22	22
United States of America	20	23	31	46	35
<b>Institution</b>					
European Economic Community	4	—	—	—	—
United Nations Development Program	9	12	16	—	—
United Nations Fund for Population Activities	—	—	3	—	—
World Food Program	—	—	10	—	—
<b>Total</b>	<b>110</b>	<b>125</b>	<b>218</b>	<b>195</b>	<b>156</b>

1) Including technical assistance.

2) Excluding grant from Switzerland, Sw.Frc. 2.5 million (\$ 0.6 million) on March 3, 1978 and from United Kingdom £ 35.5 million (\$ 70.9 million) on July 11, 1979.

Source : Bank Indonesia and embassy/representative in Indonesia.

**TABLE XVIII**  
**EXPORT PRICES OF SELECTED INDONESIAN CRUDE OIL**  
( \$ per barrel )

Selected crude oil	1978	1979					1980			1981			
	March	Jan.	April	May	June	July	Nov.	Dec.	Jan.	Feb.	May	Jan.	Sept.
Minas	13.55	13.90	15.65	16.15	18.25	21.12	23.50	25.50	27.50	29.50	31.50	35.00	35.00
Arjuna	13.70	14.40	16.45	17.20	19.70	21.56	23.50	26.00	28.95	30.95	32.95	36.45	36.45
Cinta	13.15	13.50	15.20	15.70	17.75	21.01	23.50	25.00	26.60	28.60	31.00	34.50	34.00
Attaka	14.10	14.95	17.00	18.00	21.00	23.50	23.50	27.90	30.25	32.25	34.25	37.75	37.55
Handil	13.30	13.95	15.70	16.30	18.30	21.16	23.50	25.60	27.55	29.55	31.55	35.30	35.30
Walio	13.00	13.65	15.25	16.00	17.95	20.86	23.50	25.30	27.20	29.20	31.20	35.00	35.00
Bekapai	14.10	14.95	17.00	18.00	21.00	23.50	23.50	27.90	30.25	32.25	34.25	37.75	37.55
Badak	14.10	14.95	17.00	18.00	21.00	23.50	23.50	27.90	30.25	32.25	34.25	37.75	37.55
NCS	14.40	15.25	17.35	18.35	21.50	23.50	23.50	27.90	30.75	32.75	34.75	38.25	38.00
Jatibarang	12.80	13.15	14.80	15.30	17.35	20.66	23.50	25.00	26.60	28.60	30.60	34.10	34.10
Salawati	--	13.80	15.55	16.15	18.15	21.02	23.50	25.40	27.40	29.40	31.40	34.90	34.90
Klamono	--	12.10	13.60	14.10	16.20	19.36	23.50	24.00	25.45	27.45	29.45	32.95	32.95
Condensat	--	14.80	16.80	17.80	21.00	23.50	23.50	27.90	30.75	32.75	34.75	37.75	37.50

Source : Department of Mining and Energy.

**TABLE XIX**  
**DOMESTIC CAPITAL INVESTMENT PLAN BY PROVINCE**  
(millions of rupiah )

Province	1968–1977	1978	1979	1980	1981	Total	
						Value	Project
1. DKI Jakarta	604,039	60,264	53,704	102,705	524,462	1,345,174	760
2. West Jawa	616,363	240,766	284,688	246,284	489,819	1,877,920	808
3. Central Jawa	115,802	80,485	40,485	35,752	75,416	347,940	301
4. D.I. Yogyakarta	26,837	1,870	385	3,196	13,266	45,554	49
5. East Jawa	412,654	42,238	53,363	62,278	263,602	834,135	438
Jawa and Madura	1,775,695	425,623	432,625	450,215	1,366,565	4,450,723	2,356
6. D.I. Aceh	11,427	5,226	12,900	1,561	46,118	77,232	37
7. North Sumatra	168,644	41,429	31,967	83,722	34,106	359,868	201
8. West Sumatra	19,611	4,388	404	51,732	8,051	84,186	51
9. Riau	22,951	23,596	37,483	50,873	108,982	243,885	80
10. Jambi	21,210	2,617	13,879	18,141	3,893	59,758	46
11. South Sumatra	153,772	88,906	11,231	15,214	16,373	285,496	64
12. Bengkulu	7,662	1,757	1,344	3,723	— 242	14,244	11
13. Lampung	36,758	1,203	6,261	14,311	13,466	71,999	70
Sumatra	442,035	169,122	115,487	239,277	230,747	1,196,668	560
14. West Kalimantan	28,716	5,021	25,385	58,318	9,171	126,611	98
15. Central Kalimantan	60,860	3,292	15,471	27,518	28,573	135,714	99
16. South Kalimantan	12,842	3,562	10,877	59,383	87,996	174,660	60
17. East Kalimantan	125,457	22,979	49,952	266,446	172,722	637,556	186
Kalimantan	227,875	34,854	101,685	411,665	298,462	1,074,541	443
18. North Sulawesi	35,028	1,950	938	— 1	3,321	41,236	28
19. Central Sulawesi	8,328	872	15,820	20,130	18,162	63,312	23
20. South Sulawesi	25,447	55,068	10,933	53,923	— 32,713	112,658	70
21. Southeast Sulawesi	37,559	— —	— —	1,157	7,580	46,296	8
Sulawesi	106,362	57,890	27,691	75,209	— 3,650	263,502	129
22. Bali	14,841	14,082	804	1,435	37,108	68,270	29
23. West Nusa Tenggara	1,180	43,618	— —	— 125	666	45,339	6
24. East Nusa Tenggara	2,009	6,022	2,837	3,471	1,719	16,058	8
25. East Timor	— —	— —	— —	— —	— —	— —	— —
26. Maluku	12,762	5,486	10,906	10,243	71,517	110,914	45
27. Irian Jaya	9,818	5,124	— 3,406	36,572	134,050	182,158	16
28. Others	— —	— —	— —	275,601	— —	275,601	8
Indonesia	2,592,577	761,821	688,629	1,503,563	2,137,184	7,683,774	3,600

Source : Capital Investment Coordinating Board.

**TABLE XX**  
**PLANNED AND REALIZATION OF FOREIGN**  
**CAPITAL INVESTMENT BY PROVINCE**  
(millions of \$ )

Province	1967-1975	1976	1977	1978	1979	1980	1981	Investment plan		Realiza- tion <sup>1)</sup>
								Value	Project	
1. DKI Jakarta	862.5	69.8	106.7	91.9	140.5	209.3	219.4	1,700.1	279	742.1
2. West Jawa	1,138.0	182.4	164.7	125.3	117.7	225.5	294.3	2,247.9	162	911.7
3. Central Jawa	151.7	24.4	13.1	4.8	5.8	21.3	--	221.1	21	172.4
4. D.I. Yogyakarta	1.7	--	--	--	--	6.6	--	8.3	3	--
5. East Jawa	249.6	20.8	26.9	28.3	42.6	40.9	91.9	501.0	74	183.1
Jawa and Madura	2,403.5	297.4	311.4	250.3	306.6	503.6	605.6	4,678.4	539	2,009.3
6. D.I. Aceh	3.6	--	--	6.0	316.0	6.2	110.5	442.3	7	3.2
7. North Sumatra	950.2	4.2	36.6	1.3	854.7	40.7	18.5	1,906.2	43	487.2
8. West Sumatra	2.0	--	17.0	6.2	--	14.2	16.0	55.4	4	4.5
9. Riau	42.4	10.4	20.3	19.1	0.5	63.1	68.9	224.7	21	37.6
10. Jambi	7.5	--	0.5	--	--	6.5	8.0	22.5	5	3.8
11. South Sumatra	44.0	8.2	2.3	3.1	2.4	8.1	10.9	79.0	14	30.0
12. Bengkulu	--	--	--	--	--	--	--	--	--	--
13. Lampung	6.7	64.6	1.1	2.0	0.5	2.0	8.3	85.2	8	52.3
Sumatra	1,056.4	87.4	77.8	37.7	1,174.1	140.8	241.1	2,815.3	102	618.6
14. West Kalimantan	8.5	--	6.4	--	0.2	--	--	15.1	7	6.4
15. Central Kalimantan	22.1	9.0	12.9	15.9	12.8	21.9	30.5	125.1	17	39.3
16. South Kalimantan	13.2	--	4.0	--	--	--	42.0	59.3	7	15.8
17. East Kalimantan	89.4	11.0	4.8	13.3	29.0	13.6	61.0	222.1	21	111.1
Kalimantan	133.2	20.0	28.1	29.2	42.0	35.5	133.5	421.6	52	172.6
18. North Sulawesi	76.0	0.3	--	--	--	1.4	--	77.7	3	5.7
19. Central Sulawesi	16.6	--	--	2.6	--	--	52.8	72.0	6	7.0
20. South Sulawesi	19.4	3.2	--	3.3	1.2	--	2.7	29.8	8	10.5
21. Southeast Sulawesi	--	--	15.0	4.2	10.5	--	--	29.7	3	6.8
Sulawesi	112.0	3.5	15.0	10.1	11.7	1.4	55.5	209.2	20	30.0
22. Bali	22.8	0.4	4.8	2.4	--	--	--	30.4	4	6.4
23. West Nusa Tenggara	1.9	--	--	--	--	1.6	--	3.5	1	1.2
24. East Nusa Tenggara	0.8	--	3.1	--	--	--	--	3.9	2	--
25. East Timor	--	--	--	--	--	--	--	--	--	--
26. Maluku	15.5	--	1.4	6.1	23.9	--	--	46.9	7	13.6
27. Irian Jaya	261.6	9.8	1.3	6.8	8.7	2.4	44.5	335.1	16	200.0
28. Miscellaneous	824.6	20.3	204.2	60.1	199.9	211.4	99.1	1,629.5	44	734.4
Indonesia	4,832.3	438.8	647.1	402.7	1,766.9	906.7	1,179.3	10,173.8	787	3,786.1

<sup>1)</sup> Through September 1981.

Source : Bank Indonesia.



**TABLE XXI**  
**LIVESTOCK**  
( thousand heads )

Breed	1977	1978	1979	1980	1981*
Cows	6,217	6,330	6,362	6,440	6,516
Buffaloes	2,292	2,312	2,432	2,457	2,488
Goats	7,232	8,051	7,659	7,691	7,790
Sheep	3,804	3,611	4,071	4,124	4,177
Horses	659	615	596	616	637
Pigs	2,979	2,902	3,183	3,155	3,364
Ducks	16,032	17,541	18,089	21,078	22,426
Cultivated chickens	5,807	6,071	7,007	22,940	24,568
Non-cultivated chickens	101,686	108,916	114,350	126,310	132,878

Source : Supplement to the President's Report to Parliament, August 16, 1982.

## GLOSSARY

**Cross Purchase/Cross Exchange** is exports of crude oil by Pertamina, the foreign exchange receipts of which are used to finance imports of refined petroleum products.

**Designation plan** is the assignment given to an IMF member country to exchange a specified amount of convertible currencies in its possession with SDRs held by other member countries. Such an assignment is determined mainly on the basis of the balance of payments prospects and international reserves position of the respective member country.

**Export Credit Facility** is a package of credits extended by Government and financial institutions to promote exports, the terms of which are somewhat softer than those of commercial credits. A portion of credits provided by the financial institutions is insured by the insurance agency and this facility includes guarantee against part or nonpayment by importer abroad.

**Export insurance** is an insurance intended to cover probable risk encountered by exporters on account of part or nonpayment by importers abroad in respect of goods shipped to them.

**Gold Restitution** is a scheme for the restitution of gold subscription of IMF member countries at the official price of SDR 35 per ounce of fine gold. The amount of gold restituted to each member country is determined *pari passu* with its share in quota to the aggregate quota at end of August 31, 1975.

**Guarantor** is a bank or a non-bank financial institution which guarantees the amortization of bonds and the payment of interest.

**IGGI (Inter-Governmental Group on Indonesia)** is a group of aid donors of Indonesia.

This group was founded in 1967 and meets regularly to assess Indonesia's needs for credits. Aid donors include Australia, Austria, Belgium, Italy, The Federal Republic of Germany, the Netherlands, the United Kingdom, the United States, Asian Development Bank (ADB) and World Bank (IBRD and IDA).

**Jaminan Kredit Ekspor** is a guarantee to cover the risk to handling banks on export credits extended by them to exporters.

**Koperasi Unit Desa (KUD)** is village unit cooperative entrusted with distributing farm inputs, marketing farm products and channeling credits to farmers.

**Kredit Candak Kulak (KCK)** is a small credit granted to petty traders. KCK is a soft-term credit with simple procedures, extended to assist the financing of merchandise. Loanable funds for these credits are entirely appropriated by the State Budget. The distribution of this type of credit is entrusted to KUD, under the supervision of the Directorate General of Cooperatives.

**Kredit Investasi~ Kecil (KIK)** is small investment credit (medium or long term) extended on special terms and conditions with simple procedures. This credit is especially designed to assist indigenous smallscale entrepreneurs/ enterprises for the financing of their investments.

**Kredit Midi** is credit extended to small scale entrepreneurs in villages as well as to earlier recipients of mini credits whose business has shown expansion. Terms and procedures for this type of credit are the same as those for mini credit. Ceiling on midi credit is fixed at Rp 500,000.00 with maturity of 3 years for investment and 1 year for working capital credits.

**Kredit Mini** is small credit extended on soft terms with simple procedures to small entre-

preneurs, mainly 'in the village. Funds for this credit are provided by the State Budget and channeled through Bank Rakyat Indonesia except for the Irian Jaya Province, where Bank Ekspor Impor Indonesia is entrusted with the administration of this credit scheme.

**Kredit Modal Kerja Permanen (KMKP) or permanent working capital credit**, is a credit on special terms and conditions, and simple procedures especially designed to assist indigenous smallscale entrepreneurs/enterprises for the financing of working capital needs.

**Kredit Pemilikan Rumah (KPR) or homeownership credit**, is a soft-term credit available to employees (government and nongovernment) with an income not exceeding that of a government employee of category IV, for financing low-cost housing extended through State-owned Savings Bank (BTN).

**Liquid assets** comprise cash on hand, demand deposits and clearing guarantee deposits with Bank Indonesia.

**Liquidity credit** is the refinancing facility of Bank Indonesia' to finance banks' loans to borrowers or to assist banks in overcoming their liquidity problems.

**Money Supply (M1)** comprises currency and demand deposits, and money supply (M2) is M1 plus quasi money (time and savings deposits and foreign currency deposits of the domestic private sector).

**Official Development Assistance (ODA)** is an assistance in the form of aid or loan on concessionary terms, i.e. a grant element of 25% or more.

**Operasi Khusus (opsus) Peningkatan Produksi Pangan** is a special program aimed at increasing production of food crops by giving priority to the extension services rendered in the implementation of Bimas and Inmas

schemes carried out mainly in the isolated regions producing insufficient food crops.

**Operational Budget** is the amount in local currencies of member countries which may be used by the Fund, subject to certain limitations, to finance credits to other member countries. The eligibility of a member country to be included in the Operational Budget is favorable balance of payments prospects and strong foreign exchange reserve.

**Panca Usaha Tani, Bimas and Insus** are terms used in agricultural program in Indonesia. Panca Usaha Tani is the "five elements of agricultural intensification program" comprising application of fertilizers, control of pests and diseases, planting of high yielding seeds, better farming methods and better irrigation; Bimbingan Masal (Bimas) is a program to increase agricultural production by implementing Panca Usaha Tani; **Intensifikasi Khusus (Insus)** is a special intensification program, a variant of Bimas, applied to groups of farmers. The groups are formed on the basis of location, type and nature of land. This program is intended to encourage mutual cooperation among farmers in the implementation of the Panca Usaha Tani scheme.

**Panca Usaha Ternak (PUT)** is a program of "five elements to boost cattle breeding", covering better breeds, improvement of stalls, control of diseases, better feeding and qualified personnel for cattle breeding.

**Perkebunan Inti Rakyat (PIR)** is guidelines by estates towards improvement of smallholders' plantations in cultivation, management, processing and marketing of their products.

**Program import** is a term used for imports of raw material and consumer goods under the Government program.

**Reconstitution** is an obligation of the Fund's participants of the SDR scheme to maintain a minimum average daily balance of SDRs equivalent to 15% of their net cumulative allocations over successive periods of five years terminating at the end of each calendar quarter. Participants had to "reconstitute" their holdings, if necessary, to maintain this average balance.

**Reserve Position in the Fund (RPF)** is the amount in international reserves of a member country held with - the Fund, generated by the amount of quota of the concerned member country being larger than that of its local currency held in the Fund.

**Tebu Rakyat Intensifikasi (TRI)** is a program aimed at improving productivity of smallholders' sugar-cane plantation (outside those of estates and sugar mills) through provision of guidance and production facilities, in addition to bank credits.

**Unit Pelaksana Proyek (UPP)** is a model of project for development of smallholders' plantations through management of the unit especially in regard to providing assistance in cultivation, processing and marketing of their products, besides introducing establishment of a cooperative society wherever it is not already there.