CREDIT RESTRUCTURING SMALL AND MEDIUM BUSINESSES AS THE KEY DRIVER OF ECONOMIC GROWTH IN INDONESIA

Rizky Azora, Gunadarma University (Jakarta), Indonesia

ABSTRACTION
SME sector is a sector that has tremendous potential to stimulate economic growth in Indonesia, it is supported by the dominance of the number of business units that reached 99.90% or 42,300,000 units of whole business units in Indonesia, if it has a 99.90% good production capacity will be increasingly easier economic to grow. Indonesia is a country with the third largest population in the world, leh therefore required a higher growth compared to population growth. If only rely on big business sector alone amounted to only 0.1% of the total number of business units in Indonesia will be fragile economic growth. SME sector in developing its business has a variety of obstacles and that the main obstacle is the capital factor, since SMEs often use funding from the Bank, or even hit hard because of credit lending requirements that must be met. This is implemented by the bank due to bad credit prevent. Therefore, the policy solution would be better done with the restructuring of problem loans from SMEs. This policy is very appropriate because it is done with the process of mediation and negotiation.

KEYWORDS
SME, credit, restructuring, economic growth, bank

1. INTRODUCTION
Small-medium business sector (SMEs) in Indonesia has a substantial role in the overall national economic development. Central Bureau of Statistics (2003) mentions that the number of SMEs registered 42,300,000 or 99.90% of the total number of business units. UKM provide employment for 79,000,000 or 99.40% of the total workforce in the establishment of SMEs. The contribution GDP 56.70%. Then the contribution of SMEs to the country foreign exchange earnings through export activity of Rp 75.80 trillion or 19.90% of the total value of these data ekspor. Berdasarkan the potential of small businesses as a key driver of economic growth is not an impossible thing.

In order to make SMEs as one of the main mover of economic growth is required for the development of SMEs business. One of the factors required by the development of SMEs is the development of capital through loans, this is evidenced by data from the BPS in 2003 that the first problem for SMEs is the lack of new capital and then followed by a marketing problem. Further mentioned that in overcoming the difficulties of capital is known as much as 17.50% of SMEs increase their capital by lending to banks, the remaining 82.50% did not make loans to banks, but to non-banks like Cooperative Savings and Loans (KSP), individuals, families, venture capital, others. The main reasons put forward by SME's why they are not borrowing to the bank are: (1) the procedure is difficult (30.30%), (2) No interest (25.34%), (3) No collateral (19.28%), (4) Do not know the procedure (14.33%), (5) high interest rate (8.82%), and (6) The proposal was rejected (1.93%)

2. DISCUSSION
Huge potential of SMEs, reflected by the data that has been given previously should receive special attention, one of the main points that must be done is the provision of credit to SMEs should be done with careful policy-making and appropriate. Carefully and exactly the condition referred to is how SMEs in order to get the facility in accordance with their needs and their abilities. This is a must for SMEs have slightly different characteristics, especially their dependence on capital.
Based on the above table, the biggest investment growth experienced by the SME sector in 2008 and far developed when compared with the growth of investment in 2007. Therefore, if the credit policy is not taken proper care and the potential of SMEs as a key driver of economic growth will turn into a burden for the economy. Some events can be used as evaluation materials, such as moment at 1998 where the level of problem loans is very high which resulted in the monetary crisis that led to the collapse of SMEs in Indonesia.

Therefore, to prevent bad debts, the Financial Institutions (especially the Bank) in providing loans typically use the principles of credit (6C) to carry out their credit activities:

1. Character, assessment of the customer's intentions or willingness to meet its obligations
   Information obtained from banks, associations, companies
2. Capacity (the ability of debtors to pay off its obligations), customer's ability to fulfill its obligations
   (provision of funds, build the project / running the business, producing products, selling products and pay its obligations)
3. Capital, Venture capital available in the company, because not all needs are provided by the bank's funds
4. Collateral, Collateral/guarantees given borrower (debtor) to the bank as collateral for obtaining credit
5. Condition of economy, political circumstances, social, economic, cultural, and condition affecting the economy at the moment
6. Constraint, factor of social constraints or psychological barriers at any particular area or region so that a business / project difficult to implement

Besides using these principles, is also analysis of credit, which includes:

1. Analysis of technical Aspect business:
   a. Location
   b. Facilities building buildings and businesses
   c. Plant lay out
   d. Machine used
   e. The production process
2. Commercial aspect analysis:
   To assess whether the goods or services produced will still be sold in the market with rates of return in accordance with the plan
3. Analysis of the financial aspects, to find out:
   a. Structure debtor capital needs
   b. need the necessary funds debtor
   c. debtor's financial position
   d. Customer's financial prospects
   e. The amount of effort required fees
   f. Estimated sources and uses of funds
   g. Estimated cash flow
   h. principal debt repayment plan
   i. The credit policy
4. Social aspects of economic:
   a. Benefits project will be financed with credit
   b. Alternative cost of the project
5. Management aspects
   a. The reputation of the management of funded projects
   b. Organization debtor company (organizational assessment firm)
   c. Implementation of management functions in the achievement of corporate objectives

However, it is difficult for SMEs to be able to meet all the principles and aspects of the analysis, because SMEs do not have these requirements in full. Banks would prefer to give loans to businesses in large or medium scale because the Bank was to have a high concern in the SME sector to be able to pay their credit can add or bank concludes feel the risk to the huge bad debts.

This problem is a major problem resulting in more selected SMEs seeking credit funds to non-parties such as the cooperative banks or using private property. Based on data from BPS in 2003, the main reasons put forward by SME's why they are not borrowing to the bank are: (1) the procedure is difficult (30.30%).

Credit quality are basically classified into 5 groups (based on the Indonesia Central bank regulation No. 31/10/UPPB November 12, 1998), namely:

1. Smooth
   The credit is no arrears of interest and principal payments (if any), outstanding loans and overdrafts because there are no withdrawals. Payment obligations on estimated future lancer / accordance with the schedule and no doubt at all.

2. Special attention
   The credit is showing a weakness in the financial condition or creditworthiness of debtors. This example is marked with its trend of decline in profit margins and sales turnover or the repayment program is unrealistic or inadequate collateral, credit information or documentation. Early attention, including intensive talks and serious with the debtor is required to correct this situation. If things get worse, the debtor should reclassified to a level worse.

3. Less well
   The credit is the payment of interest and principal payments (if any) may be or has been disrupted because of changes that are not profitable in financial terms and management of the debtor or the economic or political in general or is insufficient collateral. At this stage the symptoms have not appeared for the bank's losses, but this condition can be prolonged and possibly worse. Corrective action quickly and accurately should be taken to strengthen the bank's position as a creditor, such as by reducing the exposure of banks and ensure that debtors are also taking significant corrective actions.

4. Doubtful
   The credit is the loan repayment start in doubt, so the potential to cause losses for the banks, except could not be determined magnitude and time. And thorough action must be taken appropriate to minimize losses.

5. Stuck
   The credit is considered to have no bias charged back, the Bank will bear the losses on loans that have been given.

Based on the overall credit quality described above, which becomes the biggest problem is in the process of bad credit loans. Credit freezes are usually caused by the financial difficulties experienced by debtor due to the increased burden of interest and principal. Maulana Ibrahim (2004) argued that data based on business plans of 13 commercial banks controlled about 80% of the total assets of national banks, including BPR is known that the share of funds for SMEs from banks or the planned target of Rp 38.50 trillion. Until the end of June 2004 had been realized as much as Rp 30, 90 trillion, or 80.40%. When compared with the year 2003, the realization of credit for SMEs in 2004 was increased from Rp 27 trillion to Rp 30.90 trillion, and yet the target, down from 42.30 Trillion USD to Rp 38.50 trillion. For the attention that the position in June 2004 Non-Performing Loans (NPLs) of SMEs loans 4.40%, this condition was smaller than the total NPLs of banking credits for 6.20%.

Settlement basically bad credit can be done through litigation approach (law) and non-litigation approach or out of court settlement. This approach will absorb the cost of litigation is large enough (Costly) and takes a long time because of the legal process. While non-litigation approach to absorbing the costs are relatively small (costless) and take a relatively short time. Efforts of non-litigation settlement can be done through the mediation process.

Mediation or assistance is a process to mediate problems between debtors and creditors as a result of information gaps (Asymmetric informations). Assistance will take the debtor to the negotiating table with the creditors in the context of bad credit settlement of mutual benefit both parties both creditors (debts can be collected) and the debtor (business continuity can be maintained).

One of the most appropriate mediation is used as SMEs are restructuring. Literal restructuring is to change back to the credit structure adjusted to the condition of the debtor business and banking conditions. Basically, if the Bank to restructure the banks of the process gain the certainty of return higher credit either way-out first and the second way out. Increasing the certainty of return is obtained by means of:

1. Increased collateral coverage
2. Improved control of cash flow, so that the installments and interest payments according to schedule.
3. Improving the quality of loan documentation both credit agreements, guarantees and additional binding covenant, covenant required. So that with this restructuring of the Bank can ensure the repayment period is adjusted to the payment ability of the debtor.

Form of restructuring:
1. Decrease in interest rates
2. Changes in installments of principal and repayment period
3. Change type of facility
4. Change / addition of covenant

Things that need to be considered in the restructuring:
1. Ability (sensitivity) of cash flow
2. Structure facilities provided
3. Obvious source of payment
4. Business prospects
5. Net Interest Margin

It features:
1. Debtor is given the opportunity to run their business to return the obligation
2. Increasing confidence in the debtor to the Bank
3. Changing the bank's financial position is the change in the collectibility Current Asset Ratio improved, NPLs down to change the position of non-productive assets into productive

Disadvantages / Risks:
1. Banks in some cases to provide additional working capital to make the effort to circle back debtors
2. The repayment period to be longer
3. Banks in some cases to provide interest subsidies even when forced to do so as the elimination of basic sustainable business results for credit
4. Banks should perform very strict control so that the business and financial projections can be realized so that the debtor's payment to the bank to be safe.

Draft SME loan restructuring policy is a form of government efforts to provide legal affirmation of the importance of bad debt restructuring of SMEs. This happens with the consideration that SMEs have a very large contribution to economic growth in Indonesia. Owned by the weakness of SMEs in terms of financial administration and management professionals, the effort to restructure bad loans for SMEs by the banks often face obstacles. Lack of proper understanding of the economic significance of SMEs concerning the business and its impact on creditors in connection with bad debts restructuring efforts led to a discourse of SMEs do not think it fair for SMEs. This phenomenon resulted in the emergence of a discourse about the need for government policy regarding the restructuring of SME loans. In addition, the government also needs to assistance for SMEs in the restructuring of credit with banks and other relevant parties. Socialization of credit policies on SMEs and restructuring implementation guidance and assistance policies necessary for an understanding of Government policy regarding the restructuring of SME loans and facilitation can be properly distributed to all stakeholders such as SMEs, SME associations, banks, SME's supervisors, and others. Eventually required a concept of best practices regarding the settlement of problem loans and the restructuring of SMEs SME business. The ultimate goal of all these efforts is in order to accelerate national economic recovery through settlement immediately bad credit problems of SMEs, in order for both creditors and debtors can immediately improve their performance.

3. CONCLUSION

The potential of a very large SMEs to encourage economic growth in Indonesia should be done carefully and precisely. Banks should be able to distinguish between the treatment of micro, small, medium, medium and large because each business unit has a Different characteristics.

Supervision of the government becomes very important, was assessed restukturisasi policy will be more profitable SME but the assistance and follow-up policy should be made to facilitate SMEs enhance their potential and facilitate the Bank to develop their business.

In general, the important things that need to be considered in the handling of problem loans:
1. Debtor desires to settle the obligation.
2. The level of cooperation and openness of the debtor.
3. Management capabilities.
4. Financial ability of the debtor.
5. Source of loan repayment.
7. Easy or not sell insurance.
8. Assurance documentation completeness.
10. Dispute least guarantees.
11. Presence or absence of a payment source other businesses.
   Important things to keep note of this in the mediation process or policy-making.

4. REFERENCES

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