LAW OF THE REPUBLIC OF INDONESIA
NUMBER 20 OF 2008
ON
MICRO, SMALL, AND MEDIUM ENTERPRISES

BY THE BLESSINGS OF ALMIGHTY GOD

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : a. that the just and prosperous society based on Pancasila and the 1945 Constitution of the Republic of Indonesia, must be realized through the development of the national economy based on economic democracy;

b. that according to the mandate of Decree of the People's Consultative Assembly of the Republic of Indonesia Number XVI/MPR-RI/1998 on the Economic Politic in the context of Economic Democracy, Micro, Small, and Medium Enterprises need to be empowered as an integral part of public economy that has a status, role, and strategic potential to realize the national economic that has more balanced, developing, and equitable;

c. That the empowerment of Micro, Small, and Medium Enterprises as referred to in point b needs to be conducted in comprehensive, optimum, and continually through the development of conducive climate, provision of business opportunity, support, protection, and development enterprises in the maximum efforts, hence, capable of improving the status, role, and potentials of Micro, Small, and Medium Enterprises in realizing the economic growth,

even distribution, and increasing people's earning, creating job opportunities, and poverty alleviation;

d. that in line with the development of economic environment that has increasingly become more dynamic and global, Law Number 9 of 1995 on Small Enterprises, which only regulates the Small Scale enterprises needs to be replaced so that Micro, Small, and Medium Enterprises in Indonesia are able to have certainty warranty and business justice;

e. that based on the considerations as referred to in point a, point b, point c, and point d, it is necessary to establish Law on Micro, Small, and Medium Enterprises.

Observing : Article 5 section (1), Article 20, Article 27 section (2), and Article 33 of the 1945 Constitution of the Republic of Indonesia.

With The Joint Approval of:
THE HOUSE OF REPRESENTATIVES
and
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

To enact : LAW ON MICRO, SMALL, AND MEDIUM ENTERPRISES.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this law:

1. Micro enterprises means a productive enterprise owned by individuals and/or business entity/enterprise which fulfill the criteria of the micro enterprise as regulated in this Law.
2. Small Enterprise means an independent productive enterprise, which is run by individuals or a company which

is not a branch companies owned, controlled, or becoming direct or indirect part of the Medium or Large Enterprises fulfilling the criteria of the Small Enterprises as referred to this Law.

3. Medium Enterprises means an independent productive economic enterprise, which is run by individuals or a company which is not a branch companies owned, run, or becoming direct or indirect part of the Small or Large Enterprises with the amount of net assets or annual sales proceeds as provided for herein.
4. Large Enterprise means a productive economic enterprise conducted by business entities with the amount of net assets or annual sales proceeds larger than that of Medium Enterprises, which covers the state-owned or private-owed enterprises, joint ventures, and foreign businesses that conduct the economic activities in Indonesia.
5. Business World means Micro, Small, Medium, and Large Enterprises that conduct economic activities in Indonesia and reside in Indonesia.
6. Central Government hereinafter referred to as the Government, means the President of the Republic of Indonesia who hold governance power of the state of the Republic of Indonesia as referred to in the 1945 Constitution of the Republic of Indonesia.
7. Local Governments means Governor, Regent, Mayor, and local apparatus as the elements of running the local governments.
8. Empowerment means an effort made by the Government, Local Governments, business world, and the public in a synergized manner in the form of engendering business climate and development for Micro, Small, and Medium enterprises, hence, capable of growing and developing to become strong and independent businesses.
9. The Business Climate means a condition which is attempted by Government and the Local Governments to empower the micro, small, and Medium enterprises in synergy through ratification of any acts and policies in all aspects of economic

life in order that the Micro, small, and medium enterprises gain supports, certainty, opportunity, protection, and support for running a business as broad as possible.

10. Development means an effort made by Government, Local Governments, Business World, and society to empower micro, small, and medium enterprises through providing the guidance facilities and strengthening aids to develop and improve the ability and competitiveness of Micro, Small, and Medium Enterprises.
11. Funding means a budget provision by government, Local Governments, Business World, and society through banks, cooperatives, and non-bank financial institutions, in order to develop and increase the capital for the Micro, Small, and Medium enterprises.
12. Underwriting means the provision of loan guarantee for Micro, Small, and Medium enterprises by the credit guarantee institution as a support for enlarging opportunities to earn loans to increase their capital.
13. Partnership means cooperation in business linkage, both directly and indirectly, based on mutual need, trust, worthy, strengthening, and benefit enganging actors of Micro, Small, and Medium Enterprises as well as Large Enterprise.
14. Minister means a minister whose duty and responsibility are in the field of Micro, Small, and Medium Enterprises.
15. Technical Minister means a minister technically responsible for developing he Micro, Small, and Medium Enterprises in his/her activity sectors.

CHAPTER II
PRINCIPLE AND OBJECTIVE

Article 2

Micro, Small, and Medium Enterprises are based on the following principles:

a. kinship;

b. economic democracy;
c. togetherness;
d. justice efficiency;
e. sustainability;
f. environment friendly;
g. independence;
h. progress balanced ; and
i. national economic unity.

Article 3

Micro, Small, and Medium Enterprises are aimed to engender and develop their business in order to develop the national economy based on equitable economic democracy.

CHAPTER III
PRINCIPLES AND PURPOSES OF EMPOWERMENT

Part One
Principles of Empowerment

Article 4

Principles of the empowerment of Micro, Small, and Medium Enterprises:

a. developing independence, togetherness, and entrepreneurship of Micro, Small, and Medium Enterprises to work on their initiative;
b. realization of transparent, accountable, and equitable public policies;
c. development of local potentials and market-oriented business in accordance with the competence of Micro, Small, and Medium Enterprises;
d. enhancing the competitiveness of Micro, Small, and Medium Enterprises; and
e. the realization of planning, implementation, and controlling in integrated manner.

Part Two

Purposes of Empowerment

Article 5

The empowerment of the Micro, Small, and Medium Enterprises is aimed at:

a. realizing in the balanced, developing and equitable national economy structure;
b. growing and developing the ability of the Micro, Small, and Medium Enterprises to become strong and independent enterprises; and
c. improving the roles of Micro, Small, and Medium Enterprises in the regional development, creating job opportunities, income distribution, economic growth, and poverty alleviation.

CHAPTER IV

CRITERIA

Article 6

(1) The criteria of the Micro Enterprises are the followings:
    a. possessing the net asset of maximum Rp50,000,000.00 (fifty millions rupiahs), excluding the sites and buildings of the enterprise;
    b. possessing the annual sale income of maximum Rp300,000,000.00 (three hundred million rupiahs).
(2) The criteria of the Small Enterprise are the followings:
    a. owning the net capital of more than Rp50,000,000.00 (fifty million rupiahs), excluding the sites and the buildings of the enterprise; or
    b. owning the annual sale income of more than Rp300,000,000.00 (three hundred million rupiahs) up to the maximum Rp2,500,000,000.00 (two billion five hundred millions rupiahs).
(3) The criteria of the Medium Enterprises are the followings:
    a. owning the net asset of more than Rp500,000,000.00

(five hundred million rupiahs) up to Rp.10,000,000,000.00 (ten billion rupiahs) excluding the sites and the buildings of the enterprise; or

b. owning the annual sale income of more than Rp2,500,000,000.00 (two billions five hundred million rupiahs) up to the maximum Rp.50,000,000,000.00 (fifty billions rupiahs).

(4) The criteria as referred to in section (1) point a, point b, and section (2) point a, point b, and section (3) point a, point b, the nominal values are changed in accordance with the economy development which are regulated by a Presidential Regulation.

CHAPTER V
BUSINESS CLIMATE GROWTH

Article 7

(1) Government and Local Governments grow the Business Climate by ratifying legislation and policies covering the aspects of:

a. funding;
b. infrastructure;
c. business information;
d. partnership;
e. business permit;
f. enterprising opportunity;
g. trade promotion; and
h. institutional support.

(2) Business world and society actively participate in helping grow the Business Climate as referred to in section (1).

Article 8

The aspect of funding as referred to in Article 7 section (1) point a, is aimed at:

a. broadening the funding sources and facilitate the Micro, Small, and Medium Enterprises to be able to access the

banking load and other non-banking financial institutions;

b. increasing the number of funding institutions and broadening the network so that it can be accessed by the Micro, Small, and Medium Enterprises;
c. providing the ease in gaining the funding fast, accurately, inexpensively, and not discriminative in giving services in accordance with the provision of legislation; and
d. assisting the doers of the Micro and Small Enterprises to get other funding and services/products provided by banking and other non-banking institutions both using conventional and sharia system with guarantee provided by government.

Article 9

The aspect of infrastructure as referred to in Article 7 section (1) point b is aimed at:

a. the provision of public infrastructure which can encourage and develop the growth of Micro and Small Enterprises; and
b. providing ease on the certain infrastructure tariff for the Micro and Small Enterprises.

Article 10

The aspect of business information as referred to in Article 7 section (1) point c is aimed at:

a. creating and simplifying the use of database and the business information network;
b. creating and spreading and the information on market, funding sources, accommodation, underwriting, design and technology, and quality; and
c. granting transparency warranty and the same access to all actors of Micro, Small, and Medium Enterprises to all business information.

Article 11

The aspect of partnership as referred to in Article 7 section (1) point d is aimed at:

a. realizing the partnership amongst the Micro, Small, and

Medium Enterprises;

b. realizing the partnership amongst the Micro, Small, Medium and Big enterprises;
c. urging the emergence of mutual benefitted relationship in business transaction implementation amongst the Micro, Small, and Medium Enterprises;
d. urging the emergence of mutual benefitted relationship in business transaction implementation amongst the Micro, Small, Medium, and Big enterprises;
e. developing cooperation to increase the bargaining power of the Micro, Small, and Medium Enterprises;
f. urging the formation of market structure which guarantees the growth of fair business competitiveness and protects the consumers; and
g. preventing the market control and business centralization by individuals or certain groups which harm the Micro, Small, and Medium Enterprises.

Article 12

(1) The aspect of business permit as referred to in Article 7 section (1) point e, is aimed at:
    a. Simplifying the procedures and types of business permit with a one stop service; and
    b. Charging no expenses on the permission cost for the Micro Enterprises and giving ease in cost over the permission cost for Small Enterprises.
(2) Further regulations regarding the requirements and procedure of business permit enquiry are regulated by Government Regulation.

Article 13

(1) The aspect of business opportunities as referred to in Article 7 section (1) point f is directed for:
    a. determining the business location which covers the handing over a location in market, shops, industrial central location, people's fanning location, people's

mining location, appropriate location for street vendors, as well as other locations;

b. determining the time allocation of running the business for Micro and Small in retail trade subsector;

c. determining field and types of business activities who own process particularity, with the characteristics of absorbing works, as well as owning special cultural inheritance;

d. determining reserve field of business for Small and Medium Enterprise as well as that businesses that are open for Large Enterprise with requirements must cooperate with Micro, Small and Medium Enterprise.

e. protecting certain strategic enterprises for Micro, Small, and Medium Enterprises;

f. prioritizing to use product produced by Micro and Small Enterprises through direct procurement;

g. prioritizing the goods and services procurement and the work conduct of Government and Local Governments; and

h. providing legal consultation and aid.

(2) The implementation of the provisions as referred to in section (1) on the monitoring and controlling is done by Government and Local Governments.

Article 14

(1) Aspects of trade promotion as referred to in Article 7 section (1) point g, is aimed at:

a. improving the promotion for the Micro, Small, and Medium Enterprises' products in domestic and foreign market;

b. broadening the funding sources for and promotion of the products of the Micro, Small, and Medium Enterprises in domestic and foreign market;

c. providing incentives and the procedure incentives are given for the Micro, Small, and Medium Enterprises

which are able to provide funding independently in the promotion activity both in domestic and foreign market;

d. facilitating the right possession over the intellectual right on the products and design of Micro, Small, and Medium Enterprises in doing their domestic and export business activities.

(2) The implementation of the provisions as referred to in section (1) is conducted by Government and Local Governments.

Article 15

Aspect of supporting institutional as referred to in Article 7 section (1) point h are directed to develop and improve the functions of incubator, business development services-providers, bank-partnership financial consultants of the Micro, Small and Medium Enterprises.

CHAPTER VI

BUSINESS DEVELOPMENT

Article 16

(1) Government and the Local Governments facilitate the enterprise development in the area of:

a. production and management;

b. marketing;

c. human resources; and

d. design and technology.

(2) The business world and society actively participate in doing the development as referred to in section (1).

(3) Further provision regarding development, priority, intensity, and period of the development are regulated in a Government Regulation.

Article 17

The development in production and management as referred to in Article 16 section (1) point a, is conducted through:

a. improving the production and management techniques as well as the management ability for the Micro, Small, and Medium Enterprises;
b. providing ease in the procurement of infrastructure, production and management, raw materials, auxiliary materials, and packaging for the products of Micro, Small, and Medium Enterprises;
c. encouraging the implementation of standardization in production and management process; and
d. improving the designing-constructing and engineering ability for Medium Enterprise.

Article 18

The development in the area of marketing, as referred to in Article 16 section (1) point b, is performed through:

a. conducting research and market study;
b. spreading the market information;
c. improving the ability of management and marketing techniques;
d. providing the marketing infrastructure consisting of the implementation of market trial, marketing institution, trade customs provision, promotion of the Micro and Small Enterprises;
e. providing product promotion support, marketing network, and distribution; and
f. providing the professional consultants in marketing.

Article 19

The development in the human resources as referred to in Article 16 section (1) point c, is conducted through:

a. socializing and culturing entrepreneurship;
b. improving the technical and managerial skills; and

c. creating and developing education and training institutions to run business education, training, enlightenment, motivation and creativity, and creating new entrepreneurships.

Article 20

The development in the design and technology as referred to in Article 16 section (1) point d is conducted through:

a. improving the ability in the design and technology as well as the quality control;
b. improving the cooperation and technology exchange;
c. improving the ability of the Small and Medium Enterprises in research to develop new design and technology;
d. providing the incentives for the Micro, Small, and Medium Enterprises which develop the technology and preserve for environment; and
e. encouraging Micro, Small, and Medium Enterprises to earn the right certificate on the intellectual property.

CHAPTER VII

FUNDING AND UNDERWRITING

Part One

Funding and Underwriting of Micro and Small Enterprises

Article 21

(1) Government and the Local Government provide the funding for the Micro and Small Enterprises.
(2) The State-Owned Enterprises can provide funding form the margins of annual profits which are allocated for the Micro and Small Enterprises in the form of loans, guarantee, grants, and other funding.
(3) The national and foreign Large Enterprise can provide funding which is allocated for the Micro and Small

Enterprises in the form of loans, guarantee, grants, and other funding.

(4) Government and Local Governments, and Business World can provide grants, attempt the foreign grants, and attempt the other legal and untied funding sources for the Micro and Small Enterprises.

(5) Government and the Local Governments can provide incentives in the form of ease in getting the permission requirement, tariff reduction of infrastructure, and other incentive forms relevant to the acts for the business world providing funding for the Micro and Small Enterprises.

Article 22

In order to increase the funding sources of the Micro and Small Enterprises, the Government do the following efforts:

a. the development of the funding-sources from the banking and non-banking institutions;
b. the development of the join venture capital;
c. institutionalizing the debt transaction;
d. the improvement of the cooperation between the Micro and Small Enterprises through cooperation and conventional and sharia financial service cooperation; and
e. the improvement of other funding sources in accordance with the provisions of legislation.

Article 23

(1) To improve the access of Micro and Small enterprises towards the funding sources as referred to in Article 22, the Government and the Local Government:
    a. grow, develop, and extend the network of non-banking financial institutions;
    b. grow, develop, and extend the credit guarantor institution; and
    c. give ease and facilities in fulfilling the requirements to gain the funding.

(2) The Business World and public also play a role actively in accessing the Micro and Small Enterprises towards the credit as referred to in Article (1) which are done through:

a. improving the ability in arranging the enterprise feasibility study;
b. improving the knowledge on the procedure of proposing loan; and
c. improving the understanding and technical as well as managerial skills of enterprises.

Part two

Funding and Underwriting of Medium Enterprises

Article 24

The Government and the Local Government conduct the Empowerment of the Medium Enterprise in the funding and underwriting by:

a. facilitating and encouraging the increase of work capital funding and investment through extending the funding sources and pattern, the access to the stock exchange, and other funding institutions; and
b. developing the loan guarantor institution, and increasing the function of export guarantor institution.

CHAPTER VIII

PARTNERSHIP

Article 25

(1) The Government and the Local Government, Enterprise World, and public facilitate, support, and stimulate the mutual, trustworthy, strengthening partnership activities.
(2) The partnership among the Micro, Small, and Medium

Enterprises and the partnership among the Micro, Small Medium, and Large Enterprises cover the process of skill exchange in the area of production, management, marketing, capital, human resources, and technology.

(3) The Minister and the Technical Minister regulate the incentive giving to the Large Enterprise conducting the partnership with the Micro, Small and Medium Enterprises through innovation and production development of export orientation, absorbing the work force, the use of effective and environment-friendly technology, and conduct the education and training.

Article 26

Partnership is done with the pattern of:

a) core-plasm;
b) subcontract;
c) franchise;
d) general trading;
e) distribution and agency; and
f) other partnership forms, such as: profit sharing, joint operational, joint venture, and outsourcing.

Article 27

The implementation of partnership with the pattern of core-plasm as referred to in Article 26 point a, a Large Enterprise as the core guides and develops the Micro, Small, and Medium Enterprises which become its plasma in:

a. providing and preparing the field;
b. providing production facilities;
c. giving the technical guidance on production and management enterprises;
d. gaining, mastering, and improving the required technology;
e. funding;
f. marketing;
h. underwriting;
i. giving information; and

j. giving other necessary aids for improving the efficiency, productivity, and enterprise knowledge.

Article 28

The implementation of the enterprise partnership by sub contract pattern as referred to in Article 26 point b, to produce goods and/or services, Large Enterprises give support in the form of:

a. opportunity to perform some of the production and/or its components;
b. opportunity to gain the raw materials which are produced simultaneously with the normal quantity and price;
c. guidance and ability of technical production and management;
d. gaining, mastering, and improving the required technology;
e. funding and arrangement of payment system which is not harmful to any sides; and
f. the efforts not to cut the partnership without prior agreement.

Article 29

(1) The Large Enterprises which extend their business activities using franchise as referred to in Article 26 point c, provide opportunities and prioritize the Micro, Small, and Medium Enterprises.
(2) The franchise providers and franchise acceptors prioritize the use of goods and/or domestic production materials as long as they fulfill the quality standard of goods and services provided and/or sold based on the franchise agreement.
(3) The franchise providers are obligated to give guidance in the form of training, management operational guidance, marketing, research, and development to the franchise acceptors simultaneously.

Article 30

(1) The implementation of the partnership with general trading pattern as referred to in Article 26 point d, can be conducted

in the form of cooperation in marketing, the provision of business location, or the supply acceptance from the Micro, Small, and Medium Enterprises by the Large Enterprises which are done transparently.

(2) The fulfillment of the goods and service needs conducted by Large Enterprises done by prioritizing the provision of production result of Small or Micro Enterprises as long as it meets the quality standard of the required goods and services.

(3) The arrangement of payment system is done in an attempt not to harm one' and other parties.

Article 31

In implementing the partnership with the distribution and agency pattern as referred to in Article 26 point e, Large and/or Medium Enterprises give special right to market the goods and services to the Micro and/or Small Enterprises.

Article 32

In the event that Micro, Small and Medium Enterprises conducts a joint venture with foreign partner, provisions regulated under legislation are applicable.

Article 33

The accomplishment of successful partnership between Large Enterprises and Micro, Small, and Medium Enterprises can be followed up by the share possession opportunity of Big Enterprises by Micro, Small, and Medium Enterprises.

Article 34

(1) Partnership agreement is made in the form of written agreement that at least regulates business activities, rights and obligations of parties, development, periods and conflict resolution.

(2) The partnership agreement as referred to in section (1) is reported to the authority in accordance with provisions of legislation.

(3) The partnership agreement as referred to in section (1) may not be in opposition to basic independent principles of Micro, Small, and Medium Enterprises towards Big Enterprises.

(4) To supervise the partnership as referred to in section (1) and (2), Minister can establish local and nation partnership coordinator agency.

Article 35

(1) Large Enterprises are prohibited to own and/or take over Micro, Small, and Medium Enterprises in the accomplishment of partnership as referred to in Article 26.

(2) Medium Enterprises are prohibited to own and/or take over Micro and/or Small Enterprises as their business partner.

Article 36

(1) In the partnership implementation as referred to in Article 26 all parties own equal position before law and subject to Indonesian Law.

(2) The implementation of the partnership is supervised orderly and regularly by founded and works for supervising business competition as regulated in legislation.

Article 37

Further provisions regarding partnership patterns as referred to in Article 26 are regulated by a Government Regulation.

CHAPTER IX

COORDINATION AND CONTROL ON EMPOWERMENT OF MICRO, SMALL, AND MEDIUM ENTERPRISES

Article 38

(1) Minister conducts coordination and control on empowerment of Micro, Small, and Medium Enterprises.

(2) Coordination and control on empowerment of Micro, Small, and Medium Enterprises as referred to in section (1) are performed locally and nationally consisting of: arrangement and integration of the policy and program, implementation, supervision, evaluation, and general control on the implementation of empowerment of Micro, Small, and Medium Enterprises, including enforcement of the business partnership and the funding of Micro, Small, Medium Enterprises.

(3) Further provisions regarding coordination and control on empowerment of Micro, Small, and Medium Enterprises are regulated by a Government Regulation.

CHAPTER X
ADMINISTRATIVE SANCTIONS AND CRIMINAL PROVISIONS

Part One
Administrative Sanctions

Article 39

(1) Large Enterprises that violate the provisions of Article 35 section (1) are imposed by an administrative sanction in form of revoking the business permit and/or a fine for a maximum of Rp.10,000,000,000.00 (ten billions rupiah) by the authority,

(2) Medium Enterprises that violate the provisions of Article 35 section (2) are imposed by administrative sanctions in the form of revoking the business permit and/or fine for maximum of Rp.5,000,000,000.00 (five billions rupiah) by the authority.

(3) Further provisions regarding imposing sanctions procedures as referred to in section (1) and section (2) are regulated by a Government Regulation.

Part Two
Criminal Provisions

Article 40
Every person taking for self-benefits or others by admitting or utilizing the name of Micro, Small, and Medium Enterprises in order to get facilities to obtain fund, business location, business fields and activities, or goods and services from the government that shall be given to Micro, Small, and Medium Enterpises are sentenced for maximum 5 years imprisonment and a fine for a maximum of Rp10,000,000,000.00 (ten billions rupiah).

CHAPTER XI
CLOSING PROVISIONS

Article 41
Government Regulation as the implementation of this Law is issued not later than 12 (twelve) months or 1 (one) year since the promulgation of this Law.

Article 42
At the time this Law come into forces, Law of Republic of Indonesia Number 9 of 1995 on Small Enterprises (State Gazette of the Republic of Indonesia Number 74 of 1995, Supplement to State Gazette of the Republic of Indonesia of 1995 Number 3611 are repealed and declared ineffective.

Article 43
At the time this Law come into forces, all legislation related to Micro, Small, and Medium Enterprises are declared to remain effective to the extent not contrary to the provisions of this Law.

Article 44

This Law comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Law by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
on 4 July 2008

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

DR. H SUSILO BAMBANG YODHOYONO

Promulgated in Jakarta
on 4 July 2008

MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

signed

ANDI MATTALATTA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2008 NUMBER 93

Jakarta, 25 June 2020
Has been translated as an Official Translation
On behalf of Minister of Law and Human Rights
of the Republic of Indonesia,
DIRECTOR GENERAL OF LEGISLATION,

WIDODO EKATJAHJANA

ELUCIDATION
OF
LAW OF THE REPUBLIC OF INDONESIA
NUMBER 20 OF 2008
ON
MICRO, SMALL, AND MEDIUM ENTERPRISES

I. GENERAL

National development aims at realizing just and prosperous society physically and spiritually based on Pancasila and the 1945 Constitution of the Republic of Indonesia that is independent, united, and sovereign in secure, orderly, and dynamic state lives in independent, friendly, and peace environment.

National development covers all aspects of the state lives performed together by the society and the government. The society becomes the main development actors, and the government is obliged to direct, guide, protect, and nurture supportive conditions and business climates.

Micro, Small, and Medium Enterprises are business activities that able to widen job opportunities and give economic services broadly to society, and can take roles in the process of distribution and improvement of the society incomes, encourage economic growth, and take a role in establishing national stabilities. Besides that, Micro, Small, and Medium Enterprises are one of the main pillar of national economy that must gain main opportunities, supports, protection, and development as wide as possible to realize the fine supports to people economy enterprises groups without ignoring the roles of Large Enterprises and State-Owned Enterprises.

Despites showing the roles in national economy, Micro, Small, and Large Enterprises still face various barriers and obstacles both internally and externally in regard to production and processing, marketing, human resource, design and technology, capitals, and business climates.

To raise the opportunities, capabilities, and protections of Micro, Small, and Medium Enterprises, various policies has been decreed about business

alternatives, funding, and development, but they have not been optimal yet. It is due to the policies cannot provide sufficient protection, business certainty, and adequate facilities to empower Micro, Small, and Medium Enterprises.

Therefore, Micro, Small and Medium Enterprises need to be empowered with the following ways:

a. creating business climates that support the development of Micro, Small, and Medium Enterprises; and
b. developing and nurturing Micro, Small, and Medium Enterprises.

As the efforts to advance the capabilities and roles as well as institution of Micro, Small, and Medium Enterprises in national economy, empowerment is necessary to be performed by the Central Government, Local Government, Business, and society holistically, synergically, and sustainably.

In empowering Micro, Small, and Medium Enterprises, all legislation related to Micro, Small, and Medium Enterprises comprise a unity that is complementary one to another with this Law.

This Law is established to empower Micro, Small, and Medium Enterprises. In general, the structure and materials of this Law contains general provisions, principles, .and goals of the empowerment, criteria, enterprises atmosphere growth, funding and underwriting, partnership, and empowerment coordination, administrative sanctions and criminal provisions.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Point a

The term "kindship principle" means that this basis becomes the basis to empower Micro, Small, Medium Enterprises as a part of national economy performed in accordance with economy democracy with the principles of togetherness, justice efficiency, sustainable, environmental friendly, independence, progress

balance, national economy unity for the prosperity of Indonesian people.

Point b

The term "economic democracy principle' means the empowerment of Micro, Small, and Medium Enterprises conducted as integration of national economy development to realize the people prosperity.

Point c

The term "togetherness principles" means the principle that encourages all Micro, Small, and Medium Enterprises and business world to work in cooperation in business activities to realize the people prosperities.

Point d

The term "justice efficiency principle" means the principle that becomes the basis of the implementations of empowering Micro, Small, and Medium Enterprises by emphazing the justice effeciency principle in realizing the just, conducive, and competitive business climate.

Point e

The term "sustainability principle" means that the principle that endeavor systematically to conduct the development process through empowering Micro, Small, and Medium Enterprises accomplished sustainably so that prominent and independent economy can be formulated.

Point f

The term "eco-friendly principle" means that the principle of empowerment of Micro, Small, and Medium Enterprises is conducted with which it pays attention and takes priority to protect and maintain the environment.

Point g

The term "independent principle" means that the empowerment principle of Micro, Small and Medium enterprises is accomplished by which it remains keeping and takes priority the potentials, capability, and independence of Micro, Small and Medium Enterprises.

Point h

The term "progress balance principle" means the empowerment principle of Micro, Small, and Large Enterprises which maintains the balance of economic progress in the scope of national economic integration.

Point i

The term "national economic unity principle" means the empowerment principle of Micro, Small, and Medium Enterprises that constitutes a part of the development of national economic unity.

Article 3

Sufficiently clear.

Article 4

Sufficiently clear.

Article 5

Sufficiently clear.

Article 6

Section (1)

Point a

The term "net asset" means the result of subtractions of the total asset by the total liabilities, excluding land and enterprise place.

Point b

The term "annual sale income" means the net sale income derived from the sale of goods and services in one year of statement closure.

Section (2)

Sufficiently Clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Point a

Sufficiently clear.

Point b

The term "providing ease on the certain infrastructure tariff" means differentiation of tariff based on the determination by Government and Local Government both directly and indirectly by providing a tariff reduction.

Article 10

Point a

The term "database and the business information network" means various business database and business information system owned by the government or private sector.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Article 11

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Bargaining position in this provision is in order that in accomplishing business cooperation with another party possess equal and mutual position.

Point f

Sufficiently clear.

Point g

Market domination and business centralization must be prevented in order that Micro, Small, and Medium Enterprises do not suffer from loss.

Article 12

Section (1)

Point a

The term "simplifying the procedure and types of permits" means providing ease in accordance with requirements and permission procedures and information as wide as possible.

The term "one-door integrated service system" means management process of business permits commencing from proposing phase to issuing document phase is conducted in one place based on the service principles as follows:

a. simplification in the process;
b. clarity in the services;
c. certainty in processing time;
d. cost certainty;
e. security in service SITES;
f. responsible service officer;
g. complete service infrastructures;
h. easiness of service access; and
i. discipline, politeness, and hospitality of the services.

Point b

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 13

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Point g

The term "prioritizing" means to empower Micro, Small and Medium Enterprises in accordance with the provisions of legislation.

Point h

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 14

Sufficiently clear.

Article 15

The term "incubator" means an institution that provides services to develop new entrepreneurs and to strengthen the access to enterprise advancement resources for Micro, Small, and Medium Enterprises as the partners. Incubator developed covers: technology and business incubators, and other incubators in accordance with local economic resource and potency.

The term "business development services providers" means institutions that provides consultation services and assistances to develop Micro, Small, and Medium Enterprises.

The term "bank-partnership financial consultant' means consultants at business development institutions that are assigned to provide consultation and assistances to Micro, Small and Medium Enterprises in order that the Micro, Small and Medium Enterprises are able to access banking credit and/or financing from non-banking financial institutions.

Article 16

Sufficiently clear.

Article 17

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

This provision is meant to build consistency to keep product quality.

Point d

The term "designing-constructing ability" means an ability to design a business activity. The term "engineering ability" means an ability to change a process or a way to produce a product or service.

Article 18

Point a

Marketing researches and studies that are conducted by the Government and Local Government include the potency and strength mapping activities of the Micro, Small, and Medium Enterprises aiming at deciding the Government and Local Government policies to develop business, expansion and new business opening.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

In respect to the implementation of the funding activities for Micro Medium Enterprises based on of this Law, financial institutions may be developed for Micro Enterprises in accordance with the legislation.

Article 23

Sufficiently clear.

Article 24

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Sufficiently clear.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

The term "the share possession opportunity" means that Micro, Small, and Medium Enterprises get priorities to access to go public shares.

Article 34

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.