

**GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA**

**NUMBER 17 YEAR 2013**

**REGARDING**

**THE IMPLEMENTATION OF LAW NUMBER 20 YEAR 2008 REGARDING MICRO,  
SMALL, AND MEDIUM ENTERPRISES**

BY THE GRACE OF THE ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

whereas in order to empower Micro, Small, and Medium Enterprises in an effort to improve, protect, and ensure Micro, Small, and Medium Enterprises as well as implement provisions of Article 12 paragraph (2), Article 16 paragraph (3), Article 37, Article 38 paragraph (3), and Article 39 paragraph (3) of Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises, it is necessary to stipulate Government Regulation regarding the Implementation of Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises.

In view of:

1. Article 5 paragraph (2) of the 1945 Constitution of the State of the Republic of Indonesia;
2. Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia Year 2008 Number 93, Supplement to the State Gazette of the Republic of Indonesia Number 4866).

HAS DECIDED:

To stipulate:

GOVERNMENT REGULATION REGARDING THE IMPLEMENTATION OF LAW NUMBER 20 YEAR 2008 REGARDING MICRO, SMALL, AND MEDIUM ENTERPRISES.

**CHAPTER I**  
**GENERAL PROVISIONS**

**Article 1**

Referred to herein as:

1. Micro, Small, Medium, and Large Enterprises shall be the Micro, Small, Medium, and Large Enterprises as intended in Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises.
2. Business license shall be written proof provided by the competent official based on provisions of laws and regulations as proof of legality that declares valid that Micro, Small, and Medium Enterprises have met the requirements and are allowed to run a certain business activity.
3. Period shall be condition of level of duration of business development granted to Micro, Small, and Medium Enterprises.
4. Partnership shall be cooperation in business linkage, both directly and indirectly, based on mutual need, trust, consolidation, and benefit principles engaging actors of Micro, Small, and Medium Enterprises as well as Large Enterprises.

5. Business climate shall be condition striven for by the Government and Regional Governments in order to empower Micro, Small, and Medium Enterprises in a synergized manner through the stipulation of various laws and regulations as well as policies in various aspects of life of economy so that Micro, Small, and Medium Enterprises obtain favoring, certainty, opportunity, protection, and support for doing business as broad as possible.
6. The business world shall be Micro, Small, Medium, and Large Enterprises that conduct business activities in Indonesia and domiciled in Indonesia.
7. Financing shall be the provision of fund by the Government, Regional Governments, the Business World, and the public through banks, cooperatives, and non bank financial institutions, in order to develop and increase the capital of Micro, Small, and Medium Enterprises.
8. Commission for the Supervision of Business Competition, hereinafter referred to as KPPU, shall be the commission as intended in Law Number 5 Year 1999 regarding Prohibition of Monopolistic Practices and Unfair Business Competition.
9. Law shall be Law Number 20 Year 2008 regarding Micro, Small, and Medium Enterprises.
10. Central Government, hereinafter referred to as the Government, shall be the President of the Republic of Indonesia who holds the administration power of the State of the Republic of Indonesia as intended in the 1945 Constitution of the State of the Republic of Indonesia.

11. Minister shall be the minister whose duty and responsibility are in the field of Micro, Small, and Medium Enterprises.
12. Technical Minister/Head of Non Ministry Government Institution shall be the minister/head of non ministry government institution technically responsible for developing Micro, Small, and Medium Enterprises in his/her activity sector.
13. Official shall be the official competent to grant Business License in accordance with his/her duty and function based on provisions of laws and regulations.
14. Regional Governments shall be governors, regents/mayors, and regional government apparatuses as administering elements of regional governments.

## **Article 2**

- (1) Government and Regional Governments in accordance with their authorities shall administer the empowerment of Micro, Small, and Medium Enterprises.
- (2) The empowerment of Micro, Small, and Medium Enterprises as intended in paragraph (1) shall be conducted by way of the following:
  - a. business development;
  - b. partnership;
  - c. licensing; and
  - d. coordination and control.

## **CHAPTER II**

### **BUSINESS DEVELOPMENT**

## **Part One**

### **General**

#### **Article 3**

- (1) Business development shall be conducted toward Micro, Small, and Medium Enterprises.
- (2) Business development as intended in paragraph (1) shall include:
  - a. facilitation of business development; and
  - b. implementation of business development.

## **Part Two**

### **Facilitation of Development**

#### **Article 4**

- (1) Facilitation of business development as intended in Article 3 paragraph (2) sub-paragraph a shall be conducted by the Government and Regional Governments.
- (2) Facilitation as intended in paragraph (1) shall be conducted in the field of production and processing, marketing, human resources, as well as design and technology.

## **Part Three**

## **Development Activities**

### **Article 5**

(1) Development of Micro, Small, and Medium Enterprises as intended in Article 3 shall be conducted through:

- a. data collection, identification of potentials and problems faced;
- b. preparation of fostering and development programs in accordance with potentials and problems faced;
- c. implementation of fostering and development programs; and
- d. monitoring and control of the implementation of programs.

(2) Development of Micro, Small, and Medium Enterprises as intended in paragraph (1) shall be conducted through the following approaches:

- a. cooperatives;
- b. centers;
- c. clusters; and
- d. groups.

### **Part Four**

#### **Priority, Intensity and Period**

### **Article 6**

- (1) Government and Regional Governments shall prioritize the development of Micro, Small, and Medium Enterprises through:
  - a. the granting of opportunity to participate in the procurement of goods and services of the Government and Regional Governments;
  - b. allocation of business for Micro, Small, and Medium Enterprises through limitation for Large Enterprises;
  - c. licensing facilities;
  - d. provision of Financing in accordance with provisions of laws and regulations; or
  - e. facilitation of technology and information.
- (2) The granting of opportunity to participate in the procurement of goods and services of the Government and Regional Governments as intended in paragraph (1) sub-paragraph a shall be conducted in accordance with provisions of laws and regulations.
- (3) Allocation of business as intended in paragraph (1) sub-paragraph b shall include business line and sector:
  - a. that may only be run by Micro and Small Enterprises;
  - b. that may be conducted by Medium and Large Enterprises through partnership system with Micro, Small, and Medium Enterprises;

- c. that may be conducted by Micro, Small, and Medium Enterprises that are innovative and creative in nature, and /or specifically prioritized as programs of the Government and Regional Governments; and
  - d. that may be conducted by Micro, Small, and Medium Enterprises located at border areas, natural disaster areas, areas in the aftermath of riots, and least developed areas.
- (4) Further provisions regarding the allocation of business as intended in paragraph (3) shall be provided for in a Presidential Regulation.

### **Article 7**

- (1) Facilitation of business development as intended in Article 4 shall be conducted based on intensity and Period.
- (2) Intensity and Period as intended in paragraph (1) shall be stipulated based on the classification and level of the development of Micro, Small, and Medium Enterprises.
- (3) Minister shall draw up guidelines on the classification and level of the development of Micro, Small, and Medium Enterprises as intended in paragraph (2).
- (4) Guidelines on the classification and level of the development of Micro, Small, and Medium Enterprises as intended in paragraph (3) shall at least include:
  - a. criteria of classification based on problems and/or potentials;
  - b. setting of classification;
  - c. development approaches;



- d. form of facilitation; and
  - e. facilitation Period.
- (5) Technical Minister/Head of Non Ministry Government Institution or Regional Governments in accordance with their authorities shall stipulate the intensity and facilitation period of the development of Micro, Small, and Medium Enterprises in accordance with the guidelines as intended in paragraph (4).

## **Part Five**

### **Implementation of Development**

#### **Article 8**

- (1) The implementation of business development as intended in Article 3 paragraph (2) sub-paragraph b shall be conducted by the Business World and the public.
- (2) Business development by the Business World as intended in paragraph (1) shall be conducted by:
- a. Large Enterprises; and
  - b. The relevant Micro, Small, and Medium Enterprises.
- (3) Large Enterprises as intended in paragraph (2) sub-paragraph a shall develop Micro, Small, and Medium Enterprises with the following priorities:
- a. business linkage;
  - b. production potentials of goods and services at domestic market;

- c. production and provision of basic necessities;
- d. products that have export potentials;
- e. products with value added and having competitiveness;
- f. potentials for effectively using technological advances; and/or
- g. potentials for engendering new entrepreneurs.

(4) Micro, Small, and Medium Enterprises as intended in paragraph (2) subparagraph b shall develop business by way of the following:

- a. developing business network and Partnership;
- b. doing business efficiently;
- c. developing innovation and market opportunity;
- d. broadening marketing access;
- e. utilizing technology;
- f. improving product quality; and
- g. seeking broader sources of business funding.

(5) Business development by the public as intended in paragraph (1) shall at least be conducted by way of:

- a. prioritizing the use of products produced by Micro, Small, and Medium Enterprises;
- b. creating new entrepreneurs;

- c. technical and managerial guidance; and/or
- d. conducting consultation and facilitation.

### **Article 9**

Business development by the Business World and the public as intended in Article 8 paragraph (1) can be conducted with due observance of the intensity and Period stipulated by the Minister, Technical Minister/Head of Non Ministry Government Institution or Regional Governments.

## **CHAPTER III**

### **PARTNERSHIP**

#### **Part One**

#### **Partnership System**

#### **Paragraph 1**

#### **General**

### **Article 10**

- (1) Partnership between Micro, Small, and Medium Enterprises and Large Enterprises shall be conducted with due observance of the Partnership principle and shall uphold a sound business ethics.
- (2) Partnership principle as intended in paragraph (1) shall include the following principles:

- a. mutual need;
  - b. mutual trust;
  - c. mutual consolidation; and
  - d. mutual benefit.
- (3) In implementing Partnership, the parties shall have equal legal standing and Indonesian law shall be applicable to them.
- (4) Partnership between Micro, Small, or Medium Enterprises and Large Enterprises shall be conducted with the provision of assistance and consolidation by Large Enterprises.

#### **Article 11**

- (1) Partnership shall include skill transfer process in the field of production and processing, marketing, capitals, human resources, and technology in accordance with Partnership system.
- (2) Partnership system as intended in paragraph (1) shall include:
- a. core-plasma;
  - b. subcontract;
  - c. franchise;
  - d. general trade;
  - e. distribution and agency;
  - f. profit sharing;

- g. operational cooperation;
  - h. joint venture;
  - i. outsourcing; and
  - j. other partnership forms.
- (3) Micro, Small, Medium Enterprises or Large Enterprises in conducting Partnership system as intended in paragraph (2) shall be prohibited from severing legal relationship unilaterally in accordance with provisions of laws and regulations.

## **Article 12**

In the implementation of Partnership as intended in Article 11 paragraph (2);

- a. Large Enterprises shall be prohibited from owning and/or controlling Micro, Small, and/or Medium Enterprises being their business partners; and
- b. Medium Enterprises shall be prohibited from owning and/or controlling Micro and/or Small Enterprises being their business partners.

## **Paragraph 2**

### **Core-Plasma**

## **Article 13**

In a Core-Plasma Partnership system:

- a. Large Enterprises shall hold a position as a core, Micro, Small, and Medium Enterprises shall hold a position as a plasma; or

- b. Medium Enterprises shall hold a position as a core, Micro and Small Enterprises shall hold a position as a plasma.

### **Paragraph 3**

#### **Subcontract**

### **Article 14**

In a subcontract Partnership system:

- a. Large Enterprises shall hold a position as a contractor, Micro, Small, and Medium Enterprises shall hold a position as a subcontractor; or
- b. Medium Enterprises shall hold a position as a contractor, Micro and Small Enterprises shall hold a position as a subcontractor.

### **Paragraph 4**

#### **Franchise**

### **Article 15**

In a franchise Partnership system:

- a. Larger Enterprises shall hold a position as a franchisor, Micro, Small, and Medium Enterprises shall hold a position as a franchisee; or
- b. Medium Enterprises shall hold a position as a franchisor, Micro and Small Enterprises shall hold a position as a franchisee.

### **Article 16**

Large Enterprises expanding their business by way of franchise shall grant opportunity to and shall prioritize Micro, Small, and Medium Enterprises that have capability.

#### **Article 17**

Micro, Small, and Medium Enterprises that will expand their business by applying a business system through the marketing of goods and/or services proven to have been successful and can be utilized and or used by other parties, may conduct Partnership under a franchise system as franchisors.

#### **Article 18**

Provisions regarding franchise shall be provided for in accordance with provisions of laws and regulations.

#### **Paragraph 5**

#### **General Trade**

#### **Article 19**

- (1) In a general trade Partnership system:
  - a. Large Enterprises shall hold a position as recipient of goods, Micro, Small, and Medium Enterprises shall hold a position as supplier of goods; or
  - b. Medium Enterprises shall hold a position a recipient of goods, Micro and Small Enterprises shall hold a position as supplier of goods.

- (2) Micro, Small, and Medium Enterprises as supplier of goods shall produce goods or services for their trading partners.

### **Article 20**

- (1) Business partnership under general trade system may be conducted in the form of cooperation of marketing, provision of business location, or receiving of supply from Micro, Small, and Medium Enterprises by Larger Enterprises conducted transparently.
- (2) The fulfillment of needs for goods and services needed by Large Enterprises or Medium Enterprises shall be conducted by way of prioritizing the procurement of products of Micro or Small Enterprises insofar as meeting the quality standards of the goods and services needed.
- (3) Payment system in the form of general Trade Partnership cooperation as intended in paragraph (1) shall be regulated by not harming one of the parties.

### **Paragraph 6**

#### **Distribution and Agency**

### **Article 21**

In a distribution and agency Partnership system:

- a. Large Enterprises shall grant a privilege to Micro, Small, and Medium Enterprises market goods and services to; or
- b. Medium Enterprises shall grant a privilege to Micro and Small Enterprises to market goods and services.



**Paragraph 7**  
**Profit Sharing**

**Article 22**

In a profit sharing Partnership system:

- a. Micro, Small, and Medium Enterprises shall hold a position as implementer that runs business financed or owned by Large Enterprises; or
- b. Micro and Small Enterprises shall hold a position as implementer that runs business financed or owned by Medium Enterprises.

**Article 23**

- (1) Each party acting as a partner under profit sharing system shall give contribution in accordance with the capability and resources owned as well as shall be agreed upon by both parties acting as partners.
- (2) The amount of profit sharing received or the losses borne by each party acting as a partner under a profit sharing system shall be based on the agreed upon agreement.

**Paragraph 8**  
**Operational Cooperation**

**Article 24**

In an operational cooperation Partnership system:

- a. Micro, Small, and Medium Enterprises and Large Enterprises shall run business the nature of which is temporary up to the completion of the work; or
- b. Micro and Small Enterprises and Medium Enterprise shall run business the nature of which is temporary up to the completion of the work.

### **Paragraph 9**

### **Joint Venture**

### **Article 25**

- (1) Local Micro, Small, or Medium Enterprises in conducting their business activities may establish business Partnership with foreign Large Enterprises through a joint venture system by way of running a joint economic activity by establishing a new company.
- (2) Local Micro and Small Enterprises in conducting their business activities may establish business Partnership with foreign Medium Enterprises through a joint venture system by way of running a joint economic activity by establishing a new company.
- (3) The establishment of a new company as intended in paragraphs (1) and (2) shall be conducted in accordance with provisions of laws and regulations.

### **Article 26**

In running a joint economic activity, the parties shall proportionally share shareholding, profits, risks, and company management.

## **Paragraph 10**

### **Outsourcing**

#### **Article 27**

- (1) Micro, Small, or Medium Enterprises may act as partners with Large Enterprises under an outsourcing Partnership system to do work or portion of work outside the main work of Large Enterprises.
- (2) Micro or Small Enterprises may act as partners with Medium Enterprises under an outsourcing Partnership system to do work or portion of work outside the main work of Medium Enterprises.
- (3) Outsourcing Partnership system shall be conducted in a line and type of business not constituting the main work and/or not constituting the main component.
- (4) In an outsourcing Partnership system:
  - a. Large Enterprises shall hold a position as work owner, Micro, Small, and Medium Enterprises shall hold a position as provider and implementer of work services; or
  - b. Medium Enterprises shall hold a position as work owner, Micro and Small Enterprises shall hold a position as provider and implementer of work services.

- (5) Outsourcing Partnership system as intended in paragraphs (1) up to and including (4) shall be implemented in accordance with provisions of laws and regulations.

### **Paragraph 11**

### **Other Partnership**

### **Article 28**

- (1) Other than Partnership as intended in Articles 13 up to and including 27, among Micro, Small, and Medium Enterprises may conduct other Partnership.
- (2) Partnership as intended in paragraph (1) shall be conducted in accordance with the provisions as intended in Article 10 paragraphs (1), (2), and (3) as well as Article 11 paragraph (3).

### **Paragraph 12**

### **Agreement**

### **Article 29**

- (1) Any form of Partnership conducted by Micro, Small, and Medium Enterprises shall be set forth in a Partnership agreement.
- (2) Partnership agreement as intended in paragraph (1) shall be made in writing in Indonesian.

- (3) In the event that one of the parties is a foreign individual or legal entity, Partnership agreement as intended in paragraph (1) shall be made in Indonesian and foreign language.
- (4) Partnership agreement as intended in paragraph (2) shall at least contain:
  - a. business activity;
  - b. rights and obligations of each party;
  - c. form of expansion;
  - d. period; and
  - e. dispute settlement.

## **Part Two**

### **Roles of the Government and Regional Governments in Partnership**

#### **Article 30**

- (1) Government and Regional Governments shall regulate:
  - a. Large Enterprises to build Partnership with Micro, Small, and Medium Enterprises; or
  - b. Medium Enterprises to build Partnership with Micro and Small Enterprises.
- (2) In order to implement the roles of the Government and Regional Governments as intended in paragraph (1), the Government and Regional Governments shall be obligated to:

- a. provide data and information about actors of Micro, Small, and Medium Enterprises that are ready to act as partners;
- b. expand Partnership pilot project;
- c. facilitate policy support; and
- d. establish coordination for the formulation of implementation policy and program, monitoring, evaluation, as well as general control over the implementation of Partnership.

### **Part Three**

#### **Supervision of Partnership**

##### **Article 31**

- (1) KPPU shall supervise the implementation of Partnership as intended in Article 10 paragraphs (1) and (2) in accordance with provisions of laws and regulations.
- (2) In conducting supervision as intended in paragraph (1), KPPU shall establish coordination with related agencies.
- (3) Provisions regarding supervision procedures as intended in paragraph (1) shall be provided for in a KPPU Regulation.

### **Part Four**

#### **Procedures for Imposing Administrative Sanctions**

### **Article 32**

- (1) Administrative sanctions shall be imposed on Large Enterprises or Medium Enterprises that commit a violation as intended in Article 12 based on the initiative of KPPU and/or reports made to KPPU by:
  - a. Micro, Small, or Medium Enterprises the ownership and/or business control of which is harmed in Partnership relation with Large Enterprises;
  - b. Micro or Small Enterprises the ownership and/or business control of which is harmed in Partnership relation with Medium Enterprises; or
  - c. persons who know alleged violation of the implementation of Partnership.
- (2) Reports as intended in paragraph (1) shall be conveyed in writing along with complete and clear proof and information.

### **Article 33**

- (1) KPPU shall conduct a preliminary examination based on the reports as intended in Article 32.
- (2) In the event that the result of the preliminary examination states the existence of alleged violation of provisions as intended in Article 12, KPPU shall give a written warning to business actors to rectify the alleged violation committed.
- (3) Business actors not complying with written warning for 3 (three) consecutive times within a grace period as stipulated by KPPU and still not rectifying the

alleged violation as intended in paragraph (2), the process shall be proceeded with further examination agenda.

#### **Article 34**

- (1) Based on further examination as intended in Article 33 paragraph (3), KPPU may issue a decision in the form of the imposition of administrative sanctions on Large or Medium Enterprises committing a violation as intended in Article 12.
- (2) In the event that the decision of KPPU as intended in paragraph (1) instructs the revocation of Business License, the Official granting license shall be obligated to revoke Business License of the relevant business actor by no later than 30 (thirty) business days after the decision obtains a permanent legal force.

#### **Article 35**

Further provisions regarding procedures for handling cases of alleged violations based on the initiative of KPPU and reports shall be provided for in a KPPU Regulation.

### **Chapter IV**

### **LICENSING**

#### **Part One**

#### **Form of Licensing**

#### **Article 36**



- (1) Micro, Small, and Medium Enterprises in doing their business must have a proof of business legality.
- (2) Proof of business legality for Micro, Small, and Medium Enterprises shall be granted in the form of:
  - a. business license;
  - b. proof of registration; or
  - c. proof of data collection.
- (3) Business license as intended in paragraph (2) sub-paragraph a shall be applied to non-individual Small Enterprises and Medium Enterprises in accordance with provisions of laws and regulations.
- (4) Proof of registration as intended in paragraph (2) sub-paragraph b shall be applied to individual Small Enterprises in accordance with provisions of laws and regulations.
- (5) Proof of data collection as intended in paragraph (2) sub-paragraph c shall be applied to Micro Enterprises in accordance with provisions of laws and regulations.
- (6) Proof of legality in the form of business license as intended in paragraph (2) sub-paragraph a may be applied to individual Micro and Small Enterprises if relating to criteria of soundness, moral, culture, environment, national defense and security as well as other national interests provided for by virtue of laws.

### **Article 37**

- (1) Business license as intended in Article 36 shall be granted to Micro, Small, and Medium Enterprises meeting the requirements and licensing procedures provided for in provisions of laws and regulations.
- (2) Government and Regional Governments shall be obligated to provide licensing facility by way of granting lightened requirements that are easily fulfilled by Micro, Small, and Medium Enterprises owned by Indonesian citizen individuals and legal entities.

## **Part Two**

### **Streamlining of Licensing Procedures**

#### **Article 38**

- (1) Licensing for Micro, Small, and Medium Enterprises shall be implemented by running a one stop service administered by Government and Regional Governments.
- (2) The administration of licensing services as intended in paragraph (1) must apply the principle of streamlining service procedures and types of licensing.

#### **Article 39**

Streamlining of licensing procedures and types of licensing as intended in Article 38 paragraph (2) shall include:

- a. acceleration of service completion process time does not exceed the time standards as determined in laws and regulations;
- b. certainty of service cost;

- c. clear service procedures that can be traced in every licensing process stage;
- d. reducing dossier of supporting documents of application for licensing which is the same for 2 (two) or more applications for licenses;
- e. expunging certain types of licensing; and/or
- f. the granting of right to information relating to the administration of services to the public.

### **Part Three**

#### **Procedures for Business License Application**

##### **Article 40**

- (1) Micro, Small, and Medium Enterprises shall file an application for Business License in writing in Indonesian to the Official.
- (2) The Official shall be obligated to give a receipt to the applicant or his/her proxy if Business License application document requirements have been received completely in accordance with provisions of laws and regulations.
- (3) The Official shall be obligated to grant Business License within a period in accordance with the time standards determined in provisions of laws and regulations.
- (4) In the event that the Official rejects the application for Business License as intended in paragraph (1), the said rejection must be conveyed in writing to the applicant along with the reasons thereof.

- (5) With regard to the rejection of the granting of Business License, the applicant may resubmit application for Business License by completely attaching the requirements that become the reason for the rejection of the granting of Business License.

#### **Article 41**

Procedures for Business License application as intended in Article 40 shall be conducted in accordance with provisions of laws and regulations.

#### **Article 42**

In the event that the result of the examination and/or verification shows that the applicant has met the requirements, the Official must issue Business License.

#### **Article 43**

In order to protect the interest of actors of Micro, Small, and Medium Enterprises, in the event of the rejection of Business License, the decision for rejection along with the reason as well as the application dossiers thereof must be resubmitted to the applicant in writing by no later than 15 (fifteen) business days as of the declaration of rejection of Business License.

### **Part Four**

#### **Licensing Costs**

#### **Article 44**

- (1) Government and Regional Governments shall exempt Micro Enterprises from licensing costs and shall grant licensing cost relief to Small Enterprises.

- (2) The amount of licensing costs for Micro, Small, and Medium Enterprises shall be stipulated in a Government Regulation and/or Provincial Regulation or Regency/City Regulation with due observance of the national and regional economic condition.
- (3) Cost relating to licensing requirements documents must be in one licensing cost package.

## **Part Five**

### **Information about Business License**

#### **Article 45**

The Official granting Business License shall be obligated to convey information to Micro, Small, and Medium Enterprises as Business License applicants about:

- a. the requirements that must be met by applicants;
- b. procedures for submitting Business License application; and
- c. the amount of costs and/or administrative fees.

#### **Article 46**

- (1) The Official granting Business License shall be obligated to have database by using management information system presented manually and/or electronically.
- (2) Data of each license provided by the Official must be conveyed to the working unit at each related government level every month.

## **Article 47**

The Official as intended in Article 46 paragraph (1) shall be obligated to provide and diffuse information relating to the type of services and technical requirements, mechanism, tracking of document position at each process stage, cost and licensing time, as well as procedures for lodging complaints, conducted clearly through various media that are easily accessible and known by Micro, Small, and Medium Enterprises.

## **Part Six**

### **Development and Supervision**

## **Article 48**

The development and supervision of Micro, Small, and Medium Enterprises that have obtained Business License shall be conducted by the Official in a regular and sustainable manner in accordance with his/her authorities.

## **Article 49**

In the context of the development and supervision as intended in Article 48, Business License holders shall be obligated to:

- a. run their business in accordance with the Business License;
- b. comply with the provisions contained in the Business License;
- c. prepare business activity bookkeeping; and

- d. conduct business activities within a certain period following the issuance of Business License in accordance with provisions of laws and regulations.

#### **Article 50**

In the context of the development and supervisions as intended in Article 48, Business License holders shall be entitled to:

- a. obtain certainty in running their business; and
- b. obtain services/empowerment from the Government and Regional Governments.

#### **Article 51**

- (1) Business License that has been granted can be revoked by the Official if the Business License holder does not abide by the obligations as intended in Article 49 and pursuant to provisions of other laws and regulations.
- (2) The revocation of Business License shall be conducted by way of the following stages:
  - a. written warning/reprimand;
  - b. in the event that the written warning/reprimand is not abided by, it shall then be followed up with the temporary freezing of Business License; and
  - c. in the event that such temporary freezing is not abided by, it shall then be followed up with the revocation of Business License.

### **CHAPTER V**

**COORDINATION AND CONTROL OVER THE EMPOWERMENT OF MICRO,  
SMALL, AND MEDIUM ENTERPRISES**

**Part One**

**Scope of Coordination**

**Article 52**

Coordination and control over the empowerment of Micro, Small, and Medium Enterprises shall be conducted in a systematic, synchronized, integrated, sustainable, and accountable manner so as to materialize strong and independent Micro, Small, and Medium Enterprises.

**Article 53**

Coordination and control over the empowerment of Micro, Small, and Medium Enterprises shall include the preparation and integration, implementation, monitoring, and evaluation of the following:

- a. laws and regulations and policies stipulated by the Government and Regional Governments in the context of engendering Business Climate that may grant certainty and justice for running a business in the aspects of funding, facilities and infrastructure, business information, Partnership, business licensing, opportunity for running a business, trade promotion, and institutional support;
- b. business development programs administered by the Government and Regional Governments, the Business World, and the public in the field of



production and processing, marketing, human resources, design and technology;

- c. development programs in the field of Financing and underwriting; and
- d. administration of business Partnership.

## **Part Two**

### **Administration of Coordination and Control over the Empowerment of Micro, Small, and Medium Enterprises**

#### **Article 54**

- (1) Minister shall coordinate and control the empowerment of Micro, Small, and Medium Enterprises.
- (2) Coordination and control as intended in paragraph (1) shall be administered in an integrated manner with the Technical Minister/Head of Non Ministry Government Institution, governors, regents/mayors, the Business World, and the public.

#### **Article 55**

- (1) The Minister as intended in Article 54 shall have the following duties:
  - a. prepare, formulate, stipulate, and/or implement general policies nationally on the engendering of Business Climate, business development, Financing and underwriting, and Partnership;

- b. harmonize the national planning as a basis for the preparation of empowerment policies and strategies spelled out in regional development programs and sectoral development;
- c. formulate policies on the handling and resolving of problems arising in the administration of the empowerment at national and regional level;
- d. prepare guidelines on the administration of the empowerment in regions by harmonizing empowerment planning at national level with that of at regional level;
- e. coordinate and harmonize the preparation and implementation of other laws and regulations with the Law;
- f. coordinate the development of institutions and human resources of Micro, Small, and Medium Enterprises;
- g. monitor the implementation of the following programs:
  - 1. business development for Micro, Small, and Medium Enterprises that are administered by the Government and Regional Governments, the Business World, and the public in the field of production and processing, marketing, human resources, design and technology;
  - 2. development in the field of Financing and underwriting for Micro, Small, and Medium Enterprises;
  - 3. development of business Partnership.
- h. evaluate the implementation of the following programs:

1. business development for Micro, Small, and Medium Enterprises that are administered by the Government and Regional Governments, the Business World, and the public in the field of production and processing, marketing, human resources, design and technology;
2. development in the field of Financing and underwriting for Micro, Small, and Medium Enterprises;
3. development of business Partnership.

(2) The technical Minister/Head of Non Ministry Government Institution shall have the following duties:

- a. prepare a technical policy on the empowerment of Micro, Small, and medium Enterprises based on the general policy as intended in paragraph (1) sub-paragraph a;
- b. implement programs for the empowerment of Micro, Small, and Medium Enterprises based on the general policy as intended in paragraph (1) sub-paragraph a and sectoral policy; and
- c. inform the results of the empowerment of Micro, Small, and Medium Enterprises to the Minister.

(3) Governors in the empowerment of Micro, Small, and Medium Enterprises shall have the following duties:

- a. prepare, formulate, stipulate, and/or implement general policies in provinces on the engendering of Business Climate, business development, Financing and underwriting, and Partnership;
- b. harmonize the regional planning as a basis for the preparation of empowerment policies and strategies spelled out in provincial programs;
- c. resolve problems arising in the administration of the empowerment in provinces;
- d. harmonize the preparation and implementation of laws and regulations in provinces with the Law;
- e. administer business development policies and programs, Financing and underwriting, and Partnership in provinces;
- f. coordinate the development of institutions and human resources of Micro, Small, and Medium Enterprises in provinces;
- g. monitor the implementation of the following programs:
  - 1. business development for Micro, Small, and Medium Enterprises that are administered by provincial governments, the Business World, and the public in the field of production and processing, marketing, human resources, design and technology;
  - 2. development in the field of Financing and underwriting for Micro, Small, and Medium Enterprises;
  - 3. development of business Partnership.

- h. evaluate the implementation of the following programs:
    - 1. business development for Micro, Small, and Medium Enterprises that are administered by provincial governments, the Business World, and the public in the field of production and processing, marketing, human resources, design and technology;
    - 2. development in the field of Financing and underwriting for Micro, Small, and Medium Enterprises;
    - 3. development of business Partnership.
  - i. inform and convey the results of the empowerment of Micro, Small, and Medium Enterprises to the Minister.
- (4) Regents/Mayors in the empowerment of Micro, Small, and Medium Enterprises shall have the following duties:
- a. prepare, formulate, stipulate, and/or implement general policies in regencies/cities on the engendering of Business Climate, business development, Financing and underwriting, and Partnership;
  - b. harmonize the regional planning as a basis for the preparation of empowerment policies and strategies spelled out in regency/city programs;
  - c. formulate policies on the handling and resolving of problems arising in the administration of the empowerment in regencies/cities;
  - d. harmonize the preparation and implementation of laws and regulations in regencies/cities with the Law;

- e. administer business development policies and programs, Financing and underwriting, and Partnership in regencies/cities;
- f. coordinate the development of institutions and human resources of Micro, Small, and Medium Enterprises in regencies/cities;
- g. monitor the implementation of the following programs:
  - 1. business development for Micro, Small, and Medium Enterprises that are administered by regency/city governments, the Business World, and the public in the field of production and processing, marketing, human resources, design and technology;
  - 2. development in the field of Financing and underwriting for Micro, Small, and Medium Enterprises;
  - 3. development of business Partnership.
- h. evaluate the implementation of the following programs:
  - 1. business development for Micro, Small, and Medium Enterprises that are administered by regency/city governments, the Business World, and the public in the field of production and processing, marketing, human resources, design and technology;
  - 2. development in the field of Financing and underwriting for Micro, Small, and Medium Enterprises;
  - 3. development of business Partnership.
- i. inform and convey the results of the empowerment of Micro, Small, and Medium Enterprises to the Minister and governors periodically.

### **Article 56**

The Minister shall report the results of the performance of his/her duties to the President periodically at least 2 (two) times a year with a carbon copy forwarded to the Coordinating Minister for the Economy.

### **Article 57**

- (1) The Business World and the public shall participate actively in the formulation of policies, administration, monitoring and evaluation of the empowerment of Micro, Small, and Medium Enterprises at national, provincial, and regency/city level.
- (2) The Business World and the public conducting business development programs, Financing and underwriting as well as Partnership shall inform and convey the plan, implementation, and the results of the administration of the programs to the Minister.
- (3) Provisions regarding the participation of the Business World and the public in the coordination of the empowerment of Micro, Small, and Medium Enterprises shall be provided for in a Ministerial Regulation.

## **Part Three**

### **Mechanism for Coordination and Control**

### **Article 58**

Coordination and control over the empowerment of Micro, Small, and Medium Enterprises shall be conducted at national, provincial, and regency/city level.

## **Article 59**

- (1) In performing duties as intended in Article 55 paragraph (1), the Minister shall:
  - a. hold a coordination and control meeting for the planning and implementation of empowerment policies and programs for Micro, Small, and Medium Enterprises at national, provincial, and regency/city level convened at least 1 (one) time a year attended by the Minister, Technical Minister/Head of Non Ministry Government Institution, governors, regents/mayors, the Business World, and the public;
  - b. exchange data and information about the planning and implementation of programs at national, provincial, and regency/city level;
  - c. report the monitoring and evaluation of the implementation of empowerment programs by program implementers at national, provincial, and regency/city level; and
  - d. conduct inter-Government agency consultations at national, provincial, and regency/city level, and conduct consultations between the government elements and the Business World and the public.
  
- (2) The results of the coordination and control over the general policy and programs/activities, implementation of programs/activities, monitoring and evaluation of the empowerment of Micro, Small, and Medium Enterprises at national level shall become inputs for the implementation of programs at national, provincial, and regency/city level.

## **Article 60**



Costs for the implementation of coordination and control shall be charged to the budget of the Ministry of Cooperatives and Small and Medium Enterprises, technical ministry/non ministry government institution, and/or other legal and non binding sources in accordance with provisions of laws and regulations.

## **CHAPTER VI TRANSITIONAL PROVISIONS**

### **Article 61**

At the time this Government Regulation comes into effect, Micro, Small, and Medium Enterprises that have conducted business activities and have yet to have business licensing, by no later than 3 (three) years must take care of business licensing.

## **CHAPTER VII CLOSING PROVISIONS**

### **Article 62**

At the time this Government Regulation comes into effect:

- a. Government Regulation Number 32 Year 1998 regarding the Fostering and Development of Small Enterprises (State Gazette of the Republic of Indonesia Year 1998 Number 46, Supplement to the State Gazette of the Republic of Indonesia Number 3743; and

- b. Government Regulation Number 44 Year 1997 regarding Partnership (State Gazette of the Republic of Indonesia Year 1997 Number 91, Supplement to the State Gazette of the Republic of Indonesia Number 3718),

shall be revoked and shall be declared invalid.

### **Article 63**

At the time this Government Regulation comes into effect, the implementing regulation of Government Regulation Number 32 Year 1998 regarding the Fostering and Development of Small Enterprises and Government Regulation Number 44 Year 1997 regarding Partnership shall remain applicable, insofar as not contradictory to this Government Regulation.

### **Article 64**

This Government Regulation shall come into effect on its promulgation date.

For public cognizance, hereby ordering the promulgation of this Government Regulation by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta,

On March 1, 2013

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Sgd.

DR. H. SUSILO BAMBANG YODHOYONO

Promulgated in Jakarta,

On March 1, 2013

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

Sgd.

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2013 NUMBER 40