INTRODUCTION

WHO announced that it had discovered instances of pneumonia in the Chinese city of Wuhan on December 31, 2019, to be exact. After much identifying work, it was eventually determined that the pneumonia was a brand-new type of pneumonia known as coronavirus disease-19, or Covid-19. The World Health Organization named COVID-19 a global pandemic on March 12, 2020. Additionally, because the COVID-19 pandemic is spreading so quickly, the WHO has declared a state of emergency in relation to it. The Covid-19 virus finally reached Indonesia in March 2020. President Joko Widodo revealed on March 3, 2020 that two residents of Depok, West Java, have been confirmed as having COVID-19 positivity (National Kompas, 2020). As of November 10, 2020, Indonesia has 444,348 confirmed positive COVID-19 patients, 375,741 individuals who had recovered 14,761 people who had passed away, and 55,560 people who were suspected, dispersed throughout 34 provinces and 503 regencies/cities. It is visible. Figure 1 shows a graph showing the increase in Covid-19 cases in Indonesia (Kompas, 2020). The epidemic has affected many different fields, particularly the economy. The Indonesian Central Statistics Agency said that the country's economy grew by 2.97 percent in the first quarter of 2020, 5.32 percent in the second, 3.49 percent in the third, and 2.19 percent in the fourth. The national economic growth for 2020 is -2.07 percent, which is significantly lower than it was in the year prior to the pandemic. There are numerous causes for this. Limited household economic space is a result of widespread social limitations. The PSBB policies in place ban activities related to religion, permit home learning and schoolwork, as well as limiting other public activities like closing malls and playground. This policy undoubtedly has an adverse impact on the economy, particularly for business actors and other groups, which leads to the demise of several businesses and the stagnation of livelihoods for those who labor in the informal sector (Arkadia Digital Media, 2020).

The PSBB policy will undoubtedly have an impact on changes in people's earnings brought on by the loss of their livelihoods or the stagnation of their livelihoods. Given that household consumption expenditure makes up the majority of total expenditure, consumer activity is a key component of macroeconomic studies. Compared to spending on exports, imports, investments, and government consumption, household consumption spending in Indonesia contributes more to economic growth. Household consumption is significant in terms of its impact on economic growth since it can predict changes in economic activity over time. Spending on final products and services by households to meet their daily necessities is known as household consumption expenditure. Income that is available for consumption and the amount of consumption in the previous period are two factors that influence household consumption. Households with disposable income can either spend it or save it. The primary determinant of consumption and saving is disposable income. Disposable income is money that is available for immediate purchase of goods and services, with the remaining amount turning into savings that are invested.

Keywords: Pandemic, Economic Growth, Household Consumption, Disposable Income, and Keynesian Theory.
II. LITERATURE REVIEW

Keynes argued that income that is available for consumption has a significant impact on present spending. Keynes asserts that there is a minimal consumption ceiling that is independent of income, meaning that the ceiling of consumption must be met even when income is nil. Income growth will result in higher consumption. Keynes’ theory makes assumptions about consumption based on self-reflection and casual observation in addition to statistical analysis. Every rise in income will be used by society to raise its spending, according to Keynes, but the magnitude of this tendency is never negative and is always more than one. Keynes developed the consumption function as follows (Dumairy, 2004) in accordance with his theory:

$$C = a + bY$$

Information:

- **C** = value of consumption by all households in the economy
- **a** = household consumption when national income is 0
- **b** = amount of income used to increase consumption
- **Y** = disposable income

The consumption function is a curve that describes the nature of the relationship between the level of household consumption in the economy and national income in the economy. A person's level of consumption is strongly influenced by income. The amount of consumption will increase if income increases, but the tendency to consume will decrease if income increases, so if there is an increase in income then a person's tendency to save will increase. Keynes's consumption model is depicted in illustration curve 1:

With reference to Illustration 1, it may be explained that while current disposable income influences consumption, there is a minimum consumption threshold that is unaffected by income. Even when the amount of income is zero, the level of consumption must be maintained. Consumption will rise if disposable income rises, but the rise in consumption won't be as significant as the rise in disposable income. The Milton Friedman-proposed Consumption Theory with Permanent Income is another consumption theory that can be used to examine the elements that affect household consumption. According to this idea, human existence is divided into three stages: the unproductive stage (0 to working age), the productive stage (working age to the point at which a person is approaching old age), and the stage when a person is no longer productive. A person can be said to consume in a “dissaving” situation during the unproductive phase, where one's consumption expenditure depends on others, whereas a person can be said to consume in a “saving” condition during the productive phase, where one's consumption expenditure does not. The final phase described by Friedman is the unproductive phase, during which a person is once more in the “disssaving” phase since they are no longer able to provide for their own needs and are therefore heavily reliant on others for their consumption needs.

Friedman categorizes people's income into two classes, namely permanent income and temporary income, in addition to separating the life cycle into three sections. The persistent income hypothesis highlights that people's incomes fluctuate erratically and briefly from year to year. The word "permanent income" can also refer to revenue that is consistently received over a predetermined period and that can be foreseen in advance, as well as income derived from all the factors that affect an individual's wealth. The portion of money that a person expects to be used to support themselves in the future is known as permanent income. While the share of revenue that isn't projected to last a lifetime is known as temporary income. Therefore, whereas transitory income is unpredictable, permanent income is average. The household is a unit of study that cannot be disregarded because a household's ability to survive successfully can determine how resilient a nation is. According to Sri Mulyani, minister of finance, the corona outbreak had a significant short-term influence on the rate of household consumption. This is due to government-imposed limits on economic operations. In addition to the constrained space for transportation, this is because of the constrained supply created by other economic actors. Additionally, households endure a drop in income, which forces them to cut back on their level of consumption. Before the COVID-19 pandemic, for instance, many households consumed food and beverage products bought from restaurants or food stalls, but during the pandemic this was not possible freely due to space limits. The fact that households currently feel safer and more hygienic while preparing their own food at home contributed to this development as well. Naturally, this has significantly decreased household consumption in the food and beverage industry.
Food and non-food consumption in households can be divided into two groups. Rice, tubers, fish, meat, eggs, vegetables, nuts, fruit, oil, beverage ingredients, kitchen spices, other sorts of consumption, as well as prepared foods and beverages, all fall under the category of food. Housing costs, which include water and energy prices, educational expenses, medical expenses, clothes and footwear costs, usage tax and insurance charges, party and ceremonial expenses, diverse goods and services, and durable items make up non-food consumption. Households will divide their income between these two demands once they reach a particular income level. In other words, the level of household welfare decreases as food consumption costs increase. On the other hand, a household will be more rich the less money it spends on food (Mulyanto, 2005). In essence, a number of other elements, in addition to the community's level of income, also have an impact on the extent of public consumption spending (Keynes in Samuelson, 1994). Two categories—objective variables and subjective factors—can be used to categorize additional aspects that have an impact on consumption spending when using the life cycle theory. Household demand for goods and services is determined by subjective elements, such as the attitudes of consumers, the attractiveness of the product in question, and how much consumers believe the cost of the things to be purchased will be. While the quantity of family members, size of the family, number of items possessed by the community, and asset inventory make up the objective criteria (Wijaya, 1989). In light of the aforementioned context, the purpose of this study was to determine whether Indonesian household consumption changed or remained unchanged during the pandemic, as well as whether there were any changes in the factors that influenced these changes. The COVID-19 pandemic was the source of the research.

III. METHODOLOGY

The research method employed in this study is a qualitative strategy that applies a meta-analysis to perform a review of the literature culled from a number of earlier studies and to synthesize their findings (Cogaltay & Karadag, 2015). Then, in order to undertake an extensive literature search from earlier individual investigations, a systematic review was also carried out in this study (Crowther et al., 2010). To address the issues raised, conduct research employing literary analyses. This approach is used to inform readers what academics have discovered about Indonesian household spending and consumption patterns as well as the Indonesian economy during the COVID-19 epidemic, providing a thorough overview of prior research on a particular topic. The study also explains how the level of household consumption in Indonesia before and after the COVID-19 pandemic is influenced by many causes. Among other things, this research involved the following steps: Researchers looked for and gathered information from various journals or earlier studies on Indonesian household consumption before the pandemic that had been published in the previous five years. Indonesian household consumption during the COVID-19 pandemic, the Indonesian economy, and Indonesian household consumption patterns published in the previous one to two years. Then list the fundamental assumptions made and the results of earlier research. Following that, these results are examined, and conclusions are made in light of those examined (Djamba & Neuman, 2014).

The prior research undertaken in Indonesia before and during the COVID-19 pandemic, such as that by Dedi Juandé and Faisal Salistial (2020), was used as the literature study for this work, which employed a quantitative methodology. The COVID-19 pandemic, according to the study's findings, has a detrimental effect on Indonesia's economic expansion. The exploratory descriptive investigation conducted by Erni Panca Kurniasih (2020) is another study cited in the literature. According to this study, the pandemic changed people's consumption habits and caused a reduction in the Pontianak community's welfare. Ainur Rohman's research, which was also (2020) with the title Covid-19 Pandemic and Its Impact on Consumer Behavior in Indonesia, this study, which combined a qualitative methodology with a literature review, discovered that the pandemic caused changes in the Indonesian population's consumption habits. The COVID-19 pandemic caused a fall in household consumption, according to research done in Yogyakarta by Ahmad Jumadi and Jurni Hayati in 2022 utilizing quantitative research techniques with time series and cross section data. In addition, Komalawati (2017) did research on Indonesian household consumption factors. This study's quantitative research methodology and OLS analysis tools revealed that the most important factor affecting household consumption is ready-to-spend income. The Analysis of Determinants of Household Consumption Expenditure in Indonesia was the subject of research done by Najmi Divine (2018). This study indicates that household consumption spending in Indonesia is significantly influenced by income that is ready to be spent using quantitative research techniques and OLS analysis tools.

IV. RESULT AND DISCUSSION

Both the macro and micro economies of Indonesia, which are a substantial source of state revenue, have been significantly impacted by the pandemic. Since there has been a PSBB policy, there have been around 1.5 million layoffs as a result of the pandemic as of April 2020, some of which were caused by private businesses. 265,000 workers from the informal sector outnumber the 1.2 million from the formal sector, with bankruptcy during the pandemic as the primary cause. Micro, small, and medium-sized firms (MSMEs), trade, and the investment sector have all been impacted by the expansion of Covid. 2.96 percent year-over-year (ypy) inflation was recorded in March 2020 (BPS, 2020), which was characterized by rising costs for food, jewelry, and gold. However, there was a severe deflation in the price of chili-related items on the other side, which cost farmers money. BPS also claimed that the trade sector's contribution to tax revenue had decreased, while the tax sector was actually the second-largest contributor to state revenue. The Corona virus also has an effect on investment, which makes investors afraid to engage in investment activities, delaying demand.
According to the curve above, economic growth will drastically slow down in the first quarter of 2020. Economic growth is showing a decreasing trend. The economic growth rate for Indonesia in the first quarter of 2020 was 2.97 percent (year over year), which is below than the Bank Indonesia prediction of 4.4 percent. The impact of controlling the corona virus's spread on all facets of life, including Indonesia's economy in terms of production, distribution, and consumption, as well as foreign trade (exports and imports), as well as investment activities, cannot be separated as the primary cause of the country's declining economic growth. Indonesia's economy is experiencing a growth recession due to the PSBB policy's implementation, a decline in consumer spending, and a significant number of layoffs. A budget of 695.20 trillion rupiah was released by the Indonesian government to manage COVID-19 and the National Economic Recovery Activities (PEN) for six sectors. Up until the first week of August 2020, 151.25 trillion rupiah, or up to 21.8 percent of the PEN program budget ceiling, has been allocated as the overall budget (kemenkeu.go.id, 10 September 2020).

As is well known, one of the factors contributing to the slowdown in Indonesia's economic growth is the level of family consumption (or public purchasing power). Household expenditures include all expenses made by households, individuals, and non-profit private entities to buy goods and services that can be utilized right away to meet needs. The welfare of both individuals and society is shown by household spending. The amount of household spending reveals the state of the economy's overall development. Numerous factors, which can be categorized as economic, demographic, and non-economic, have an impact on household consumer spending. Household income, wealth, the availability of durable consumer items in the neighborhood, interest rates, future projections, and government initiatives to address income inequality are all economic factors that affect the amount of household consumption. Population size and demographic makeup are demographic characteristics that influence consumption levels. While socio-cultural elements, such as eating habits and shifts in ethics and values to conform to other community groups, are the non-economic factors that have the greatest impact on the amount of consumption (Rahardja and Manurung, 2008). The following elements can also be categorized as having an impact on household consumption: gender, number of families, income, education level, costs of products and services, and tastes and fashion preferences. Because it contributes most to national income, household consumption is given special consideration. The yearly fluctuations in the economy are significantly influenced by household consumption as well. Consumption and savings have a long-term impact on economic growth (Sukirno, 2000). People's consumer expenditures have been directly impacted by the COVID-19 pandemic. The distribution of national public consumption expenditures increased from 57.32 percent in the fourth quarter of 2019 to 58.1 percent in the first quarter and 57.85 percent in the second quarter of 2020, then slightly decreased to 57.31 percent in the third quarter, according to quarterly GDP data by expenditure.

Food and beverage expenditures continue to make up the largest part of public consumption spending on a nationwide level. From 22.46 percent in the fourth quarter of 2019 to 23.71 percent in the first quarter, 24.51 percent in the second quarter, and then a minor decline to 23.69 percent in the third quarter of 2020, food and beverage expenditures grew from 22.46 percent. Housing, household goods, health and education, as well as other consumption expenses, all saw an increase in household consumption spending. This increase is in accordance with family requirements for the expense of health examinations as well as the purchase of masks, hand sanitizers, medications, and vitamins. In the meantime, household spending on hotels, restaurants, and communications dropped. This is consistent with the strategy of limiting population mobility in order to stop the spread of the Covid-19 virus. The rise in public consumption spending is consistent with Keynes's theory of consumption, according to which Indonesian household consumption spending during the COVID-19 epidemic is positively and significantly influenced by disposable income. Assuming cateris paribus, every rise in income that is available for consumption will result in an increase in spending as well. In order to sustain welfare by maintaining consumption levels as before the COVID-19 epidemic, households are forced to boost their expenditure on food and beverage consumption, home appliances, and health. During the epidemic, revenue is decreased or even nonexistent. Indonesian households save money across the board for home expenses. On the other hand, the reduction in income compels households to cut back on or delay consumption expenditures like those for dining out and lodging, communications, and transportation. This phase validates the relative income theory's claim that every household will alter its consumption spending habits in response to income fluctuations. In other words, as disposable income rises, so does the amount of spending, but as disposable income falls, so does household consumption (Keynes in Samuelson, 1994).

Domestic consumption in Indonesia has altered significantly from the pre-pandemic period on all fronts. Prior to the pandemic, before the PSBB policy, spending on hotels, tourist attractions, and restaurants was greater than spending on food ingredients, but during the pandemic, household spending on buying groceries was greater than spending on ready-to-eat food because of the preference of household health to prepare their own food at home (Trianto, 2021). Shopping is done in a different method now than it was prior to the COVID-19 epidemic. People opt to shop online because of the PSBB regulation. Online purchasing increased during the epidemic, particularly for home and health care items. To avoid the spread of viruses through cash, many people have shifted to employing technical sophistication during the pandemic, including making internet transactions. Online transactions had indeed been used before to the epidemic, but only by a select few groups of people who were technologically proficient and had...
smartphones with access to the internet. Online transactions have grown as a result of the pandemic, increased public worry over the spread of the COVID-19 virus, and an increase in the number of people shopping online. OVO, GO-PAY, QRIS, Dompetku, DANA, and other financial services including electronic money from Bank Mandiri, Brizzi Card from BRI, and Flazz Card from BCA are all options for this online transaction (Abidin, 2015). The advantages of internet transactions include:
1. Customers do not need to carry cash or stand in long bank queues while making non-cash payments.
2. Less tax avoidance benefits non-cash transactions.
3. Cleanliness: Using non-cash transactions will promote better hygiene and stop the spread of bacteria through the use of coins and banknotes (Krismawintari & Komalasari, 2019).

Panic over the COVID-19 outbreak has also spread throughout society. People are choosing to purchase food in huge numbers because of fear that there would be a severe shortage of food items (panic buying). Anticipatory worry over growing prices of goods, flocks or groups, stimulating media exposure, or rumors of shortage of commodities all have a substantial impact on consumer decisions to purchase products. Fear, worry, insecurity, psychological conflict, stress, perception of uncertainty, and media exposure all contribute to panic buying behavior. Anxiety among consumers during the pandemic demonstrates the aim of the general people to store goods out of worry and uncertainty. To avoid any future supply shortages, people purchase goods in big amounts (Shadiqi et al, 2020). Changes in people's consumption habits were also observed in household consumption during the COVID-19 epidemic. Spending on health and education is rising as a result of the call to maintain health protocols to stop the COVID-19 virus from spreading and the PSBB policy that mandates working from home. Compared to before the pandemic, more money is being spent on masks, hand sanitizers, and vitamins. Due to the fact that schools are now performed online, household internet consumption costs have increased in the sector of education. Because everyone in the family is present when working from home and because making their own meals at home helps to maintain public health, the level of expenditure on consumables, contrasted with the time prior to the COVID-19 epidemic (Rahayu, 2022). It is impossible to isolate changes in household consumption patterns from the sorts of household consumption expenditures, transactional strategies, and payments made by households to carry out their consumption activities. People's income during the COVID-19 pandemic significantly decreased as a result of the PSBB policy to stop the virus's spread. Going back to Keynes' theory of consumption, household consumption is influenced by disposable income. This also occurred during the COVID-19 epidemic, when people made household purchases based on how much money they were available to spend.

V. CONCLUSION

Indonesia has seen a wide range of effects from the Covid-19 epidemic, particularly in the economic sphere. The government's PSBB policy, which was implemented to stop the COVID-19 virus from spreading, has constrained the community's economic options. The revenue of the community was negatively impacted as a result. Indonesia's economic growth slowed as a result of the general drop in people's income. The Indonesian home consumption market has shrunk as a result of the drop in people's income. According to Keynes' theory of consumption, income that is available for spending is the factor that affects consumption. During the COVID-19 pandemic, household consumption underwent numerous modifications in terms of consumption levels, patterns, and the techniques of transactions employed by the community to meet its needs for household consumption while also adhering to health regulations. Due to a drop in people's income during the COVID-19 epidemic, household consumption fell during that time in a number of different areas. Due to the PSBB strategy, household consumption in the tourism and hospitality sectors has significantly fallen, while it has increased in the health and education sectors. To stop the spread of the COVID-19 virus, there has been an upsurge in the demand for masks and hand sanitizers in the healthcare industry. The level of achievement in the education sector, the amount of household consumption has increased to cover the cost of internet usage for at-home learning requirements.

In comparison to the time before the COVID-19 pandemic, the household consumption pattern has also changed during the epidemic. As a result of people preferring to prepare their own food at home during the covid-19 epidemic in order to stop the virus from spreading, grocery shopping has increased. Additionally, fear of the economy and discrimination led to panic buying. To prepare for scarcity, people opt to purchase vast quantities of food and medical supplies. As a result, prices for goods increase. In terms of home consumption, the Covid-19 epidemic was a result of the community's reaction to conditions that had never before been experienced. What needs to be done in order for the community to survive under uncertain circumstances. People continued to carry out consumption activities for their separate households by making modifications in accordance with the revenue obtained during the pandemic, despite the fact that there was a loss in income, which led to a reduction in income that was ready to be spent.

REFERENCES

Books
Journal article


Journal article with DOI


Newspaper article