

ANALYSIS OF THE INFLUENCE OF SOVEREIGN SUKUK FINANCING ON ECONOMIC GROWTH IN INDONESIA

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Abstrak: Pasar sukuk telah mengalami pertumbuhan yang pesat, terutama di sebagian besar negara dengan mayoritas penduduk Muslim. Oleh karena itu, Asia Tenggara menjadi pasar sukuk yang paling cepat berkembang di dunia, di mana industri keuangan syariah berkembang pesat di Malaysia, Indonesia, dan Brunei. Berbagai studi menunjukkan bahwa keuangan syariah merangsang pertumbuhan ekonomi. Namun, masih terbatas penelitian murni tentang hubungan antara sukuk dan pertumbuhan ekonomi. Untuk alasan ini, serta sebagai perluasan dari studi mengenai sukuk dan pertumbuhan ekonomi, penelitian ini menganalisis hubungan antara pembiayaan sukuk dan pertumbuhan ekonomi dalam kerangka model pertumbuhan endogen. Penelitian ini secara empiris meneliti dampak pembiayaan sukuk sebagai faktor eksogen terhadap pertumbuhan ekonomi dalam model pertumbuhan endogen. Oleh karena itu, makalah ini adalah yang pertama mengeksplorasi hubungan antara pembiayaan sukuk dan pertumbuhan ekonomi dalam kerangka model pertumbuhan endogen, dan diyakini bahwa penelitian ini akan memberikan kontribusi yang signifikan. Metode penelitian yang digunakan adalah analisis korelasi dan regresi linier sederhana. Dapat disimpulkan bahwa variabel Penerbitan Sukuk Nasional (X) memiliki pengaruh positif terhadap variabel Pertumbuhan Ekonomi (Y) di Indonesia ($b = 0,68$). Korelasi antara Penerbitan Sukuk Nasional dan Pertumbuhan Ekonomi adalah 0,942. Oleh karena itu, dapat disimpulkan bahwa terdapat korelasi positif dan kuat antara Penerbitan Sukuk Nasional dan Pertumbuhan Ekonomi di Indonesia.

Kata kunci: Sukuk, Pertumbuhan Ekonomi, Pembiayaan, Pasar Modal Syariah

Abstract: The Sukuk market has experienced massive growth, particularly in most countries with a majority Muslim population. Therefore, Southeast Asia is the world's most rapidly growing Sukuk market, where the Islamic finance industry has flourished across Malaysia, Indonesia, and Brunei. Numerous studies indicate that Islamic finance stimulates economic growth. However, there is limited pure research on the relationship between Sukuk and economic growth. For this reason, and as an extension of Sukuk and economic growth studies, this research analyzes the relationship between Sukuk financing and economic growth within the framework of an endogenous growth model. It empirically investigates the impact of Sukuk financing as an exogenous factor on economic growth in the endogenous growth model. Therefore, this paper is the first to explore the relationship between Sukuk financing and economic growth within the endogenous growth model framework, and it is believed that this research will make a significant contribution. The research method employed is the analysis of correlation and simple linear regression. It can be concluded that the variable of National Sukuk Issuance (X) has a positive influence on the variable of Economic Growth (Y) in Indonesia ($b = 0.68$). The correlation between National Sukuk Issuance and Economic Growth is 0.942. Therefore, it can be concluded that there is a positive and robust correlation between National Sukuk Issuance and Economic Growth in Indonesia.

Kata kunci: *Sukuk, Economic Growth, Financing, Islamic Capital Market*

Introduction

In the last few years, Islamic finance has become one of the focal points globally as it has emerged as a critical driver of the world economy (Hariyanto et al., n.d.). The expansion of its assets is estimated to grow to USD 3.8 trillion by 2023. (Samitas et al., 2021). According to Lahsasna et al. (2018) and Al-Ali (2019), Islamic finance has become a primary instrument driving current economic growth, and Sukuk is at its forefront. Sukuk refers to Sharia-compliant certificates of bonds or debt instruments by Islamic law, where the profits from Sukuk are free from interest, originating instead from the underlying assets. (Ashraf et al., 2021). The issuance of sovereign sukuk represents a strategic endeavor for governments, offering them a Sharia-compliant means of financing infrastructure projects, budget deficits, and other developmental initiatives (Siswantoro & Surya, 2021). Moreover, sovereign sukuk can enhance financial inclusion by tapping into a broader investor base encompassing Islamic financial institutions, ethical investors, and sovereign wealth funds. (Ali et al., 2023)

Government bonds are ruled under Law No. 24 the Year 2002, while Sovereign Sukuk (Surat et al. or SBSN) are governed under Law No. 19 the Year 2008. ((Surachman et al., 2022) Lately, the Sukuk market has experienced massive growth, particularly in most countries with a majority Muslim population. Therefore, Southeast Asia is the most rapidly developing Sukuk market globally, where the Islamic finance industry has flourished across Malaysia, Indonesia, and Brunei. (Majumdar & Puthiya, 2021). Malaysia remains dominant in the global Sukuk market, accounting for 50.5% of global Sukuk issuances. Malaysia maintains its position as the top global issuer, with 41% of the total global Sukuk share in the first half of 2018, marking a 33% increase from the previous year (IIFM Sukuk Report 2019 8th Edition, 2020). During the first half of 2018, Malaysia issued Sukuk worth \$22.4 billion, reflecting a 9% increase compared to the first half of 2017 (Suriani et al., 2024). This remarkable surge represents an upswing in corporate issuances across various industries and an increase in the issuance of short-term Shariah-compliant government bonds by the Central Bank of Malaysia (IIFM Sukuk Report 2019 8th Edition, 2020). The domestic Sukuk market in Malaysia continues to serve as a significant and profitable platform for state-owned companies and businesses to raise long-term funds for diverse economic needs, business growth requirements, and infrastructure (IIFM Sukuk Report 2019 8th Edition, 2020).

During the first half of 2018, government and corporate Sukuk issuance contributed to RM99.36 billion, constituting 52.02% of the total bond issuances, compared to RM79.01 billion in the first half of 2017. Meanwhile, the total outstanding Sukuk issuances rose to RM818.41 billion, or 59.59% of the overall debt, relative to RM718.41 billion in the first half of 2017 (IIFM Sukuk Report 2019 8th Edition, 2020). This significant growth in Sukuk reflects why Malaysia is a leading pioneer in Islamic finance, boasting the best Global Islamic Economic Indicator (GIEI) score, showcasing the world's best performance in Shariah-compliant finance. Similarly, following the path of Islamic finance in Malaysia, Indonesia has shown remarkable progress in the Islamic finance industry and the Sukuk market. Despite being competitive, the Indonesian Sukuk market demonstrated stable growth in 2018. One indicator to assess the economic development of a country is the Gross Domestic Product (GDP) indicators (ISLAMIC-CAPITAL-MARKETS-PROSPECTS-OF-THE-SUKUK-ISSUANCE-IN-THE-POSTSOVIET-COUNTRIES World-Economy-and-International-Relations, n.d.). GDP essentially represents the total value added by all business units in a specific country or the total value of final goods and services produced by all economic units. GDP at current prices reflects the value added of goods and services calculated using prevailing prices yearly. In contrast, GDP at constant prices indicates the value added of these goods and services calculated using prices prevailing in a particular base year. GDP at current prices can be used to observe shifts and economic structures, while constant prices are used to determine year-on-year economic growth.

The Indonesian economy from 2016 to 2019, as measured by Gross Domestic Product (GDP) at current prices and GDP at constant prices, has shown an increasing trend. Numerous studies have determined that Islamic finance contributes to economic growth. (Attahiru et al., 2019). However, studies on the relationship between Sukuk and economic growth are limited. For this reason, and as an extension of the studies on Sukuk and economic growth, this research analyzes the relationship between Sukuk financing and economic growth within the framework of an endogenous growth model and empirically investigates the impact of Sukuk financing as an exogenous factor on economic growth in the endogenous growth model. Therefore, this paper is the first to discuss an investigation into the relationship between Sukuk financing and economic growth within the framework of an endogenous growth model. Hence, this research is believed to contribute significantly to the literature.

In recent research, (Samitas et al., 2021) Measured the impact of Sukuk market development on economic growth through simple regression across nine countries with Islamic banking and finance during 2014Q1–2017Q4. They employ panel cointegration regression with

gross domestic product as the dependent variable to measure economic growth. (Abrorov, 2020). Regarding the independent variables, total Sukuk exports are used as a measure for the Sukuk market, and Sukuk density serves as a benchmark for market development. As for control variables, inflation and financial pressure are employed. They establish the presence of a long-term cointegration relationship between the development of the Sukuk market and economic growth when Sukuk density and Sukuk exports have a positive influencing relationship with economic growth. Similarly, (Ardiansyah and Lubis, 2018) investigates the impact of macroeconomic factors on Sukuk market development in the Gulf Cooperation Council from 2001–2016, proposing Sukuk as an alternative financing source. They conclude that the enhancement of the Sukuk market can stimulate economic growth.

In the same context, (Laila et al., 2021) examine the impact of three Sharia Capital Market models on economic growth in Indonesia, covering the period from January 2011 to December 2017. Global economic growth has been sluggish, affecting the Islamic financial market in Indonesia. Nevertheless, the Indonesian government and Sukuk companies remain in a favorable position with sustained development in Sukuk issuances in 2018. (Morea & Poggi, 2017). In the first half of 2018, the Indonesian government and Sukuk companies issued US Sukuk worth \$2.472 billion, a 37.13% increase from the first half of 2017. This remarkable development in Sukuk reflects why Indonesia ranks fifth globally in Islamic financial performance with a GIEI score of 49. Based on this issue's background and as an extension of the literature on the relationship between Sukuk financing and economic growth, this study aims to analyze whether State Sukuk financing influences economic growth in Indonesia.

Literature Review

According to Pontjowinoto and Firdaus (2011), they state that "Sukuk (Islamic bonds) is a written agreement that constitutes a long-term contract for repayment within a specific time, all obligations arising from financing for Sharia-compliant activities, and payment of a certain return over a specified period according to the agreed-upon contract." According to the fatwa DSN-MUI No. 32/DSN-MUI/IX/2002, sukuk is a long-term security based on Sharia law issued by a specific issuer to sukuk holders/investors, obliging the issuer to pay a portion of the income to sukuk holders in the form of returns/margin/fees and to repay the Sukuk funds upon maturity. (Ibrahim & Shirazi, 2020). Sukuk are currently predominantly issued by the government. For instance, when the government constructs a building, the government will issue Sukuk. These Sukuk offer more significant advantages than saving in the national or private banking sector (Yaniza et al.,

2022). The minimum investment amount is Rp 5,000,000 (five million Indonesian Rupiah), and the maximum is Rp 5,000,000,000 (five billion Indonesian Rupiah).

Sukuk is also defined as a long-term Sharia-based bond grounded in legal and Sharia concepts issued by issuers to investors. (Pirgaip et al., 2021) "Sukuk holders require the issuer to share profits with investors in the form of returns, margins, or fees and to return the investor's funds upon maturity (Purwanto, 2006). Reconstruction of securities is done to align with Sharia principles. The development of Sukuk in Indonesia began with the issuance of Sharia securities by PT. Indosat Tbk. They released a mudharabah-based Sharia bond worth Rp 100 billion in October 2002. This bond was oversubscribed twice, leading Indosat to increase the issued amount to 175 billion Rupiah.

Indosat's innovation was followed by BSM (Bank et al.) and Bank Muamalat in the same year, 2002. Then, PT. Berlian Laju Tanker released Sharia Securities with an emission of 175 billion on May 28, 2003. PT. Bank Bukopin issued Sharia Securities Mudharabah on July 10, 2003, valued at Rp 45 billion. On July 15, 2003, PT Bank Muamalat Indonesia (BMI) released an emission value of Rp. 200 billion, on September 26, 2003, PT Ciliandra Perkasa released with an emission value of Rp. 60 billion, on October 31, 2003, PT Bank Syariah Mandiri (BSM) released sukuk worth Rp. 200 billion. When State Bonds (SUN) and the capital market were sluggish, Sharia securities or sukuk were issued.

The government's move was positively welcomed, with investors seeing sukuk as a promising financing alternative. Positive sentiment related to sukuk not only came from the government but also from the capital market sector. Erry Firmansyah, as the CEO of BEI, even took steps to direct investor interest toward state Sharia securities, released in August 2008. There are quite a few large investors, but they cannot contribute to the bonds and capital market sectors due to the lack of investment products. Sukuk can be an investment option in the Sharia-based capital market. Since February 6, 2009, the government has issued retail sukuk to the domestic market.

Economic Growth is defined by the Ministry of Finance (2019), which released a statement explaining that economic growth is "a process of continuous changes in economic conditions that occur in a country to achieve a better state over a certain period (Rizvi et al., 2022). Economic growth theory explains the factors that influence or determine economic growth and its process in the long term, as well as how these factors interact with each other, leading to the growth process. (Ardiansyah & Lubis, 2018). Meanwhile, according to Sukirno (2011:331), economic growth is defined as the development of economic activities that cause the production of goods and services in society, improving the community's prosperity. On the other hand, Budiono (1994)

explains that economic growth is the process of increasing per capita output in the long term due to the enhancement of resources originating from the economic process itself, which has a temporary nature. This means that the growth has a self-generating nature capable of creating momentum for the sustainability of economic growth in subsequent periods. Simon Kuznets (1955) argues that economic growth is the long-term increase in a nation's ability to provide various economic commodities to society

Method

Regression analysis is used to measure the statistical relationship that occurs between two or more variables. Two variables are examined in simple regression, and more than two are studied in multiple regressions. In regression analysis, a regression equation is determined and used to describe a pattern/function of the relationship between variables. The dependent variable is the variable whose value will be estimated and is usually plotted on the vertical axis. The independent variable is assumed to influence the variation of the dependent variable and is generally plotted on the horizontal axis. Regression is a measurement tool that can be used to assess the correlation between variables.

The general definition of regression is a statistical tool that can explain the pattern of the relationship (model) between two or more variables. It helps estimate the value of an unknown variable from one or more known variables, which is the function of regression. Regression analysis studies the relationship between one dependent variable and one independent variable or a free variable. Regression analysis studies and expresses the obtained relationship in a mathematical equation, stating the functional relationship between variables. The functional relationship between one predictor variable and one criterion variable is called simple (single) regression analysis, while multiple regression analysis involves more than one variable.

The Linear Regression Equation of Y to X is established. The Pearson correlation coefficient r is used to determine the strength of the relationship between the independent and dependent variables. The correlation coefficient is 1 and -1 ($-1 \leq r \leq 1$). The variables strongly correlate if the correlation coefficient is > 0.5 or < -0.5 . If the correlation coefficient is positive, an increase (decrease) in the value of the independent variable is generally followed by an increase (decrease) in the value of the dependent variable. In contrast, if the correlation coefficient is negative, an increase (decrease) in the value of the independent variable is generally followed by a decrease (increase) in the value of the dependent variable. If $r = 1$, the relationship between X and Y is perfect and positive, approaching 1, meaning a solid and positive relationship. If $r = -1$,

the relationship between X and Y is perfect and negative (approaching -1, meaning a solid and negative relationship), and if $r = 0$, there is no relationship between X and Y. Here is a table of classification levels of correlation to interpret the correlation coefficient:

Table 1. Table of Correlation Levels

Koefisien Korelasi	Tingkat Korelasi
0,00 – 0,199	Very Low
0,20 – 0,399	Low
0,40 – 0,599	Middle
0,60 – 0,799	High
0,80 – 1,000	Very High

Results and Discussion

Here is the data from the collection of economic growth measured in percentage each year through year-on-year constant price gross domestic product (GDP). This GDP serves as the Y variable (Dependent Variable).

Table 2. Gross Domestic Product (GDP) of Indonesia 2009-2023

Tahun	PDB (harga konstan yoy)
2009	4,7
2010	6,38
2011	6,17
2012	6,03
2013	5,58
2014	5,01
2015	4,88
2016	5,03
2017	5,07
2018	5,17
2019	5,02
2020	-2,07
2021	3,70
2022	5,31
2023	5,17

Sumber : BPS, 2023 (Data diolah penulis)

The following data from the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance consists of two types of retail government sukuk: Retail Sukuk and Savings Sukuk.

Table 3 Total Issuance of Retail Sukuk and Savings Sukuk 2009-2023

Tahun	Sukuk Ritel	Sukuk Tabungan	Total
2009	SR001 (5,6 T)	-	5,6
2010	SR002 (8,033 T)	-	8,033
2011	SR003 (7,341 T)	-	7,341
2012	SR004 (13,6 T)	-	13,6
2013	SR005 (20,87 T)	-	20,87
2014	SR006 (19,32 T)	-	19,32
2015	SR007 (21,96 T)	-	21,96
2016	SR008 (31,5 T)	ST001 (2,585 T)	31,5
2017	SR009 (14,037 T)	-	14,037
2018	SR010 (8,437 T)	ST002 (4,946 T)	13,383
2019	SR011 (21,117 T)	ST003 (3,127 T) ST004 (2,634 T) ST005 (1,963 T)	28,841
2020	SR012 (12,14 T) SR013 (25,66 T)	ST006 (1,45 T) ST007 (5,42 T)	44,67
2021	SR014 (16,71 T) SR015 (27 T)	ST008 (1,9 T)	45,61
2022	SR016 (18,4 T) SR017 (27 T)	ST009 (10 T)	55,4
2023	SR018T3 dan SR018T5 (21,49 T)	ST010T2 dan ST010T4 (15 T)	71,44
	SR019 (25,33 T)	ST011 (9,62 T)	

Sumber : DJPPR, 2023 (Data diolah penulis)

Here are the steps for conducting Simple Linear Regression Analysis:

- 1) Define the purpose of performing simple linear regression analysis.
- 2) Determine the predictor (independent) and response (dependent) variables.
- 3) Collect the data.
- 4) Calculate xi , yi , $xiyi$, and their totals.
- 5) Calculate the values of 'a' and 'b' based on the formula.
- 6) Create a model for the simple linear regression equation.

To obtain a mathematical relationship in the form of an equation between the dependent and a single independent variable, Simple Linear Regression Analysis is used. Simple linear regression has only one change in the linear regression for the population, using Equation 1 with:

Y = predicted dependent variable

X = independent variable with a specific value

a = Intercept parameter

b = Regression coefficient parameter for the independent variable

Hypothesis Testing in Simple Linear Regression Analysis:

Hypothesis testing is used to determine whether the regression coefficient is significantly influential.

H0: There is no effect between the Issuance of State Sukuk (X) and Economic Growth (Y).

H1: There is an effect between the Issuance of State Sukuk (X) and Economic Growth (Y).

This hypothesis test compares the significance value (Sig.) with a probability of 0.05. The decision-making basis is as follows:

- 1) If the (Sig.) value is smaller than the probability of 0.05, it indicates that there is an effect between the Issuance of State Sukuk (X) and Economic Growth (Y).
- 2) If the (Sig.) value is greater than the probability of 0.05, it indicates that there is no effect between the Issuance of State Sukuk (X) and Economic Growth (Y).

Here is the output table of Linear Regression obtained using SPSS.

Table 4. Output Regresi Linear Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1	(Constant)	-721333.135	238395.571	-3.026	.016
	Penerbitan Sukuk Negara	.681	.086	.942	<.001

a. Dependent Variable: Pertumbuhan Ekonomi
Sumber : Hasil Penelitian (2023)

Based on the above output, it can be seen that the significance value (Sig.) is <0.001, which is smaller than 0.05. Therefore, it can be concluded that there is an effect between the Issuance of State Sukuk (X) and Economic Growth (Y).

Normality Test using Kolmogorov-Smirnov with SPSS:

The Normality Test is used to determine whether the residual distribution is normal. The method employed in this research is the One-Sample Kolmogorov-Smirnov test, where residuals

are considered generally distributed if the significance value is more significant than 0.05. Here is the SPSS output for the Kolmogorov-Smirnov normality test.

The decision-making basis is as follows:

1. If the (Sig.) value is more significant than 0.05, it indicates that the research data is usually distributed.
2. The research data is not generally distributed if the (Sig.) value is smaller than 0.05.

Table 6. One-Sample Kolmogorov-Smirnov Test

N		10
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	51552.83900
Most Extreme Differences	Absolute	.215
	Positive	.151
	Negative	-.215
Test Statistic		.215
Asymp. Sig. (2-tailed) ^c		.200 ^d
Monte Carlo Sig. (2-tailed) ^e	Sig. 99% Confidence	.216
	Lower	.205
	Upper Bound	.226

Sumber : Hasil Penelitian (2021)

Notes :

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.
- e. Lilliefors' method is based on 10000 Monte Carlo samples with a starting seed 2000000.

Based on the above output, the Asymp can be seen. Sig. (2-tailed) is 0.20, which is greater than 0.05. Based on the decision-making basis, it can be concluded that the research data is usually distributed. Thus, the assumption or requirement of normality in the regression model has been met.

Linearity Test in SPSS

A linearity test is conducted to determine whether the model specifications are correct. It examines whether the function used in an empirical study should be linear, quadratic, or cubic. Data is considered good if it has a linear relationship between the dependent and independent variables. The linearity test can be visually performed using the Curve Estimation feature in SPSS. Here is the Curve Estimation between the dependent variable (Issuance of State Sukuk) and the independent variable (Economic Growth).

Model Summary

The table above shows that, in general, the relationship between the Issuance of State Sukuk and Economic Growth follows a linear pattern with an R-Square value of 88.7%.

R	R Square	Adjusted R Square	Std. Error of the Estimate
.942	.887	.873	54680.043

Heteroskedasticity Test with Glejser in SPSS

The decision-making basis for the heteroskedasticity test with Glejser is as follows:

1. If the (Sig.) value is more significant than 0.05, it indicates no heteroskedasticity in the regression model.
2. If the (Sig.) value is smaller than 0.05, it indicates heteroskedasticity in the regression model.

Here is the SPSS output for the heteroskedasticity test with Glejser.:

Tabel 7. Hasil Uji Heteroskedastisitas dengan Glejser

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1	(Constant)	-42152.812	119002.553	-.354	.732
	Penerbitan Sukuk.030 Negara	.043	.243	.708	.499

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
1	(Constant)	-42152.812	119002.553	-.354	.732
	Penerbitan Sukuk.030 Negara	.043	.243	.708	.499

Sumber : Hasil Penelitian (2023)

To interpret the heteroskedasticity test with the Glejser test, you just need to look at the Coefficients table with the Unstandardized Residual variable acting as the dependent variable. Based on the above output, the significance value (Sig.) for the Issuance of State Sukuk variable is 0.499, more significant than 0.05. This suggests that there is no heteroskedasticity in the regression model. As of my last update in January 2022, Indonesia had been increasingly active in issuing sovereign sukuk(Hariyanto et al., n.d.), Islamic bonds compliant with Shariah law. Sukuk issuances allow the Indonesian government to tap into Islamic finance markets, diversify its investor base, and raise funds for infrastructure development and other projects. The conclusion regarding sovereign sukuk in Indonesia depends on various factors, including economic conditions, government policies, and market demand. However, generally speaking, the issuance of sovereign sukuk in Indonesia has been seen as a positive step towards enhancing financial inclusion, deepening the Islamic finance market, and supporting infrastructure development in the country.

Hypothesis Analysis

This research hypothesizes that there is an effect between the Issuance of State Sukuk (X) and Economic Growth. The significance value (Sig.) is <0.001 based on the results above. Therefore, it can be concluded that there is an effect between the Issuance of State Sukuk (X) and Economic Growth (Y). The Indonesian government's commitment to Islamic finance, coupled with the growing demand for Shariah-compliant financial instruments domestically and internationally, suggests that sovereign sukuk issuances will continue in the foreseeable future(Hariyanto et al., n.d.). These sukuk offerings provide opportunities for investors seeking Sharia-compliant investment options and contribute to the overall development of Indonesia's capital markets(Abubakar & Handayani, 2020). It is essential to note that for the most accurate and up-to-date information on the conclusion and implications of sovereign sukuk in Indonesia, one should consult recent financial reports, government announcements, and expert analyses. The following are several points to explain how state sukuk financing can affect economic growth:

Increased Infrastructure Investment: One of the main mechanisms through which sovereign sukuk financing can influence economic growth is increased investment in infrastructure(Siswantoro & Surya, 2021). Funds from issuing state sukuk can be allocated to key infrastructure projects such as roads, bridges, airports, and power plants. These investments

increase overall economic productivity, facilitate trade, and open access to remote areas, which can support broader economic growth.

Stimulus for Certain Economic Sectors: State sukuk financing can stimulate specific economic sectors. For example, funds obtained from state sukuk can be allocated to industries with high growth potential, such as manufacturing, technology, or tourism(Yaniza et al., 2022). This stimulus can encourage private investment, create new jobs, and increase people's income.

Increased Financial Access: The issuance of state sukuk can also improve financial access for various economic entities, including private companies and small and medium-scale development projects(Faisal et al., 2023). With more Sharia-compliant financing options, more entities can access the capital needed to grow their businesses. This, in turn, can increase productivity and overall economic growth.

Increased Investor Satisfaction and Market Confidence: State sukuk financing can increase domestic and international investor satisfaction and market confidence in the Indonesian economy(Fitrah & Soemitra, 2022). This is because state sukuk is often considered a safe and stable investment instrument, especially for investors prioritizing Sharia principles. With increased market confidence, increased capital inflow into the country is possible, which could support economic growth.

Diversification of Funding Sources: The issuance of sovereign sukuk allows the Indonesian government to diversify funding sources. More choices in funding sources can reduce the risk of dependence on one type of financial instrument or institution(Septiana & Dewi, n.d.). This helps maintain the country's economic stability and allows the government to respond more to changing market conditions. Through these mechanisms, state sukuk financing can contribute positively to Indonesia's economic growth by supporting investment, creating jobs, increasing productivity, and increasing market confidence.

Conclusion

Based on the analysis using simple linear regression, it can be concluded that the variable of State Sukuk Issuance (X) has a positive influence on the Economic Growth variable (Y) in Indonesia ($b = 0.68$). If the State Sukuk Issuance (X) value is 0, then the Economic Growth (Y) value is negative at -721.333. This study's correlation value between State Sukuk Issuance and Economic Growth is 0.942. It can be concluded that there is a positive and robust correlation between State Sukuk Issuance and Economic Growth in Indonesia. If State Sukuk Issuance increases, Indonesia's economic growth will also increase. Based on the hypothesis testing of the

linear regression model, there is a relationship between the Dependent Variable (Economic Growth) and the Independent Variable (State et al.).

According to the Kolmogorov-Smirnov normality test, it can be concluded that the research data is usually distributed. Thus, the assumption or requirement of normality in the regression model has been fulfilled. The formed Curve Estimation depicts a linear relationship between State Sukuk Issuance and Economic Growth. A good regression model is homoskedastic or does not exhibit heteroskedasticity because this data gathers information representing various sizes. The heteroskedasticity test with the Glejser test indicates no heteroskedasticity in the regression model, making the generated regression model a good one. Based on the above conclusion that an increase in State Sukuk Issuance will positively impact Economic Growth, it is necessary to undertake several activities to ensure that population growth is accompanied by economic growth.

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