

THE ROLE OF SUGAR CANE PLANTATIONS TO IMPROVE THE WELFARE OF SUGAR CANE FARMERS IN AN ISLAMIC PERSPECTIVE

Fatmawati^{1*}, Dian Sugiarti²

^{1,2} Department of Sharia Economics, Faculty Economics and Business, Universitas Terbuka, Indonesia

corresponding author e-mail : fatmawati82820@gmail.com

Abstract

This study aims to determine the sugarcane plantation business in the village of Kedungrejo and to determine its role in improving the welfare of the people of Kedungrejo village in an Islamic economic perspective. Viewed from an Islamic economic perspective, this sugarcane business is in accordance with Islamic economic values in the form of Mudharabah cooperation between the PG Wonolangan Sugar Factory and Sugar Cane Farmers. In this case Sugarcane Farmers get facilities in the form of assistance to get capital loan assistance so that cost problems in the sugarcane farming business can be overcome PG Wonolangan partner farmers are satisfied with the pattern and implementation of the partnership at PG Wonolangan

Keywords:

Prosperity, Sugar Cane Farmers, Sugar Cane Plantation, Islamic Perspective

Introduction

According to Ibn Khaldun, agriculture is one of the strategic sources of life, which must be accompanied by effort to achieve it, one of which is through agriculture as a source of the economy. One of the agricultural sectors developed as an effort to improve welfare is the sugarcane plantation business.

In developing a sugarcane plantation business, the ability of sugarcane farmers is needed in terms of technical understanding and business capital capabilities. For both of these things, sugarcane farmers work together in the form of a partnership program with sugar mills. In the Probolinggo district, sugarcane farmers are facilitated in the PG Wonolangan partnership (Sinergi Gula Nusantara/PTPN XI).

Developments in the sugar industry both locally and nationally cannot be separated from the relationship that exists between sugar cane farmers and sugar factories, because in this relationship a production sharing agreement will be formed between the two parties. In addition, each sugar factory also has a different production sharing pattern, in which the amount of profit sharing will vary between sugar factories. It is these different profit-sharing patterns that will later have an impact on the amount of yield received by sugarcane farmers. One of the sugar factories that applies a specific production sharing pattern is PG. Wonolangan, where in its implementation it also sometimes experiences obstacles which usually come from the sugarcane farmers. The production sharing agreement in the management of sugarcane plantations is a form of agreement formed by both parties, in which the parties involved are the plantation owner and the plantation manager. In a production sharing agreement, of course, there are rights and obligations that must be fulfilled by both parties. The principle of cooperation contained in the relationship between the two parties is also known as the principle of profit sharing. Apart from being applied to plantations, this profit-sharing principle can also be applied between farmers and sugar mills. PG. Wonolangan is one of the sugar factories in East Java Province. PG. Wonolangan plays a strategic role in supplying the demand for sugar in the East Java region and especially around the Probolinggo district. PG. Wonolangan has a milling capacity of 3500 TCD (Tone Cane Per Day). Sugarcane milled in PG. Wonolangan is sugar cane that comes from farmers who form partnerships with sugar factories. Production sharing agreement or profit-sharing system between PG. So far, Wonolangan and sugarcane farmers have been based on an agreement formed between the two parties. The agreement is valid for one year and will be extended every year as long as the sugarcane farmer concerned continues the agreement the following year. In the profit-sharing system at

PG. Wonolangan has a different pattern from other sugar factories. The profit-sharing pattern contained in PG. Wonolangan is based on the distribution of the percentage of profit sharing for each party, namely the sugar factory and farmers, where farmers also get 10% of the share which is referred to as *natura*. Based on the explanation above, research was carried out on the study of profit sharing patterns between sugarcane farmers and PGs. Madukismo.

In general, sugarcane farmers who are members of a partnership with PG Wonolangan are assisted in terms of technical maintenance of sugarcane plants and business capital loans so that the welfare of farmers can gradually increase in accordance with an Islamic perspective. The problem in this study are:

What is the system for planting and caring for sugar cane up to harvest?

How to calculate the cost of sugarcane plantation business?

What is the positive impact on improving the economy of sugarcane farmers?

What is the proportion of profit sharing between the Sugar Factory and the sugar cane farmers?

What does the economic improvement of sugar cane farmers look like in an Islamic perspective

Research Method

The method used in making this scientific paper is based on direct research sources in the field, and other sources that complement the contents of this scientific work.

Results and Discussions

Sugar cane is a sugar-producing plant that is one source of carbohydrates. This plant is needed so that its needs continue to increase along with the increase in population in Indonesia. Sugarcane is the main source of sweeteners in the world, more than 60% of the source of sweeteners comes from sugarcane.

The age of the plant from planting to being harvested reaches approximately 1 year, In Indonesia sugarcane is widely cultivated on the islands of Java and Sumatra In Indonesia, sugarcane is an important commodity because it is a source of livelihood for sugarcane farmers. The efforts made by the government in maintaining national sugar among *Iain* maintain a business climate that allows the national sugar industry to survive and thrive. The government has taken various policies, one of which is the determination of the price of domestically produced and imported granulated sugar through Kepmenkeu No. 342 / KMK.011 / 1987 which aims to ensure price stability, foreign exchange, and the suitability of farmers' and mills' incomes.

One of the main problems in sugarcane farming business is the cost of plant maintenance to harvest. The cost of sugarcane farming for labor can reach more than 40 percent, meaning that sugarcane farming is more labor-intensive than capital, while the proportion of costs for other inputs varies between regions.

Sugarcane farmers in the Probolinggo Regency area who are partners of the Wonolangan Sugar Factory (PG) get facilities in the form of assistance to get credit so that the cost problem can be overcome. The credit received by farmers must be settled after the harvest season. This credit assistance is a form of partnership between partner sugarcane farmers and PG Wonolangan, where with the credit assistance received by farmers, sugarcane plants will be well terawanted so that they can produce optimal sugarcane harvests in quality and quantity. Sugarcane farmers who get the credit facility have the obligation to send their sugarcane harvest to PG Wonolangan during the milling season.

PG Wonolangan is a Sugar Factory located in Dringu District, Probolinggo Regency is one of the business units of PTPN XI. PG Wonolangan's milling season in 2022 runs from May 26, 2022 to November 11, 2022, with the sugarcane purchase system carried out by PG Wonolangan is a profit-sharing system or called the SBH system. The implementation of profit sharing is carried out in the third stage, namely after farming or harvest season. At this stage, the sugarcane produced by farmers is sent to PG and milled by PG, then the sugar yield is divided between farmers and PG with the proportion of division according to the yield of sugarcane farmers. Farmer performance is measured by the yield value produced. Determination of the yield level is carried out by PG after the milling process is carried out. In the milling process, sugarcane from several farmers is processed in the same process. The yield value produced is the average value of sugarcane processed in the same process. The proportion of PG Wonolangan revenue sharing is shown in **Table 1**.

Table 1 : Yield-Based Profit Sharing Scheme

Yield	Proportion of Farmer Profit Share %	Proportion of PG % Revenue Share
< 6 %	66,0	34,0
> 6 - 7 %	70,0	30,0
> 7-7.5 %	72,0	28,0
>7.5- 8%	74,0	26,0
>8-8.5%	76,0	24,0
>8.5%	80,0	20,0

Source : PG Wonolangan

From the data of one of the farmers who became the source of research, this scientific paper shows that the 2022 harvest season is enough to provide good results for farmers. From interviews with sugarcane farmers in Kedungrejo village, Bantaran District, Probolinggo Regency, who are partners of PG Wonolangan, Mr. Ahmad Taufik obtained the following data in table 2:

Table 2: Calculation of Income vs Farmer

Harvest 2022		1,161.400 Kg
Average Price		698 Rp/Kg
Total income		810,657,200 Rp
Planting and maintenance Costs		
Seeds	45,200, 000	
Fertilizer	62,200, 000	
Labor	126,000,000	
	233,400,000	
Labor Harvest		
Cost cost	104,526,000	
Transportasi	81,298,000	
	185,824,000	
Miscellaneous Expense		
Maintenance Of sugarcane Transpor Vehicles	18,760,000	
	18,760,000	
Total Cost		437,984,000 Rp
Profit in 1 season		372,673,200 Rp

Source : Mr. Ahmad Taufik, Sugarcane Farmer partner of PG Wonolangan

The above calculation does not include the farmer's obligation to return the credit that must be completed at the end of the harvest season. Meanwhile, PG Wonolangan managed to exceed the production target, from the production target of 2,500,000 tons of sugar, the realization of production reached 3,100,000 tons or an achievement of 124%.

Quoted from Alhasanah article in 2021, this form of mutually beneficial cooperation for sugarcane farmers and factories is in accordance with the concept of business cooperation in Islamic Economics, which has 5 forms of cooperation, namely;

Forms of Shirkah Cooperation

Forms of Mudharabah Cooperation

Form of Murabahah Cooperation / buying and selling

Forms of Trust Giving Cooperation

Form of Wad'iah Cooperation / entrustment

The partnership between farmers and PG Wonolangan can be categorized in the form of Mudharabah cooperation, which involves two parties, namely the factory as shahibul maal and farmers as mudharib. In this form of cooperation, farmers as mudharib have the obligation to return the capital they borrow and pay profits as agreed and within the agreed time frame as well.

Based on data and information obtained from interviews with respondents from PG Wonolangan and also farmers, in general, the implementation of partnerships can be divided into three stages, namely pre-farming, farming, and post-farming. The main activity at the pre-farming stage is land registration by farmers to PG Wonolangan. Furthermore, PG Wonolangan conducted a suitability assessment of the land registered by farmers. The criteria used to assess land suitability are the quality of the land and the distance between the land and the factory. The land that is declared suitable will then be given a plot number and the farmer concerned will be asked to sign a partnership agreement directly with PG Wonolangan.

Partnerships have several advantages compared to managing their own plantations, including the absence of land rental costs and small production costs and risks. The average land rental cost that must be incurred by PG is Rp.20,000,000/ha/year. In addition, by managing land, PG needs to incur costs and bear the risks of farming. Furthermore, through partnerships, PG is not only able to eliminate budget constraints but also minimize social constraints on land tenure, because through partnerships PG can gain control over land without removing land ownership rights from farmers (Veldwisch 2015; Vicol 2017, 2015).

After the land gets approval from PG, farmers will get a plot number and farming activities can begin. There are two alternative financing that can be used by farmers, namely self-financing and financing through credit. Financing through credit is facilitated by PG through the Community Development Partnership Program (PKBL) and People's Business Credit (KUR) obtained from state banking institutions. KUR distributors for partner farmers are Bank Negara Indonesia (BNI) and Bank Rakyat Indonesia (BRI). The amount of KUR that can be obtained by farmers is based on the amount of land owned by farmers.

The credits received by farmers are used to meet the cost of seedlings, tilling costs, fertilizers, and logging costs. Meanwhile, another facility received by farmers is technical guidance on farm management provided by PG Wonolangan through extension officers. This result shows that PG Wonolangan is trying to minimize the risks it bears by not directly regulating the inputs used by farmers and not requiring farmers to use the credit provided by PG Wonolangan. Furthermore, PG Wonolangan's efforts to minimize risks are also seen from the changing role of PG Wonolangan which is only an off taker or market guarantor for farmers.

Previously, PG was the credit guarantor for farmers so that credit risk was borne by PG. The change in the role of PG makes the risk of credit payments borne by farmers. PG's role as an input provider will reduce production risks borne by farmers and increase farm efficiency because the quality of inputs used by farmers can be determined by PG. However, with the role as an input provider, PG's capital burden becomes greater which has a negative impact on PG's business efficiency and causes farmers' dependence on PG. Meanwhile, by acting as a credit guarantor, PG is able to improve its business efficiency and divert company resources to efforts to improve factory efficiency.

Research conducted by Hidayati, M.N. (2014) entitled Evaluation of Sugarcane Business Profit Sharing Practices at Gempolkrep Mojokerto Sugar Factory in Islamic Perspective states that in the implementation of cooperation Gempolkrep sugar factory provides capital loans to farmers to buy seeds, fertilizers, and land treatment. This study used a descriptive qualitative approach. The results showed that the profit sharing of factories and farmers

according to the agreement was 70% for farmers and 30% for factories. The conclusions obtained in this study show that the results of the research on cooperation between the Gempolcrep sugar factory and farmers in the perspective of Islamic law are declared valid because they are in accordance with the requirements for the validity of the object of contract and justice in Islamic law. Another research on profit sharing was conducted by Trisnawati, T.W and Taufiq E.R (2016) with the title Implementation of Partnership Agreement Between PT. Madu Baru (Madukismo Sugar Factory) Tirtonirmolo, Kasihan, Bantul, Yogyakarta with sugarcane farmers. This study aims to determine and analyze the Application of Partnership Agreement between PT. Madu Baru (Madukismo sugar factory) Tirtonirmolo, Kasihan, Bantul, Yogyakarta with sugarcane farmers and to find out and review the legal remedies taken to resolve defaults in the Partnership Agreement between PT. New Honey with Sugarcane Farmers. The results showed that the Partnership Agreement between PT Madu Baru and sugarcane farmers has fulfilled the provisions of Book III of the Civil Code general section and has run harmoniously, the parties have carried out their rights and obligations in accordance with the contents of the agreement or agreement so that no default arises

The problem of possible decline in the efficiency of farmer farming can be anticipated by increasing the effectiveness of PG's extension services through intensive assistance in farm management and introducing the use of quality farm inputs. Although the policy reduces the business risk borne by PG, the risk borne by PG related to the quality and quantity of sugarcane provided by farmers tends to be higher. The quality of inputs used by farmers is becoming increasingly diverse and affects the quality of the sugarcane produced. The high risk of sugarcane quality is shown by the sugarcane rejection rules that are not Sweet, Clean and Fresh (MBS). In addition, the risk of sugarcane supply quantity is also higher because farmers feel that the sugarcane they produce is their own, thus encouraging them to more easily sell to parties outside PG. This change caused PG to face a trade off between production cost risk and quality and quantity risk of sugarcane supplied by farmers.

Conclusions

PG Wonolangan partner farmers are satisfied with the pattern and implementation of the partnership at PG Wonolangan. Aspects of the partnership that contribute greatly to farmer satisfaction are the existence of technical guidance by extension agents from PG Wonolangan, the accuracy of planting and harvesting schedules, as well as the existence of credit distribution facilities provided by PG Wonolangan. Farmers have a fairly high level of satisfaction with the profit sharing system implemented by PG Wonolangan. A clear profit-sharing system that has been agreed upon at the outset provides positive final results for farmers so that the profits achieved can be maximized and support increased welfare to improve the economy.

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