

IMPLEMENTATION OF MUDHARABAH AGREEMENT FOR SHALLOT FARMING IN ISLAMIC MODERATION PERSPECTIVE (Case Study of Shallot Farming Communities in Pajarakan Probolinggo)

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Abstract:

This study aims to analyze the application of the mudharabah contract of onion farming in the perspective of Islamic moderation. This study was conducted in Pajarakan District, Probolinggo Regency. Informants of this study are farmers and owners of capital and land. This research method is a qualitative method of phenomenological approach. Data analysis is done by data collection, data reduction, data presentation, and conclusion. The results found that; 1) the position of mudharib in the employment relationship is prone to be exploited; 2) profit sharing has not been proportional to the contribution of Labor and time mudharib; 3) the distribution of risk has not been explained clearly and fully in the agreement. With the perspective of Islamic moderation, mudharabah should be; 1) there is a clear and fair distribution of rights and obligations between parties; 2) there is a proportional and known distribution of benefits and risks; 3) there is a commitment to wise Conflict Resolution; 4) business cooperation relationships are based on the benefit of the Ummah

Keywords: *Mudharabah, Shallot Farming, Islamic Moderation*

INTRODUCTION

Shallot cultivation is one of the agricultural businesses that are in great demand by the farming community. In addition to considerable profits with a short planting period, market demand for onion commodities is also high. In line with fluctuations in onion prices in the market which shows a high trend as well. This makes farmers motivated to cultivate these commodities, while still considering the risks experienced. One of the areas producing quality shallots is Probolinggo Regency.

Probolinggo Regency is a widely known area with shallot commodities, in addition to Brebes and Bima. Probolinggo Regency has very favorable land and weather conditions for Shallots. This can be seen from the quality of onions produced by many people, because it has a distinctive aroma and taste, as well as normal water content so that onions are not easily damaged/Rotten. Probolinggo Regency has several shallot-producing districts, including Leces, Tegalsiwalan, Dringu, Gending, Maron, Banyuanyar, Pajarakan, and Paiton.

One of the districts that produce large enough onion commodities is Pajarakan district. In this district, there are 7 onion-producing villages, namely Pajarakan Kulon, Gejungan, Tanjung, Karanggeger, Karangpranti, Karangbong, and Ketompen. It was noted that Pajarakan district in February 2023 experienced a maximum crop yield of 188 tons/Ha on an area of 180 Ha with a production of 15,040 tons of shallots (Probolinggo Regency Agriculture Office, 2023). This indicates the high interest of farmers in onion cultivation.

This onion farming business requires a lot of capital, because farmers need to prepare the land, purchase seeds, maintenance, and routine plant care for two months (planting period) so that the plants are not attacked by pests. Every 100 m² requires a capital of Rp 10,000,000, - with details of the price of seeds 1 quintal worth Rp. 5.000.000, - (selection of seeds is quite varied in the market), land preparation, and the rest for the cost of maintenance and plant care. With a large enough capital, farmers would have considered all the risks that can occur at harvest time.

The cultivation of shallots carried out by farmers in Pajarakan District is mostly carried out in cooperation, both between farmers, and between farmers and owners of capital or land. This practice of cooperation is common in society. As observed by the researchers, the cooperation is mostly done by farmers in the form of equity participation (*mudharabah*) and land lease (*ijarah*). The calculation of the profit sharing agreement between landowners only with farmers who have capital (power and capital) is generally set at 1/8, meaning that for every 8 quintals of Penny, 1 kw belongs to the landowner. This agreement is quite profitable for landowners, because without working directly they can get a percentage of 12.5% of the crop, both farmers experience profit and loss. In addition, often in the agreement is not explained the possible risks that could have occurred.

Profit sharing in other words "profit sharing" is expressed in the percentage without discussing the distribution of risk or "for loss". As observed by researchers, some events related to the risk of crop failure only borne by farmers this could lead to conflict if not explained in the initial agreement.

RESEARCH METHODS

This study uses qualitative research methods with phenomenological approach. The focus of this study is a contract in cooperation with onion cultivation. The locus of this research is onion farmers Pajarakan District, Probolinggo Regency. Informants in this study were 10 people consisting of onion farmers and capital/land owners. Data collection is done by in-depth interviews, observations, and documents. Data analysis is done with the stages of data collection, data reduction, presentation of data, to draw conclusions.

RESULTS AND DISCUSSION

1. Mudharabah contract in onion cultivation

The cooperation agreement between the capital owner and shallot farmers is generally carried out by farmers who do not have their own land. While the cost of seed selection, maintenance, and plant care is quite large, so it requires the support of other parties in complementing the capital. However, there are also capital owners who cannot work on their own land and capital, so they need the help of farmers to cultivate. The mutual relationship gives rise to an agreement on Business Cooperation contained in the contract (agreement).

The practice of *mudharabah* cooperation in shallot farming is the most widely practiced by farmers. In addition to easier Capital Management, both parties also contribute to each other both with assets and personnel. As stated that *mudharabah*

is an agreement between two parties who enter into business cooperation, one party provides capital and the other party surrenders its energy as a share (Aziz & Aqidah, 2021). The agreement contains Capital Management, profit sharing and business risks that are known together.

This practice of mudharabah gives rise to a willingness between the two parties with their respective contributions. An agreement will be reached if both parties mutually agree on their respective roles and consequences. Shohibul mal parties do not have the time or are not able to work on their own capital owned, while the mudharib able to work but do not have the capital. They both met for the same purpose. In general, the legitimate requirements of a business agreement, namely a) it does not violate Sharia Law; b) mutual pleasure and there is a choice; c) it must be clear and straightforward (Nusur & Mu'in, 2022).

Agreement related to the results that occurred in the District Pajarakan is done with the following percentage.

- a) the working relationship between the owner of the land / land with farmers who work at the same time the owner of the Capital agreed with the distribution of 1/8, meaning that each produce 8 quintals, then the owner of the land get the results of 1 quintal without the contribution of capital and labor
- b) The relationship between the owner of the capital with workers who contribute labor only agree with the distribution of results by 1/10, meaning that every result of Rp 100,000,000,- then workers get Rp 10,000,000,-.

The working relationship established in this system is in accordance with the agreement between the parties, but when viewed from the distribution of profits, the owner of capital or land gets considerable results without using effort and time. While workers are prone to being exploited for their energy and time, the profit sharing system should guarantee justice and that no party is exploited (Usman, 2021).

2. Profit and Loss Sharing Agreement

The agreement in the mudharabah agreement of bawang merah business has been known and agreed with each party. However, the agreement between farmers and owners of capital is only explained the distribution of results, without discussing the distribution of risks that can occur. As explained in relation to mudharabah, the contract of cooperation between the owner of capital (shabhibul mal) and the manager of capital (mudharib) for productive activities with an agreement of profit and loss at the beginning of the agreement (Muhyiddin et al., 2020). This can be a reminder for both parties to commit to each other and be responsible for any gains or losses that occur.

Tamam and Susanti (2022) said that in cooperation there is profit sharing. The provisions of the profit-sharing ratio in the contract in mudharabah, including; 1) the distribution of profits has been agreed and stated clearly at the time of making the contract; 2) The Ratio may be agreed in the form of a proportional ratio or in the form of a ratio-agreement; 3) the ratio in the form of a percentage of profits and is; 4) the ratio-agreement should not use percentage figures that only result in profits can be received by one of the partners or certain partners; 5) the ratio-agreement can be

expressed in the form of *multinisbah* (tiered/tiering); 6) The Ratio-agreement is allowed to be changed according to the agreement.

So far, the business cooperation carried out by farmers, the greater the profit, the greater the distribution of results. Likewise, if you experience losses, it will further reduce the profits obtained by both parties, so that *mudharib* who manages capital or workers will receive less and less profit sharing. Even in certain cases such as labor relations between landowners and farmers as well as investors, the loss is borne by *mudharib* while the landowner still receives the agreed share. But there are also certain cases of default of the agreement due to losses. All of this, as a result of which there is no mention of risk or possibility of loss at the beginning of the agreement. These practices are not in accordance with the perspective of Islamic economics because they have not fully implemented the principles of Islamic economics, namely Justice and divinity (Munfariah & Saka, 2018).

3. Cooperation agreement on onion cultivation in Islamic moderation perspective

Religious moderation is a cornerstone in building harmony and tolerance, both at the local, national, and global levels. This is the path of religious unity to be in goodness. There are 9 (nine) keywords in religious moderation, including humanity, public benefit, Justice, balance, obedience to the Constitution, national commitment, tolerance, anti-violence, and respect for tradition (Maryam, 2024). In Islam, the study of moderation is called *tawassuth* with Justice and wisdom.

Islamic moderation is a *manhaj* or Islamic thought that prioritizes moderate attitudes and views (*tawassuth*), Justice (*al-adl*), wisdom (*al-hikmah*), goodness (*al-khairiyah*) and balanced and proportional (*itidal*) in religion and applying Islamic sharia when facing phenomena and problems of human life (Arif, 2020). The practice in the current economic sector is the practice of Islamic banks and DSN-MUI fatwas related to contracts and practices of economic activities that have not been explained in detail in the Quran and Hadith.

In this contract of onion farming cooperation, it is also necessary to use the perspective of Islamic moderation, because the practice of *mudharabah* contract that occurs is not fully in accordance with Sharia. This can be seen from the distribution of profits and risk bearing that has not been balanced. The division should be clearly written and realized fairly and proportionally. The position of *mudharib* or workers who are prone to exploitation needs to be protected so that their rights do not become marginalized. Although both parties are willing to share the results, but there needs to be justice that becomes standard in the working relationship.

Islamic moderation in the practice of *mualah* is necessary to avoid divisions between business actors, avoid the existence of injured parties, create justice and mutually commit to comply with the initial agreement. In addition, the cultivation of mutual aid values, between the strong and the weak, makes business practices not only look for material, but also creates a path of goodness and benefit for the Ummah. Thus, the practice of *mudharabah* is expected; 1) a fair distribution of rights and obligations between parties; 2) a proportional distribution of benefits and risks; 3) there is a commitment to wise Conflict Resolution; 4) business cooperation relationships are based on goodness and benefit.

CONCLUSION

The contract for cooperation in onion farming that many farmers do is the mudharabah contract. The mudharabah contract consists of the owner of the capital (shahibul mal) and the fund manager (mudharib). The working relationship must be based on an agreement between both parties without pressure and coercion. The principle of profit sharing is a mutually agreed profit sharing and risk sharing that is borne jointly, without any injured party.

However, in practice the mudharib is prone to be exploited because the contribution of personnel provided has not been comparable to the results obtained. If there is a loss of business, then the mudharib party gets the least part. With the perspective of Islamic moderation, mudharabah should be; 1) there is a clear and fair distribution of rights and obligations between parties; 2) there is a proportional and known distribution of benefits and risks; 3) there is a commitment to wise Conflict Resolution; 4) business cooperation relationships are based on the benefit of the Ummah.

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