

Profit Sharing System of Oil Palm Fresh Fruit Bunches (FFB) between Plasma Farmers and Palm Oil Companies in Kalimantan Province

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Abstract

The aim of this research is to system of oil palm fresh fruit bunches (FFB) between plasma farmers and palm oil companies in Kalimantan Province. This research is socio-legal research that was carried out at PT. Ichtiar Gusti Pudi in South Amboyo Village, Ngabang Subdistrict, Landak Regency, West Kalimantan Province. Primary legal materials are the 1945 Constitution of the Republic of Indonesia, Law Number 39 of 2014 concerning Plantations and the Civil Code, as well as various regulations related to oil palm plantation activities. Secondary legal materials involved legal books, especially those related to oil palm plantations included various articles and journals related to the problems in the research. Tertiary legal materials are the Law Dictionary and the Big Indonesian Dictionary, both printed and online versions. A data collection tool was in the form of interviews. Interviews were conducted with respondents and resource persons consisting of plasma farmers, managers of PT. Ichtiar Gusti Pudi in South Amboyo Village, Ngabang Subdistrict, Landak Regency, and administrators of the Maju Mandiri Cooperative, as well as Head of the Landak Regency Plantation Service. Data analysis consists of a flow of activities that occur simultaneously, namely data reduction, data presentation, and drawing conclusions. The urgency of contracts or agreements in the oil palm Fresh Fruit Bunches (FFB) production sharing system between plasma farmers and palm oil companies is required to clarify the rights and obligations of each party, including the oil palm Fresh Fruit Bunches (FFB) profit sharing system between plasma farmers and palm oil plantation companies.

Keywords: Plasma Farmers; Palm Oli; Profit Sharing

1. Introduction

As an agricultural country, Indonesia has abundant natural resources, consisting of earth, water, and the natural riches contained therein (Aziz et al., 2022; Osly et al., 2020; Saygılı & Çakmak, 2022; Sukmawati et al., 2023). This potential is a gift and mandate from God Almighty, which must be used to realize general welfare and prosperity of the people, as mandated by Pancasila and the 1945 Constitution of the Republic of Indonesia. The potential of natural resources in question is crucial to use for the development of plantations in Indonesia (Koh et al., 2020; Mikhailova et al., 2020; Sulaiman et al., 2019).

In the context of plantation development, the Government established Law Number 39 of 2014 concerning Plantations (Putra et al., 2021; Sugiyono & Haryanto, 2021; Tang & Al Qahtani, 2020). The objectives of plantation management are intended to improve the welfare and prosperity of the people; increase the country's foreign exchange sources; provide employment and business opportunities; increase production, productivity, quality, added value, competitiveness and market share; increase and fulfill consumption needs and industrial raw materials in country; provide protection to plantation business actors and the community; manage and develop plantation resources optimally, responsibly and sustainably; and increase the utilization of plantation services (Renhard et al., 2021; Winda et al., 2020; Yulihartika, 2018).

People's plantations are cultivated by plasma farmers and independent farmers. The core company fosters and develops plasma plantations, provides production facilities and technical guidance for business management, as well as mastery and improvement of technology needed to increase business efficiency and productivity (Chong et al., 2017; Kushairi et al., 2018; Wulandari et al., 2022). Meanwhile, independent farmers are farmers who on their own initiative and at their own expense, open and manage land and are not correlated to a particular company (Andoko & Widororo, 2013).

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The government has issued Law Number 39 of 2014 concerning Plantations, which includes provisions regarding sustainable plantation development, which in essence requires companies to follow sustainable oil palm plantation development standards by following all the provisions of the regulations and legislation in force in Indonesia, so that all Plantation companies care about and concern to the economic, social, and environmental factors of the community and the surrounding environment (Akram et al., 2022; Shaharum et al., 2019). The real form of which is improving community welfare through empowering the community's economy, especially the development of oil palm plantations whose land is owned by the community itself.

The program for developing and constructing oil palm plantations using a nucleus-plasma (partnership) pattern on a large scale is very beneficial for various aspects, especially the economic and social aspects of society. Concerned from an economic aspect, oil palm plantations are able to support domestic industries based on palm oil-based products. In addition, the development of many economic centers in new regions will support regional economic development. Looking at the social aspect, there is a large absorption of labor and reducing the income gap between farmers and plantation entrepreneurs (Laoritan et al., 2021).

The explanation of Law Number 9 of 1997 concerning Partnerships contains the definition of a plasma core pattern partnership that the core plasma pattern is a partnership relations between small businesses and medium or large businesses, in which medium or large businesses act as the core and small businesses as plasma, the core company carries out guidance, starting from providing production facilities, technical guidance, to marketing the production result. Plasma farming is a collaborative program between farmers and private companies or the government as the core of oil palm plantations (Sugiyono & Haryanto, 2021).

The core plasma (partnership) pattern between plasma farmers and palm oil companies is experiencing development because it contains many shortcomings in its implementation. Therefore, the core-plasma (partnership) pattern has changed by building farmer independence from cultivation and economic aspects through an institutionalization process. Cooperatives or partnership are the right business entity to be responsible for credit (credible). The development of farmers' oil palm plantations means managing the plantations as a corporation (estate) and not individually like cultivating other horticultural crops. The operational form is that cooperatives are managed by professionals of core companies and if farmers are members of the cooperative, they work as workers on plantations (Mazwan & Masyhuri, 2019; Rosyani et al., 2021).

Strengthening institutions, such as cooperatives and the Association of Farmer Groups/*Gabungan Kelompok Tani (Gapoktan)* as the legal entities can carry out functions as instructors and empower oil palm farmers. Cooperative institutions can be managed more professionally to avoid personal interests entering the cooperative. Requirements for becoming a cooperative administrator include not having an oil palm plantation (Kurniawan et al., 2021). However, the core plasma pattern (partnership) between plasma farmers and palm oil companies is not accompanied by strengthening through a contract or agreement between plasma farmers and the oil palm plantation companies. This also happens between plasma farmers and PT. Ichtihar Gusti Pudi in South Amboyo Village, Ngabang Subdistrict, Landak Regency, West Kalimantan Province as an oil palm plantation company. So far, the Cooperation Agreement (Memorandum of Understanding) has only been made between PT. Ichtihar Gusti Pudi with the Maju Mandiri Cooperative as the cooperative that accommodates plasma farmers. Meanwhile, the contract (agreement) between plasma farmers and PT. Ichtihar Gusti Pudi does not exist until now.

The importance of the contract (agreement) between plasma farmers and PT. Ichtihar Gusti Pudi to clarify the system for sharing the results of oil palm Fresh Fruit Bunches (FFB) between plasma farmers and oil palm plantation companies. Plasma farmers and oil palm plantation companies should make a contract (agreement), which contains the rights and obligations of each party, including a system for sharing the results of their oil palm Fresh Fruit Bunches (FFB). Based on this literature, The aim of this research is to system of oil palm fresh fruit bunches (FFB) between plasma farmers and palm oil companies in Kalimantan Province

2. Research Methods and Materials

This research is socio-legal legal research that was carried out at PT. Ichtihar Gusti Pudi in South Amboyo Village, Ngabang Subdistrict, Landak Regency, West Kalimantan Province. Primary legal materials are the 1945 Constitution of the Republic of Indonesia, Law Number 39 of 2014 concerning Plantations and the Civil Code, as well as various regulations related to oil palm plantation activities. Secondary legal materials involved legal books, especially those related to oil palm plantations included various articles and journals related to the problems in the research. Tertiary legal materials are the Law Dictionary and the Big Indonesian Dictionary, both printed and online versions. A data

collection tool was in the form of interviews. Interviews were conducted with respondents and resource persons consisting of plasma farmers, managers of PT. Ichtiar Gusti Pudi in South Amboyo Village, Ngabang Subdistrict, Landak Regency, and administrators of the Maju Mandiri Cooperative, as well as Head of the Landak Regency Plantation Service. Data analysis consists of a flow of activities that occur simultaneously, namely data reduction, data presentation, and drawing conclusions.

3. Results and Discussion

3.1. Plasma Farmers Contract with Palm Oil Plantation Companies

Based on the results of interviews with plasma farmers in South Amboyo Village, Ngabang Subdistrict, Landak Regency, West Kalimantan Province, information was obtained that there was no contract or agreement between plasma farmers and PT. Ichtiar Gusti Pudi until today as an oil palm plantation company in the oil palm Fresh Fruit Bunches (FFB) profit sharing system. Indeed, the Fresh Fruit Bunches (FFB) profit sharing system implemented by PT. Gustiar Pudi's efforts towards palm oil plasma farmers in South Amboyo Village, Ngabang Subdistrict, Landak Regency is 70% : 30%, where PT. Ichtiar Gusti Pudi receives 70% yield of oil palm Fresh Fruit Bunches (FFB), while plasma farmers only receive 30% of the harvest of Palm Oil Fresh Fruit Bunches (FFB). Plasma farmers never clearly know the distribution system for the harvest of oil palm Fresh Fruit Bunches (FFB) provided by PT. Gusti Pudi's endeavor. They only receive the distribution system for palm oil Fresh Fruit Bunches (FFB) harvests from the Maju Mandiri Cooperative as the cooperative that accommodates plasma farmers.

The reasons between plasma farmers and PT. Ichtiar Gusti Pudi in South Amboyo Village, Ngabang Subdistrict, Landak Regency, West Kalimantan Province, as the oil palm plantation company, there is no contract or agreement in the oil palm Fresh Fruit Bunches (FFB) profit sharing system because its system between plasma farmers and PT. The efforts of Gustiar Pudi as the oil palm plantation company have been completely handed over to the Maju Mandiri Cooperative as the cooperative that accommodates plasma farmers. The contract or agreement in the oil palm Fresh Fruit Bunches (FFB) production sharing system is only between PT. Ichtiar Gusti Pudi and the Maju Mandiri Cooperative as the cooperative that accommodates plasma farmers and also takes the form of a Cooperation Agreement (*Memorandum of Understanding*).

This was confirmed by the Head of the Landak Regency Plantation Service, that now the oil palm Fresh Fruit Bunches (FFB) production sharing system between plasma farmers and oil palm plantation companies has been completely handed over to the cooperative that accommodates the plasma farmers. Contracts or agreements in the oil palm Fresh Fruit Bunch (FFB) production sharing system only between oil palm plantation companies and cooperatives that accommodate plasma farmers that are made in the form of a Cooperation Agreement (*Memorandum of Understanding*). Thus, it can be said that the system for sharing the results of oil palm Fresh Fruit Bunches (FFB) between plasma farmers and oil palm plantation companies is entirely the responsibility of the cooperative that accommodates the plasma farmers (Kurniawan et al., 2021; Lifianthi Lifianthi et al., 2023).

3.2. The Urgency of Contracts or Agreements in the Palm Oil Fresh Fruit Bunch (FFB) Production Sharing System Between Plasma Farmers and Palm Oil Companies

Strengthening institutions, such as cooperatives and the Association of Farmer Groups (Gapoktan), which are legal entities, can carry out functions as instructors and empower oil palm farmers. Cooperative institutions can be managed more professionally to avoid personal interests entering the cooperative. Requirements for becoming a cooperative administrator include not having an oil palm plantation (Irawati, 2020; Lifianthi Lifianthi et al., 2023). However, the core plasma partnership between plasma farmers and palm oil companies is not accompanied by strengthening through a contract or agreement between plasma farmers and the oil palm plantation companies. This also happens between plasma farmers and PT. Ichtiar Gusti Pudi in South Amboyo Village, Ngabang Subdistrict, Landak Regency, West Kalimantan Province as an oil palm plantation company. So far, the Cooperation Agreement (*Memorandum of Understanding*) has only been made between PT. Ichtiar Gusti Pudi with the Maju Mandiri Cooperative as the cooperative that accommodates plasma farmers. Meanwhile, the contract (agreement) between plasma farmers and PT. Ichtiar Gusti Pudi does not exist until now.

The urgency of the contract (agreement) between plasma farmers and PT. Ichtiar Gusti Pudi aims to clarify the rights and obligations of each party, including the system for sharing the results between plasma farmers and oil palm plantation companies. In addition, it can provide legal protection for plasma farmers in distributing the results of Fresh

Fruit Bunches (FFB) to PT. Ichtiar Gusti Pudi in Landak Regency regarding that PT. Ichtiar Gusti Pudi collaborates with the management of the Maju Mandiri Cooperative as a cooperative that accommodates plasma farmers to provide distribution of Fresh Fruit Bunches (FFB) results to plasma farmers, which is not in accordance with the real results.

3.3. Efforts by Plasma Farmers to Obtain a Contract or Agreement in the Oil Palm Fresh Fruit Bunch (FFB) Profit Sharing System

Although the core plasma pattern (partnership) between plasma farmers and palm oil companies has been handed over to cooperatives that accommodate plasma farmers, this is not accompanied by strengthening through a contract or agreement between plasma farmers and the oil palm plantation companies. This also happens between plasma farmers and PT. Ichtiar Gusti Pudi in South Amboyo Village, Ngabang District, Landak Regency, West Kalimantan Province as an oil palm plantation company. The Cooperation Agreement (*Memorandum of Understanding*) has only been made between PT. Ichtiar Gusti Pudi with the Maju Mandiri Cooperative as the cooperative that accommodates plasma farmers. Meanwhile, the contract (agreement) between plasma farmers and PT. Ichtiar Gusti Pudi does not exist until now. Therefore, efforts are required by plasma farmers towards PT. Ichtiar Gusti Pudi in South Amboyo Village, Ngabang Subdistrict, Landak Regency, West Kalimantan Province to obtain a contract or agreement in the oil palm Fresh Fruit Bunches (FFB) production sharing system.

There are several efforts that plasma farmers can make towards PT. Ichtiar Gusti Pudi to obtain a contract or agreement in the oil palm Fresh Fruit Bunch (FFB) production sharing system. It is to ask PT. Ichtiar Gusti Pudi to make a contract (agreement) between plasma farmers and PT. Ichtiar Gusti Pudi as the core company, where the contract or agreement contains the rights and obligations of each party, including the production sharing system for palm oil Fresh Fruit Bunches (FFB).

4. Conclusion

The urgency of contracts or agreements in the oil palm Fresh Fruit Bunches (FFB) production sharing system between plasma farmers and palm oil companies is required to clarify the rights and obligations of each party, including the oil palm Fresh Fruit Bunches (FFB) profit sharing system between plasma farmers and palm oil plantation companies. Moreover, it can provide legal protection for plasma farmers in sharing results because the contract or agreement contains the rights and obligations of each party, including the oil palm Fresh Fruit Bunches (FFB) profit sharing system.

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