



Alternative study; processing the results of smallholder oil palm fruit bunches at a "sharia" palm oil processing plant in Riau Province

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Abstract

Processing of plantation products, namely oil palm fruit bunches, produces primary production such as; crude palm oil and by-products such as palm kernel, shell, fibers and high acid. The results of processing oil palm fruit bunches, which are material descriptions in main production and by-products, provide maximum benefits to factories that process oil palm fruit bunches, but have not provided an increase in income value to farmers who supply oil palm fruit bunches to processing plants, and even marginalize the role of palm fruit-producing farmers and increasingly alienates farmers from their aspirations to prosper in oil palm cultivation. What is the fact of the usefulness of the processing of oil palm fruit bunches which describes the fruit oil palm material and the increase in the value of income from the marketing of production received by the producers of palm fruit bunches (independent oil palm farmers) and those obtained by the palm fruit bunches processing plants practiced so far? The design of the model for the utilization and marketing of the main production, the side production of the plantation to be sharia dimension? The purpose of this study reveals how the main production and by-product production of oil palm fruit bunches which are processed by palm oil processing mills which produce primary production and by-products, have a sharia dimension or not, which provides increased income and benefits to suppliers of palm fruit bunches that are comparable to downstream type of production; then design how the shari'a dimensional model of the main production, the byproduct of processing palm fruit bunches "which provides profit-sharing to suppliers of oil palm fruit bunches and palm fruit bunches processing plants. The study was conducted in Riau-Indonesia Province, using a mixed method approach between qualitative and quantitative research. Data were collected by interview, observation, discussion focus group and questionnaire. Data validation is done by data / source triangulation. In this study found processing of palm fruit bunches has not shown a sharia dimension that provides increased income and benefits between palm fruit suppliers and palm fruit bunches processing plants. The shari'a dimension between farmers who supply oil palm fruit bunches with palm fruit bunches processing mills does not occur in the processing plan scheme and in the segment of palm fruit bunches purchases to producing farmers by palm oil processing mills, and on the calculation of the main production profits and byproducts of oil palm fruit bunches. Where there is no agreement or agreement between the producers of oil palm fruit bunches with processing plants in all aspects of processing oil palm fruit bunches. The people as producers of oil palm fruit bunches that supply fruit to plantation processing factories do not get profit-sharing on downstream production which arises from processed palm fruit bunches when processing occurs. So that suppliers of palm fruit bunches do not get maximum profit.

Keywords: Processing and utilization of palm fruit bunches production "Sharia.

Introduction

As is known the most important plantation commodity in Riau Province is oil palm. Palm oil processing (oil palm fruit bunches) produces the main production, namely crude palm oil and byproducts in the form of palm kernel, shell, fibers, high acid. The processing of palm fruit bunches supplied by the people of oil palm farmers has not applied sharia principles. Whereas Crude Palm Oil (CPO) produced from fruit bunches of palm fruit and palm kernel oil is produced from the core of the fruit being traded internationally for food and non-food.

State and private plantation companies, smallholder plantations in Rural Riau Province-Indonesia in a large scale have been

cultivating oil palm plantations. The number of oil palm farmers in Riau Province amounted to 352,022 people or 56.47% of the total farmers who reached 623,281 farmers¹. Riau's CPO production reached 5,764,201.37 tons a year, where from smallholder plantations contributed 41.08% processing². Therefore the benefits of processing the fruit bunches of palm fruit and their marketing are always dominated by those who have palm oil processing plants. The plant not only enjoyed the production of CPO, but also benefited from the marketing of processing by-products from multiple palm fruit bunches.

In every one ton of weight of palm fruit bunches will produce and consist of: i. Oil as much as 20-25%; ii. kernel as much as 4-6%; iii. 5-9% shell; iv. empty fruit bunch 20-22%; v. fiber 12-

14%. While the brittle Fruit will produce: i. Oil as much as 30-34%; ii. Nut 15-17%; iii. fiber 14-30%; iv. Waste 2-10%³.

Utilization and marketing of the main production products, plantation by-products as mentioned above are not accessible to the people as farmers who have sold their oil palm fruit bunches to palm oil processing mills, all of my opinions are fully under the control of the company that owns the palm oil processing factory. The value of income and other benefits from processing the results of palm oil bunches and their marketing will not be felt by independent palm oil farmers or farmers who partner with palm oil mills.

Actually there are a number of plantation policies that have provided fair opportunities for palm oil processing, especially for the people. Among other things that approach the current study of the author is first; Presidential Instruction No. 1/1986, the core corporate obligation in article five where "accommodates (buys) the results of the plasma plantation at a reasonable price in accordance with the guidelines set by the government in this case the minister of agriculture".

The substance of the Presidential Instruction of the Republic of Indonesia regulates plantation partnerships between nucleus and plasma, as well as aspects of the sale of oil palm fruit bunches to the palm oil processing factories, namely the palm oil processing plant owned by the core company management. Palm fruit bunches which are processed by palm oil processing mills produce primary products such as CPO and by-products such as shells, fiber, high acids and dirty oil. The instruction of the President of the Republic of Indonesia No.1/1986 does not regulate how people selling oil palm fruit bunches also get rights to the income and sales of the main production and by-products of the plantation. This means that the palm oil processing factory fully controls all aspects of economic production, marketing the production of palm fruit bunches.

Then as in the substance of the Minister of Agriculture regulation no. 98/Permentan/OT/9/2013 concerning guidelines for plantation business licensing, regarding policies on the utilization and marketing of plantation products from independent smallholders, stating that; "The partnership of plantation business as meant in Article 29 paragraph (1) is carried out through a pattern of cooperation; i. provision of production facilities; ii. production, iii. processing and marketing; iv. transportation; v. operational; vi. share ownership; and/or; vii. other support services. Minister of Agriculture Regulation No. 98/Permentan/OT/9/2013 has not yet regulated how existing plantations byproducts can also provide benefits in the form of increasing income to farmers as suppliers of oil palm fruit bunches, simultaneously to the palm fruit processing plants to benefit both parties in the model and principles sharia principles.

In some previous writings, there were thoughts that led to the concept of plantations that gave a sense of justice to two parties, namely between plasma farmers and core companies, where

Fredman and Karen (quoted from Goldsmith, 1985) said that this type of integration relationship that was quite promising was a relationship between satellite farming around the corporate core, namely farmers as satellite with agro-industry companies as the core. This system is a new concept to correct the weaknesses of a large plantation system while at the same time addressing the problems of socio-economic development of the village as a whole. This form of relationship is hereinafter referred to as contract farming which is formulated⁴.

Contrak Farming regulates agricultural production, in that way small growers or out growers are contracted by a central body to supply agricultural products in accordance with the conditions specified in a contract or agreement. The central body that buys these results can provide technical, credit and other input advice, and handle processing and marketing. This system is also called a satellite core model where the central body is the core of buying satellite farmer products that have been contracted to provide agricultural produce. Various parties introduce Contract farming as a dynamic partnership between small farmers and strong private investors, the company gives hope of market integration, economic growth, technical innovation and protection of the rights and autonomy of farmers in the contract⁵. This pattern will benefit both parties without sacrifice the rights of each party⁶.

This Contract farming model was developed for plantations in Indonesia, translated into a system of People's Core Companies, and internationally called Nucleus Estate and Smallholders System. Improving the pattern of benefits on oil palm plantations is intended to increase production and prosper the lives of farmers⁷.

Oil palm development and development programs with large-scale partnership patterns are very beneficial for various aspects, both economic, social and environmental. In terms of economic aspects, oil palm plantations can support domestic industries based on palm oil-based products. In terms of social aspects, there is a large employment absorption and minimizes the gap in farmers income with plantation entrepreneurs⁸. Partnership is the best solution to build harmonization of mutually beneficial relationships, especially between plantation companies and surrounding communities⁸.

On the other hand the partnership pattern is seen as a particularly unprofitable pattern, at the end of the partnership it disturbs the existing social life, as Rosyani⁹. "Because every HGU business license is issued for the oil palm plantation industry it always conflicts with the interests of the community, which ends with conflict of land interests with the community". The partnership pattern is a pattern that is now used and set by the government, this pattern is expected to be mutually exclusive profitable between the company and the surrounding community. The reality of the pattern does not provide sustainable benefits for the village community, and does not build independence in the village community¹⁰.

Coaching with a lack of coaching and mentoring, the productivity of the garden has declined. Less coaching also makes the common perception not achieved and the harmony of relationships cannot be realized, finally the company and farmers both get a loss of benefit¹¹. Likewise with what was stated by Arif, that from the Dutch colonial era until now the dialectics of local economic relations and large plantations in North Sumatra in the context of lower class people's emancipation, did not show a positive and significant role¹².

The government implements plantation policies in which large plantation companies are pure (state and private) interconnected in a form of Nucleus Estate Smallholder Cooperation. From the beginning the construction was designed in such a way through business partnerships by presenting large plantation companies that acted as the core, and farmers as plasma. In practice raises a variety of issues including land and plantation lands¹³. States that "large plantations do not encourage local economic development, are anti-development, do not have significant linkages with the surrounding economy".

According to Fadjar¹⁴ "the people as plasma farmers are in a marginal position which has more role as a complement to the structure of the partnership for plantation development; individual participation of farmers or through the organization of farmers in post-harvest processing, determination of quality and content as well as marketing (transportation, pricing, and payment of results) is still very minimal", according to Sharifi, "the development of smallholder plantations for more than two decades has not provided the greatest benefit to the smallholders, ignoring the basic dimensions of popular economic development, maintaining dualism in plantations, the domination of large plantation companies towards the rights of the people"¹⁵.

Starting from several research results as relevant, primary and current reference libraries as above, it is increasingly apparent that the very prominent issue of the aspect of plantation development lies in the presence of inequality and chronic inequality in the material aspects of policy and distribution in the implementation of policies to farmers suppliers of oil palm fruit bunches in increasing income from the main production and production of byproducts of oil palm fruit bunches.

Increased income from processing production consisting of; crude oil palm oil, kernel, shell, empty fruit bunch, fiber.nut, other residues, the benefits are really monopolized by factories that process palm fruit bunches from farmers. Even in the aspect of processing the results and the benefits of the main production and by-side of oil palm fruit bunches and their participation, where the palm oil mills have strengthened existence and gained multiple benefits, but on the other hand ignores the contribution of the people as farmers and plasma farmers who make them farther from increasing his family's economic income.

Since oil palm plantations were planted in Riau Malay Land in the early 1990s, they have continuously experienced an

abundance of crude palm oil production in the 2000s. The indication can be seen from the increasing tonnage of oil palm fruit bunches produced by plantation farmers. Nevertheless, the contradiction with the pattern of buying oil palm fruit bunches from farmers by palm oil processing mills does not experience an increase in services to increase the income of supplier farmers. This means that the profit maximization of the palm fruit bunches processed at the palm oil processing plant, where the oil palm fruit bunches come from plantation farmers does not occur. To this day, if the people want to get an increase in income from oil palm, only with an extensification formula for oil palm plantations.

Meanwhile the land extension business has become an outdated plantation development model, besides that it also seems to reduce land area for other development sustainability. It is unfortunate that in fact there are no policies from the parties concerned to intensify the main production results and by-products from the processing of oil palm fruit bunches, so as to increase the income of farmers. Because after all the land for plantations is increasingly limited and expensive.

Furthermore, the authors want to find a formulation that can be applied to the main production and byproducts of plantations supplied from smallholder plantations to processing plants, so as to truly provide benefits in the form of increasing income and a sense of justice to the community.

In this paper ask about "What is the policy model for the utilization of production and marketing of Palm Fruit Bunches between producers (oil palm smallholders and self-help smallholders) with the beneficial palm fruit bunches processing companies?; What is the institutional model between the producer or supplier of FFB and the processing plant of oil palm fruit bunches to prosper the farmers and provide fair benefits between producers and processors of palm fruit bunches. Based on the existing phenomena and facts, a comprehensive study of the main production and by-products of processing oil palm fruit bunches supplied by independent smallholders and cooperative participants in palm fruit bunches processing plants in Riau province, the title of this article is "Alternative study; processing of products from smallholder oil palm fruit bunches in the palm oil processing plant with a "sharia" dimension in Riau Province.

Methodology

The design of this research construction uses a mixed approach; qualitative and quantitative research, where the data obtained qualitatively was analyzed with a quantitative approach. Data were collected by interview, observation, focus group discussion and questionnaire. Data validation is done by triangulation. There are two focus analyzes in this study, first on the benefit aspects and the main production targets, the byproduct of oil palm plantations between peasant farmers, independent smallholders and companies that process palm oil palm fruit bunches in Riau Province; both the model of benefit

and main production targets, the production of byproducts of oil palm fruit bunches with a "sharia" dimension.

As the opinion of agricultural experts, that farmers cannot afford to finance capital-intensive farming with their own funds. Therefore, the role of third parties in helping farmers is very important, because the role of credit is not only as a facilitator of development, but can also be a driving element of technology adoption which is expected to increase production, added value and community income¹⁶ between the activities of the real sector in the market for goods or services and non-real activities in the financial market. Financing institutions or finance companies are institutions or companies that have activities in providing loans to economic or business actors¹⁷. So the Islamic financing institution is a financing institution that is based on sharia laws in running its business. To further guarantee a sense of justice for agricultural business people, it is necessary to open a discourse on the model of processing alternative oil palm fruit bunches that are in line with business characteristics in the agricultural sector, namely by applying a scheme of processing palm fruit bunches with Sharia dimensions.

Theoretically, there are three things that characterize Islamic finance, namely i. interest free (interest free), ii. the principle of profit loss sharing and risk, and iii. the calculation of profit sharing is done when the transaction ends. This means that the distribution of results is done after there is a real profit, not based on the assumption that the amount of business profit that will be obtained above the loan interest is based on the reality of marketing results, so instead of assuming marketing results.

The processing of oil palm fruit bunches which provides additional benefits as well as the marketing of the main and side production of plantations that provide increased income to farmers and processing companies and oil palm fruit in this study, has not based its practice on profit loss sharing and risk. As according to Ikhrom, this profit sharing system is considered more realistic and in accordance with the business climate which has the potential for profit and loss¹⁷.

Likewise with other populist economists such as Antonio¹⁸, revealed that in a number of developed countries (welfare states) the principle of profit-sharing has been widely applied. The argument is that the implementation of profit-sharing and also the employee participation model guarantees more peace, tranquility and business sustainability.

According to Ministry of Agriculture¹⁹ in the banking system both interest and profit sharing have in common, which can provide benefits for capital owners such as banks, that sharia business activities provide an image of justice. Calculations based on the profit sharing system enable the creation of a sense of justice. With the characteristics described earlier, alternative policies with sharia have a great opportunity to be applied to the agricultural sector.

Islamic financing products that can be applied to agribusiness businesses include: mudaraba, musyarakah, muzara'ah,

musaqoh, bai 'murabahah, bai' istishna, bai 'as-salam, and pawning. Mudharabah (Trust Financing and Trust Investment) is a cooperative agreement between two parties, where the first party (the owner of capital) is the provider of capital (100%), while the other party is the capital manager.

Business types that can be funded by mudaraba include trade, industry, working capital or investment, including in the field of agribusiness. Mudharabah implementation in the sector agriculture can be done through business partnerships. A partnership pattern close to mudharabah is a contract farming model that has been developed in the form of a People's Core Company (PIR) and Agribusiness Operational Cooperation²⁰.

Muzara'ah Skim Muzara'ah (harvest-profit profit sharing) is specifically applied in agriculture. Muzara'ah is an agricultural management collaboration between landowners and tenants, where the landowner hands over the land to be managed by the cultivator in return for a certain portion (percentage) of the harvest. In this muzara'ah the seeds come from the landowners, while if the seeds from the cultivators are called mukhabarah²¹. This muzara'ah skim has been very popular among farmers with the term sapphire.

The results of the study show that the pan-fried system is still common in both Java and outside Java. The suction system that applies in Java is generally maro (1/2) where the yield and production costs are divided into two. In other cases the cost of inputs is borne by the cultivator. Besides the maro system, mertelu (1/3) and quarters (1/4) were also found in Central Java, but this system began to be rarely found. In the maro system outside Java, the results are divided in two and the production costs are borne by the landowners.

Although the alternative model in processing sharia plantation products is still not popular, it is expected that there will be a lot of rejection of this model or system, but the product processing and marketing policies of sharia plantation production have the prospect of strengthening the weak capital side of the agricultural sector. There are several factors that underlie that the alternative policy of processing palm oil fruit bunches for the utilization and processing of sharia palm fruit bunches is as follows:

The characteristics of Islamic financing are in accordance with the conditions of agricultural business. In the business world (including the agricultural sector) fluctuations in the amount of income have become a common phenomenon. Islamic financing schemes (especially with profit sharing), are very suitable with the characteristics of agriculture so as to provide a sense of justice because profit and loss will be shared together. This means that farmers and capital owners will be jointly responsible for the business.

The Islamic financing scheme has been widely practiced by Indonesian farmers. Culturally, many farmers are familiar with

financing models that resemble or are in line with the Islamic system (mudharaba) such as maro (50:50 profit sharing) and mertelu (1:2). With more intensive socialization, farmers will more easily and quickly understand the concept of Islamic financing because historically and factually they have or may be practicing the model.

The breadth of business coverage in the agricultural sector. Business in the agribusiness sector includes several very broad subsystems, ranging from the procurement subsystem to the means of production, cultivation, harvesting, post-harvest, processing to marketing results. In all these subsystems it is possible to use Islamic model financing. Likewise seen from the diverse commodity coverage of the agricultural sector including food crops, horticulture, plantations and livestock, each of which is built as a separate agribusiness system. Islamic financing products are quite diverse. The wide range of business and agricultural commodities has been anticipated with a variety of Islamic financing products. This allows customers to choose the type of Islamic financing products according to the conditions and characteristics of their business.

Farmer's compliance level. Today's agricultural business is still cultivated by most small farmers in the countryside and generally they respect religious rules in daily life. The existence of a financing scheme that is in accordance with religious teachings is expected to emotionally facilitate farmers in accepting the Islamic financing system. In addition, the principles that are implemented in Islamic finance institutions contain values that are universal and not exclusive. Values such as justice and equal treatment in seizing opportunities are expected to be accepted by all levels of society. Business in the agricultural sector is a real business. This is in accordance with the principle of Islamic financing which focuses on financing in the real sector and precisely prohibits financing in speculative sectors. To support sharia financing in the agricultural sector, the important thing to note is that there must be²² alignments. This alignment is realized by providing a large allocation of funding for the agricultural sector. The role of the government as a policy maker is quite significant in supporting this effort either through regulations or facilitation of information about prospective agricultural business partnerships with the Islamic financing model.

Results and discussion

Utilization of processing results, main production targets and production of by-products of palm fruit bunches obtained by farmers and processing plants: Utilization of processing results, main production and production of by-products of oil palm fruit bunches for independent smallholders can be described as follows. From a total of 30 respondents, it turned out that all respondents sold their crops in the form of oil palm fruit bunches, and there were no respondents who sold oil palm plantations in the form of brondolan (palm seeds that have been separated from oil palm bunches). Of the 30 respondents

found 25 respondents made a sale to the collecting toke, where independent oil palm farmers sold their garden toke to sales rather than selling their own to the processing plant. In general, independent farmers know the results of weighing their oil palm fruit bunches by looking directly and buying records from the collecting traders, while the weight of the harvest after arriving at the palm oil processing plant, the farmers generally do not care. None of the independent oil palm farmers know the yield or the oil content of the harvest of their garden or other members of the farmer group in different fields. In general, independent smallholders do not understand how to measure the yield of the palm fruit bunches, because they do not get sufficient information. So that independent oil palm farmers cannot know the position of existence or in which category is the yield of the palm fruit bunches.

As for the processing of the results of palm fruit bunches which produce the main production and by-side production of the survey, it is also carried out to farmers in a partnership scheme with cooperatives. In general, partnership farmers know the results of weighing their palm fruit bunches from the notes given at the time of payment of the proceeds from the sale of the plantation.

Likewise with partnership farmers, in general there is no mechanism that provides space for partnership palm oil farmers to find out the yield or oil content of their garden crops, because they are not given access to their benefits and marketing policies. Like the treatment felt by independent smallholders, where most of the oil palm farmers in the partnership scheme cannot know the position of existence in which category of yield of the FFB processing.

Palm oil farmers in two schemes, self-help and partnership farmers, including traders who collect palm fruit bunches to palm oil processing mills, do not get the additional costs they receive for increasing the rendemen if the palm fruit bunches supplied to the processing plant experience increased yield. They have also never received additional payments for the kernel, fiber, palm kernel after processing. None of the independent smallholders and oil palm growers in this study get added value from their oil palm fruit bunches to the palm oil processing plant. Likewise, the continuation of the processing of subsequent oil palm fruit bunches such as dirty oil, ash from the remaining combustion shells that are used as fuel to drive the processing machine blower.

Conditions like this continue, which are not known at the end. Isn't this condition a form of uncertainty about the future distribution of benefits from the processing of palm fruit bunches and the results to oil palm farmers? This condition can also be perceived as a form of exploitation of the rights of farmers of oil palm plantations on plantations. This fact indicates that the welfare of the people as farmers who want to be improved in the policy of developing oil palm plantations by intensifying the land in order to suppress the continuation of land narrowing is difficult to realize.

The marketing benefits of the main production and by-product production marginalize the people as farmers producing oil palm fruit bunches to obtain benefits from the material description of the oil palm fruit in a fair and proportionate manner. Call it on people's access and opportunity as suppliers of fresh fruit bunches to processing plants owned by state plantation companies or private plantation companies. People's access to oil palm farmers to get benefits, namely services from increasing the economic value of plantation byproducts to improve the welfare of the people as suppliers farmers is not possible, as long as the government has not discussed and agreed on the shari'a dimensions of processing the fruit bunches. Marginalization like this happens because people do not have economic control over benefits and marketing²³.

However, the data obtained in this study, none of the farmers were sampled from both independent smallholders and partnership farmers who thought that the entire material of palm fruit bunches that could be broken down to produce crude palm oil, kernels, fibers, nuclei was part of their plantation production. Because none of the sample farmers realized the production of their plantations such as oil palm fruit bunches had a marginal freeze and a monopoly by the processing plant. However, almost all respondents welcomed if they were to accept the benefits of the results of any material added value in their plantation palm oil fruitfully.

Indeed, in previous literature, the author has not yet found a policy on processing the results of plantations by palm oil processing mills, in partnership schemes and in pure private processing plants, which open access to suppliers of palm fruit bunches or toke who have the right to supply to their factories, to receive additional the value of each increase in yield of oil palm fruit, obtaining additional sales prices or converted to incentives when an increase in biodegradable material quality such as kernel, fiber, palm kernel, etc. from the oil palm fruit supplied.

Formulation has not been found yet on how the benefits and marketing of the production of decomposed material from the fruit of oil palm which is processed in the palm oil mill can also be given to the independent farmers. Likewise the occurrence of its treatment to oil palm farmers in the nucleus plantation scheme (cooperative as the foster father), about how the benefits of each material that is decomposed from the oil palm fruit is felt economically by adopted child farmers.

This means that the economic legal basis of oil palm plantations does not yet have a policy that regulates the use and marketing of the main production and side production of plantations, namely material decomposed in the fruit of oil palm between plantation companies that process oil palm fruit bunches with farmers or traders from farmers as suppliers of bunches palm fruit. The main and side products which are decomposed materials such as kernels, shells, fibers and dirty oil which are actually part of the oil palm fruit bunches have not been able to benefit the farmers' welfare. Control of FFB that has been purchased by the plantation production company is entirely under the management of the palm oil processing factory. And it has not been regulated at the same time in the formulation of sharia-based plantations. So that the people as plasma farmers are isolated from the usefulness and marketing of material decomposed from oil palm fruit bunches continuously. The draft policy model for the utilization and marketing of palm fruit bunches which describes into materials such as crude palm oil, kernel, fiber and palm kernel for partnership palm oil farmers and self-help producers of palm fruit bunches with processing companies.

First, the principle of shari'ah, namely profit sharing must be established from the planning of processing the results to the marketer, meaning that the rules of shari'a cover the aspects of planning, implementation and implementation in the processing of results and marketing of the plantation results so that we call sharia.

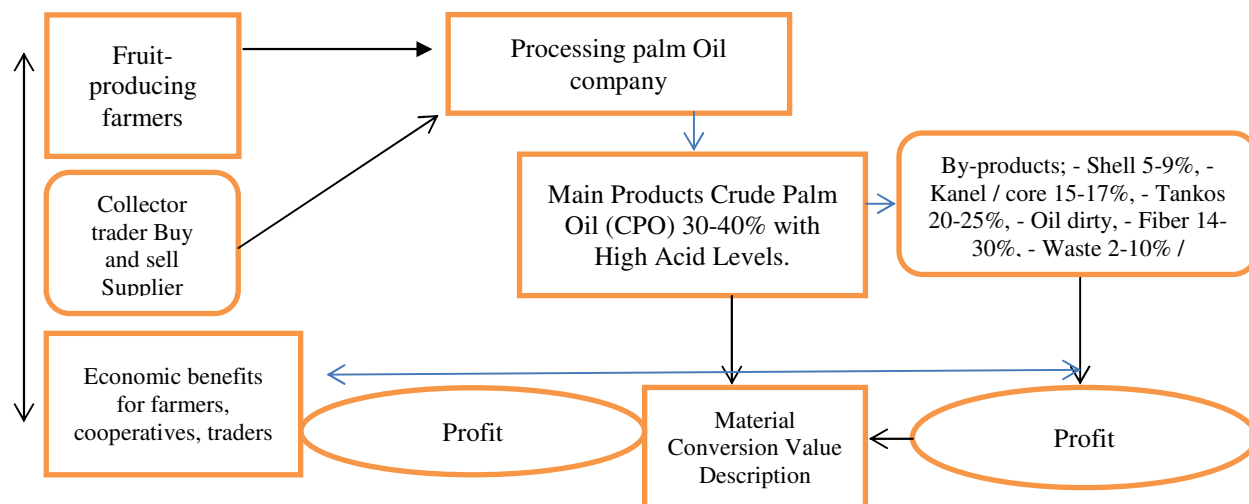


Figure-1: Flowchart of an alternative model for processing the results of smallholder oil palm fruit bunches at an oil palm processing plant with a "sharia" dimension.

Previous research studies show the benefits and marketing aspects of the main production and the by-product production of plantation products (decomposed material from oil palm fruit bunches) between the palm oil millers and suppliers of palm fruit bunches (the people as farmers of the people or the people as farmers in self-help patterns) take place in sharia. Why? Between farmers who sell oil palm fruit bunches with palm fruit bunches processing plants, namely independent smallholders with palm oil mills or between farmers who are in the partnership circle do not state or include provisions that the processing of oil palm fruit bunches and marketers will apply sharia principles.

In practice the processing of palm fruit bunches in producing decomposed materials in the form of palm kernel, shells, fibers, high acid has not been characterized by i. interest free (interest free), ii. the principle of profit and loss sharing, and iii. calculation of profit sharing is done when the transaction ends. This means that all this time the distribution of the processing of oil palm fruit bunches is not done after there are real benefits, but it is done when weighing the oil palm fruit bunches only, whereas in the palm fruit bunches there are other materials that provide a much greater benefit obtained by processing plants that do not add operational costs of the plant, but obtaining increased yield from just processing the oil palm bunches into crude palm oil. Besides that it has not been based on profit sharing. It is true, if there is an expert who states that the profit sharing system is more realistic and in accordance with the business climate that has the potential for profit and loss. Likewise with other populist economists that some developed countries (welfare state) profit-sharing principles tend to be applied. The reason is that the implementation of profit-sharing and also the employee participation model guarantees more peace, tranquility and business sustainability.

It is also necessary to borrow the concept of John Rawls that the program of upholding justice with a populist dimension must pay attention to two principles of justice, namely one of which can provide reciprocal benefits for everyone, both those from the lucky and disadvantaged groups²⁴. Farmers producing oil palm fruit bunches must get from the production they produce. Processing plants must also get from the processing. It also means that in Dillon's view "everyone contributes according to his nature, his responsibilities, his rights and abilities,"²⁵.

Conclusion

The "sharia" institutional model between oil palm farmers as producers of oil palm fruit bunches with palm fruit bunches processing factories in producing main production and byproducts of oil palm, on the substance is how the material decomposes from palm fruit bunches after processing which produces, among others, crude palm oil, kernel, fiber and palm kernel are formulated in a mutually beneficial, equitable, proportional model between the farmers and processors of the fruit bunches of farmers. This formulation is to provide

sustainable palm oil plantation production benefits, by rapidly elevating the economic degree of the community. For that, the model of processing palm oil plantations is urgent to be formulated and applied. Because the shari'ah model in processing and marketing the main products and by-products of oil palm will be the driving force for the economy of the people in rural Riau province.

The principle of sharing results is basically the determination of the proportion of profit sharing to oil palm fruit bunches, the main production of oil palm fruit bunches and their by-products in the form of decomposed material from oil palm fruit bunches produced by partnership farmers and or supplied by independent smallholders.

Sharia provisions have the main characteristic, namely the contract in the agreement must be done since the agreement of buying and selling palm fruit bunches between suppliers and processing plants, where profits will be divided when the profit from processing has been quantitatively real according to the agreed proportion. For that reason, it needs to be done from planning to receiving benefits from the processing of oil palm fruit bunches. Thus, it becomes a common note that as long as the processing of the fruit bunches and marketing of the main production, the side production cannot be carried out in a profit sharing manner, the benefits and marketing of the fruit bunches will not be able to provide welfare to independent smallholders or partnership farmers, of course. Will provide greater benefits to companies that own oil palm fruit bunches processing plants. Processing of palm oil fruit bunches that need to be practiced immediately to provide opportunities for farmers who produce more peaceful, calm palm fruit bunches and ensure the sustainability of oil palm plantation businesses in Indonesia.

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