

Fresh fruit bunches price analysis

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Abstract: This study aims to determine the difference in the price of oil palm fresh fruit bunches in Indragiri Hilir District and to find out why the behavior of collector traders is different in providing prices to farmers. This research uses qualitative research with a descriptive research approach. Determination of informants in this study using snowball sampling technique. The number of informants in this study was 10 people. The results showed that the difference in ownership of ISPO and RSPO certificates for each palm oil company affects the price policy received by farmers is also influenced by the behavior of collectors in determining prices, each collector incurs different costs, the costs in question are transportation, working wages, distance, fruit quality, and operational costs as well as the amount of profit that collectors want to get.

Keywords: Price; Fresh Fruit Bunches; Smallholder

INTRODUCTION

Agricultural commodities developed in Indonesia are oil palm plantations, Indonesia has oil palm plantations that have been widely spread in 22 provinces (Hartono, 2020). One of the uniqueness of the fresh fruit bunch market compared to other commodities in Indonesia is that in pricing the government controls prices (Apresian et al., 2020; Apriyanto & Rujiah, 2021; Zeweld et al., 2017).

In accordance with the provisions of Government Regulation number 1 of 2018, the Regional Government in this case the Governor formed a FFB Pricing Team at the Provincial Level consisting of representatives of farmers (Farmer Associations), elements of local government agencies, palm oil industry players and universities. One of the tasks of the team as stated in article 8 paragraph 2 of Regulation number 1 of 2018 is to formulate and propose the amount of the "K" index and other components related to the FFB purchase price formula, in determining the "K" index and the FFB benchmark price (Apriyanto, Partini, et al., 2021; Hutami et al., 2023; Sutrisno et al., 2023).

The main purpose of the issuance of the regulation is to provide protection in obtaining fair prices for palm oil produced by smallholders and avoid unfair competition among palm oil mills, even though the government has set regulations on the price of fresh fruit bunches. The problem faced by fresh fruit bunch farmers in Kempas sub-district is the difference in prices they receive from collectors where they sell their crops so that it affects farmers' revenue. Although the palm oil has become a commodity minyak dunia, but it is necessary to understand that the sawit ini memiliki sifat is not durable and easily damaged, so it does not need to be sold immediately by the petani to earn income (money). Kondisi ini di utilized by



traders / collectors who play a role as a price determinant diwhere petani can only menerima the price (Erdawati & Yanti, 2020; Rahmat et al., 2024).

The problem faced by farmers is that the difference in distribution channels will affect the price received by farmers so that it affects farmers' revenues. Farmers as producers generally receive prices that are relatively low compared to the prices paid by consumers. This is due to the occurrence of the marketing chain and the high cost of marketing at each marketing agency, the high cost of each marketing agency is influenced by, among others, various factors including the transportation process from land to the roadside, transportation, damage or high profits to be obtained at marketing agencies (Apriyanto, Diba, et al., 2021; Syaharuddin et al., 2021).

METHODS

The design used in this study is a qualitative method that aims to explain the solution of existing problems based on data intended to obtain information on the pricing of fresh fruit bunches in Indragiri Hilir Regency. The type of research used is qualitative descriptive. The location in this study is Kempas District, Indragiri Hilir Regency, Riau Province. Time in this study is not limited, researchers will continue to conduct research until they get enough information.

This study will further examine the determination of the price of fresh fruit tadan in Indragiri Hilir Regency, the determination of informants in this study using snowball sampling techniques. The snowball technique is a sampling method in which informants are obtained through a rolling process from one informant to another.

RESULTS AND DISCUSSION

Analysis of Research Results

The purchase price of fresh fruit bunches is determined by the Governor of each Province, the price of fresh fruit bunches in Pasangkayu Regency is determined by the Governor of Riau Province, the price determination is carried out four times a month. Pricing is assisted by the FFB (Fresh Fruit Bunches) Purchase Price Determination Team formed by the Governor with membership from elements of the provincial and district / city governments in charge of plantations, plantation companies and / or oil palm entrepreneurs associations (GAPKI), and smallholder associations (APKASINDO and ASPEKPIR). The price of CPO (Crude Palm Oil) or crude palm oil in the country is determined by the price situation at PTPN's KPB (Joint Marketing Office). The end product that most determines price fluctuations in the palm oil industry is cooking oil. The price of cooking oil is the main reference for CPO prices, while the CPO price is the main reference for FFB prices (Amriana et al., 2020; Ministry of Agriculture, 2018; Sukowati, 2022).

Government policy to avoid the negative influence of changes in world prices, the government issued a series of FFB price policies that are expected to protect farmers. Government policy in determining FFB prices will affect the ability of oil palm farmers to produce, FFB prices are determined based on palm oil export prices (Alham et al., 2020; Gultom et al., 2023).

The price that has been determined by the government only reaches the company, The price given by collectors as distributors of farmers' crops until they arrive at the factory is not determined by the government (Afrianto et al., 2020; Kana et al., 2022). This information was obtained from the informant Pak David, who is a collector as well as the head of the tani jaya group. Based on information from the two informants above, it can be analyzed that the role

of the government in determining, supervising and providing sanctions in accordance with laws and regulations, only applies to the company. The next phenomenon found by researchers during research, even though the government has set an equal price for all companies, it turns out that there is a difference in the price of each company when buying fresh fruit bunches, as information provided by Mr. Karman as an employee at PT BPLP (Hatmaja et al., 2023).

The price of oil palm fresh fruit bunches (FFB) is correlated with the price of CPO, this can happen because FFB pricing refers to the price of CPO. If the amount of palm oil is abundant and more abundant than the amount demanded by consumers, the price will fall. Conversely, if the amount that producers can afford to produce is less than the amount demanded by consumers, prices will rise. But nowadays many market participants are cheating, this is called speculation (Ikhsan & Ismoyojati, 2023). Speculation activity is an activity to play with prices by regulating the number of products on the market. The ups and downs in palm oil prices that have an impact on the uncertain lives of oil palm growers have reflected how vulnerable our economy and food sovereignty are. Being an exporting country of agricultural products does not mean that the Indonesian people can meet their own food needs. Facts show, currently Indonesia is an importer of wheat, soybeans, milk, meat and sugar in very large quantities to meet domestic needs (Noviana & Ardiani, 2020).

The Indonesian Sustainable Palm Oil System (ISPO) is a policy taken by the Government of Indonesia, in this case the Ministry of Agriculture, with the aim of increasing the competitiveness of Indonesian palm oil in the world market and participating in order to fulfill the commitment of the President of the Republic of Indonesia to reduce greenhouse gases and pay attention to environmental problems. ISPO was established in 2009 by the Indonesian government to ensure that all palm oil producers meet permitted agricultural standards. ISPO is the first national palm oil standard for a country, and other countries are now trying to consider implementing similar standards among palm oil producers (Apriyanto et al., 2020; Ramadhanya & Sembiring, 2023).

Fixed pricing is under the dominance of plantation companies, the FFB pricing component is largely determined by company calculations, so that when companies do not want to buy or provide low prices, smallholder farmers have no protection. In fact, when referring to the Law on the Protection and Empowerment of Farmers, the protection of smallholders should be carried out by the central government and local governments. Unfortunately, the Law on the Protection and Empowerment of Farmers does not clearly provide protection to smallholders because it mandates laws and regulations. Unfortunately, the Plantation Law also does not regulate which categories of farmers must get protection.

Differences in collectors' behavior in providing prices

The role of the Government regarding the price of palm oil FFB is only up to its determination, but there is no further action in the form of supervision of the prices received by farmers, this results in uneven prices both from companies and collectors, FFB pricing at the farmer level cannot be underestimated, because smallholder plantations contribute 41% of the total area of national oil palm plantations, while the rest are 54% swasta plantations, and 5% state plantations (Mulyani, 2021; Paduloh et al., 2020). The government's non-participation in supervising the prices given by collectors has the authority to determine profit-oriented prices As stated by Mr. Yayat.

Based on the results of interviews with informants, it can be seen that there is no government role in the form of supervision of the FFB pricing process from collectors to farmers. In contrast to the results of research conducted by Mulyani, (2021), the results of the study show that the government has provided protection to farmers from market price intervention.

This study suggests that the government plays an active role in monitoring and guaranteeing the prices received by farmers in accordance with government policies.

Farmers must be careful with high price offers, because high price offers can be fraudulent in them. This manipulation of scales is contrary to business ethics and if left unchecked it will harm farmers. Every collecting scale should be routinely tested for normalcy regularly, so the role of the government is needed again to supervise. The quality of fruit is a regulation set by the government, transportation costs are costs that are very influential in the operations of the collector's business, while the wages of transportation workers and weighing personnel are equal to the initial agreement between collectors and workers (Jum et al., 2023).

CONCLUSION

The difference in prices received by farmers is also influenced by the behavior of collectors in determining prices, each collector incurs different costs, the costs in question are transportation, workers' wages, distance, fruit quality, and operational costs as well as the amount of profit that collectors want to get. Although collectors offer different prices, farmers cannot sell to other collectors if they have loans to collectors, either cash, fertilizer, poison or oil palm seeds.

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