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## Farmers' Strategies In Dealing with The Low Selling Price Of Fresh Fruit Bunches In Indragiri Hilir Regency

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### ABSTRACT

This study aims to identify the strategies adopted by farmers in Indragiri Regency in response to the low prices for fresh fruit bunches (FFB). The data used are primary data obtained from direct interviews with respondents and secondary data obtained from the literature and institutions related to the topic. This research employs a mixed methodological approach. Data analysis involves collecting data and analyzing quantitative data in the first stage, then collecting data and analyzing qualitative data in the second stage, and finally analyzing the overall data and drawing conclusions from the analysis of the data. Data reduction, data presentation, and conclusion drawing are the methods of analysis. The results revealed the following adaptation strategies: (1) an active strategy, becoming an oil palm farm laborer and opening a side business; (2) a passive strategy, utilizing home yards to grow horticultural crops, borrowing money from tauke, and borrowing / borrowing daily necessities from the shop / shop.

**Keywords:** adaptation strategies, fresh fruit bunches, kempas district, low selling prices, price fluctuations.

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### INTRODUCTION

The plantation subsector is a significant contributor to the national income and foreign exchange of Indonesia. The expansion of the plantation subsector's contribution to the national economy is anticipated to stimulate the expansion of plantations as a whole. Oil palm is widely cultivated as a subsector of smallholder agriculture in Indonesia [1]. Indonesia's acreage, production, and exports of palm oil products continue to rise. According to data from the Ministry of Agriculture

(2011), Indonesia produces 19,844,901 tons of CPO (Crude Palm Oil) on an area of 8,433,206 hectares [2], [3]. Efforts to ensure the stability of palm oil production must be accompanied by an increase in field maintenance, with the application of good agricultural practices, which include maintenance, playing a crucial role in achieving increased production and productivity [4].

In the Indragiri Hilir Regency, as throughout

Indonesia, there are three patterns of oil palm plantation management. Self-help pattern management has the largest land area compared to the other two patterns. The geographical condition of the Tributaries of the Indragiri river consists of areas with a typology of soil, tides and coasts, where most of the soil is of marsh (tidal) and coastal varieties [5]. This typology of the Inhil region results in low productivity, low fruit quality, scattered garden locations with deteriorating road infrastructure and high transportation costs, as well as a long marketing chain, which causes the selling price of FFB received by independent smallholders to be much lower than the provision price. The high or low income of oil palm farmers depends on the price received by the farmer and the productivity of the oil palm. In Indragiri Hilir, oil palm

plantations are, on average, between 25 and 35 years old and are no longer productive, but a significant number of farmers are unwilling to revitalize and maintain them [6]. Household incomes of oil palm farmers in the Indragiri Hilir district are unstable due to fluctuating and sometimes declining FFB prices and unprofitable oil palm prices. The drastic decline in FFB prices in 2022, namely 1200/kg [7], caused a deterioration in the economic situation of oil palm farmers, whose costs and wages for palm oil production did not decrease, despite the fact that they had to provide for their families and pay other expenses. The purpose of this research is to identify the strategies used by farmers in Indragiri Regency in response to low prices for fresh fruit bunches (FFB).

## **MATERIALS AND METHODS**

This research was conducted in two subdistricts, Tempuling and Kempas. The choice of a site is deliberate (purposive). This study focuses on oil palm cultivators who rely solely on their plantations. This research was conducted to determine farmers' strategies for coping with the low selling price of palm oil. From 10 June to 10 July 2022, this research was conducted.

This investigation collected both primary and secondary data. Observation and direct interviews with respondents were used to collect primary data for this study, while secondary data came from a variety of publications and related organizations. Surveys, observations, and questionnaire-based interviews were utilized to collect data for this study.

The sampling method was chosen on purpose, and 40 farmers were chosen at random for this study. Data analysis is conducted by first collecting and analyzing quantitative data, then collecting and analyzing qualitative data, and finally reviewing all of the data to draw conclusions from the data analysis. In this study, quantitative data analysis was used to calculate the scores and percentages on the questionnaire sheet, whereas qualitative data analysis was used to complete the picture obtained from quantitative data analysis, which employs qualitative data analysis techniques developed by Miles and Huberman, namely: 1. Data Reduction, 2. Data Presentation, 3. Conclusion and Verification.

## RESULTS AND DISCUSSION

### Farmers' Adaptation Strategies in Anticipating the Low Selling Price of Palm Oil An Active Strategy

According to Table 1, 24 farmers or 56.8 % of oil palm farmers chose to work as a laborer as a side job, while 16 farmers or 43.2 % did not. Due to a lack of education and expertise, some oil palm farmers have been forced to work as laborers on the side. Based on Table 2 shows that of the 40 respondents, only 5 or 11.6% oil palm farmers choose a side job by opening a small business and another 35 people or 88.4% voted no. The proceeds of this small sale are just enough to add to the kitchen money or just for their children's pocket money.

With the palm oil FFB marketing system monopolized by private companies, oil palm smallholders face the challenge of obtaining limited information about marketing palm oil FFB from their plantations [8], [9]. Important information such as information on the price of palm oil FFB based on plant age, information on the quality and quantity of palm oil FFB required to increase the selling price of FFB, and information on the prices of other commodities that are also

rival products of CPO produced from palm oil [10].

### Farmers' Adaptation Strategies in Anticipating the Low Selling Price of Palm Oil An Passive Strategy

According to Table 3, 35 or 81.4 percent of oil palm farmers use their yards to plant horticultural crops, while the remaining 8 people (18.6 percent) do not. According to Table 4, 19 (or 44.2 percent) of oil palm farmers use tauke to borrow money when they lack/need money for one, while 24 (or 55.8 percent) do not for various reasons.

According to Table 5, 18 or 41.9 percent of palm oil farmers use the nearest stalls/shops or those they know/frequently shop at to borrow/owe money first for basic necessities/other daily necessities, while 25 people or 58.1 percent do not.

Palm oil fresh fruit bunch (FFB) marketing channels are made up of interconnected subsystems, which include: producers / farmers of fresh fruit bunches (FFB), intermediary traders, which include collectors and loading points or large agents, and PKS, which is a place for processing fresh fruit bunches (FFB)[11].

**Table 1.** Frequency Distribution of Respondents Working Side by Becoming laborer in Indragiri Hilir Regency

Laborer (people)	Result	
	Frequency	Percent
Yes	24	56,8
No	16	43,2

Source: Primary Data Processing Results (2022)

**Table 2.** Frequency Distribution of Respondents Working Side by Side With Small Businesses in Indragiri Hilir Regency

Laborer (people)	Result	
	Frequency	Percent
Yes	8	11,6
No	35	88,4

Source: Primary Data Processing Results (2022)

**Table 3.** Frequency Distribution of Respondents for Home Yard Utilization by Planting Horticultural Crops in Indragiri Hilir Regency

Laborer (people)	Result	
	Frequency	Percent
Yes	35	81,4
No	8	18,6

Source: Primary Data Processing Results (2022)

**Table 4.** Frequency Distribution of Respondents Borrowing Money From TaukeCrops in Indragiri Hilir Regency

Laborer (people)	Result	
	Frequency	Percent
Yes	19	44,2
No	24	55,8

Source: Primary Data Processing Results (2022)

**Table 5.** Frequency Distribution of Respondents Borrowing/Indebted Daily Needs at Stalls/Shops in Indragiri Hilir Regency

Laborer (people)	Result	
	Frequency	Percent
Yes	18	41,9
No	25	58,1

Source: Primary Data Processing Results (2022)

## CONCLUSION

When faced with a low selling price for oil palm fruit, oil palm farmers in Indragiri Hilir used the following adaptation strategies: (1) an active strategy, by becoming a farm laborer by 55.8 percent and opening a side business by only 11.6 percent. (2) Passive strategy, utilizing his yard to plant horticultural crops 81.4 percent, borrowing to tauke 44.2 percent, and paying daily necessities in

stalls / shops 41.9 percent. It is preferable to empower and develop creativity in oil palm farmers who rely solely on their oil palm plantations so that they have the flexibility to find business opportunities or what jobs can be done, so that the economy and income can remain stable and not worry too much when the selling price of oil palm fruit falls / is low.

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