

The Effort of The Government and Its Impact on Maintaining the Stability of Cooking Oil Prices

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Abstract:

The surge in global oil prices and the consequent scarcity of oil have significantly impacted cooking oil prices in Indonesia, making it a critical issue for analysis. Previous studies have often overlooked governmental interventions' immediate and long-term effects on cooking oil prices, leaving a gap in understanding their comprehensive impact on traditional market economies. This article evaluates the Indonesian government's policy responses, including oil subsidies and export bans, to mitigate cooking oil price hikes and their effects on traditional markets. Field research was conducted at the Srijaya Sayur Traditional Market in Madiun City using qualitative methods. While the study provides valuable insights, it is important to acknowledge its limitations, such as the focus on a single market and the potential bias in the data gathered through interviews. The analysis revealed that the government's abrupt intervention caused market distortions, such as distribution issues and price inconsistencies. However, these issues diminished over time as oil stock levels increased and enforcement actions against illegal activities were strengthened. This study contributes new insights into the effectiveness of policy interventions and highlights the alignment with Ibn Taymiyah's principles of distribution justice. In conclusion, while the policies initially disrupted market stability, they ultimately stabilized prices and aligned with consumer purchasing power.

Keywords: *Government Efforts, Cooking Oil Prices, Price Stability*

Abstrak:

Lonjakan harga minyak global dan kelangkaan minyak yang diakibatkannya telah berdampak signifikan terhadap harga minyak goreng di Indonesia, menjadikannya isu yang penting untuk dianalisis. Studi-studi sebelumnya sering kali mengabaikan dampak intervensi pemerintah baik dalam jangka pendek maupun jangka panjang terhadap harga minyak goreng, sehingga meninggalkan celah dalam pemahaman dampak menyeluruhnya terhadap ekonomi pasar tradisional. Artikel ini mengevaluasi respons kebijakan pemerintah Indonesia, termasuk subsidi minyak dan larangan ekspor, untuk mengatasi kenaikan harga minyak goreng dan dampaknya terhadap pasar tradisional. Penelitian lapangan dilakukan di Pasar Tradisional Srijaya Sayur di Kota Madiun menggunakan metode kualitatif. Data dikumpulkan melalui wawancara dengan pedagang, distributor, dan pengelola pasar. Analisis mengungkapkan bahwa intervensi pemerintah yang tiba-tiba menyebabkan distorsi pasar, seperti masalah distribusi dan ketidaksesuaian harga. Namun, masalah-masalah ini berkurang seiring waktu seiring dengan meningkatnya stok minyak dan penguatan tindakan penegakan hukum terhadap kegiatan ilegal. Studi ini memberikan wawasan baru tentang efektivitas intervensi kebijakan dan menyoroti kesesuaiannya dengan prinsip-prinsip keadilan distribusi Ibn Taymiyah. Kesimpulannya, meskipun kebijakan awalnya mengganggu stabilitas pasar, kebijakan tersebut akhirnya menstabilkan harga dan sesuai

dengan daya beli konsumen.

Kata Kunci: *Upaya Pemerintah, Harga Minyak Goreng, Stabilitas Harga*

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INTRODUCTION

In October 2021, packaged and bulk cooking oil prices began to rise in 16,600 IDR – 17,400 IDR per Kg (Suryani & Hidayat, 2021; Farhan & Ismail, 2021; Azzahra, 2022). It is expected to increase from the previous price of around 0.9% - 2.15% (Nasution & Rambe, 2021; Susanto & Anindya, 2022; Utami & Prabowo, 2022). In November, the condition of this cooking oil began to be scarce in several regions of Indonesia (Wahyuni et al., 2022; Rachman et al., 2022; Susanto et al., 2023). The scarcity will still occur until 2022, causing the price of cooking oil to soar even more in a country that incidentally has an abundance of palm oil (Yusuf & Harahap, 2022; Ramadhan & Fadhilah, 2023; Haryanto et al., 2022). The price of bottled oil per liter can reach 25,000 IDR – 28,000 IDR (Fauzi & Rizal, 2022; Putri et al., 2022; Setiawan & Ariyanto, 2023). The price has increased in Indonesia by around 100% from the usual oil price (Rambe & Kusnadi, 2018; Rachmawati et al., 2021; Agastya et al., 2023). The study's results indicate a significant effect between income and population on the demand for palm cooking oil, indicating that palm oil is included in the staple ingredients and food category for Indonesians (Rambe & Kusnadi, 2018; Agastya et al., 2023).

Until now, the price of crude oil or crude palm oil (CPO) in the world has continued to increase. The government has issued policies related to Domestic Market Obligations (DMO) and Domestic Price Bonds (DPO) for CPO exporters (Maghiszha, 2022; Camila et al., 2022; Jafari et al., 2023; Ashraf et al., 2023; Halim & Karim, 2022). DMO is the obligation of producers to sell most of their oil production at prices equivalent to domestic exports (Gabriella, 2022; Munoz et al., 2022; Lee & Fernandez, 2023). This contrasts DPO, which is the producer's obligation to sell most of the oil at a discount or a domestic price (Mustafa et al., 2021; Chandra & Singh, 2023). The government implemented a 20% DMO and DPO policy in January 2022 (Mediatama, 2022; Rahman et al., 2022; Zhang & Rajakumar, 2023). In March 2022, the policy increased from 20% to 30% (Tanaka & Leong, 2022; Gupta et al., 2023). This policy aims to meet the supply of cooking oil in Indonesia. Based on data, the national demand for cooking oil in 2022 will total 5.7 million liters, with details of 1.8 million liters of cooking oil for the industrial sector and 3.9 million liters for the household sector (Jackson & Kumar, 2023; Weber et al., 2023).

Figure 1: Impact of Rising Cooking Oil Prices and Government Policies

Timeframe	Event	Price Range (IDR)	Percentage Increase (%)
October	Rise in the price of packaged and bulk cooking oil	16,600 - 17,400	0.9% - 2.15%
November	Scarcity of cooking oil in several regions of Indonesia	-	-

	Price of bottled oil per liter reaches 25,000 - 28,000 IDR	-	-
January	Government implements Domestic Market Obligations (DMO) and Domestic Price Bonds (DPO) for CPO exporters	-	-
	DMO policy set at 20%	-	-
March	DMO and DPO policy increased from 20% to 30%	-	-
	National demand for cooking oil in 2022 estimated at 5.7 million liters, with 1.8 million liters for industry and 3.9 million liters for households	-	-

During the hustle and bustle of rising oil prices, there is a cognitive dissonance between the political elite and public officials who are judged to have no sense of sensitivity, sympathy, or empathy, even to the level of illogical, blunders and inconsistencies (Mudjiyanto et al., 2022; Khan et al., 2023; Zhang & Li, 2022). For example, Mrs. Megawati was surprised at the women over the struggle for cooking oil and asked, "Is there no way to boil it?" (Hughes, 2023; Thong & Yeo, 2023). Not to mention the blunder of the Minister of Trade's statement when he asked the ladies: "Is it better to be cheap but empty or a little expensive but the stock is abundant?" (Johnson, 2023; Singh & Singh, 2022). Accusations are also thrown at the Indonesian people that there are people who deliberately hoard cooking oil (Choi et al., 2023; Wilson, 2022). This makes the public critical, witty, and cynical as active consumers who grow on media networks that are collective, innovative, and dynamic (Ibarra et al., 2023; Lee & Kim, 2023). This is reinforced by Wahyu's findings that the government must immediately eradicate the cooking oil mafia. This is suddenly not only focused on the people but also on the powerful people who have power, have the opportunity, and also have great potential to become a cooking oil mafia in their own country (Wahyu et al., 2022; Martin & Park, 2023; Salgado & Ramirez, 2023).

The skyrocketing oil price condition has forced the government to issue several policies. The government is trying to reduce the price of oil by using the subsidy method so that the price of oil can be affordable for all levels of society, especially the lower middle class (Prasetyia & Pangestuty, 2021). In addition, the government has also set the Highest Retail Price (HET) for cooking oil at IDR 14,000. The problem is that this policy seems like a rush without analyzing some of the possibilities that will happen behind it. The unacceptable phenomenon to market traders was the first time subsidized oil was distributed in all modern retailers in Indonesia. This suddenly caused a commotion among traders in the traditional market. As we know, modern retail has an upper-middle-class segment. This shows a fundamental difference from traditional markets, which tend to have a lower middle-class segmentation. The traders' noise in the first week when the IDR 14,000 oil price policy was implemented was confusion about selling oil stocks at the old price without subsidies. This made some traders start to panic. The Srijaya Vegetable Market in Madiun City is a sad witness to the policy of distributing oil for the first time in modern retail.

The author's previous research regarding the Srijaya Market in Madiun City was on Integrated Marketing Communication. This research discusses the potential for developing traditional markets in marketing communication science (Efendi & Prasetyo, 2022). Agus Prasetya and Beni Dwi Komara wrote about policy communication strategies regarding resistance from street vendors from the Barito Flea Market who will be relocated to the Srijaya Baru Market, which is still in the exact location as the Srijaya Vegetable Market in Madiun City (Prasetya & Komara, 2019). Fatimah Rahayuning et al. stated that traditional market traders felt the negative impact of the increase in cooking oil prices in the form of loss of sales and loss of customers (Puspitasari et al., 2022). Meanwhile, research conducted by Muhammad Irsyad Kamal et al. found that, in reality, there are unhealthy practices between traditional markets and modern retail (Kamal et al., 2023). Therefore, the author is interested in discussing the government's efforts and their impact on maintaining the stability of cooking oil prices in Indonesia. The difference in this research is that it focuses on the economic condition of traditional markets after the economic policies related to cooking oil.

METHOD

This study explores the government's efforts to stabilize cooking oil prices and the resultant impacts of such interventions. The choice of Srijaya Sayur Market in Madiun City as the research site is based on its significant role in the local economy and its potential as a tourist destination, especially during peak times such as Sundays. This traditional market is a pivotal hub for examining the effects of policy interventions on a real-world trading environment, offering insights into both the immediate and extended impacts of government policies on local markets (Aliyah, 2020).

This research employs a qualitative descriptive approach, integrating both primary and secondary data sources to understand the issues at hand comprehensively. Primary data was collected through direct interviews with various stakeholders, including traders, oil distributors, and the market manager. Traders were selected due to their direct involvement in buying and selling processes, providing valuable firsthand accounts of market dynamics. Distributors were interviewed to understand the supply chain and logistical aspects, while the market manager offered insights into the overarching programs and policies affecting the market (Efendi & Prasetyo, 2022). Secondary data was sourced from relevant books and online information media to supplement and contextualize the primary data collected (Smith, 2019; Brown, 2018).

Data collection involved multiple techniques to ensure robust findings (Creswell, 2014; Flick, 2018). Structured interviews were conducted to gather detailed responses from participants, focusing on their experiences and perceptions of price stabilization policies (Kvale & Brinkmann, 2015; Rubin & Rubin, 2012). Observations at the market provided additional context to the interviews, allowing for a better understanding of the practical impacts of these policies (Yin, 2018; Merriam & Tisdell, 2015). The data analysis process involved coding and thematic analysis to identify recurring patterns and themes related to the effectiveness of government interventions (Braun & Clarke, 2006; Saldaña, 2016). The findings were then compared against Ibn Taymiyyah's economic justice and transparency principles to evaluate the alignment of policy

outcomes with theoretical expectations (Puspitasari et al., 2022; Kamali, 2003).

RESULTS AND DISCUSSION

1. Srijaya Vegetable Market, Madiun City

A market is a meeting place for sellers and buyers to conduct buying and selling transactions, social exchanges, and community economic development (Ummah & Almalachim, 2019). People's markets tend to be characterized by bargaining activities in the buying and selling process that have a humanistic character that can build closeness and familial relationships between sellers and buyers (Aliyah, 2020; Zhang et al., 2021). Srijaya Vegetable Market in Madiun City is on Jalan Pelita Tama, Kartoharjo, Madiun City, East Java, Indonesia. The market operates from morning to evening. There is little literacy about the Srijaya Vegetable Market because this market is not a main market. This market tends to meet the needs of the local community. On weekdays, the operation of this market is only until noon, and indeed, most of them sell necessities and vegetables. Interestingly, this market has a privilege on Sundays, when the market conditions become crowded because many traders from outside the city enter to trade in this market. Not only vegetable traders but on Sundays, you will see many traders selling their wares in this market (Efendi et al., 2023).

Traders at Srijaya Vegetable Market are residents; some live in the city, some from the district, and some from outside the city. Although some are from outside the city, on average, they are still dominated by traders from residents around the market (Eko, 2023). Traders in this market are usually not first-hand sellers. This means that traders shop at the primary market or at a cheaper price and then sell their wares in this market (Lukman, 2023). Under these conditions, it is not surprising that the prices offered by traders in this market will usually be more expensive or different from those of traders who sell on the roadside or the primary market, even though some traders bring their produce directly from the garden (Sriatun, 2023). However, the economic conditions in this market still have potential, especially on Sundays.

Although this market has the name Vegetable Market, the vegetable is not sold by traders in this market. Traders in this market sell a variety of basic needs. Some of the oil products traded in this market include bulk oil and various other brands of packaged oil. Traders in this market become third-hand traders from the leading distributor, meaning that it is inevitable that traders are middlemen to other traders outside the market. As for packaged oil, there are two models of wholesaler traders, namely doing middlemen to other traders outside the market, while others directly do middlemen from distributors through sales marketing who take orders (Mulyono, 2023).

2. Government Efforts To Maintain Cooking Oil Price Stability

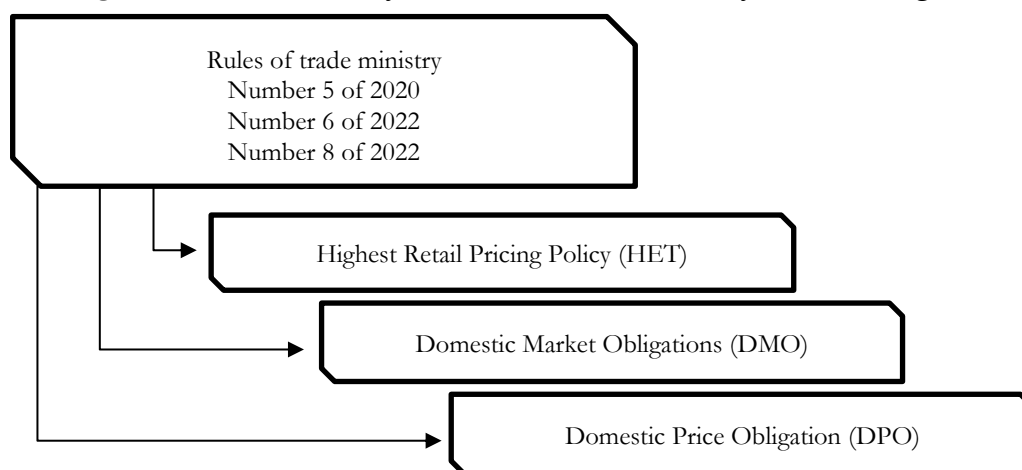
Palm oil is made from the fruit of the oil palm whose trees can thrive in the tropics (Reeves & Weihrauch, 1979). Indonesia and Malaysia are the countries with the highest palm oil production in Southeast Asia. Palm oil is considered to have the highest productivity among other vegetable oils such as rapeseed oil, sunflower oil, and soybean oil. It is proven that palm oil is a resource-saving vegetable oil (Gaffar, Subhan, & Rahmawati, 2024). Based on the illustration, if every hectare of sunflower land produces 0.7 tons, then palm oil can produce as much as 3.8 tons. Palm oil is also considered healthy because it is rich in antioxidants and vitamin E (Edem, 2002). No wonder palm oil is also the main ingredient in processed foods, cakes, and cosmetics

(*The History of Soap and Detergent*. n.d.). Not only that, palm oil also contains glycerin which can be used for pharmaceutical needs such as cough medicine and oral care. Both new and used palm oil can still be used as a biofuel capable of generating electricity (Farobie & Hartulistiyoso, 2022).

The global politics of the palm oil business dictates that the palm oil industry must be sustainable, responsible, and conflict-free (Dauvergne, 2018). The globalization of international palm oil trade poses a threat to the Southeast Asian ecosystem (Hidayatet et al., 2018). Based on Cazzolla Gatti et al., (2019) research, 40% of the area located in certified concessions is experiencing habitat degradation, deforestation, and forest destruction. The distribution is located in Indonesia, Papua New Guinea, and Malaysia. On the other hand, Indonesia has a very potential international palm oil market and is in a position to Rising Star (Khairunisa & Novianti, 2017). It is evident from the dominance of palm oil exports from Indonesia enough to make the European Union protectionism for its products (Sally, 2016).

Cooking oil has almost become a primary need for Indonesian. This is reflected in the culture of the people who cannot be separated from the use of cooking oil in the processing of various types of dishes (Rahardjo et al., 2021). Indonesia is a country that produces abundant palm oil, it should be able to meet the needs of palm oil in its own country (Rapii, et al., 2022). This is evident from the increasing trend of palm oil production and exports in Indonesia, even having a superior market share in the international arena (Alatas, 2015). Therefore, cooking oil must be well distributed to local communities so that stocks are abundant in the market at standard prices that are determined by the purchasing power of the community. Not only people who are urgent about the use of cooking oil for households but also business actors, both micro, small, medium, and large industries in Indonesia, many of whom depend on oil as raw material or production support material. This is why it is important for the government to make efforts to maintain the stability of cooking oil prices and minimize the occurrence of shortages (Mahaputra & Saputra, 2022).

Figure 1: Judicial Analysis of Government Policy on Cooking Oil



Source: Data processed by the author

Based on the juridical analysis, there are three new policies made by the Indonesian government in maintaining the stability of cooking oil prices. *First*, the Regulation of the Minister of Trade Number 5 of 2020 regarding determining the Price of Export Raw Materials for Forestry Agricultural Products subject to Export Duties.

Second, Regulation of the Minister of Trade Number 6 of 2022 regarding the Determination of Palm Cooking Oil HET. Third, Regulation of the Minister of Trade Number 8 of 2022 regarding Export Policies and Regulations. The government took this policy after domestic cooking oil prices increased by 33.78% in December 2021 while international palm oil increased by around 77% in February 2022 (Jati, 2022).

The explanation of the three kinds of policies taken by the government are, First, the Government implements the Domestic Market Obligation (DMO) policy. In January 2022, the provisions of the domestic supply policy require cooking oil producers who will export abroad to supply domestic cooking oil needs of 20% of the export volume. However, in May 2022 the volume of Domestic Market Bonds was increased from 20% to 30%. This policy is very important to suppress exports and meet the domestic oil demand itself.

Second, the Government implements a Domestic Price Bond (DPO) policy, namely setting the price of Crude Palm Oil (CPO) at 9,300 IDR/kg while the refined and fractionated CPO/olein products are 10.300 IDR/liter. This policy has been regulated in the Decree of the Indonesian Minister of Trade No. 129 in the year 2022.

Third, the government implements a policy of setting the highest retail price (HET) for cooking oil. On January 26, 2022, the government set the highest retail price for palm cooking oil through the Regulation of the Minister of Trade of the Republic of Indonesia Number 06 of 2022. This policy is carried out with consideration to maintain the stability of cooking oil prices so that they are affordable at the consumer level. This Permendag consists of 14 articles, in which the first and second articles discuss the problem of the definition of some cooking oil. In this case, there are several classifications of palm cooking oil, namely bulk cooking oil, simple packaged cooking oil, and premium packaged cooking oil. Article three discusses the determination of the Highest Retail Price (HET) for palm cooking oil, including: 1) 11,500 IDR for bulk cooking oil; 2) 13,500 IDR for simple packaged cooking oil; and 3) 14,000 IDR for premium packaged cooking oil (Regulation of the Minister of Trade of the Republic of Indonesia, 2022).

The *fourth* article states that every retailer is obliged to sell palm cooking oil by the HET stipulated in Article 3. It is explained that the intended consumer is the community, including micro and small businesses. In the fifth article, the Minister will provide guidance and delegation related to implementing guidance in implementing HET. Meanwhile, the sixth article discusses the issue of administrative sanctions for retailers who violate the HET provisions. The administrative sanctions include written warnings, temporary suspension of activities, or revocation of business licenses. The sanctions provisions are discussed further in articles 7, 8, 9. Articles 10 and 11 discuss the rules for registered business actors related to the supply of cooking oil. Article 12 discusses the return of the difference in the price of old stock items, while Article 13 states that with this provision, Minister of Trade Regulation No. 03 of 2022 concerning the supply of packaged cooking oil for community needs within the framework of financing by the Palm Oil Plantation Fund Management Agency is revoked and declared invalid. Article 14 explains that Permendag No. 06 of 2022 takes effect from February 1, 2022.

In addition to this policy, the government has also provided a Cooking Oil Direct Cash Assistance program. This assistance is given to Indonesian citizens registered with the Integrated Social Welfare Data (DTKS). The assistance provided is

300,000 IDR, and food assistance is 200,000 IDR, so the total is 500,000 IDR. This assistance does not come out every month but every three months. The government has disbursed many other aids; there are Cash Social Assistance programs, BPNT, PKH, Village Fund BLT, BSU, MSME BLT, and others. The BLT Cooking Oil assistance program is expected to reduce the burden on the community in meeting the need for cooking oil as an additional food ingredient (Bukit et al., 2022).

Based on the efforts made by Indonesia to stabilize domestic cooking oil prices, the Government of Indonesia together with the Ministry of Trade issued four recommendations. First, Producers must ensure that cooking oil stocks are met so that there are no vacancies at traders and retailers. Second, the Indonesian people must be wise in purchasing cooking oil and not panic buying. Third, producers must accelerate the distribution of cooking oil to traders and not hoard it. Fourth, the government will take legal steps for all parties who violate the regulations that have been set. These efforts were carried out by the government as a form of acceleration towards the target of reducing oil prices as targeted.

The above policy is a common policy carried out in previous years in the cooking oil price stabilization program. This agrees with Sunarta (2010) research which concludes that input-side policies are more successful than output-side policies. On the input side, it is related to DMO policies and Progressive Export Taxes (Zunaidi, 2021). It is believed that the emphasis on certain limits will change the availability of raw materials, the price of raw materials, and the output price of the cooking oil itself. Meanwhile, in terms of output, government policy intervention is carried out through the Minyakita program, which is considered to have not affected the decline in domestic cooking oil prices. This is strengthened by the research of Surachman (2009), which concludes that the Indonesian government should focus on implementing a progressive export tax policy and subsidies for the poor. This conclusion is based on five factors that caused the significant increase in oil prices, including international CPO prices, exchange rates, food crises, export taxes, and previous oil prices.

3. Impact Of Policy On Community As Visitors Of Traditional Markets

All kinds of policies that have been set by the government have gone through a process of careful consideration and have good intentions for all levels of society. The policies carried out by the government through Permendag No. 06 Year 2022 make it clear enough that he wants to reduce the price of cooking oil so that it remains affordable for consumption by the people in Indonesia. It should be noted that the price of world palm oil continues to rise so it influences the increase in domestic palm oil itself. Some entrepreneurs prefer to export international market oil due to promising price. However, the Indonesian government has ensured that oil stocks for domestic needs remain safe through the DMO and DPO policies, which are currently at 30%.

This policy of determining HET has a lightening impact on the community. The highest retail price set by the government is 11,500 IDR, 13,500 IDR, and 14,000 IDR are quite affordable prices for people's consumption today. Previously, it was known that the normal price of packaged cooking oil in the market was between 24,000 IDR to 28,000 IDR per liter. The fixing of cooking oil prices helps the community and eases the fulfillment of needs, which includes nine basic ingredients.

Unfortunately, pricing is not followed by a smooth distribution of the stock of goods. From early January to March 2022, palm cooking oil with prices that match the

HET can be said to be still quite rare with limited stocks. The stock of these items sells out faster and becomes a bone of contention for the community. Facts on the ground show that the distributed stock supply has not been able to fully meet market demand. There are still many consumers who end up complaining about how difficult it is to get cooking oil at cheap prices in the people's market. In fact, in several areas in Indonesia, there are cases of someone willing to queue until he dies due to several health factors and queuing conditions. The government has also implemented the policy of setting the highest retail price on sugar, cooking oil, and frozen meat commodities. This policy was applied to the volatile food group circulating in modern retail. This is done because these goods are considered to be one of the causes of inflation (Budiyanti, 2017).

However, the government programs show their influence on the stability of cooking oil prices that occur in the market. Until September 2022, oil distribution at the Srijaya Vegetable Market has started smoothly with stable prices. The price of cooking oil at the Srijaya Vegetable Market is currently at 14,000 IDR - 15,000 IDR per kilo for bulk oil. The price is considered stable enough for buyers and the public to meet the needs of oil prices. Not only bulk oil, there are also packaged products from the government's Minyakita program which are priced at 14,000 IDR / liter. Stocks of various oil products are already abundant in the market and can be purchased at any time. Surprisingly, some branded oil stocks have higher selling prices, so public consumption of several brands of oil decreases. More people tend to choose bulk oil, Minyakita, or other oil that has a price affordable in meeting the consumption of food additives for daily needs.

Figure 1: Impact of Government Price Regulation on Cooking Oil Availability and Consumer Behavior in Indonesia

Period	January-March 2022	September 2022
Government HET	11,500 IDR	13,500-14,000 IDR
Normal Market Price	24,000-28,000 IDR	14,000-15,000 IDR
Availability	Limited	Abundant
Consumer Complaints	Difficulty in obtaining at cheap prices	None
Impact on Consumers	Bone of contention due to limited stocks	Stable prices, satisfaction
Government Policy	Setting the highest retail prices on essential commodities	Successful in stabilizing prices

4. Impact Of Policy On Traders In Traditional Markets

On the first day the cooking oil pricing policy was announced, the conditions of some traders varied. Some traders tend to panic because they still have oil stocks at the previous wholesale price at a price that is still expensive. Some traders tend to worry about government policies that are considered too hasty (Mulyono, 2023). The oil subsidy segmentation, which should be more suitable for the lower middle class, is the first time the distribution of subsidized oil is carried out in all modern retail outlets. Modern retail is a business model that has upper-middle-class segmentation. This gives a sense of disappointment to the traditional market traders, even though some of the traders have used up their oil stocks by selling at a loss or without a profit for

fear that the price will be damaged after the subsidized oil from the government (Siti, 2023).

In contrast to other traders, instead of selling oil with a no-profit system, some traders ignore the government's pricing policy. They assume that goods that were previously purchased at normal prices, must be sold at normal prices according to market needs (Santoso, 2023). Some sellers feel indifferent and unaffected by government policies, although inside their hearts they feel disappointed with the policy. They only take action not to add more cooking oil stock and deplete the existing stock (Hardi, 2023).

The next problem arose when some traders had exhausted their stock, but the distribution of subsidized oil in traditional markets did not run smoothly. The subsidy program is very far from the total needs of the community. The traders consider the subsidized oil distributed in the people's market to have not been able to meet the needs of the community. Some traders complain that they only get a limited stock of bottled oil. Each kiosk varied; some only got 1 carton for brand A, 2 cartons for brand B, and some even got 5 to 10 cartons for brand C. The problem is that the distribution of oil by distributors, on average, only comes the first time. Several sellers from each distributor even listed each kiosk and asked the kiosk owner for a signature to agree to sell packaged cooking oil for 14,000 IDR and stated that they no longer have stock of old packaged cooking oil (Tono, 2023).

The fact that distribution of oil only comes at one moment to traders in traditional markets is a concern for the traders themselves. Some traders immediately implement the government's recommendation by selling packaged oil for 14,000 IDR, but not all traders then implement the government's policy. Some traditional market traders think logically and realistically, about whether they will always get subsidized goods continuously, or at some point, this subsidy will stop suddenly. Recently, the current situation is sufficient to illustrate how difficult it is to obtain the subsidized oil allotment. There is a special quota for purchases and not all stores can get it, because previously the store had to be registered in the distributor's data.

Starting from the distribution that is still limited, this is where the possibility of market distortion is getting bigger. The problem is, that there is no special label on the packaging that the distributed oil is a subsidy program. Therefore, some traders who get allotted do not necessarily want to sell their goods at the price recommended by the government, especially since stock distribution is still relatively rare. Not only that, but even market distortion opportunities also occur in stockpiling or uneven distribution (Baso et al., 2022). This is very possible to happen to some elements of the distributor who should be doing the distribution, but they sell their goods elsewhere at normal prices. Some are carried out in a structured manner, but some are carried out only by a few individuals, and the main factor is because of the opportunity (Mr. X, 2023).

Several cases of market distortion that occurred in the Srijaya Vegetable Market can be classified into 2 models. *First*, the hoarding of subsidized oil and the sale of subsidized oil at normal prices by unscrupulous distributors. This may be done by unscrupulous distributors who want to take advantage of the difference in the price of the subsidized oil. This opportunity was taken using the scarcity of goods on the market, so that even if the sale was made at an expensive price, the public would still be able to buy it, considering that oil stocks were experiencing a shortage. The

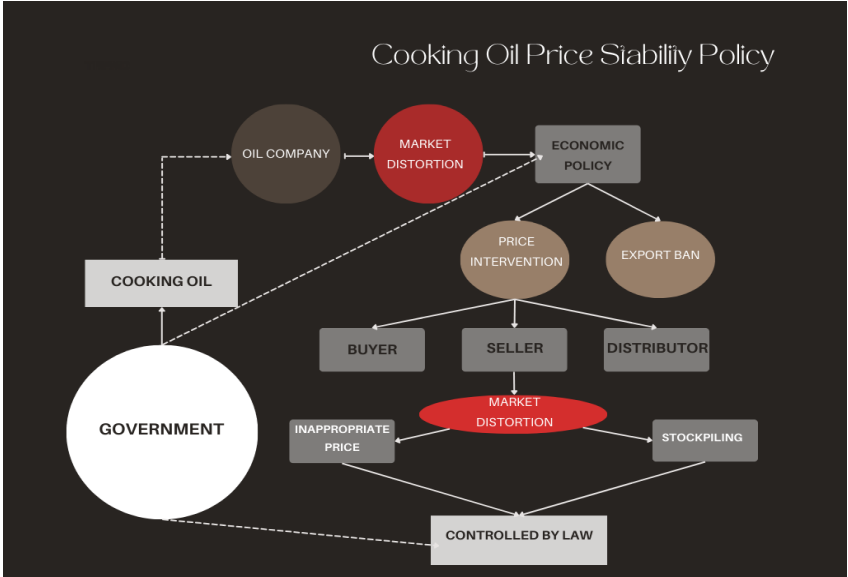
distortion patterns that are carried out can be in the form of falsifying the data of the recipient store which the distribution program explains that they have only received one for the oil distribution program. Meanwhile, for subsequent distribution, they never received subsidized oil stocks again, so some traders assumed that subsidized oil had been distributed elsewhere at normal prices (Mr. A, 2023). Instead of making the distribution of oil on easy terms, some add conditions with conditional purchases, such as bundling oil products with other products such as soap, and so on (Mr. Y, 2023). This creates difficulties in the community and obscures the urgent needs of the community itself. For example, when you need oil, it's like being forced to buy soap as a condition to get oil for 14,000 IDR.

Second, the hoarding and selling of subsidized oil at prices that do not match the government's stipulation are carried out by traders in the market. This is triggered by the difficulty of obtaining subsidized oil distribution from the government. The distribution carried out is considered uneven and does not meet market demand so there is still a shortage of goods in the market. This factor causes traders who get oil at subsidized prices to be reluctant to release their oil on the market. They choose not to sell or sell but at a high normal price. Some traders who get oil by bundling programs also do the same thing that is done by distributors. Traders also carry out product bundling as a requirement because this is a manifestation of wholesale results from several distributors who require conditional purchases (Grocery Traders, 2023).

5. Government Policy is Based on Ibn Taimiyah's Thoughts

The following is a flowchart image regarding the cooking oil price stability policy implemented by the Indonesian Government:

Figure 3: Cooking Oil Price Stability Policy in Indonesia



Source: The author processed the data using the Canva tool

Figure 1 explains the economic policy path taken by the Indonesian government. The government's decision to take policy was due to market distortions and unstable increases in oil prices. The main problem of market distortion has made the price of oil in palm oil-producing countries too expensive for people to enjoy. Rising world oil prices have forced oil companies to export abroad to gain high profits. This factor has triggered a shortage of oil stocks, so government intervention is very

necessary to maintain the stability of cooking oil prices in local areas.

The government, through its price intervention policy, has implemented a price limit for cooking oil of IDR 14,000. However, in practice, there are still many market distortions that occur in traditional markets. It needs to be underlined that this happened because the government's initial policy seemed hasty. The initial policy for distributing cooking oil was given to modern retail, while people with small and medium incomes mostly shopped at traditional markets. This immediately caused a commotion among traders in traditional markets. Some traders feel disadvantaged, some traders have given up, and some traders are hunting for subsidized oil to resell it at normal prices.

In Madiun City, several legal actions were taken to arrest the cooking oil mafia. Several sales personnel from distributors were subject to arrests because they did not comply with the law. Oil quotas should be distributed well to every trader, but they are sold to certain parties to monopolize prices. Therefore, government control is significant in overseeing policy implementation so that it takes firm action against factors hindering economic policy implementation in stabilizing cooking oil prices (Priwiningsih & Abidin, 2022). This policy is based on Ibn Taymiyah's thoughts on economics. Ibn Taymiyah, in his thoughts, explained justice in the distribution of wealth and economic resources. This aims to prevent social inequality in the community. If cooking oil cannot be distributed evenly, it will create jealousy and social inequality in society. Apart from that, Ibnu Taimiyah also discussed the importance of ethics in business. There are provisions in business regarding ethics and morality by not engaging in fraudulent buying and selling practices (Ardi & Idayanti, 2023). Support for economic independence is a strength (Putra & Nurnasrina, 2023). In this case, Indonesia has become a palm oil-producing country, so it should be able to meet the needs of its people and be free from dependence on abroad (Anggoro et al., 2023).

CONCLUSION

This study highlights several key findings related to the government's efforts to stabilize cooking oil prices in Indonesia. The implementation of policies such as the Domestic Market Obligation (DMO), Domestic Price Obligation (DPO), highest retail price (HET) fixing, and public subsidy programs have shown mixed outcomes. While these measures have generally succeeded in providing affordable oil to consumers in traditional markets, they have also led to some market distortions. For instance, initial distribution challenges included hoarding and price manipulation by traders, which disrupted the intended balance of supply and demand. However, these issues were mitigated through legal actions against price manipulators, resulting in improved market conditions and greater oil availability.

This study's significance lies in its contribution to understanding the practical implications of policy interventions on commodity price stability. Conceptually, it aligns with Ibn Taymiyyah's principles of fairness and government responsibility in economic regulation. Methodologically, the study's use of qualitative data from interviews and observations provides a detailed perspective on the real-world impact of these policies. This approach enhances our understanding of how governmental actions can influence market dynamics and offers insights into the effectiveness of regulatory frameworks in maintaining price stability and consumer welfare.

Despite these contributions, the study is limited by its focus on a single market location, which may not fully represent the broader context of oil price stabilization efforts across different regions. However, the potential for future research to address this limitation by expanding the scope to include multiple traditional and modern retail markets is promising. This could provide a more comprehensive analysis of market distortions and the effectiveness of policy interventions. Additionally, examining the interplay between buying and selling behaviors in various market settings could yield valuable insights into how similar policies might be optimized for diverse economic environments.

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