

Agricultural Land Pawn as a Social Institution in Wono Agung Village, Tulang Bawang Regency

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ABSTRACT

This research focuses on agricultural land pawning, distinguishing between non-agricultural and agricultural land pawning agreements. Regulations governing agricultural land pawning, such as Government Regulation in Lieu of Law No. 56/1960, aim to protect the interests of farmers, Social institutions can act as institutions that facilitate the process of providing loans with land collateral. The increase in agricultural land pawning has created several problems. There is a disproportion between the pawn holder and the landowner. The legal weakness in the pawn agreement is that it is often done orally without a written agreement. The agricultural pawn practice acts as a social institution, providing a source of informal credit for farmers who find it difficult to access formal financial institutions.

INTRODUCTION

The economic growth of a region is often reflected in the dynamics of the agricultural sector, which is the backbone of its people's lives. Lampung Province, as one of the national rice barns, has experienced a significant development in the practice of agricultural land pawning. This phenomenon, especially in Wono Agung Village, Tulang Bawang Regency, is of particular concern given the high number of agricultural land pawn agreements that have occurred in recent years. A land pawn is a lending agreement that involves trust from the lender to the borrower, so the landowner uses his land as collateral against his debt. Although the land used as collateral remains the property of the landowner, control of the land rests with the pawn holder, which is the party providing the loan. Regulations related to agricultural land pawning include Article 7 of Government Regulation in Lieu of Law No. 56/1960 on the Determination of Agricultural Land Area, and Minister of Agriculture and Agrarian Affairs Regulation No. 20/1963 Article 2 paragraph (1) which discusses the Guidelines for Resolving Pawn Problems.

Wono Agung Village recorded 29 agricultural land pawn agreements in 2021, and this figure increased to 34 agreements in 2022, involving a land area of 31 hectares. This data indicates that the practice of mortgaging agricultural land in Wono Agung Village can be carried out relatively easily, without considering the regulations set out in Government Regulation in Lieu of Law No. 56/1960 on the Determination of Agricultural Land Area. This significant increase illustrates that the implementation of agricultural land pawning in Wono Agung Village has not been in line with the applicable regulations. The many mistakes in the process of agricultural land pawning are caused by a lack of understanding of the regulations and the inability to distinguish between non-agricultural land pawning agreements and agricultural land pawning.

Through the analysis of the data, it was revealed that the growth in the number of agricultural land pledges in Wono Agung Village was quite significant, reaching an increase of 17.24% from 2021 to 2022. Factors that may have influenced this increase include the increasing need for capital for farmers due to increasingly expensive agricultural production costs and an increase in demand for agricultural products due to population growth and changes in community consumption patterns. The practice of agricultural land pawning in Wono Agung Village has also become a social institution for farmers who face difficulties in obtaining capital to develop agricultural businesses and fulfill other economic needs. The practice of agricultural land pawning is a significant social institution because farmers often face difficulties in obtaining capital to develop agricultural businesses and fulfill other economic needs, such as tuition fees, health costs, weddings, and other urgent needs. In rural areas, banks and formal financial institutions are rare, making it difficult for farmers to obtain loans. The complexity of procedures and requirements at formal financial institutions further hinder farmers' access to credit. Therefore, the practice of pawning agricultural land becomes a reliable alternative to obtain capital and fulfill other needs. In this context, social institutions are not only seen as a physical structure or collection of individuals or organizations, but as a system of norms formed to

achieve goals or activities that are considered important by the community. Social institutions function as a mechanism for regulating the behavior of individuals and groups with a binding nature, expected to prevent actions that are detrimental to community security and stability.

In agricultural land pawning, social institutions play a role as facilitators in the process of granting loans using land as collateral. This practice is considered a form of informal credit, where a farmer can borrow money by lending his farmland as collateral. This loan is given with easier terms than formal financial institutions, and the amount of the loan can be agreed by both parties according to the needs of the landowner. Thus, social institutions in the context of agricultural land pawning are a solution for farmers in meeting their needs. Based on the background of the problems previously described, the researcher feels interested in compiling a scientific work entitled "Agricultural Land Pawn as a Social Institution in Wono Agung Village, Tulang Bawang Regency". The research approach used includes normative juridical methods (library research) and empirical legal research. The main objective of this research is to evaluate the implementation of agricultural land pawn practices in Wono Agung Village, Tulang Bawang Regency, as well as to map the reasons why the people of Wono Agung Village use agricultural land pawn as a social institution.

LITERATURE REVIEW

Social Institutions

Social institutions function as a way to regulate the behavior of individuals and groups with a binding nature and are expected to prevent actions that are detrimental to the security and stability of society. A behavior will be considered deviant if it violates norms, customs or legally recognized regulations. Social institutions in a complex society consist of five institutions, namely, educational institutions, family institutions, political institutions, government institutions and religious institutions. In the case of agricultural land pawning, social institutions can act as institutions that facilitate the process of providing loans with land collateral, in other words as social institutions. This has not been considered by Nurmalisa and Adha who explain the role of social institutions. Selo Soemardjan translates social institution as a social institution. The word institution is considered appropriate because it points to a form and also contains an abstract sense of the existence of rules. Broadly speaking, he defines social institutions as all norms of all levels that revolve around a basic need in the life of the community, for example educational institutions, economic institutions and so on.

Agricultural Land Pawn

Agricultural land pawn is a legal relationship between two people where one person gives pawn money to another person who owns the land. As long as the pledge money has not been returned, the pledge holder has the right to control the land. During this period, the pawn holder is entitled to the produce of the land in its entirety. The return of the pledge money or redemption is determined by the ability and desire of the landowner who pledged the land. Many pawn cases last for a long time, even years or even decades, because the landowner is unable to redeem the land.

The explanation of land pledge is generally explained in Government Regulation in Lieu of Law Number 56 of 1960 article 9 letter (a) that agricultural land pledge is when a person has a debt to the owner of land owned by another person. As long as the debt has not been repaid, the borrower or pawn holder has the right to control the land. As a result, the entire harvest from the land belongs to the pawn holder, which can be considered as interest on the debt. Thus, this article regulates the rights and obligations of the landowner and the pledgee in relation to the agricultural land that is pledged as security for the pledge.

METHODOLOGY

The problem approach taken in this research uses a normative juridical approach and an empirical juridical approach. The normative juridical approach is an approach with a literature study. Legal research conducted by examining library materials or with secondary data as basic material to be researched by conducting a search for regulations and literature related to the problems studied in this study. While the juridical empirical approach, which is carried out by examining directly to the research location with the intention of obtaining clarity and understanding in order to explore the applicable legal provisions and events that occur in the field. In other words, this research collects data and facts needed to identify problems and find solutions through problem solving against Government Regulation in Lieu of Law Number 56 of 1960 regarding the time limit for agricultural land pawning. This research conducted interviews with several informants who were considered to be able to provide information related to the above problems.

RESEARCH RESULT

A social institution in agricultural land pawning is an entity or organization that is primarily oriented towards social and humanitarian aspects in providing agricultural land pawning services to farmers and the agricultural community in Wono Agung Village. More than just providing loans, the main goal of the farmland pawn social institution is to address the social and economic problems faced by farmers, while also strengthening community ties in the agricultural sector. Wono Agung Village was inaugurated on December 18, 1995 and is located in South Rawajitu Sub-district, Tulang Bawang Regency, Lampung Province. The area of agricultural land in Wono Agung Village is divided into two main types of crops, namely rice (93%) and oil palm (7%). The total area of agricultural land in Wono Agung Village reaches 1,061 ha, with 986 ha for rice

and 75 ha for oil palm. The average agricultural land area per household in Wono Agung Village is 1.75 ha. The community in this village has a relatively large land area because of the transmigration program during the reign of President Soeharto. Within the framework of this program, each family was given 1.75 ha of agricultural land, and an additional 0.25 ha of land for housing or yard.

Most of the residents of Wono Agung Village work as farmers. Interestingly, the majority of farmers in Wono Agung Village are between 15 and 45 years old. The younger generation in the village is actively involved in the agricultural sector, and one of the key factors that has enabled them to become farmers is the adoption of modern agricultural technology. They have integrated technological advancements to simplify and improve agricultural productivity, including the use of modern farming equipment, more efficient fertilization, and the implementation of sustainable practices. The active participation of the younger generation not only involves inheriting knowledge and skills from previous generations, but also combining them with the latest technology to maintain agricultural resilience and productivity in Wono Agung Village. In an effort to facilitate research to determine the amount of mortgaged land in Wono Agung Village, South Rawajitu Sub-district, Tulang Bawang Regency, the researcher used the following table:

Table 1. Area of Mortgaged Land and Number of Pawn Holders in Wono Agung Village in 2021-2022

No.	DUSUN	LAND AREA		Pawn Holder (Person)
		Hektar (Ha)	Percentage (%)	
1.	Sido Mukti	11	35,48	24
2.	Sri Rahayu	5	16,13	9
3.	Kauman	9	29,03	17
4.	Sidorejo	6	19,34	13
Total		31	100%	63

Data source: Interview results on June 20, 2023, processed.

Based on the information in the table, Sido Mukti Hamlet stands out with a larger area of mortgaged land and a higher number of pledge holders compared to the other three hamlets in Wono Agung Village. This difference arises because of differences in land allocation and characteristics in each hamlet. Sido Mukti and Kauman hamlets allocate all of their land for housing and rice farming, with clay-type soil more suitable for rice farming. Meanwhile, the other two hamlets show a more diverse land use, including house yards, oil palm plantations, and rice fields, due to the sandy soil that is more suitable for oil palm crops. As a result, the different characteristics and land uses in each hamlet affect the amount of land mortgaged and the pawn holders in Wono Agung Village.

DISCUSSION

Agricultural land pawning is referred to as a social institution because it plays an important role in addressing the social and economic challenges faced by agricultural communities, especially in Wono Agung Village, Tulang Bawang Regency. Its main function is to provide assistance to the community when economic conditions are weak and as a means of meeting urgent needs. In addition, agricultural land pledges also serve as a vital source of capital for farmers who require funds to develop their agricultural sector. By using land as collateral, farmers can obtain loans with the confidence that they will be able to repay the obligation. The advantage of this collateral system involves both parties, the landowner and the pawn holder, while the terms applied are also more flexible compared to other financial institutions.

Mr. Ngadimen, a pawn holder, revealed that when he needed capital to work on his 2.5-hectare farm, the best solution was to pawn part of the land. He stated that borrowing money from a bank with high interest rates would require a very large amount of capital. Therefore, by mortgaging about $\frac{1}{4}$ hectare of his farmland at a price of around 20-30 million rupiah, Mr. Ngadimen was able to obtain sufficient capital for the management of his entire land. The process of agricultural land pawning is explained as an easy solution without interest, making it a popular option in Wono Agung Village as a social institution. Farmland pawning is also a solution for farmers who find it difficult to access capital from other financial institutions due to the risks that often occur in Wono Agung Village's agriculture. With farmland pawning, farmers can use their land as collateral that is considered to have a stable value, giving them access to capital to advance their farming business, such as buying superior seeds, improving farming tools, or expanding their land.

Agricultural land pawning not only serves as a source of capital, but also provides crucial social protection for farmers. Key challenges faced by farmers, such as weather uncertainty and the risk of crop failure, often result in significantly economic hardship. In this context, agricultural land pledges play a vital role in providing social protection to farmers. They can provide emergency loans or payment flexibility, helping farmers survive difficult situations such as long dry seasons or crop failure. These emergency loans provide financial support that enables farmers to meet basic needs, even if crop yields are limited or non-existent. Payment flexibility is also a form of social protection, providing flexibility in payments when farmers experience financial difficulties due to drought or crop failure, helping them overcome economic challenges in a more accessible and sustainable way. The social protection provided by agricultural land pawning has two main benefits. First, it guarantees the continuity of agricultural businesses. With this social protection in place, farmers can continue to carry out their farming activities despite economic pressures. Secondly, this social protection also maintains social stability within the farming community. By getting help and support from agricultural land pledges, farmers are not only able to maintain their farming businesses, but also ensure the continuity of their livelihoods and maintain the sustainability of the farming community as a whole.

Agricultural land pawning has advantages that make it a useful social institution, especially when compared to other financial institutions. One of its advantages lies in the absence of an interest system, which is different from other financial institutions that often apply interest on loans. Agricultural land pawning adopts this interest-free system because the pawn holder only borrows money by handing over land as collateral. The land pledged as collateral is then cultivated by the pawn holder, usually by growing rice, which ultimately provides a profit. The difference with other financial institutions lies in the fact that agricultural land pawning uses productive land to generate profits, whereas other financial institutions may not utilize such land. The profit earned by the pawn holder provides an incentive to manage the farmland well. In addition, agricultural land pledges have the ability to lend money according to need, in line with the size of the land pledged as collateral. This gives people the flexibility to meet various financial needs, while retaining ownership of the land as a valuable asset. The difference between borrowing money from formal financial institutions (banks) and mortgaging agricultural land as a social institution is explained to facilitate understanding of farmers' needs in obtaining agricultural capital in the table below:

Table 2: Differences between Borrowing Money from Formal Financial Institutions (Banks) and Mortgaging Agricultural Land to Meet Agricultural Needs

No.	Borrowing Money from Formal Financial Institutions (Banks)	Pawning Agricultural Land
1.	Requires a lot of requirements to apply for funds and is quite difficult.	There are no special requirements, only the availability of agricultural land and someone as a witness.
2.	It takes quite a long time because it goes through procedures in accordance with the provisions of related financial institutions.	The time needed is quite fast because it does not go through complicated procedures, the most important thing is that the conditions for agricultural land pawning are fulfilled.
3.	The money received is based on the value of the collateral provided, sometimes not according to the needs of the farmers.	Money depends on the agreement between the landowner and the pawn holder according to the desired needs.
4.	There is an interest system in accordance with the provisions of the relevant institutions.	There is no interest system.
5.	Payment of money according to the agreement made.	Flexible payments according to the landowner's ability, because if they are not able to pay the land pawn will continue.

Data Source: Interview Results on June 20, 2023, processed

Agricultural land pawning plays a crucial role in strengthening solidarity among farmers and forming strong social ties within farming communities. When farmers face economic difficulties, they can pledge land as collateral to obtain loans from farmland pawn institutions, reflecting the spirit of gotong royong and community solidarity. In addition to strengthening social ties, farmland pawning creates a sense of mutual trust and attachment. Strengthened solidarity among farmers also enables the exchange of knowledge and skills, improving productivity and adaptation to environmental changes. The formation of this solidarity also strengthens the sense of unity and cooperation within the farming community, enabling collaboration in infrastructure maintenance and other farming activities, which in turn increases community resilience to agricultural sector risks and challenges.

Agricultural land pawning in Wono Agung Village is not only an effective solution in addressing the economic difficulties of the community, but also plays an important role in providing access to the needs of farmers that were previously difficult to obtain. Through agricultural land pledging, villagers can obtain funds to increase agricultural productivity, including investments in superior seeds, fertilizers, and modern equipment. Furthermore, agricultural land pledges empower rural communities by providing opportunities to develop side businesses, reducing dependence on agricultural produce. With good implementation, government support, and the role of relevant institutions, agricultural land pledging as a social institution brings tangible benefits to the people of Wono Agung Village, drawing attention as a potential solution to overcome economic hardship in rural environments.

The benefits of agricultural land pawning do not only impact on the economic aspect, but also create positive social impacts for the people of Wono Agung Village. Access to business capital through land pawning allows villagers to develop various side businesses, such as livestock, fisheries or handicrafts. This provides an opportunity to create income diversification and reduce dependence on the agricultural sector, which is vulnerable to market fluctuations. The successful implementation of agricultural land pledging in Wono Agung Village also relies heavily on close cooperation between the pledge institution, the local government, and the village community.

The success of agricultural land pledging as a social institution also depends on the awareness and active participation of village communities. It is important for communities to understand the benefits and potential of agricultural land pledging, as well as their rights and obligations as owners of the mortgaged land. Information and education efforts can be made to raise community awareness of the opportunities offered by agricultural land pledging, as well as the importance of responsible management of their agricultural land. The sustainability of farmland pawn institutions should also be a key focus, involving efforts in the development of sustainable financing systems, such as the renewal of farmland pawn schemes. Agricultural land pawn needs to be active in expanding the scope of services and facilitating access to communities in need. In Wono Agung Village, steps could be taken to open agricultural land pawn branches in locations that are more accessible to villagers outside of Wono Agung Village. The challenges faced

by agricultural land pawning can be addressed through technological innovation, by using technology and communication to simplify the pawning process, speed up land valuation, and expand services to a wider range of village communities.

Pawning agricultural land is generally considered detrimental to the community, but in Wono Agung Village, Tulang Bawang Regency, the situation is different. The practice of land pawning in this village not only provides economic benefits but also acts as a significant social institution. There are two practices of agricultural land pawning, firstly, pawn holders who cultivate agricultural land without profit sharing with the landowner. Second, the practice of cultivation by landowners who pawn their agricultural land with a profit-sharing system in accordance with applicable laws and regulations. The uniqueness lies in the profit-sharing system that is well implemented in Wono Agung Village, Tulang Bawang Regency. This system provides double benefits, not only providing security for the pawn holder, but also giving landowners the opportunity to remain involved in the cultivation of their agricultural land while obtaining business capital. The profit-sharing system in Wono Agung Village is referred to as "Mertelu", in which one-third of the proceeds are allocated as agricultural capital. The next third is distributed to the pawn holder (as the owner of the agricultural land) and the remaining third is given to the cultivator of the agricultural land, in this case the landowner himself. To provide an understanding of the profit-sharing system in Wono Agung village, it is illustrated in the following diagram:

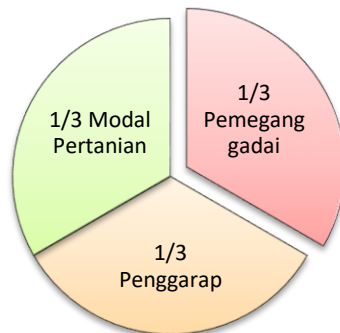


Figure.1 Mertelu" Production Sharing System in Wono Agung Village, Tulang Bawang Regency

Data source: Interview results on June 20, 2023, processed.

From the following diagram, the practice of profit sharing system in agricultural land pawn in Wono Agung Village, Tulang Bawang Regency is in accordance with the applicable rules. The rule is Law Number 2 of 1960 concerning Agricultural Production Sharing Regulations, which states that 1/3 of the results are used for agricultural capital, 1/3 of the results for agricultural land cultivators, and the next 1/3 of the results for landowners (in agricultural land pawning the landowner is the pawn holder). The application of Article 7 of Government Regulation in Lieu of Law No. 56 of 1960 concerning the provision of the abolition of agricultural land pawning after 7 years without ransom, which is a follow-up to the Agrarian Regulation (Article 53 Paragraph (1) UUPA) in Wono Agung Village, needs to be reviewed. This is because the provisions of the law have a coercive nature. The situation and conditions in Wono Agung Village, Tulang Bawang

Regency are different from the situation and conditions of people who pawn on the island of Java.

In the implementation of agricultural land tenure agreements through liens, there are obstacles that hinder agricultural land pawn transactions in Wono Agung Village, Tulang Bawang Regency. This obstacle is caused by both parties, namely the pawn holder and the owner of the agricultural land. This obstacle occurs due to a lack of knowledge about article 7 of Law Number 56 of 1960 and one of the parties breaks the agreement that has been made by both parties.

CONCLUSIONS AND RECOMMENDATIONS

The social institution of agricultural land pawn plays a crucial role in addressing social and economic challenges in Wono Agung Village, Tulang Bawang District. In addition to providing loans, the institution aims to strengthen the bonds of the farming community and provide solutions for farmers in overcoming economic difficulties. With a focus on social and humanitarian aspects, farmland pawning not only serves as a source of capital, but also provides social protection for farmers in the face of risks such as bad weather or crop failure. The practice of agricultural land pawning in Wono Agung Village, with its "Mertelu" profit-sharing system, demonstrates excellence by providing dual benefits to both the pawn holder and the landowner. Despite obstacles and challenges, the good implementation of the farmland pawn institution brings positive impacts to the community, including income diversification and strengthening solidarity among farmers. With an understanding of its benefits, active community participation, government support, and technological innovation, farmland pawning can continue to grow and make a positive contribution to development in rural areas.

ADVANCED RESEARCH

This research has various limitations. First, with only 63 samples of pawn holders and landowners, the number of observations barely meets the minimum criteria for statistical data processing. Future research should increase the number and uniformity of samples or expand research observations. This research only focuses on the practice and implementation of agricultural land pawning in Wono Agung Village, Tulang Bawang Regency. Future research can add factors, efforts and other things according to the place of research conducted because agricultural land pawning will be different in each place because it uses the customs of the previous community in the area.

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