

Analysis of Implementation of Profit Sharing Agreement in Rice Fields Cultivation: Case Study at Gampong Blang Krueng Baitussalam, Aceh Besar

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Abstract: Article 3 Act Number 2 Year 1960 concerning the Profit Sharing Agreement stated that an agreement with any name must be in writing in front of head of the village and presented by two witnesses from both parties and legalized by the authorized officials. The profit sharing in rice fields' cultivation at Blang Krueng was carried out verbally. This essay has three aims, firstly to explain why the community made the profit sharing agreement orally. Secondly to explain the agreement system for the profit sharing at Blang Krueng and third is to explain the obstacles in implementing the profit sharing system at Blang Krueng. This is an empiric juridical research by collecting data through observation and interview then analyse them to draw conclusion. The results showed that the community made profit sharing agreement verbally because it had been done for generations and most of the community didn't know Law No. 2 Year 1960. The distribution system uses 2 variations, namely 1:3, one for the owner and three for the cultivator. 1:4, one for the owner and four for the cultivator. The impediment for the community in implementing this profit sharing is dissenting opinion among them regarding the profit sharing distribution. Therefore, it is suggested that the community at Blang Krueng to make the profit sharing agreement in the form of writing with the presence of an authorized person in the village and presented by two witnesses from both parties so that when the dispute arise the evidence will be vigorous.

1 INTRODUCTION

Indonesia is an agrarian country which means that most of its citizens live in the agriculture sector (Harsono, 1997). Agriculture is the activities of humans which encompass farming, livestock breeding, fish cultivation, and forestry activities (Saleh, 1987). Agriculture might contain two meanings i.e. narrow and broad meaning. In a narrow meaning, agriculture is defined as farming activities (Sudiyat, 1981). The regulation concerning the profit-sharing agreement of agricultural land is stipulated in Law No.2 Year 1960 relating to Profit-Sharing Agreement.

Considering the structure of rural agricultural society (hereinafter referred to as *Gampong*) which still need the utilization of non-personal land especially in the area of Gampong Blang Krueng, thus, the utilization of that type of land is still needed or possible to be done temporarily through profit-sharing method. The land management

through profit-sharing is when the land owners make an agreement with other people to work on their lands, manage them, plant the land with crops, and with a deal of which the profits of those lands are shared toward both parties.

Profit-Sharing Agreement of agricultural land is a legal act in which the land owners cannot work their own land due to a certain cause but they still want to obtain the profits over their lands. Profit-sharing agreement of agricultural land is an act of legal relation which stipulated in Customary Law. Profit-sharing agreement is a form of agreement between someone who has the right over a plot of agricultural land of others referred to as cultivators. According to the agreement of which the cultivators are allowed to manage the related land with the sharing of profit between the cultivator and the owner that based on the mutually-agreed portion (Harsono, 1997). The profit-sharing agreement of agriculture in Indonesia is originated from and stipulated based on the provision of Customary Law which usually referred to as the cultivation right as

the right of an individual to conduct farming on the land owned by others with an agreement that the profit will be shared between both parties by considering that the distribution of profit is provided based on a fair basis and guaranteed with proper legal standing for the cultivators in underlining the rights and responsibilities of both cultivators and owners (Saleh, 1987).

The implementation of the profit-sharing agreement of agricultural land in Gampong Blang Krueng is performed by the community through verbal agreement (unwritten) which based on the deal of both parties. There are two implementation systems of this agreement, the first is through the 1:4 allocation and the second is through 1:3 allocation. With this 1:4 allocation system, the cultivator receives 4 (four) portions and the land owner gets 1 (one portion) while in the 1:3 allocation system, the cultivator receives 3 (three) portions and the land owner gets (1) portion. Those portions or the allocations use two systems namely the "Bled system" (paint bucket weighted 25 kg) and "Tem system" (cake cans in which the volume is 12 kg).

This verbal agreement has been implemented for generations, this action is the result of high level of trust between the community members of Gampong Blang Krueng in the past (previous generations), however, the possibility of dispute is widely open in this present era.

2 LITERATURE REVIEW

Before explaining the meaning of profit sharing agreement, it is necessary to know the terms of profit sharing agreement in each different areas like:

- Memperduoi (Minang kabau);
- Toyo (Minahasa);
- Tesang (Sulawesi);
- Maro (1:1), Mertelu (1:2), (Central Java);
- Nengah (1:1), Jejuron (1:2), (Priangan).

Apart from the above terms, there are still other terms in some other areas (Sudiyat, 1981):

1. For Sumatra region
 - a. Aceh uses the term "mawaih" or "Madua earnings" (1:1) "for peuet "or" muwne peuet , for lhee ", for limeng" where successively the owner obtains parts 1 / 4.2 / 3.1 / 5.
 - b. Gayo uses the term "mawah" (1:1), the base land has the terms "Blah duo" or "Bulung Duo" (1:1).

- c. South Tapanuli uses the term "marbolam", "mayaduai".
- d. South Sumatra for Jambi uses the term "for two", "for three ", Palembang uses the term "half".
2. For Kalimantan:
 - a. Banjar uses the term "baharun".
 - b. Lawang uses the term "sabahandi".
 - c. Nganjuk uses the term "bahandi".
3. Bali Region: The general term used is "nyakap", but another variation by using the term "nondo" or "nanding" which means "Maro", "nylon", or means mertelu (1:2), "muncuin" or "accelerate" means mapatapat "(1:3) and so on, where it is the smallest part for cultivators.
4. Java Region: Use the term "nengah" for "maro", "mertelu".
5. Mandura: Use the term "paron" or "paroa" for half production of agricultural land as a wage for cultivators.

According to Customary Law experts, the profit sharing agreement has various types, as follows:

1. Definition of profit sharing agreement (*Deelbouw Overeenkomst*) according to Djaren Saragih stated (Saragih, 1984):

"A profit sharing agreement is a legal relationship between a people who owns the land with another (second) party, where these two parties may process the land concerned with the provisions, the profits of processing land are divided between the owner of the land and those who cultivate the land."

The function of this profit sharing agreement according to Djaren Saragih is for maintaining productivity of the land for land owner, while for the *deelbouwer* the function of the agreement is to work on the land without having the land.

2. Definition of the profit sharing agreement according to Hilman Hadikusuma (1990):

"As a general principle in Customary Law. If someone planted someone else's land with consent or without approval, is obliged to surrender a portion of the proceeds to the land owner. This principle applies not only to vacant land, land fields, garden land, or paddy fields, but also for aquatic land, fisheries and livestock".

From the opinion of Hilman Hadikusuma, explained in general everyone who planted someone else's land is good because of

agreement of both parties or without consent, the party who plan must give a portion of the proceeds to the land owner. This is what a general principle that applies in Customary Law

3. Definition of agreement for profit sharing according to Boedi Harsono namely (1997):

"A form of agreement between a person entitled to a plot of agricultural land and other people called cultivators, based on agreements where the cultivator is allowed to cultivate the land with distribution of profit between cultivators and who owns the land according to a mutually agreed balance, for example each gets a single (maro) or the cultivator gets a third part (mertelu)".

4. The meaning of profit sharing agreement according to Bushar Muhammad is (2000):

"If the land owner gives permission to others to work on the land with an agreement, that gets the permit must give part (half if two called maro and one third called mertelu or jejuron) to the owner of the land".

Based on above definition from scholars, conclusions can be drawn regarding understanding of the profit sharing agreement, namely:

- a. There is a legal relationship between landowners and parties land tenants, so that the rights and obligations of the parties arise.
- b. The landowner in the profit sharing agreement gives permission to other people as cultivators to cultivate land and the profits are divided in accordance with the agreement that has been agreed upon together.
- c. Cultivators are also obliged to work or proceed the land as good as possible.

The Profit Sharing Agreement according to Customary Law is basically an agreements that arise in Customary Law communities between landowners with cultivating farmers and generally the agreement is not realized in written form but only verbally based on mutual trust.

Based on the discussion above, therefore; the author aims to apply Juridical-Empirical method for this research. The searching in the discussion of this article is the search toward true knowledge (scientific) because the result of this research will be used to answer specific problems. Legal research is

a process to find law regulations, law principles, or law doctrines to answer the law issues that being faced.

This definition is consistent with the prescriptive characters of law science. Legal research is conducted to produce new argumentations, theories or concepts as the prescription in solving the faced issues. Juridical-empirical method was used as the method in this research, the data were acquired through field and literature studies. Field study was performed by interviewing respondents and informants while literature study was conducted by reading text books and law regulations.

3 RESEARCH METHOD

Based on the discussion above, therefore; the author aims to apply Juridical-Empirical method for this research. Empirical research is defined as any research where conclusions of the study is strictly drawn from concretely empirical evidence, and therefore "verifiable" evidence. This empirical evidence can be gathered using quantitative research and qualitative research methods. In this research an author collect data using evidence that is collected through observation, interview or experience or by using calibrated scientific instruments to analyse the problem. All of the above origins have one thing in common which is dependence of observation, interview and experiments to collect data and analyse them to come up with conclusions. The searching in the discussion of this article is the search toward true knowledge (scientific) because the result of this research will be used to answer specific problems. Legal research is a process to find law regulations, law principles, or law doctrines to answer the law issues that being faced.

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4 RESULT AND DISCUSSION

The results of this research show that the community made the profit sharing agreement orally. Then there are two systems of profit sharing agreement at Blang Krueng and there are several obstacles faced by the community in implementing the profit sharing system at Blang Krueng, Baitussalam, Aceh Besar.

4.1 The Reasons Community of Gampong Blang Krueng Conduct Verbal (Unwritten) Profit-sharing Agreement

Profit-sharing is a method that still being implemented by the local people of Gampong Blang Krueng in Baitussalam District of Aceh Besar Regency to support their economy especially in the agricultural sector. The implementation of this method can be seen from the vast area of agricultural land cultivated in Gampong. It won't be surprising if most of the local people conduct profit-sharing agreement and the transactions through profit-sharing method to manage the agricultural lands.

The form of profit-sharing agreement in Gampong Blang Krueng is unwritten; the local people conduct the agreement verbally based on the principle of mutual trust between both parties without any witnesses from neither of them. The agreement is also not legalized by the authorized official.

If referring to Article 3 of Law No.2 Year 1960 concerning Profit-Sharing Agreement, thus, the profit-sharing agreements which occurred within the community of Gampong Blang Krueng are not consistent with the Law provisions applied at present. Until today, the cultivators and the owners of agricultural land have been conducting profit-sharing agreement verbally and it becomes their habit, thus, the parties conduct unwritten agreement with some underlying reasons. The underlying reasons of the parties are as follows:

- It has been passed through generations
- Greater mutual trust exists
- Uncomplicated procedure
- Not aware of Law No.2 Year 1960 concerning Profit-Sharing Agreement.

Profit-sharing also functions as an institution that strengthen the relationship between relatives. In this profit-sharing agreement, the relationship with relatives is still prioritized to cultivate the agricultural land, if there is no more relatives or families who want to cultivate the land, the right to

manage the land will be given towards neighbors or immigrants in the Gampong which have no kinship/family relationship with the land owner.

Based on the result of this research, regarding the profit-sharing agreement in Gampong Blang Krueng of Baitussalam District - Aceh Besar Regency, there is a farmer group named *Beudoh Beurata*. This farmer group has 138 (one hundred thirty eight) members which consists of men and women in various ages. This group also consists of farmers. The farmers who registered in this *Beudoh Beurata* group are not only the men but also the women. Random sampling was performed to 138 (one hundred thirty eight) individuals which consist of some cultivators (farmers) and land owners that will be furtherly described. The areas of the agricultural land which will be cultivated by farmers are varied as well with the width from 1,000 m² to 7,000 m².

In addition, the decreasing trust of the community's members in the present era can trigger horizontal conflicts between the Gampong's people such as the dispute related to the ownership and the management of agricultural land in Gampong. In that order, the agreement of agricultural land management should not be done verbally, but in written form and spectated by the witnesses or with the consent of village's chief. This action is done to prevent the occurrence of future conflicts and disputes.

4.2 The Implementation Systems of Profit-sharing Agreement in the Cultivation of Agricultural Land in Gampong Blang Krueng of Baitussalam District – Aceh Besar Regency

The implementation systems of profit-sharing in Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency consist of 2 (two) systems. The shared profit in this context is not money but the yields of the agricultural land. The system of profit-sharing agreement in Gampong Blang Krueng can be seen in the explanation below. The implementation system of profit-sharing in its Gampong has been mostly used 1:4 system (Waled 2018, personal communication, 22 November).

The most applied profit-sharing system was the allocation system in which the owners of the agricultural land receive one portion and the cultivators receive four portions with a condition that all costs of seeds, fertilizers, toxicants, paddy plow, and harvesting fees are afforded by the

cultivators while the agricultural land owners only delegate the right of their lands to the cultivators for the lands be managed in accordance with the deal agreed upon both parties.

The results of interview conducted towards respondents have showed that the profit-sharing systems which can be found in Gampong Blang Krueng are as follows:

a. 1:3 Allocation System

The profit sharing with 3 (three) proportionate or one-third system is implemented by the people of Gampong Blang Krueng twice every one (1) year. The portion is one for the owners and three for the cultivators with the same condition applies on 1:4 system i.e. all costs such as seeds, fertilizers, medicines, toxicants, paddy plow, and other costs of crop treatment are afforded by the cultivators. The running of this system is also depending on the existing water debit and water pump machines. Usually the local people of Gampong Blang Krueng do not use this system because the existing water debit is not sufficient, thus, they preferred to use 1:4 system (Waled 2018, personal communication, 22 November).

This system has been long existed and grown in Gampong Blang Krueng, however, because this system requires more water debit, therefore, this system is applied by depending on the rainfall to water debit available in Gampong Blang Krueng.

b. 1:4 Allocation System

This system is used by the local people of Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency. This system has been existing since the past in Gampong Blang Krueng. This one-fourth (1:4) system is a system in which its water debit is low (rainfed land), depending on the rainfall and the existing water debit depends on water pumping machine, this system is usually implemented once a year because its irrigation center is located in the area of Gampong Tanoh Abe of Seulimum District of Aceh Besar Regency.

In this allocation system, the owners deserve to acquire 1 (one) portion with a condition that the owners do not afford costs like seeds, fertilizers, medicines, toxicants, paddy plows, and other costs of crop treatment. In this system, the cultivators get 4 (four) portions with a condition that they have to afford all costs such as seeds, fertilizers, medicines, toxicants, paddy plows, and other crop treatment costs.

The profit-sharing system in this profit-sharing agreement in Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency is influenced by the habits or traditions that still maintained and grow throughout the generations. Referring to the Presidential Instruction of Republic of Indonesia No.13 Year 1980 concerning the Implementation of Profit-Sharing Law, the amount of profit-sharing has been stipulated in Article 4, thus, the agriculture profit-sharing system which implemented in Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency has been in accordance with what regulated in the regulation.

There are special characteristics in the profit-sharing agreement in which there is one party who referred to as the land owner (the party who own the land to be farmed) and another party who referred to as the cultivator (the party who farm the land) (Musli 2018, personal communication, 19 December). The land owner only gives the land to be cultivated while the cultivator who conducts the farming, spending energy, providing seeds as well as managing agricultural land as agreed by both parties. In more modern activities, the parties who will perform the work provide the capital, expertise, and their own equipment. The outcome will be divided with the parties who own the asset. The allocation of the amount of percentage of each party is depending on the provision of both parties.

There are no certain provisions concerning the amount of profit-sharing portion which becomes the rights of the owner or the right of the cultivator in Customary Laws (Mustafa 2018, personal communication, 19 December). In Gampong Blang Krueng, there is a Customary Institution which highly influences the success or failure the implementation of profit-sharing system of an agricultural land cultivation that exists in Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency, and this Customary Institution named *Kejrue Blang*. The duty of *Kejrue Blang* is in the agricultural land sector as mentioned in Article 25 of Aceh's Qanun No.10 Year 2008 concerning Customary Institution.

4.3 The Barriers Faced by the Local People of Gampong Blang Krueng in the Implementation of Profit-sharing Agreement

The implementation of profit-sharing agreement in Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency leads to the occurrence of barriers in implementing its profit-sharing system. The barriers are regarding the dissent between the owner of agricultural land and the cultivator, the dissent can be related to the matter of portion received by each party, therefore; there is a party who has an argument which contradicts with other parties regarding the yield of agricultural land (Waled 2018, personal communication, 22 November). In Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency, the conflict management is solved by deliberation. The occurring dispute between the parties is small conflicts which according to the parties can be solved by deliberation so it won't end up in court level (Bakar 2019, personal communication, 28 February). In solving the disputes, the community use cultural approach by involving the parties related to the disputes including the apparatuses of Gampong Blang Krueng as well as both conflicting parties, thus, the settlement won't have to be brought into a court level.

Some shortcomings were found in the implementation of profit-sharing agreement in Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency. One of those shortcomings is the implementation of verbal agreement in profit-sharing agreements that occurred in Gampong Blang Krueng (Muklis 2019, personal communication, 24 February). Due to that matter, clear and assertive limitations regarding rights and responsibilities of both parties were undescribed. This situation emerges a high possibility for both parties to violate the rights and responsibilities which have been agreed in prior.

Profit-sharing agreement in Gampong Blang Krueng is also giving lack of legal insurance for the parties who conduct the agreement because the agreement cannot be proved if any disputes occur and this situation is a result of the agreement which made verbally without the consent of Village Chief as the authorized official, thus, legal protection and basis of rights which can be used as legitimate evidences if any disputes emerge between both parties are unavailable. Therefore, it is crucial that the profit-sharing agreement is made in written form to acquire legal insurance in case that a conflict between the two parties occurs. The majority of

local people in Gampong Blang Krueng, Baitussalam District of Aceh Besar Regency conducted the profit-sharing agreement as the secondary source of income due to its relatively short period. The duration of the agreement is approximately 4 (four) months from the seeding to harvesting period (Aglá 2018, personal communication, 17 December).

5 CONCLUSION

In view of the above discussion, conclusions can be drawn as follows: In the practice, the local people of Gampong Blang Krueng of Baitussalam District – Aceh Besar Regency do not use written agreement instead they use verbal agreement and provide no witnesses from both parties and do not require authorization from the relevant district head or other officials on that level. Most of the people did not know about the existence of Law No. 2 Year 1960.

The profit-sharing system in Gampong Blang Krueng, Baitussalam District, Aceh Besar Regency was implemented through 2 (two) systems. The first system is the implementation of 1:4 system. The second system implements 1:3 system. Between these 2 (two) systems, the community of Gampong Blang Krueng were using 1:4 system more dominantly.

Disputes occurred in this profit-sharing agreement. The matter of dispute was regarding the dissent between the owners and the cultivators, the dissent was associated with the allocation of portion that received by each party and a party with bad intention.

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