

THE POTENTIAL OF BAY' AL SALAM AS AN ISLAMIC CONTRACT FOR ISLAMIC HEDGING

(Case study of farmers in Trenggalek, Ponorogo, and Bantul regency)

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Abstract

This research tend to analyze The Potential of Bay' Al Salam as Islamic Contract as Islamic hedging. The objects of this research are farmers in Bantul, Ponorogo and Trenggalek. Research data obtained by spreading questionnaire to three regency above. Data analysis tools used by researcher are Microsoft excel 2013 and SPSS 15. The result of the research stated that the concept of hedging in Bay' al Salam is not well practiced yet, the practice of Bay' al Salam inclined to be avoided by Syariah financial institution. The lack of understanding about Syariah financial institution weakening the practice of the Bay' al Salam by respondent.

Keywords: *Bay' As Salam, farmers, Syariah financial institutions, hedging*

INTRODUCTION

The needs of sustainable natural resources are inevitable for the sustainable human race itself, cultivating lands or agricultural sector plays a very big role in nation development since many of Indonesian people working in the agricultural sector. The manifestation of its big roles in national development can be manifest as job vacancy maker and absorbing series of workforce, contributing to national gross domestic product, source of foreign exchange, provider of raw materials for small medium enterprises, the producer of logistic stock and nutrition and also as motor of other real economy (Roziq, Hisyamudin, & Purnamawati, 2014).

The National banking industry has great potency in this sector as one of the financial providers in this business. Banks as financial institution has the ability to gather the funds from people and redistribute them to the one who lack of funds or for the businessman in form of credit or financing. Theoretically, the prospect of national banking for financing in this business

is still widely open. This can be proven by the fact that the asset of a national bank has an abundant resource of fund whether the fund owned by the bank itself or the fund collected by people and the other factor is that the truth about Indonesia which have abundant potency in the agriculture sector in Indonesia.

Here BMT has big role as the supporter of Islamic small medium enterprises which run under the Shariah protocol or Shariah compliance, the story of BMT has been famous in Indonesia through their track record of performance and their services with their customer, the existence of Baitul maal wa tamwil has established during the time of the prophet SAW as national treasury , this would be mean of the importance of BMT in order to sustain the financial management in a Muslim country, here is the same since BMT of the past and current BMT are stand in the same stand.

Generally, Bay' al Salam is kind of trading transaction which the payment have fully paid during the contract but delivering commodity will be done in the future in the specific time which is agreed in the contract. This kind of transaction giving the benefit both of buyer and seller. The benefit which is gain by the seller is that the seller has the liquidity due to the advance payment which is given by buyer and for the buyer they have a current price which is commonly lower than the spot price. BMT is giving this kind of contract to give capital to the customers so the BMT can avoid the usury loop in financing contract like what commonly conventional bank do. If conventional using the fixed interest rate in the form of percentage from the total loan to gain profit, on the other hand, BMT using the calculation of profit for selling the commodity which is sold by Bay' al Salam contract with the customer. Bay' as Salamis a perfect concept of Islamic contract for trading which is giving mutual benefit for creating prosperity for all and also creating the bridge of new alternative of farming production as the alternative concept of farming production.

Islam is a perfect religion which not only govern the spiritual aspect but also the worldly aspect as the fact that before the long journey of here after Muslim should survive in this worldly life first so Islam is with no doubt is universal religion, it has the answer to every question including the issue of farming in Indonesia.

Indonesia is agricultural country since many of Indonesian people are still working in the agricultural sector. In 2014 agricultural sector absorb around 35,76 million or around 30,2 % of the total of the whole workforce in Indonesia. Investment in premiere agricultural sector whether from Penanaman Modal Dalam Negeri (PMDN) as well as Penanaman Modal Asing (PMA) have had grown around 4,2 % and 18,6 % per year (Ministry of Agriculture, 2015).

It seems that the problems of agricultural in this country need the concept and the policy of government which is clear and integrated, the failure of Indonesian agricultural reflected from the farmers poverty line and the failure of Indonesian ability to fulfill the needs of agricultural commodity through import from the year to year, this a tragedy which we face in our life even though many of us did not really notice the importance of this.

Bay' al Salam is a contract which is introduced by Islam which has existed during the prophetic era or around 1437 years ago or even earlier before since the practice of this contract has been done before the Islamic era in the past by the Arabian in their the agricultural business. The concept of this contract is very beneficial for both of seller and buyer, for the seller they have got the capital from the advance payment which is paid by the buyer while the buyer as investor has the advantage from the deal with the seller to deliver commodity to the buyer with the specific of quality, quantity, and the time of delivery which has been agreed before.

The fact that Indonesian agricultural sector has been absorbing 35,76 million workforces or around 30,2 % is not a fact to be taken lightly. as a pillar of national economy agricultural sector is expected to be one of the sustainable economies in Indonesia to rise the

poor people from poverty line especially for the farmers, governments has done so many efforts to make this issue of poverty solved but it seems that their effort did not reach the ultimate goal yet, the regulations and also investment have had massively done by government in order to boost the agricultural sector. Investment in the agricultural sector are expensive and it became worse when the return is low and also the period of harvesting are quite long this thing made even harder to make agricultural sector in Indonesia to be attracted by the investor.

Bay' al Salam has been introduced and allowed by Shariah with such design to fight the usury and gharar / uncertainty since logically when farmers cultivating the land they will need the capitals to begin with, in Islam Muslims are prohibited to take loan which contains usury so the alternative is by finding buyer who willing to pay the harvest in advance and the commodity will be delivered in the future according to the deal in the very beginning. Salam has been permitted by prophet SAW himself and also among the righteous predecessor and even the contemporary scholar have no objection about Bay' as Salam. The virtue of Bay' al Salam are benefiting both of party whether, for buyer or the seller, the buyer has stock security and also the advance price which is commonly lower rather than spot price, and for the sellers they have the liquidity for covering their cost of production since they get their advance payment for the exchange of delivering commodity in the future.

Bay' al Salam from the view of farmers actually it's might be more preferable rather than they took the load from conventional banks. Other than they got the payment in advance the farmers do not bear the risk during the production or cultivation and also the burden of interest rate if they take the loan from the banks. And as a buyer, they got the lower price so they can save their supply even before the harvesting season at advance price. Bay' al Salam can be protection of price during the time when the demand is high since in the rule of Shariah never allowed reselling the commodity before the commodity actually delivered for the buyer

so this kind of action can drag the price back at lower price even during brisk trade season, so the other virtue of Bay' as Salamis to hedge the price for uncertain future price.

For the attempt to make farmers prosperity does not stop here in fact the author willing to write this final academic research for undergraduate student to understand what really happening out there, what happen with Indonesia agriculture and what happen with Indonesia heroes who provide the food security for this nation and to make Indonesia stronger through its small medium enterprises business by helping farmer out of poverty line to the light of prosperity. The reason why the researcher chooses Bantul regency to be a field of research is based on the phenomenon which occurs not so long ago in October 2015 last year when the price of chili price went down which made the farmer prefer to burn their chili field. Farmers burn their productive their field which still have 4 more times for harvesting not without unexplainable reason, they said that when the price of chili falls, the earning for chili selling would not cover the cost of harvesting alone not even from another cost, this kind of tragedy not only occur in Bantul regency but also almost happen everywhere even two cities where the researcher origin come Ponorogo regency and Trenggalek regency. This kind of trouble will not occur if from the very beginning farmers using Bay' al Salam to run the business since Bay' al Salam have the hedging price feature.

Research Objectives

Based on the research questions above the objective of this research which supposed to be answered in this research are:

1. To find out how well Bay' al Salam is known by people so researcher may understand the real situation of Bay' al Salam in practice.
2. To find out factors which encourage or discourage Bay' al Salam in practice.
3. To find out the solution of the problems which faced in practicing Bay' as Salam.
4. To find the best applicable concept of Bay' al Salam in practice.

RESEARCH METHODOLOGY

Research Area

The objective of this research are the farmers which are known in this particular issue are become the main attention, researcher targeting farmers become the main attention since according to the researcher view farmers has a lot of problem regarding their agricultural business and it seems nobody cares about it. In this issue researcher considering this particular problem is very crucial to be solved in order to achieve prosperity for farmers.

This study uses qualitative approach, According to Azizah (2015) Qualitative research methodology is a research which has nature to descriptive and inductive. In this methodology, research done by the phenomenon and existed data, not a theory so the focus of qualitative research is not in existed theoretical proofing. Hence theoretical framework commonly only used for supporting research focus.

This research conducted based on the actual data which has been collected by researcher and not only relies on merely to the theory.in this research researcher collecting data and the information trough interview. Field study and consultation in order to strengthen the validity of the research.

Type of Research

The type of research which researcher chose is qualitative research. According to Moleong & Lexy (2005) “qualitative method is research procedure which will produce descriptive data as written words or speech from the people.” Qualitative researches are common to be used in socio discipline science. So base on the description above descriptive research is research which is trying to describe a phenomenon or events thus the research objection become clear. The research which conducts by the researcher trying to expose mine problem clearly, in this case, factors of realization of Bay’ al Salam as hedging for covering risk in agriculture. The qualitative research design selected involves literature research. It is

chosen because it does not involve any statistical and numerical experiments. In fact, the result of outcome is not obtained by any statistical procedure. Considering that a qualitative research also emphasizes the importance of carrying out actual and natural ground of studies, so it is in conformity with this study in the form of observation and explanation of some actual and natural situations. The research approach of contents analysis is the qualitative research method of document analysis.

Data Resource

In the research, the existence of data is crucial since scientist always taking conclusion through data, not by baseless argument. Everything must be proofed using data. The nature of data itself commonly divided into two named primary data and secondary data. The accuracy of data which is collected by the researcher has a big role in shaping the conclusion of the research, hence the accuracy of research always depend on the data obtained. The sampling which is used by the researcher, in this case, is purposive sampling which means researcher trying to dig the information which will be the basis for concluding the phenomenon observed. The procedure of data collection as mention above, researcher using two kinds of data namely primary data and secondary data.

1. Primary Data

Primary data is data which is obtained from respondent directly whether through interview, survey, and observation. In this case, primary data which is collected by a researcher in order to expose the analysis of hedging in Bay' al Salam for covering risk for agriculture.

2. Secondary Data

The secondary is data which is obtained by indirect taken by the researcher which will support the research, in this case, secondary data which is taken by research taken from journals, scientific research which related to this topic, books, and other various documents.

Data Collection Method

In order to obtain valid data researcher conducting various data collection method. Collection data which is done by researcher using 3 kinds of methods as follow:

1. Interview

Interview used in data collection method if the research willing to do the previous study to find out problems to be observed, and if the researcher willing to know more details information from respondents and if the amount of respondent are little (Sugiono, 2004). The researcher doing an interview to farmers in order to know more deeply regarding the practice of hedging in Bay' al Salam for agriculture.

2. Observation

Observation data collection method used in the research which is related to human behavior, systemic working process, natural symptom and if respondent which is taken not too much, the observation method not limited only to the people but also nature (Sugiono, 2004). In this stage researcher dealt directly with the respondent in order to observe and to monitor the activity which is being run. In this case, researcher conducts direct observation in order to monitor and to know the real practice and its development regarding the practice of hedging in Bay' al Salam for agriculture. The data which is collected by the researcher in this stage by taking notes and recording the result of observation and taking the ultimate conclusion.

3. Documentation

Documentation is collecting, choosing, processing and saving information related to document related to an issue which is being observed.

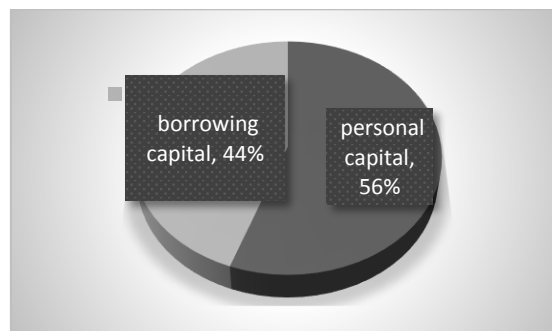
Data Analysis Method

Data analysis method which used by researcher is qualitative descriptive analysis. The information which is collected during research consists of primary data and secondary data and letter on processed by using quantitative descriptive. Descriptive analysis is chosen by researcher because this approach is more suitable regarding the research which conducted by the researcher which is to enquire the concept of hedging that is in accordance with the Shariah compliance. Data analysis tools used by researcher are Microsoft excel 2013 and SPSS 15. According to Elliott (1999) all these methods rely on linguistic rather than numerical data and employ meaning-based rather than statistical forms of data analysis. Distinguishing between measuring things with words and measuring them in numbers, however, may not be a particularly useful way of characterizing different approaches to research. Instead, other distinctive features of qualitative research may turn out to be of far greater importance. In this research quantitative descriptive analysis used in order to analyze or describe the role of hedging in Bay' al Salam for agriculture.

DESCRIPTIVE ANALYSIS AND DISCUSSION

Source of Capital

In order to gain capital respondent are given questions where their capital comes from whether from personal capital or trough borrowing capital and as a result is following:



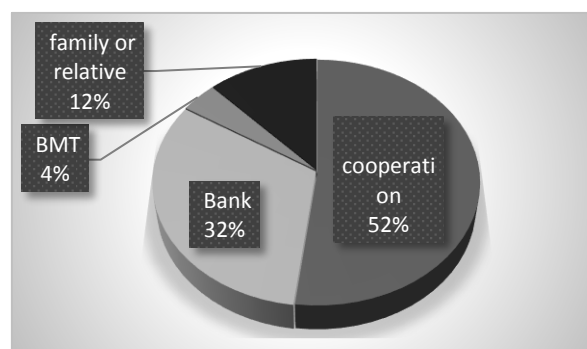
Source :primary data 2016

Figure 1
Source of Capital

The majority of respondent based on data above (figure 5.1) using personal capital which represent 56% from total respondent while the rest of 44% taking capital from the third party whether from the conventional financial institution, shariah financial institution or other sources. Even though the different between two capital source is little the slight different here have a big interpretation. The slight different which make farmers choose not to take loan not because they don't want to but rather since they have difficulties to access the loan or they don't have a better choice to facilitate them. And also, as Soetrisno (2006) stated that capital is internal factor which is crucial in the practice of agriculture business which runs by farmers.

Loan taking Preference

In modern business capital is essential in order to grow business, here respondent are given questions where are their preference to take loan and as result following:



Source :primary data 2016

Figure 2
Preference of Taking Loan

The majority of farmers prefer to take a loan from cooperation which represents 52% from the total respondent. This would be mean when majority of farmers taking loan from cooperation farmers prefer to use the internal society funds as capital which uses to accommodate the lack of capital among its members and also it could be mean that cooperation still becomes the most known or to be more precisely most accessible by farmers as financing institutions among the rest financing institutions. And the following by bank as the second biggest choice of farmers to take a loan which represent 32% from the total respondent. This

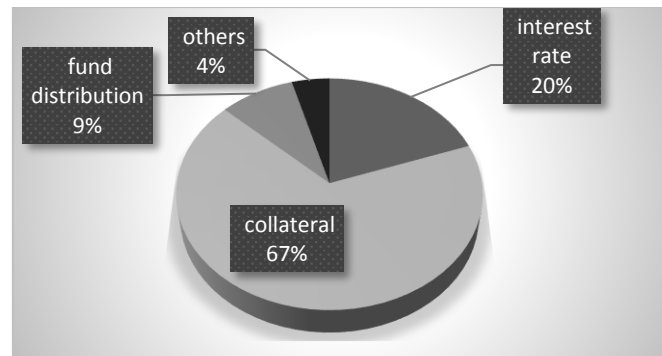
would be mean that bank as most common or largest financial institution so farmers considered the bank as a best second available option.

Then the next is farmer's preferences to take a loan from family or relative which represent 12 % from the total respondent one of the main reason why farmers prefer to take a loan from relative or family is because it simpler than any other option or perhaps it is the only alternative they have. Taking a loan from relative or family don't need collateral or paying interest as a return, but it can be interpreted as the lack of farmers understanding regarding professional financing.

And the last one as the least preference is BMT which only represent 4% from the total of respondents. BMT represent 4% from the total respondents, BMT as Shariah financial institution become the last option. Even though BMT is the only semi banking which can settle their own policy which can make the simpler procedure of accessing funds for farmers but it seems that farmers common nature is a lack of understating or socialization from BMT product in agricultural sector so they don't understand. Or it's simply that BMT still can't penetrate agriculture market share very well. According to Supanggih & Widodo (2013) in his research that farmers who have wide land prefer to take a loan from the bank since they are supported with land certificate ownership. While the rest farmers who have narrow land prefer to take a loan from cooperation, farmer union, and agricultural store due to the process are fast and easier procedure, not a necessary land certificate as collateral.

Problem Faced from Taking Loan

Here researcher trying to expose what are the obstacles which commonly faced by respondent when taking loan, respondents are given several questions in order figure the problems out and the result as following:



Source :primary data 2016

Figure 3
Problems Faced When Taking Loan

Collateral is the biggest obstacle to farmers for getting a loan here represent 67% from the total respondents. Collateral considered as a benchmark to decide how much loan should be given to the customer, in agriculture business this would be a problem since farmers commonly or many of them don't have such collateral to begin with and even if they have the value will not reach the capital which they need.

And then interest is become a second biggest problem for farmers from taking a loan, the interest rate is regulated by central bank trough national banking protocol. Interest rate represents 20 % from the total respondent, interest rate considered huge obstacle by farmers this is not without reason since bank burdening the risk to the customer, which is even without this burden farmer already burdened with so many risks in their business.

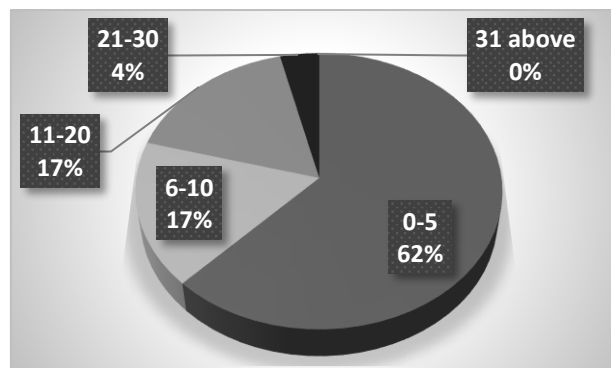
Slow fund distribution becomes next obstacle for farmers since farmers work in seasonal period so they can't waste time to wait for the fund to be distributed when the distribution of fund is slow they will miss the good chance to cultivate faster in the best seasonal period. Fund distribution obstacle represents 9% from the total respondent and the last other reason which represent 4 % from the total respondent.

By the obstacles which faced by respondents, in this case, farmers facing falling competitive index which can cause in this case government fail to provide prosperity for their people and in opposite when the least obstacle faced by farmers this would raise the competitive

index which will be a sign of government success to provide prosperity for their people. According to Supanggih & Widodo, (2013) farmers still considering that the process of accessing professional financial institution is difficult, complicated and expensive. Farmers still have very limited detail information toward the formal financial institution. Farmers considering that interest base system will shackle them.

Operational Cost

Agriculture sectors are very costly business where the truth is that the cost of operational often become the most burdening respondents to begin with before cultivating. here in order to the ratio of capital needed in 1 cultivating period and as the result is following:



Source :primary data 2016

Figure 4
Ratio of Operational Cost

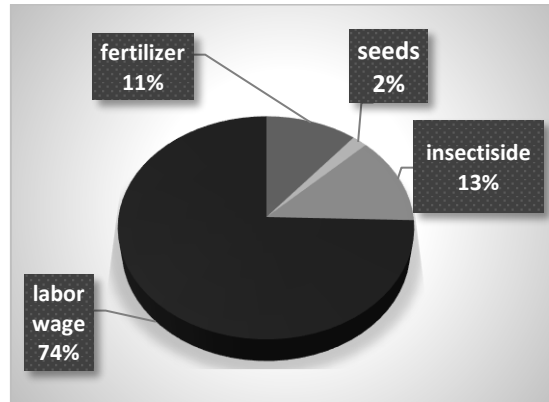
The classification of capital needed for respondent is categorized as very small, small, medium, big and very big, the ratio of operational cost in one cultivating time dominate in very small classification which represents 62% from the total respondents, following by small and medium which both share same amount 17 % each, and then following by big operational cost which represents 4 % and the last very big operational cost which represent 0%.

The more operational cost needed to represent bigger agricultural business runs, so the amount of commodity which produces is bigger too. And the least operational cost needed could be mean the least output which will produce. Here since the majority of respondents are only using least capital it would be mean that the agricultural sector performance is not quite

well since least capital will only produce the least output too if its judge by the capital ratio needed in 1 cultivating period.

Most Costly Expenses

Expenses are inevitable in every business even in agriculture, here is the classification of most common expense in agriculture:



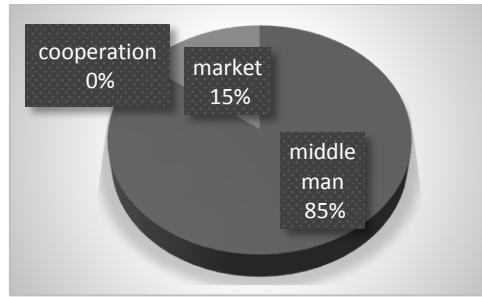
Source :primary data 2016

Figure 5
Most Costly Expenses

Most costly expenses which shown by data is in labor wage which represents 74% and following by fertilizer 11% and then insecticide 13% and the last followed by seeds 2%. From the data above its explain that the majority of farmers still use traditional method which commonly rely on labor force to run fields. Modernization of equipment and tool can be an alternative to help farmers so the amount of labor can be used efficiently. And the rest of expenses which least cost can be reduced by government subsidy so the cost can be reduced to the minimum amount as possible. Kaleem (2008) said that agriculture sector has demand which increases the credit in particular time due to the increase of fertilizer usage, insecticide, seeds and mechanization.

Commodity Selling (Marketing)

Selling commodity after harvesting is crucial in order to gain the profit from the long effort of cultivating period here is the preference of respondent to sell their crop and here is the result:



Source :primary data 2016

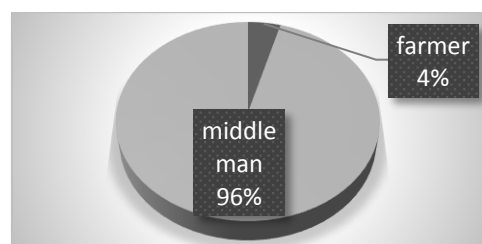
Figure 6
Where The Commodity Sold

The majority of respondents prefer to sell their crop harvesting to middle man which represent 85% and the rest 15 % respondent prefer to sell to market directly and none of the respondent to sell their crop to cooperation. The data above explain the domination of middle man in marketing crop commodity.

Whether selling commodity trough middle man is a most effective mechanism or the dominant power which middleman have to control the market. But regardless whether the dominant power of middle man to control the market or not the fact that entering market alone sometimes are troublesome for respondents and as the government can do nothing to beat middle man since base on the information during interview commonly middle man can give a higher price or more competitive offer than the government did.

Ratio of Price Maker

In every transaction there is always two party who make agreement with the price in order to validate trading so here is the result of interview to know who is more dominant to settle price and the result as following:



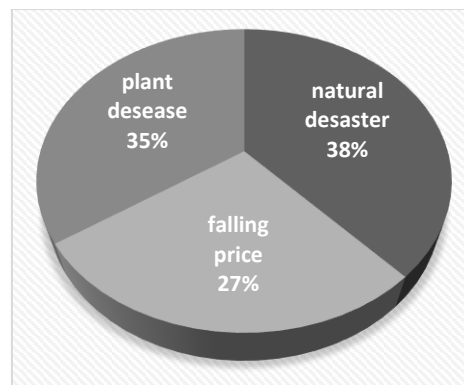
Source :primary data 2016

Figure 7
Ratio of Price Maker

After harvesting the commodity which sold to middle man commonly price determined by middle man which represent 96% from total respondent and the rest 4 % farmers can bargain or become price maker. This trends make farmers vulnerable to the influence of the middle man in price determination and make farmers far from the competitive edge, and make middle man strong influence to control the market.

Crop Failure Cause

The crop failure problems are inevitable in agricultural business since in agricultural business contain so many risks, here is most common risk faced by respondent:



Source :primary data 2016

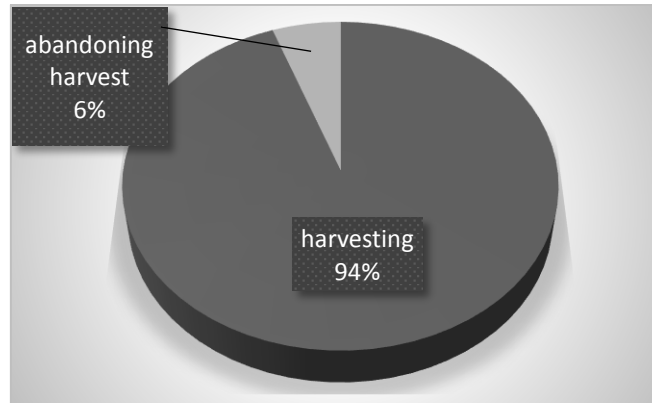
Figure 8
Crop Failure Causes

Crop failure here is inevitable by farmers 100% of the total respondent has felt the crop failure whether caused by natural disaster, falling price or plant disease or even combination of them. Here respondent who suffers crop failure caused by natural disaster represents in highest rank which represents 38% from total respondent while the second caused by plant disease 35% while the rest 27% suffer from falling price.

Crop failure represents the weak management of production since commonly farmers only rely on the grace of nature and then when the harvest time they only hoping that they will get a good price without certain management or protection. Have no certain risk management and only rely on the grace of market and nature make farmers always not having the good competitive edge.

The Decision After Crop Failure

Among the tragedy of agriculture which must be faced by respondents is the decision must be taken after crop failure. Here is the result:



Source :primary data 2016

Figure 9
Decisions After Crop Failure

Among the total respondent, 94 % still choosing to harvest even after crop failure while the rest 6% prefer to abandon their crop due to their consideration than continuing the harvest will only burden even more and make the loss even greater. But some farmers who consider that harvesting even after disaster considered still profitable so they continue to harvest.

The Percentage of Crop Failure Caused by Natural Disaster

Table 1
The Percentage of Crop Failure Caused by Natural Disaster

		Frequency	Percent
Valid	10,00	1	1,9
	20,00	2	3,7
	25,00	1	1,9
	30,00	2	3,7
	40,00	2	3,7
	50,00	4	7,4
	70,00	7	13,0
	75,00	4	7,4
	80,00	2	3,7
	90,00	1	1,9
	100,00	15	27,8
	Total		41
Missing	System	13	24,1
Total		54	100,0

Source :primary data 2016

Crop Failure Caused by Falling Price

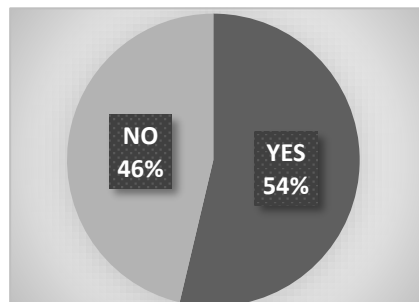
Table 2
Crop Failure Caused by Falling Price

		Frequency	Percent
Valid	5,00	1	1,9
	10,00	2	3,7
	20,00	3	5,6
	25,00	4	7,4
	30,00	9	16,7
	35,00	2	3,7
	40,00	5	9,3
	50,00	14	25,9
	60,00	2	3,7
	70,00	1	1,9
	Total	43	79,6
Missing	System	11	20,4
Total		54	100,0

Source :primary data 2016

Access Toward Financial Institution

Financial inclusion is a program to spread the financial of the banking system to be acceptable to everybody not only for the rich only. Here researcher trying to know how many of respondents who has access financial institutions.



Source :primary data 2016

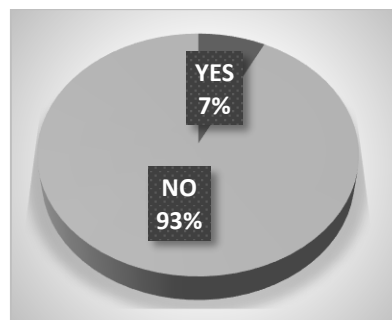
Figure 10
Access Toward Financial Institution

Strong competitive reflected by the high rate of inclusivity toward financial institutions, here the inclusivity is quite low since the experience to access financial institution only 54% where the rest 46% don't have any experience with taking a loan from a financial institution. The slight different here represent the small financing access in the agriculture sector. In line

with the research by Darwis & Iqbal(2013) the phenomenon of the importance of capital for farmers and the less attracted banks to provide them capital.

Understanding and Access of Shariah Financing Product

As a very booming business, researcher wondering if Shariah financial inclusion had reach respondent as representative of farmers and researcher want to know how deep common people to have interactions with Shariah financial system.



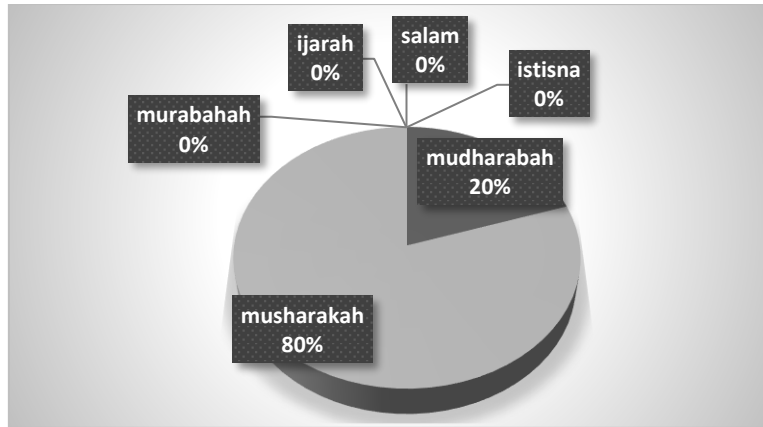
Source :primary data 2016

Figure 11
Understanding and Access of Shariah Financing Products

Among the respondent interviewed most of them neither have understanding nor access toward Shariah financing product which represent 93% while other 7 % either understand or have access toward Shariah financing product. This could be mean that Shariah financial inclusion not wide enough to reach to the agricultural sector. The proper understanding of Shariah contract and access represent the awareness people toward Shariah financial system itself.

The Understanding and Access to Shariah Product Per Contract

In this stage, the researcher wants to dig more the detail of information about the engagement of respondent toward Shariah product. The information which will be shown the detail of Shariah product accessed by respondent and the result as following:



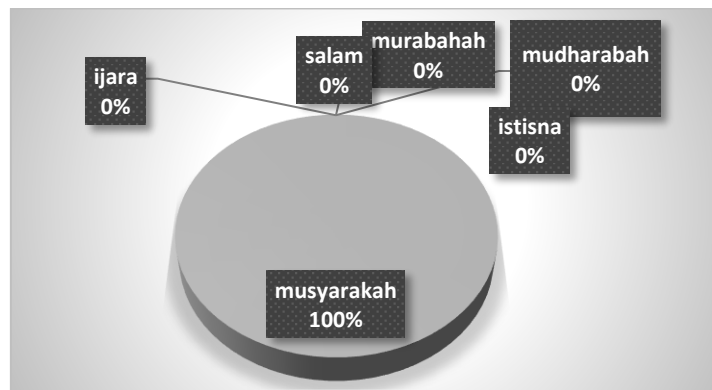
Source :primary data 2016

Figure 12
Understanding of Shariah Product Per Contract

The majority of the respondent who understands the Shariah product they only know Musharakah and Mudharabah. Musharakah represents 80% from the total respondent while Mudharabah represents 20% from the total respondent. The other contracts are represent 0% each. The understanding of contract is key to access the contract itself if people don't know what the contract is respondents can't choose proper contract to their business and of course this understanding will directly have influence with accessed Shariah product.

Practiced Shariah Financing Product

Here is the ratio of accessed or practiced Shariah financing by respondent. Here researcher actually wants to know every detail practiced Shariah financing product, especially Salam contract.



Source :primary data 2016

Figure 13
Practiced Shariah Financing Product

All of the respondents who has access to Shariah financing all of them are taking Musyarakah contract and none of them are taking the other contract especially Salam contract in this case. Salam as the special contract which allows future spot contract in agriculture are not touch by respondent somehow. This fact is irony for respondent, where actually the most proper contract for respondents here are Salam due to its compatibility in Shariah contract and most beneficial for respondents when running agriculture.

CONCLUSION AND RECOMMENDATIONS

Conclusion

According to the analysis in the previous chapter safely we can conclude several point which can be summarized as following:

1. The unique and special feature of Bay' al Salam which allows the farmer to have advance payment from the buyer it seems that still exist in the concept only and still did not reach into real practice. Other than risk caused by natural disaster farmers are vulnerable to the risk of falling price, the uncertain future who determine the price for farmers sometimes caused farmers suffers a great loss , hopefully by using Bay' al Salam at least can remove the risk of being loss during price falling or even a natural disaster.
2. The understanding of farmers regarding Bay' al Salam are relatively low, most of them neither has proper understanding nor access toward Shariah financing product which represent 93% while other 7 % either understand or have access toward Shariah financing product and the worse thing is that none of the respondent not having proper understanding nor access toward Bay' al Salam since the 7% here represented by Musyarakah and Mudharabah. All of the respondents who has access to Shariah financing all of them are taking Musyarakah contract and none of them are taking the other contract especially Bay' al Salam contract in this case. Bay' al Salam as the special contract which allows future spot contract in agriculture are not touched by respondent somehow. This fact is irony for

respondent, where actually the most proper contract for respondents here are Bay' al Salam due to its compatibility in Shariah contract and most beneficial for respondents when running agriculture. This could be mean that Shariah financial inclusion not wide enough to reach to the agricultural sector. The proper understanding of Shariah contract and access represent the awareness people toward Shariah financial system itself. The understanding of contract is key to access the contract itself if people don't know what the contract is respondents can't choose proper contract to their business and of course this understanding will directly have influence with accessed Shariah product.

3. Bay' al Salam is not really well practiced in Indonesia even base on the report of OJK in January 2016 it stated that the financing of Bay' al Salam represents 0%. It seems that Islamic financial institution never reaches to real agriculture sector except through other contract and never trough Bay' as Salam. This information can be noted that the irony of Islamic financial institutions is not ready to run Bay' al Salam contract. This could be worse when the Islamic financial institution is not far different with conventional one with regard to sharing same idea of profit oriented only.
4. The consideration as Bay' al Salam as a super risky business due to risks it contains make this business tend to avoid by Islamic financial institution, the problems of lack understanding toward Bay' al Salam could be the problem of accessing too. Or it's simply that the consideration of agricultural sector is very risky business and the needs of capital to begin with is quite big so somehow the comparison between the profit which will be gain will not match with the risk which will bear.
5. The factors that worth to be consider to encourage of practice of Bay' al Salam are that the consideration of the needs of independent Shariah financial institution that can save farmers from the usury chain, also the nature of farmers who commonly still using personal capital rather than to borrow a loan, the market share of agriculture sector are so wide, reflected

base on the data absorbing 35,76 million workforces or around 30,2 % is not a fact to be taken lightly. And also, farmers are desperately needs of the secure system to protect them from risks which all of these problems can be solved by using Bay' As Salam. The factors which discouraged Bay' al Salam in real practice are a lack of proper understanding from farmers about Bay' al Salam or even lack of proper socialization of Bay' al Salam from Islamic financial institutions , and also the consideration of Bay' al Salam as a very risky contract.

Suggestion

Base on the conclusion above, researcher suggesting several things as follows:

1. Proper Shariah contract must be given for the customers appropriately, as for this case Bay' al Salam supposed to give to the customers since here the respondent is farmers and Bay' al Salam is most suitable for them.
2. Educating farmers are necessary especially in Shariah financing business in order to increase the quality of human resource to give the best available option for them.
3. The stereotyping of a conventional idea which only concern to gain profit must be removed due to the essence of Shariah is not Merely to seeks profit only but also to help community especially for the needy.
4. As the alternative of Bay' al Salam in current agriculture system is to make special Islamic financial institution which only mainly focus or concern in Bay' al Salam contract solely. The fact that regular Shariah financial institutions commonly avoiding Bay' al Salam due to its risk contain so the creation of special Shariah financial which only focus on Bay' al Salam is necessary. The creation of special Islamic financial institution which focuses on Bay' al Salam is necessary since the fact that common Shariah financial institution practically not providing the contract in real practice.

5. As biggest population Muslim country on earth, the government must interfere for the existence of Shariah financial institution especially for providing the real Bay' al Salam for farmers.
6. For the next researcher perhaps adding the scope of research in Islamic financial institution practice toward Bay' al Salam to enrich the latest information from farmers and Islamic financial institutions.

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