

## CONTRIBUTION OF PALM SUGAR BUSINESS TO FARMERS INCOME IN SOUTH OKU REGENCY

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### ABSTRACT

The sub-districts of Mekakau Ilir, Banding Agung and Warkuk Ranau Selatan are several agricultural areas because approximately 70% of the population makes their living as coffee farmers, and within them there are sugar palm farmers in South OKU Regency. The majority of farmers choose to develop palm sap processing businesses compared to other businesses. Processing palm sap really helps the community in the community economy of South OKU Regency. This research is aimed at analyzing the contribution of palm sugar business income to farmers' income in South Oku Regency. The research was carried out in March 2024 using survey research methods. The sampling method used was a simple random method with 52 palm sugar entrepreneurs taken as samples. The research result shows that the contribution of income from the palm sugar business to the total income of craftsmen's families is 24.00%. The contribution of income from palm sugar to the total income of craftsmen's families is in the low category because the contribution of palm sugar farming to total income is <33.3%.

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## 1. INTRODUCTION

Sugar palm plants are one of the plantation commodities that have high economic value so they are very prospective in their development and have huge opportunities to improve the economy of a region. The economic value of the products produced by sugar palm plants is really needed by the international market so that it can increase the value of exports which has an impact on improving the national economy. The product with the greatest economic value is palm sugar. The sugar palm plant (*Arenga Pinnata*) is a plantation crop that has great potential in terms of overcoming food shortages and is easy to adapt well to various agro-climates, from the lowlands to 1400 m above sea level. Sugar palm plants grow in almost all regions of Indonesia, including in the areas of Sumedang, Sukabumi, Tasikmalaya, and outside the island of Java such as North Sulawesi, South Sulawesi, North Sumatra, Papua and South Sumatra [11,17].

Palm sugar is one of the agricultural products produced from sugar palm or palm trees which grow well in tropical areas in South Sumatra Province. The South Sumatra Provincial Government (Pemprov) is starting to target sugar palm as a commodity with high economic value. Moreover, so far there have been plantations that have succeeded in managing the amount of sugar palm production into brown sugar. Currently palm plantations have been produced in five districts. Such as, South OKU, Lubuk Linggau, Muratara, Ogan Ilir, OKI and Muara Enim [19]. South Sumatra is also known for its palm sugar, more precisely in the South OKU area.

South OKU Regency is the district with the largest and largest palm sugar production in South Sumatra Province. Currently, the area of palm tree plantations in South OKU Regency in South Sumatra Province is around 470 hectares. With this amount, they are able to produce at least 155 tons of organic palm sugar every year [19]. Efforts to develop sugar palm trees in South OKU are increasingly being expanded. Apart from the typical large area of land,

the soil conditions in South OKU also really support the growth of palm trees well. Sugar palm production in South OKU Regency.

South OKU Regency, especially in the sub-districts of Mekakau Ilir, Banding Agung and Warkuk Ranau Selatan, is known as one of the areas where sugar palm plantation businesses are being developed the most compared to other regions, because almost all communities have plantations containing sugar palm plants. The districts of Mekakau Ilir, Banding Agung and Warkuk Ranau Selatan have produced palm derivative products such as sap, which is processed into palm sugar. This product is a business that has been passed down from generation to generation, so that in management it still follows what the community usually does, in general the manufacturing process is still mostly used. simple equipment through the process of cooking sap until it becomes palm sugar and rat stamp. The sub-districts of Mekakau Ilir, Banding Agung and Warkuk Ranau Selatan are several agricultural areas because approximately 70% of the population makes their living as coffee farmers, and within them there are sugar palm farmers. The majority of farmers choose to develop palm sap processing businesses compared to other businesses. Processing palm sap really helps the community in the community economy because from this business farmers can build houses, send children to school, and can meet daily consumption needs. According to the phenomenon, this research is aimed at analyzing the contribution of palm sugar business income to farmers' income in South Oku Regency.

## 2. RESEARCH METHOD

The research was carried out in March 2024 using survey research methods. The research method used was a survey method in three sub-districts in South OKU Regency, including Mekakau Ilir, Appeals Agung and South Warkuk Ranau Districts. The sampling method used was a simple random method with 52 palm sugar entrepreneurs from 123 entrepreneur taken as samples.

## 3. RESULTS AND ANALYSIS

The contribution to palm sugar business income is the percentage of income from palm sugar business income to the total income of families of palm sugar craftsmen in South OKU Regency. Before knowing the percentage contribution of palm sugar business income to total family income, we must first know the costs involved in the palm sugar manufacturing business. The income of palm sugar craftsmen is a nominal measure of what palm sugar craftsmen earn from their agricultural business. In the analysis of the palm sugar manufacturing business, the income earned by palm sugar craftsmen is an important benchmark to determine whether the source of income can meet daily needs or not. Income is a form of reciprocity from efforts to manage sap water into palm sugar, energy for processing, and capital used by palm sugar craftsmen. According to [1,2,3,4], if in the process of making palm sugar the income is greater than the expenditure made then the business can be considered profitable and prosperous for palm sugar craftsmen, however this must also be balanced with increased production and stable prices.

In the business of making palm sugar, what is included in fixed costs is depreciation of tools (axes, hammers, machetes, pans, stirrers, sieves, molds and buckets). Meanwhile, those included in variable costs are firewood, banana leaves as packaging and palm juice [5,6,7,8,9]. The sum of the fixed costs and variable costs is called the production cost which is also the total cost of making palm sugar. The details of the cost of making palm sugar in South OKU Regency in one production can be seen in Table 1 below:

**Table 1. The average cost of making palm sugar in one production at South OKU Regency**

No.	Type of cost	Average cost (Rp/production)
<b>1</b>	<b>Fixed cost</b>	
	Depreciation cost	43.717,59
	Amount	43.717,59
<b>2</b>	<b>Variable cost</b>	
	Firewood	50.000,00
	Banana leaves	0
	Amount	50.000,00
<b>3</b>	<b>Production cost (BT + BV)</b>	93.717,59

Source : Primary data, 2024

The total production cost of making palm sugar in one production is IDR 93,717.59. The largest cost is the cost of firewood, IDR 50,000.00. The production costs of the palm sugar making business in South OKU Regency are relatively small or cheap, this is because the main ingredient, palm sugar, is obtained from finding it yourself from forest products, then in the process of cooking the sap into sugar, only firewood is used at an average cost. Rp. 50,000.00 in one production, then the labor used is family labor and does not cost money, because to produce palm juice into palm sugar only requires 1 person. In reality, usually the costs of family labor by coconut sugar craftsmen in

their production activities are "not taken into account" and excluded, in other words family labor is "not" included in production costs [15,16,17]. Furthermore, a fairly large cost is complementary materials amounting to IDR 50,000.00. The firewood used per month is an average of one SS-colt vehicle which is obtained from a local sawmill and additionally obtained from the garden or forest around the house. Meanwhile, there is no cost for banana leaves as palm sugar packaging, usually the leaves are obtained from banana leaves themselves or from searching, considering that the need for banana leaves is not too much.

Next, to obtain income, we will look at revenue first. Revenue obtained from making palm sugar is calculated by multiplying the palm sugar product produced by the price of the product at that time. The average amount of palm sugar produced is 19.11 toros or 28.67 kg per production which is obtained from the average quantity. Then the production amount is multiplied by the price of pertoros, one toros usually contains 5 pieces of palm sugar with an average price of Rp. 18,000.00/toros. From the average revenue amount of Rp. 344,076.92 per production after deducting the average production cost of Rp. 114,75.00 per production obtained an average income of Rp. 245,625.00 per production and Rp. 736,875.00 per month. Details of costs, receipts and income for making palm sugar can be seen in Table 2 below:

**Table 2. Amount of cost, receipt and income from palm sugar business in South OKU Regency, 2024**

No	Description	Average cost
1	Receipt (Rp/production)	344.076,92
2	Production cost (Rp/production)	93.717,59
3	Income from business (Rp/production)	250.359,33
4	Farmers income (Rp/month)	751.078,00
5	Another income (Rp/month)	2.553.269,20
6	Family income (Rp/month)	3.304.347,23
7	Contribution (%)	24

Source: Primary data, 2024

Based on Table 2, it can be stated that the income obtained was IDR. 250,359.33 and Rp. 751,078.00, this income is relatively small compared to other farming businesses in South OKU Regency. However, some farmers stated that this income was enough to support the household needs of a small family for one month, but because the labor used was family labor, the business was sufficient to bring significant profits to the life of the household [12,13,14]. Thus, it is clear that labor makes a huge contribution to the revenue and income of the palm sugar business in South OKU Regency. The types of farming activities carried out by respondent craftsmen in South OKU Regency are very varied, including farming in rice fields, gardening around the yard or moor and keeping livestock (chickens and goats). Most of the craftsmen farm chilies, coffee, pepper, shallots, cloves and eggplant, while the palm sugar business is a side business [10,11].

The contribution to palm sugar business income is the percentage of income from the palm sugar business to the total income of the craftsman's family. Based on previous calculations, it is known that the average income obtained from palm sugar business activities is IDR 751,078.00/month, while the average total income of craftsmen's families is IDR 3,304,347.23/month. This means the contribution to income from the palm sugar business to the total income of craftsmen's families by 24.00%. The contribution of income from palm sugar to the total income of craftsmen's families is in the low category because the contribution of palm sugar farming to total income is <33.3%, in line with the results of [20,21], the contribution of palm sugar to families in Jojjolo Village, Bulukumpa District, Bulukumba Regency who said that palm sugar farming income had a low contribution to total family income, this was because the contribution of palm sugar farming to the respondent's total income was in the low category because the palm sugar farming contribution was <50% of income.

#### 4. CONCLUSION

Based on the research results, it can be concluded that the contribution of income from the palm sugar business to the total income of families of palm sugar entrepreneurs in South OKU Regency is 24.00%. The contribution of income from palm sugar to total family income is in the low category because the contribution of palm sugar farming to total family income is <33.3%.

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