

AGRICULTURAL BUSINESS DEVELOPMENT EFFORT THROUGH MUDHARABAH FINANCING (Case Study of KSPPS BMT Sumber Barokah Mandiri Kediri)

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Abstract. This study aims to identify and analyze the application of *mudharabah* financing in agricultural business development. Data collection includes observation, interviews, and documentation. The results of this study indicate, First, in the application of *mudharabah* financing, the capital used by BMT (Islamic Microfinance Institution) Sumber Barokah Mandiri comes from member savings and BMT fundraising products with the profit-sharing ratio between BMT and members is 60%: 40%. Second, *mudharabah* financing for agricultural business development, BMT finances 100% of all costs required by farmers (members) in agricultural business, ranging from land rental costs to harvest expenses. Funds from BMT are in the form of goods, except for service fees in the form of money, based on the needs that the farmers have previously proposed. In this financing, both farmers and BMT will benefit equally, where farmers will not lose material because the BMT bears all costs. On the other hand, BMT can rotate capital for additional BMT business income while helping empower farmers.

Keywords: Agricultural business, *mudharabah* financing, Islamic Microfinance Institution (BMT)

Abstrak. Penelitian ini bertujuan mengetahui dan menganalisis penerapan pembiayaan *mudharabah* dalam pengembangan usaha pertanian. Pengumpulan data meliputi observasi, wawancara dan dokumentasi. Hasil penelitian ini menunjukkan, Pertama, Dalam penerapan pembiayaan *mudharabah*, permodalan yang digunakan BMT Sumber Barokah Mandiri berasal dari tabungan anggota dan produk penggalangan dana BMT dengan rasio bagi hasil antara BMT dan anggota

adalah 60%: 40%. Kedua, pembiayaan mudharabah untuk pengembangan usaha pertanian, BMT membiayai 100% seluruh biaya yang dibutuhkan oleh petani (anggota) dalam usaha pertanian, mulai dari biaya sewa lahan sampai dengan biaya panen. Dana dari BMT akan diwujudkan dalam bentuk barang kecuali untuk biaya-biaya jasa dirupakan uang, sesuai dengan kebutuhan yang telah diajukan oleh petani sebelumnya. Dalam pembiayaan ini, baik petani maupun BMT akan sama-sama diuntungkan, dimana petani tidak akan rugi materi karena semua biaya ditanggung oleh BMT, dan disisi lain BMT dapat memutar modal untuk tambahan pendapatan usaha BMT sekaligus membantu pemberdayaan petani.

Kata Kunci: Usaha Pertanian, Pembiayaan Mudharabah, BMT

Introduction

According to the Decree of the Minister of Finance of the Republic of Indonesia No. 792 of 1990, concerning Financial Institutions, that financial institutions are all entities whose activities are in the financial sector, collecting funds and distributing funds to the public, especially for company investment activities, including in the agricultural business sector. Banks and other financial institutions carry out the collection and distribution of funds from the public.¹ One form of the financial institution is a microfinance institution, which includes BMT (Baitul Maal Wa Tamwil). In its history, the Baitulmal was a financial institution that first functioned only to store state assets from zakat, infaq, alms, taxes, and spoils of war. Then, during the reign of the companions of the Prophet, another institution called Baitutamwil developed, which is an Islamic financial institution that accommodates public funds to be invested in a profitable trade and agricultural projects or financing.

¹ Frianto, Elly Santi, dan Achmad, *Lembaga Keuangan*, (Jakarta: PT Rineka Cipta, 2005), 2.

The existence of microfinance institutions can help farmers to get capital from microfinance institutions (LKM), one of which is BMT, where BMT has several roles, to the community, namely:²

1. The economic and social driving force of many people.
2. The spearhead of the implementation of the Islamic economic system.
3. The liaison between the *agniya* (rich) and the *dhu'afa* (poor).
4. Informal educational facilities to realize the principles of *barakah*, *ahsanu 'amala*, and *salaam* life through spiritual communication with the remembrance of the divine *qalbiyah*.

The characteristics of Indonesia as an agricultural country imply that the agricultural sector plays a vital role in this country. The designation as an agricultural country is not without reason. Indonesia is an archipelago inhabited by most people living in rural areas and depending on the primary sector, especially agriculture. The role of the agricultural sector in the Indonesian economy in general includes³:

1. Formation of Gross Domestic Product (GDP)
2. One source of foreign exchange,
3. Provision of food for the population and raw materials for industry,
4. One of the problems eradicating the poverty sector,
5. Employment providers,
6. One of the sources of increasing people's income,
7. One of the sources of strengthening national food security.

² Nurul Huda dan Mohamad Heykal, Lembaga Keuangan Islam Tinjauan Teoritis dan Praktis, (Jakarta: Kencana, 2010), 25.

³ Mudrajad Kuncoro, Masalah, Kebijakan, Dan Ekonomika Pembangunan, (Jakarta: Erlangga, 2010), 289.

The agricultural sector still plays a very strategic role in the national economy until now. This sector remains a mainstay as a source of income and livelihood for most of the rural population, a supplier of raw materials, and a market for the industrial sector. There is even a role for the agricultural sector that cannot be replaced by other sectors, namely as a food source. Several things are indicators of the importance of this sector. First, in terms of the magnitude of the potential of natural resources owned. Second, the agricultural sector's contribution to the absorption of the labor force is still substantial and significant. Third, it becomes the basis of rural growth. Not only that, but the agricultural sector also has the potential to reduce poverty.⁴

However, the agricultural sector still faces quite fundamental problems, especially capital. In addition to the post-harvest selling price, capital is still a problem for most farmers, especially small farmers who own less than 1 hectare of land. Therefore, one of the strategies of the Ministry of Agriculture to make it easier for farmers to access the desired capital is to optimize the functions of existing and growing MFIs in the community and develop a system with a sharia financing pattern that can facilitate farmers. One of the policies that encourage the growth and development of Sharia MFIs originating from long-established farmer groups is the support of government funds and donors who care about agriculture.

One of the BMTs that has a concern for smallholder financing is KSPPS Baitul Mal Watamwil Sumber Barokah Mandiri (BMT SBM) Purwoasri Kediri. So far, BMT SBM has used Mudharabah financing to help overcome farmers' capital. Based on the description above, researchers are interested in conducting further research on the efforts of BMT SBM in meeting the capital needs of agricultural businesses to increase the agricultural businesses of their members.

⁴ Muhammad Assad, "Peningkatan Peranan Perbankan Syariah Untuk Pembiayaan Usaha Pertanian". Jurnal MIQOT, Vol XXXV No. 1 (Januari-Juni 2011), 113-114.

Literature Review

The Existence of BMT as a Sharia MFI

It can be understood that BMT is a business organization that also plays a social role. The social function of BMT can be seen in the definition of *baitul maal*, while the business role of BMT can be seen from the description of *baitul tamwil*. BMT further develops the financial sector as a business institution, namely savings and loans. BMT has the opportunity to develop its business area in the real sector and other economic sectors. Baitul Maal Wa Tamwil (BMT) is an integrated independent business center whose core content is *bait al-mal wa at-tamwil* with activities to develop productive businesses and investment in improving the quality of economic activities for small entrepreneurs by, among other things, encouraging saving and support the financing of economic activities.⁵

Article 11 paragraph (1) explains that the MFI's business activities, including BMT, include business development services and community empowerment, either through loans or financing in micro-scale businesses to members and the public, management of deposits, as well as the provision of business development consulting services. This is followed by article 12 paragraph (1) explaining that the distribution of loans or financing and management of deposits by MFIs as referred to in Article 11 paragraph (1) is carried out on a conventional basis or based on sharia principles. While the form of MFIs can be in the form of: (1) formal institutions such as village banks and cooperatives, (2) semi-formal institutions such as non-governmental organizations, and (3) informal sources such as moneylenders.

The existence of MFIs, especially LKMS (Islamic microfinance institutions) has several advantages compared to other financial institutions: (1) Providing a variety of products and services that are relevant or follow the real needs of the community

⁵ Veithzal Rivai, Basri Modding, Andria Permata dan Tatik Mariyanti, *Financial Institution Management (Manajemen Kelembagaan Keuangan)*, (Jakarta: PT Raja Grafindo Persada, 2013), 611.

and do not conflict with sharia law, (2) Serve low-income groups of people the unbankable, and (3) Using contextual and flexible procedures and mechanisms to make them easier to reach by the poor in need.

Mudharabah Financing

Mudharabah financing based on the Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), Number 07/DSNMUI/IV/2000, *mudharabah* financing is financing channeled by LKS (sharia financial institutions) to other parties for a productive business. In this financing, LKS as *shahibul maal* (owner of funds) finances 100% of the needs of a project (business), while entrepreneurs (customers) act as *mudharib* or business managers. regarding the business period, procedures for refunding, and profit sharing are determined based on the agreement of both parties (LKS and entrepreneur). In principle, in *mudharabah* financing there is no guarantee, but so that the *mudharib* does not deviate, LKS can ask for assurances from the *mudharib* or a third party. However, this guarantee can only be disbursed if the *mudharib* has violated the contract's agreement.

Research Methods

Approach and Type of Research

This study uses a qualitative approach that aims to maintain the integrity of the research object. The use of descriptive qualitative research methods is expected to collect in-depth information, namely the efforts of BMT Sumber Barokah Mandiri in utilizing *mudharabah* financing for agricultural business development. Therefore, the formulation of the problem is the focus of this research can be answered correctly. And further than that, the expectations of the results of this research can be achieved as they should be.

Sources and Methods of Data Collection

The sources of data used in this study, based on the type of data, namely primary data, and secondary data. The primary data in this study were sourced from institutions that were researched through observations and interviews with leaders and employees of the institution⁶, namely H. Agung Wahyudi as chairman of BMT Sumber Barokah Mandiri and Nur Rozaq S.Kom as admin of BMT Sumber Barokah Mandiri, as well as several members of product users. *mudharabah* financing. Second, secondary data. Secondary data in this study were obtained from other sources related to the research focus, namely reports from BMT Sumber Barokah Mandiri, brochures, or other documents related to BMT Sumber Barokah Mandiri. Especially regarding the focus of the study, namely *mudharabah* financing for agricultural business development.

The data collection methods include (1) observation, which aims to collect information about implementing the *mudharabah* contract. (2) Interviews to obtain data on the implementation and benefits of the *mudharabah* financing product, and (3) Documentation, the documentation method is essential in research, to cover information that the researcher did not get from the two previous data collection methods.

Data analysis method

In this research, the researcher uses source triangulation by comparing or rechecking the degree of confidence in information obtained from different sources. Then the data analysis method, the researcher uses the Miles and

⁶ Nurdin, N. (2018). Institutional Arrangements in E-Government Implementation and Use: A Case Study From Indonesian Local Government. *International Journal of Electronic Government Research (IJEGR)*, 14(2), 44-63. <https://doi.org/10.4018/ijegr.2018040104>

Huberman model, namely the data analysis includes data reduction, data display, and conclusion, drawing, and verification. At this stage the data obtained through in-depth interviews, non-participant observation and documentation, interpreting the data according to the context of the problem being studied, then checking the source of the data obtained and the method of data acquisition,⁷ so that the data is truly valid as a basis and material for giving meaning to the data which is the process of determining in understanding the context of the research being studied. So that conclusions can be drawn from the research process.

Results and Discussion

Application of Mudharabah Financing

The application of *mudharabah* financing at BMT Sumber Barokah Mandiri, Kediri Regency, can be understood based on the source of capital, the mechanism, and the allocation of *mudharabah* financing. First, sources of capital. Capital is a crucial component for the smooth running of a business. The progress of a business is also determined by the presence or absence of capital owned by an institution. Likewise, BMT Sumber Barokah Mandiri in carrying out *mudharabah* financing requires adequate capital. BMT Sumber Barokah Mandiri in obtaining capital comes from five sources. Namely, member principal savings, special principal savings from members, mandatory savings from members, reserve funds resulting from SHU, and investment capital from members and investors.

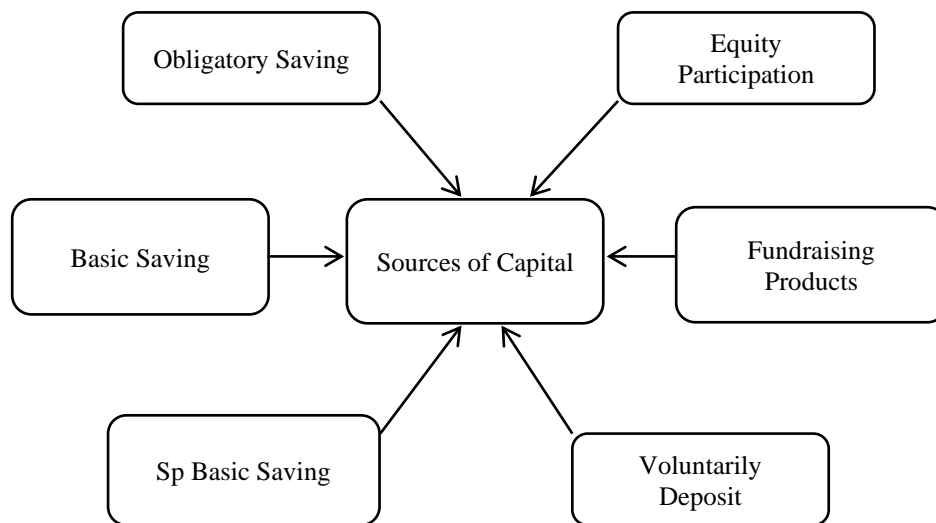
From the information above, the source of capital for KSPPS BMT Sumber Barokah Mandiri is by applicable regulations, namely Law No. 25 of 1992. It is stated in the Act that one of the cooperative capital is equity capital, which is sourced

⁷ Nurdin, N., & Yusuf, K. (2020). Knowledge management lifecycle in Islamic bank: the case of syariah banks in Indonesia. *International Journal of Knowledge Management Studies*, 11(1), 59-80. <https://doi.org/10.1504/ijkms.2020.105073>

from members' principal savings. Mandatory savings, reserve funds, and donations or grants. Besides those mentioned above, BMT Sumber Barokah Mandiri's sources of capital also come from fundraising products offered by BMT Sumber Barokah Mandiri. Namely, savings products consist of (i) Mudharabah Savings, (ii) Hajj Savings, (iii) Umrah Savings, (iv) Qurban Savings (v) Education Savings, and (vi) Wadiah Savings.

Regarding the source of capital for BMT Sumber Barokah Mandiri, it can be explained as shown in Figure 1.1 below:

Fig 1.1 Sources of Capital of BMT Sumber Barokah Mandiri



From Figure 1.1 above, it can be understood that BMT Sumber Barokah Mandiri, in searching for sources of capital, relies not only on internal BMT, but also from external, one of which is from investors. The capital received by the BMT will then be managed as the sharia cooperative should manage the existing capital. Among them are for BMT operations, as well as financing liquidity. Therefore, it is

hoped that the existence of various sources of capital will make BMT Sumber Barokah Mandiri have sufficient capital, especially to meet the financing proposed by members.

The management of BMT Sumber Barokah Mandiri always strives to increase capital, one of which is by continuing to socialize the existence of BMT. As the results of the interview, the socialization was carried out by all stakeholders of BMT Sumber Barokah Mandiri, in other words, marketing of BMT Sumber Barokah Mandiri products was not only carried out by the marketing department, but in general both management and employees had a duty to market BMT Sumber Barokah Mandiri, one of which was one is with personal selling, namely direct marketing carried out by BMT Sumber Barokah Mandiri stakeholders to prospective members or the public in general.

This marketing intensity is carried out so that more and more people understand the concept of sharia cooperatives in general, both the benefits and advantages of being a member of sharia cooperatives, including the products in BMT Sumber Barokah Mandiri. So that it will create a positive impression in the community's hearts, and in the end, they will be willing to join BMT Sumber Barokah Mandiri. It is hoped that the more people who become members of BMT Sumber Barokah Mandiri, and the more varied the sources of capital, the more capital will be obtained so that BMT Sumber Barokah Mandiri can carry out its functions and roles as LKMS.

Second, the Mudharabah Financing Mechanism. To get *mudharabah* financing, the submission requirements are straightforward and hassle-free for members of BMT Sumber Barokah Mandiri, namely:

- 1) Have been a member for at least one month by attaching two pieces of proof of membership; applies to members who BMT does not yet know.
- 2) Attach two copies of identity card and family card;

- 3) Attach proof of salary slip or proof of income;
- 4) If you are going to include securities/documents as a trust, attach a photocopy of the document

After the member fulfills all the requirements for *mudharabah* financing, the member will apply for the funding to the BMT Sumber Barokah Mandiri. The mechanism for applying for *mudharabah* financing that members must carry out is as follows:

- 1) Fill out the Financing Application Letter form signed by the applicant member and/or guarantor.
- 2) Waiting for the submission results, whether it is approved or not, the response period is + 5 working days. The realization depends on the queue.
- 3) If agreed to carry out the calculation, realization, and contract agreement.
- 4) For members whose cooperation has ended, it is sufficient to meet the conditions for re-submission or reorder (RO).

The requirements and stages of financing application, which BMT Sumber Barokah Mandiri applies, aim to ensure that members are genuinely eligible for financing and can carry out their obligations as members. This illustrates that in its implementation BMT Sumber Barokah Mandiri in *mudharabah* financing applies the principle prudence as a financial institution should. However, considering that the majority of its members are farmers, the BMT has also designed the requirements and mechanism for applying for *mudharabah* financing as simply as possible while considering the precautionary principle.

About profit-sharing, the management of BMT Sumber Barokah Mandiri applies 60%: 40%, of which 60% of the profits are handed over to BMT, as the owner of capital and 40% is handed over to members as *mudharib*. Profit-sharing applied in BMT Sumber Barokah Mandiri, is one of the obligations that must be involved in a

profit-sharing-based contract. Suppose members are unable to carry out their obligations as members of the cooperative. In that case, BMT does not provide sanctions or fines for members, including if there is a delay in member installments, but members are expected to be willing to cooperate with the cooperative. Meanwhile, for the handling of installments that are substandard, doubtful, or stuck, the handling is through electronic notification, notification to the member's house, bill of lading, if the member is unable, then negotiate to sell the financing goods together to pay the installments according to the contract at the beginning of the agreement, if the goods are no longer available. If there is/has been sold, the cooperative continues to carry out its collection obligations until the person concerned pays it off.

Mudharabah financing is intended to help entrepreneurs/entrepreneurs with limited capital run their businesses. In addition, financing products constantly innovate in terms of margin reference based on management approval of financing products, can be changed through management meetings, financing application procedures, and the development of BMT, including financing product innovation, always attend seminars or training for the cooperative service.

From the information above, it can be understood that in carrying out all of its operational activities, BMT Sumber Barokah Mandiri is always based on the provisions of sharia cooperatives, including the implementation of mechanism and procedures for *mudharabah* financing that are by the DSN-MUI fatwa and other government regulations.

Third, *Mudharabah* Financing Designation. *Mudharabah* financing is a cooperation agreement between BMT Sumber Barokah Mandiri as the funder and members or prospective members as fund managers for an agreed business. Likewise, at BMT Sumber Barokah Mandiri, *mudharabah* financing is intended for business development with members who apply for financing. BMT Sumber

Barokah Mandiri, until 2020, there are two types of businesses financed by BMT: agricultural businesses and buying used oil. Meanwhile, both agricultural businesses and used oil businesses are still 100% funded by BMT, and members are purely managers.

Mudharabah financing is intended for all lawful businesses and has good business prospects. However, as mentioned above, only two types of businesses have been financed with *mudharabah* financing products to date. However, based on the results of observations and interviews, the researchers found that *mudharabah* financing was mainly intended for agricultural businesses, such as purchasing land for paddy fields or processing land, because the majority of the population around the cooperative are farmers. Still, there is a possibility of expanding the type of business financed through products. *mudharabah* financing.

The *mudharabah* financing product, BMT Sumber Barokah Mandiri, can help entrepreneurs who cannot access funds from banks. So that entrepreneurs who have limited capital can develop their business. In addition, the management of BMT Sumber Barokah Mandiri is committed to always maintaining its sharia compliance aspects in *mudharabah* financing products. So that in this case, there are two benefits that members obtain, namely developing their business and at the same time being able to make financial transactions by sharia guidelines.

From the information above, it can be understood that BMT Sumber Barokah Mandiri, in *mudharabah* financing, is not concerned with profit alone. The management of BMT Sumber Barokah Mandiri requires that the type of business that the funding object is a halal business. In other words, the element of sharia compliance is also a consideration for the management of BMT Sumber Barokah Mandiri in the distribution of *mudharabah* financing.

Utilization of Mudharabah Financing for Agricultural Business Development

Agriculture is a business full of risk. The government's solution to problems related to the capital needs of farmers is to launch several credit programs for the agricultural sector. However, a study shows that the solution offered by the government in its implementation is considered unsatisfactory. Dissatisfaction occurs because the credit program from the government still uses the interest system and will later cause new problems for farmers, such as swelling farmers' debts and will increase the burden on farmers. Besides that, the solution needed by farmers is not only providing capital, but more than that, they need assistance, especially when marketing their crops.

In addition, sometimes aid programs from the government are also not by the target due to games from unscrupulous individuals, who deliberately seek to profit from these government programs. For example, seed assistance from the government will be sold to those who dare pay more. Subsidized fertilizers should be given to farmers based on land area and domicile, but sometimes people sell it to those who dare to pay first, and so on.

Therefore, cooperation from all parties is needed to help make agricultural businesses more productive. It is no different with LKMS (Islamic microfinance institutions), which have a role in financing the agricultural sector, LKMS has an excellent opportunity to be applied to the agricultural sector. Sharia financing products that can be applied to agribusiness include: *Mudharabah*, *musharakah*, *muzaraah*, *musaqah*, *bai' murabahah*, *bai' istishna*, *bai'as-salam*, and *pawn (rahn)*. BMT Sumber Barokah Mandiri, a financial institution with a financing function, has collaborated with members to finance the agricultural sector. With *mudharabah* financing the farmer's capital can be helped, especially for processing agricultural land, that's why many farmers are interested in doing *mudharabah* financing at BMT Sumber Barokah Independent.

The implementation and results of *mudharabah* financing for agricultural business development are as follows: first, Mudharabah Financing for Agricultural Business Development. The mechanism for applying mudharabah financing for agricultural business development is the same as other financing submission mechanisms. The requirements for using *mudharabah* financing for agricultural businesses are the same as the application for mudharabah financing in general, except specifically for agricultural businesses. One other condition will be added. Namely members must have experience in agriculture, and the land to be used as an object is productive land. This is an effort to minimize losses at the end of the contract or failure to fulfill the member's obligations.

The value of financing provided to members will be adjusted to the needs and business feasibility of members. As stated in the DSN Fatwa number: 07/DSN-MUI/IV/2000 regarding mudharabah financing, 100% of funding comes from BMT Sumber Barokah Mandiri. The financing provided by the BMT can be purchased for goods and services for land processing needs, including;

- 1) Land rent
- 2) Purchase of agricultural tools
- 3) Purchase of seeds, fertilizers, and medicines
- 4) Processing services, and
- 5) Other costs

In this case, the BMT will not give cash to members, except for point 4), because there are some things that farmers cannot do independently in agriculture, for example, the rice planting stage, of course, rice planting cannot be done alone, but need the services of a third party. In other words, the BMT does not provide cash but will deliver the goods required by farmers, as for the specifications of the goods according to the orders of farmers or members. As stated in the DSN Fatwa

number: 07/DSN-MUI/IV/2000 concerning *mudharabah* financing, that the business profits obtained are divided based on the agreement outlined in the contract. The loss is the capital owner's responsibility as long as the loss is not the result of the manager's negligence. Still, if the manager takes part in the cause of the loss, the manager is obliged to take the responsibility. Likewise, in BMT Sumber Barokah Mandiri, profit sharing is recorded in the contract with a 60%:40% ratio, while BMT will bear losses except for losses caused by member negligence.

So that undesirable things do not happen, for example, losses in the agricultural business, the BMT management does not simply release members who apply for agricultural business financing. BMT Sumber Barokah Mandiri, namely by assisting, controlling, and willing to become a consultant. Apart from being a form of financial institution responsibility towards members, assistance to agricultural businesses is also carried out by cooperatives to maximize members' agricultural businesses. Because of the agricultural business goes bankrupt in the future, for example, crop failure or pests, it is not only the cooperative that loses, but also the members who suffer the loss of time and energy.

Mudharabah financing for agricultural business development, in general, received a positive response from farmers around the cooperative location and residents of Kab. Kediri can be seen from the average number of members of the *mudharabah* financing of agricultural businesses each month. Ten new members apply for mudharabah financing for agricultural businesses on average per month. When viewed from the number of members and the value of financing, it can be said that the *mudharabah* financing product has received a positive response from residents around the cooperative. Furthermore, the application of *mudharabah* financing for agricultural businesses is Islamic law, namely the DSN Fatwa number: 07/DSN-MUI/IV/2000 concerning *mudharabah* financing. As the researchers explained earlier, the submission procedure, requirements, and contract implementation process to the distribution of results from agricultural businesses.

If analyzed further, the application of *mudharabah* financing for agricultural businesses carried out by BMT Sumber Barokah Mandiri has met the needs of farmers both for capital and psychological needs, namely the need for farmers to obtain capital by sharia. The majority of farmers around BMT are Muslim, so they also need financing by Islamic demands. In the end, there will be satisfaction for farmers after becoming a member of BMT Sumber Barokah Mandiri.

Second, Mudharabah Financing Results for Agricultural Business Development. As for the results of the application of *mudharabah* financing for agricultural businesses, it can be said that it can help farmers develop agricultural businesses, especially farmers with limited capital. In terms of profits, there are not many. This is considering that rice farming cannot produce large profits except with a large land area.

Cooperation between BMT Sumber Barokah Mandiri and members in financing the *mudharabah* of agricultural businesses, although the results are not always by the profits, it is essential to note that:

- 1) Farmers can be helped in terms of capital, meaning that farmers have enough capital and expertise to cultivate the land.
- 2) Farmers will never lose materially because the costs are 100% borne by the BMT Sumber Barokah Mandiri.
- 3) The BMT Sumber Barokah Mandiri, can rotate their capital and get additional BMT income.

The three points above can be said to be the result of *mudharabah* financing for agricultural businesses, where BMT Sumber Barokah Mandiri can help farmers develop their business. Still, on the other hand, BMT also benefits from the capital turnover side of BMT. About profits, there is not much that can be received by each party, both the BMT and the members as managers, we must understand this together, regardless of if there are factors that interfere with the harvest, such as

pests, erratic seasons and others. Indeed, rice farming cannot provide large profits because the size of the profits received by farmers is by the area of the land. The larger the area of land, the greater the profit to be received.

If we look at BMT members who use *mudharabah* financing products, they are small farmers whose cultivation area is approximately half a hectare (*banon* 350). So it is natural that the value of the profits from the harvest is not much. If we use the formula to find profit as follows:

$$\Omega = TR-TC.....Equation 1.1$$

Or

$$TR-TC = \Omega.Equation 1.2$$

In which

Ω : Profit

TR : Total Revenue

TC : Total Cost.

And if we assume that from the area of land managed by members (*banon* 350), it produces 3,150 kg of wet rice (the assumption is that per *banon* 100 produces 900 kg of wet grain). And if the price of grain is Rp. 4,000, you will get 3,150 kg X Rp. 4,000 = Rp. 12,600,000. and the average cost for rice farming is Rp. 6,000,000 for every half-hectare (*banon* 350).

If applied to equation 4.2, we get:

$$Rp. 12,600,000 - Rp. 6,000,000 = IDR 6,600,000$$

So the profit obtained by the farmer (not deducting the profit-sharing) is Rp. 6,600,000. And farmers will get 40% of the value, and members or farmers only obtain it after four months (4 months rice planting period). That is the reason why it is said that the results of the *mudharabah* financing of agricultural businesses are not much. In fact, the problem is the area of the land. If the land is bigger, the costs will be cheaper, and the profits will be higher. Apart from the small results,

basically, both farmers or members or cooperatives will benefit equally, especially members because, in addition to getting capital, members will get insight related to agricultural land processing and selling agricultural products because there is assistance from the BMT management Independent Barokah Source.

CONCLUSION

From the results of field data exposure and analysis of research results, the researcher can draw two main conclusions from this research: first, the implementation of *mudharabah* financing in BMT, as follows: (i) the source of cooperative capital comes from member savings and fundraising products. cooperatives, such as savings, term savings, and so on. (ii) *mudharabah* financing mechanisms and procedures by the DSN-MUI fatwa and other government regulations. The profit-sharing ratio is 60%:40%, 60% profits to the cooperative, and 40% to members as *mudharib*. (iii) *mudharabah* financing is intended for all types of lawful businesses and have good business prospects.

Second, the use of *mudharabah* financing for agricultural business development, BMT Sumber Barokah Mandiri collaborates with members to finance the agricultural sector, with *mudharabah* financing the farmer's capital can be helped, especially for agricultural land processing, and on average there are 10 new members each month, who propose *mudharabah* financing for agricultural businesses. With *mudharabah* financing for agricultural businesses, among others: (i) it is helped in terms of capital (ii) Farmers will never lose materially, because BMT Sumber Barokah Mandiri bears 100% of the costs, and (iii) BMT parties, can rotate their capital and get additional income for BMT.

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