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THE ROLE OF LOCAL INFORMAL FINANCIAL INSTITUTIONS FOR SUSTAINABILITY OF FARMERS: A CASE STUDY OF MALANG AND BATU \*

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**Abstract.** The majority of Indonesian farmers are entirely dependent on the activities in the agricultural sector. However, the current agricultural system tends to works against farmers' welfare. This study aims to examine the role of local informal financial institutions in creating sustainable farmer welfare using a qualitative approach. The results of the study indicate that there is a dominant role of local informal financial institutions. This domination causes farmers to become helpless during harvest season, resulting in farmers' dependence on local informal financial institutions and their inability to enjoy sustainable welfare.

**Keywords:** independent farmers; local financial institutions; farmers' welfare

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## 1. Introduction

About 75% of Indonesian farmers depend on narrow agricultural land, which is less than 0.5 hectares (BPS, 2014). Therefore, government policy is needed to empower farmers to enjoy sustainable prosperity. Previous research has shown that agricultural sector development policies often create the phenomenon of 'elite capture' and pseudo welfare for farmers (Putra and Suyatna, 2018). Indirectly, this phenomenon makes it difficult for farmers to access information on agricultural cultivation and post-harvest activities so that they suffer losses. Such an event is due to the behavior of non-agricultural actors who monopolize information. As a result, farmers'

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income growth has slowed down due to reduced agricultural land and weak agrarian culture (Lubis, 2014; Partadireja, 1974).

In building independence, farmers need complete information without pressure or intervention from non-agricultural actors, both in the cultivation process and in post-harvest activities (Mubyarto, 1994b). Farmers will be able to enjoy complete information through strengthening three things, namely agricultural institutions, culture, and socio-economic ties among farmers, as well as farmers' strong bargaining position. All of which will contribute to a sustainable increase in farmer income (Arsanti and Bohme, 2018; Khan et al., 2017; Priesel et al., 2017; Christensen, 2014).

Empirical evidence in Sesbany's (2008) research shows that the control of information by non-agricultural actors, namely local financial institutions, causes farmers to have low bargaining power due to lack of market access, partial information, and small capital. Therefore, it is difficult for farmers to set prices and increase their income. The same thing was expressed by Christensen (2014), who states that a strong farmer institution will enable farmers to make independent decisions in more profitable cultivation and post-harvest activities.

Therefore, this study seeks to describe how significant the role of informal local financial institutions is in realizing farmer independence; whether this role will achieve farmer independence as indicated through the process of empowering farmers and strengthening the existing agricultural culture (Wulandari et al., 2017; Akobeng, 2017; Suman and Putra, 2015), or actually causing the impoverishment of farmers (Besser et al., 2017; Wulandari et al., 2015; Sajogyo, 2005). The research results are expected to be able to provide an overview, especially for policymakers and formal and informal financial institutions to play an active role in building independence, increasing bargaining power, and empowering farmers. The ideas presented in this study are presented in two parts. First is an explanation of the freedom of cultivation that has been strived for by farmers as well as the factors that make the role of local financial institutions weak in influencing their autonomy. The second is an explanation of the role of strong local financial institutions in creating post-harvest independence and the factors that cause it.

## **2. Literature Review**

Farmers' independence, according to Mubyarto (1994a), is a picture of farmers' consistency in developing their farming business without being tied to other parties, either directly or indirectly, in striving for productivity, existence, and sustainability of their independence. There are six indicators of farmer independence that need to be built and achieved according to Sajogyo (2005), namely as follows: (a) active participation of farmers accompanied by an increase in the quality and capability of human resources, (b) increased tenure of land and productive assets per agricultural workforce, (c) equal distribution of productive assets, technology and financing per agricultural workforce, (d) diversification of agriculture in a broad sense, (e) development of independent rural financial institutions and, (f) development of agricultural institutions and agricultural resources. Suyatna et al., (2016) stated that the prerequisite for strengthening the six indicators is the development of access to (a) equitable land ownership; (b) pro-farmer inputs and production; (c) markets that provide welfare for farmers; and (d) freedom to organize and determine a production space that is more collaborative with outsiders and mutually beneficial. Independent cultivation must build institutional strengthening and agricultural culture to realize productive intentions and cooperation between farmers in increasing pre-production productivity and during production.

The phenomenon in the United States studied by Christensen (2014) shows the role of the government in building independent farmer cultivation through the creation of the Staying Put institution, which connects farmers' needs

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in farming and ensures that the commodities produced are distributed to the market. The institution is useful because it utilizes local knowledge and bonds between farmers. Meanwhile, research by Preisel et al. (2017) explains that government intervention is needed to strengthen culture and social relationships between farmers in determining the cultivation process. Starting from the processing stage, selecting agricultural production facilities, to recruiting independent workers who are oriented towards increasing income and productivity. It can be done by strengthening socio-economic motivation and farmer empowerment strategies that are appropriate to the farmer's local culture.

On the other hand, Khan et al. (2018) explained that government intervention would have an impact on strengthening the independence of farmers in the pre-production and production stages, as well as stabilizing prices and the post-harvest market. In the pre-production and production stages, farmers are facilitated by increasing their knowledge and skills, certification of production quality, mapping of grown commodities, measuring the quality of agricultural inputs, as well as improving agrarian technology and measuring productivity. Furthermore, the ideal post-harvest independence must build mutually beneficial collaboration between farmers and non-agricultural actors to form the power of information on prices and markets. Thus, farmers can increase networking and bargaining power to create better value-added.

The study conducted by Utama et al. (2019) explains that the concept of the Ba'i As-Salam contract promoted by Islamic banks in Indonesia can provide comprehensive information on the market for farmers. Islamic banks will assist farmers in obtaining information on prices and profitable market opportunities. Meanwhile, Arsanti and Bohme (2018) examined cooperation between farmers and seed companies on organic chili commodities in increasing productivity and ensuring price stability. The company will regulate the marketing and production aspects, which include land management and the selection of production infrastructure to improve the quality and quantity of products. Thus, the commodity produced can be accepted by the market. Furthermore, strengthening farmers through the use of technology was reviewed by Flor et al. (2016) in which agricultural research institutes work with farmers to ensure increased productivity and price certainty. These efforts have increased the real welfare of farmers because they can cut the distribution chain without harming the end-level farmers and traders.

Ideally, farmer self-reliance development should be inclusive and oriented towards improving sustainable farmer welfare. For this reason, a collaboration between farmers and stakeholders is needed to create a productivity ecosystem that is more applicable and in line with the development of science and technology. The absence of this collaboration has the potential to reduce the interest of the farming community, which in turn will make Indonesia dependent on food imports and shrink the supply of agricultural commodities (Purwanegara et al., 2018; Soeparno et al., 2018). In realizing this, competitive farmers, have the power to make decisions, have social inter-social ties, and post-harvest activities are needed that are more equitable and benefit all parties. In the agricultural trade system, there should be no party who takes personal benefits, and there should also be parties who experience dependence resulting in a pattern of impoverishment directly or indirectly (Putra and Suyatna, 2018). Failure to achieve ideal farmer independent development will result in not creating sustainable farmers' income and will create dependence on farmers to maintain their existence (Suseno and Suyatna, 2006).

### **3. Research Method**

This study uses a qualitative method with a phenomenological approach. The stages of data collection in this study are observation, interviews, and documentation. Data collection was carried out in three villages in Malang Regency and Batu City, namely Tegalweru, Bocek, and Beji, from March to August 2019. In the early stages, researchers observed by looking for facts in the field regarding the role of informal financial institutions in

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agricultural activities. From the points that have been gathered, in-depth interviews were conducted with informants, including farmers and non-farmer actors, to explore the information obtained. Determination of informants in the study using the snowball sampling method. Finally, documentation is carried out to find hidden facts that have not been obtained in the previous stages. The information collected was then analyzed using a comprehensive data analysis technique. The first stage of the analysis is coding to map the reliability and strength of the data. Furthermore, the information is sorted, analyzed, and interpreted to obtain findings. These findings are then matched with supporting documents in the form of study results and research findings with similar themes to strengthen the resulting analysis (Skovdal and Cornish, 2015).

#### **4. Results and Discussions**

The results of the study found that the independence of farmer cultivation was influenced by the strong attachment to agricultural culture and networking among farmers. However, the post-harvest freedom of farmers is very dependent on local informal financial institutions because of their mastery of price and market information and the strength of the capital of these institutions. Therefore, farmers' bargaining power and networking are fragile, resulting in the impoverishment of farmers.

##### **4.1. The Role of Informal Local Financial Institutions in Agricultural Cultivation Independence**

Based on the analysis of the data that has been collected, it is known that the willingness to work productively and the strong Indonesian agricultural culture causes farmers to make decisions for land cultivation, selection of agricultural production facilities, and the need for labor independently. There are two farmer groups studied, namely citrus farmers and maize farmers. The two commodities have different cultivation periods in which oranges require a long cultivation period of ten months, while sweet corn has a shorter cultivation period of between forty to ninety days. Citrus farmers, in general, still have strong socio-economic and economic ties in their communities. On the other hand, maize farmers have social interactions in the form of factions/blocks, which result in a weak socio-economic link within their group as a whole (quotation from the interview is attached).

The land management aspect is classified into three things, namely land use, selection of land management techniques, and selection of processes for increasing land productivity. In this case, the independent nature of farmers will be influenced by land ownership status, where farmers who own land tend to be freer to make decisions. On the other hand, farmers who rent agricultural land tend to choose a quick management system to optimize income because they have to pay land rent. In general, the farmers studied used semi-modern tillage techniques. It can be done because farmers have extensive knowledge as a result of long experience in understanding the characteristics of the commodities planted. The agricultural policy carried out by the government is felt by farmers only as a formality and has not yet achieved community empowerment. Farmers independently learn the procedures for increasing productivity, especially in paying attention to the nutrients needed by commodities to grow well, as well as pest control.

Furthermore, in making decisions about the use of production facilities, which include seeds, fertilizers, and pesticides, farmers consider the expected quality, quantity, and productivity. Farmers will tend to choose the most expensive seeds that are considered to have the best product marketing opportunities. Meanwhile, to choose fertilizers and pesticides, farmers decide to rejuvenate nutrients in agricultural land with organic fertilizers. The action is carried out due to the decline in land quality caused by the green revolution that was carried out during the New Order era. These findings are in line with Suseno and Suyatna (2006). When planting begins, farmers will carefully measure the amounts of fertilizers and pesticides used to ensure the quality and productivity of the

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commodities produced. On the one hand, it is hoped that these commodities will be economically profitable. On the other hand, products are also expected to be safe when consumed by end consumers.

The decision making for the need for labor is carried out based on the availability of agricultural labor offers in each region. Currently, there are only a few workers who are interested in working as agrarian laborers because they are considered not having high wages as in non-agricultural sectors, for example, as construction workers; as Putra and Suyatna (2018) findings. This phenomenon has led to an increase in the bargaining power of farmworkers. In each village, the landowner and farm laborers make an agreement regarding the wages that would be given as compensation for working on the land. The laborers' wages are based on the length of time needed to increase the productivity of the farm and the types of activities that are a burden to farm laborers.

Currently, the government has not yet produced an ideal policy in connecting the agricultural sector with related stakeholders to increase the existence, bargaining power, productivity, and real welfare of farmers. If this continues, it is not surprising that farmers are forced to struggle on their own, which results in farmers' dependence on non-farmer actors who have complete information independently. As a result, the welfare of farmers is difficult to improve (Khan et al., 2018; Preisel et al., 2017; Christensen, 2014).

#### **4.2. The Role of Informal Local Financial Institutions in Post Harvest Self-Reliance**

In post-harvest activities, farmers become bound by decisions of local informal financial institutions. This institution fully controls the pricing, quality of production, and the harvest marketing system. It is because local informal financial institutions have full control over information on prices, capital strength, and marketing networks, which are not shared with farmers. Therefore, farmers do not have the power to determine the things mentioned above, resulting in low bargaining power and the creation of faux post-harvest independence. It means that local informal financial institutions entirely regulate farmers' income.

Market price information circulating among farmers is limited to discussions between farmers. The actual market price is only known by local informal financial institutions due to their advantage in the marketing network and the capital strength to buy commodity farmers at any price level, according to the estimates of the local informal financial institution. Generally, the institution will buy commodities from farmers at a price level of 25-40 percent lower than the market price. The margin for the purchase is entirely the right of the local financial institution. Sometimes, farmers and local financial institutions bargain to set prices. It is not uncommon for farmers to only receive a predetermined amount. It is because each farmer has a contract with an informal local financial institution. The trust factor between informal financial institutions and farmers results in the formation of a patron-client relationship pattern, which in the long run leads to a pattern of the impoverishment of farmers.

Tables 1 and 2 show the price system used for citrus and sweet corn commodities at the research location. For the citrus commodity (Table 1), there are two price-fixing mechanisms by local financial institutions, namely using grade and average prices. The citrus products cultivated by farmers are the varieties of Baby Java, Pontianak Siem, and Batu 55. During the harvest season, the rate applied is the lowest price, while the highest price will depend on the offering value in the market. When the supply is low, the highest price will be applied because local financial institutions need a high supply to meet market needs before and after the main harvest. These local financial institutions usually supply to industrial markets and supermarkets.

Meanwhile, for sweet corn (Table 2), local informal financial institutions apply a partnership pattern by offering two assistance schemes. In the first scheme, the institution provides capital assistance for cultivation, which must

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be repaid by the farmer by selling his products only to the institution at a set price. Whereas the second scheme is that the institution directly buys commodities from farmers without providing prior assistance, but the purchase price is based on the quality of the merchandise.

**Table 1.** Citrus Commodity Price System

Commodity	Grade	Price (Rupiah)				Market
		Grade (Per 1 Kg)		Average (Per 1 Kg)		
		Highest	Lowest	Highest	Lowest	
Baby Java	A	6.500	5.000	6.000	5.500	Supermaret
	B	5.000	4.500			Antar Provinsi dan Pulau (Domestik)
	C	4.500	3.500			Antar Kota dan Dalam Kota (Lokal)
Pontianak Siem	A	13.000-12.000	10.000	12.000	10.000	Supermarket
	B	8.000	7.500			Domestic
	C	6.000	5.500			Local
Batu 55	A	8.000	7.000	6.500	5.500	Supermaret
	B	7.000	6.500			Domestic
	C	4.000	3.500			Lokal

Source: Research Findings, 2019

**Table 2.** Maize Commodity Price System

Commodity	Grade	Price				Market		
		Grade (Per 15 Kg)		Price Per 1 Kg				
		Highest	Lowest	Highest	Lowest			
Sweet Corn	A	50.000	40.000	3.300	2.600	Supermarket		
	B	35.000	25.000			2.300	1.600	Domestic
	C	25.000	15.000			1.600	1.000	Lokal

Source: Research Findings, 2019

In marketing their commodities, local financial institutions provide three options to farmers. The three options are the partnership system, the slash system (*sistem tebas*), and the crates system (sales per kilogram). The farmer has identified the advantages and disadvantages of each option. First, in a partnership system, local informal financial institutions and farmers work together from pre-production to post-production or work together only during post-production. In this system, financing and pricing are entirely controlled by local financial institutions. Second, the slash system is the process of selling agricultural commodities by farmers to local financial institutions. The local

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financial institution determines the price standard in this system. Furthermore, the agency will sort the products based on their quality and quantity for sale in different market segments. The quality of the commodities will, of course, result in different prices.

The third pattern, the crates pattern, is only applied to citrus commodities. In this system, plastic crates or baskets with a carrying capacity of 35 kg are used to weigh commodities. Of the commodities weighed in the crates, two kilograms of net weight will be deducted. One kilogram of empty containers will be borne by the farmer, while the institution will bear the price of one kilogram of rotten oranges. Thus, the average weight of oranges in the crate is 33 Kg. The crates pattern has two pricing systems based on grade and average, where the majority of farmers agree to use the average system to maintain the price level. Basically, the grading system is used to increase aggregate income.

Pricing, crop quality, and marketing systems that are entirely tied to local informal financial institutions show a pattern of farmer dependence on the role of local financial institutions in post-harvest independence. This dependence is understandable because the farmers are only trying to survive on their own to maintain agriculture. It seems that the policies and institutional systems formulated by the government weaken the bargaining power of farmers and reduce agricultural productivity. Subsidized fertilizers are often distributed late, and the price becomes expensive when farmers need it. Besides, the land conversion process is accelerating and does not take into account the availability of agricultural land for sustainable food sovereignty. Farmers have not enjoyed the method of ultra credit financing for farmers at the grassroots (Suyatna et al., 2016). In fact, post-harvest independence for farmers requires comprehensive information on the market in the form of price stability and farmer-market networks. The institution should be built and managed by farmers and a combination of farmer groups independently (Utama et al., 2019; Arsanti and Bohme, 2018; Flor et al., 2016)

#### **4.3. Relationship of Post-Harvest Self-Reliance with Farmers Impoverishment**

The domination of the role of local informal financial institutions in post-harvest activities can create a pattern of the impoverishment of farmers, either directly or indirectly. The deepening of these two patterns can be explored as recommendations for future research. The two patterns are in the form of (a) creating a sustainable dependence on the productivity and welfare of farmers; and (b) asymmetric information processing on prices. In general, farmers do not have a large capital capacity to exist and be productive. These two patterns have unwittingly created a structured and sustainable process of impoverishment of farmers.

The system of unwritten agreements between farmers and local informal financial institutions can lead to farmer dependence. As a result, farmers cannot enjoy real welfare that is proportional to the efforts they have made. Furthermore, the absence of social ties among farmer groups causes farmers to move away from the mutual cooperation system, which actually will strengthen sustainable farmer group independence. Currently, farmers are often apathetic and try their own way without thinking about the social attachments of farmers in the past Indonesian agricultural culture in the form of mutual cooperation (*gotong royong*). Structurally, it is necessary to improve the mutual cooperation system as a strong social bond to reduce farmers' dependence on local informal financial institutions. Basically, mutual cooperation is not only the responsibility of farmers but also the government to facilitate collaboration between farmers and related stakeholders in the business, industrial, and academic world.

Furthermore, the asymmetric information used by local informal financial institutions should be resolved. This information gap is in the form of marketing networks both in traditional markets, between islands and in retail,

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which have different price standards based on the quality and quantity of local commodities. Local informal financial institutions currently benefit from these price differences. Meanwhile, farmers can only get prices based on agreements that have been made with local informal financial institutions. Indirectly, this asymmetric information closes efforts to increase income and create sustainable farmer independence. Without clear price information and adequate capital, farmers will continue to be in the shadow of massive impoverishment by local informal financial institutions. For this reason, once again, facilitation from the government is needed in creating cross-stakeholder collaboration (Slamet et al., 2017; Besser et al., 2017). The collaboration aims to improve farmer welfare by providing access to market price information for farmers, increasing farmer empowerment-based partnership opportunities, and increasing the capacity and capability of farmers in general.

## 5. Conclusion

Currently, farmers can be said to have been independent in agricultural land processing activities as a result of Indonesia's strong agrarian culture. However, in post-harvest activities, farmers become dependent on the role of local informal financial institutions. This is due to the limited capital owned by farmers and limited information controlled by local informal financial institutions. With control of this information, financial institutions can create a marketing system that provides multiple benefits to the institution, thereby reducing farmer welfare.

Two patterns of post-harvest farmer self-reliance are (a) creating sustainable dependence on farmer productivity and welfare; and (b) robust pricing information asymmetric processes. For this reason, the government needs to intervene and make policies that integrate the process of empowering farmers with cooperation in the business and industrial world. These government intervention efforts can be supported by an approach to mutual collaboration and culture, as well as a reliable kinship system in agricultural culture in Indonesia. Without this approach, the negative impact of the domination of local informal financial institutions cannot be minimized in real terms.

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## Attachment

### a. Excerpts from The Interviews Listed in 4.1.

*“Mas, karena jeruk (komoditas buah-buahan) waktunya panjang, mengakibatkan para petani itu makin guyub, ya terkadang kalau ada masalah batang (komoditas jeruk) gitu terkadang dibahas bersama antar petani, terus gawe pupuk lan mes (pestisida) opo seng tepat (lalu pakai pupuk dan pestisida apa yang tepat), bahkan soal harga upah buruh tani antar petani sudah saling bersepakat, pokok kalau tander (pra-produksi sampai produksi) kami sangat saling membantu satu sama lainnya, ya begitu mas yang diajarkan bapak-bapak kami kepada kami, sehingga sampai sekarang masih tetap begitu”.*

(Because oranges require a long planting period, the farmers get together. Sometimes, if there is a problem with the crop, we will discuss it together. The best use of fertilizers and pesticides, even the wages of farm laborers, the farmers will agree. The point is, in agricultural matters, we help each other because that is what our parents taught us, from the past until now) (Interview with KYI, 2019)

*“Waduh mas, nek petani sayur iku saiki kyok dewe-dewe nek mulai tander sampai nek ono masalah pas tander, kyok angel mas gotong royong iku, pokok kepingin e oleh koyoh cepet mas terus, wes ora peduli ambik kancane (Aduh mas, kalau petani sayur-mayur sekarang suka sendiri-sendiri (individualistik) mulai pra produksi-produksi sampai kalau ada masalah dalam pra-produksi-produksi, sulit sekali mas untuk gotong royong, inginnya dapat pendapatan cepet terus, tanpa peduli sama teman (petani lainnya)”*

(Unfortunately, the vegetable (maize) farmers now go their separate ways, both during the planting period and beyond. They hardly want to help each other. They want to get a lot of results immediately and don't care about their friends' problems.) (Interview with SPO, 2019).

*“Mas, gotong royong petani itu masih kuat di Bocek, kalau soal nander saja (budidaya) antar petani masih saling bantu mas, ya meskipun kalau kurang modal buat nander (budidaya) banyak yang ngambil ke bakul (lembaga keuangan lokal), terkadang sama bakul dipengaruhi tapi petani punya cara sendiri dan pilihan sendiri buat nentukan bibitnya, ya pupuk, ya pestisida, ya berapa jumlah buruh taninya, yang penting dalam urusan nander petani tetap berpegang teguh pada budaya gotong royong bapak-bapak kami dulu dalam bertani mas, meskipun petani gak punya modal besar tapi urusan nander petani punya harga diri untuk tetap mandiri mas”*

(Cooperation between farmers in Bocek is still strong, especially in terms of planting. As for the problem of capital, unfortunately, we also have difficulties so that we cannot help each other. They generally borrow money from the institutions. Sometimes, the institutions will influence what kind of commodity to be planted. Although farmers ultimately have their way of planting products. Starting from seeds, pesticides, to wages. What is important is that we farmers still stick to the methods our father taught us. Even though we as farmers do not have capital, at least we still have our pride to remain independent in agriculture) (Interview with MA, 2019)

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**b. Excerpts from The Interviews Listed in 4.2.**

*“Petani itu sudah pasrah sama bakul (Lembaga Keuangan Lokal), harga kami tidak tau, yang kami tau ada grade dan rata-rata terus kami bisa pilih pakai kilonan dan tebas kalau jual ke mereka, kalau ada utang ke bakul wah malah kita diatur wes (Wah, pasti kita akan diatur sudah), pakai kiloan atau tebas, begitu pula harganya, petani cuma iya-iya, yang penting jeruk kita habis, utang kita gak ada dan kita dapat tanam lagi dan ada tabungan sedikit, gitu aja sudah kita syukuri mas” (Hasil Wawancara dengan PU, 2019).*

(We farmers have surrendered to them (local informal financial institutions). We don't know the price. What we do know is the grade and average price, and we can choose the system to sell to them. If we owe them money, we will a lot of arrangements. Farmers can only accept. We are grateful enough if our oranges sold out, we have no debt, we can plant more, and have savings.) (Interview with PU, 2019)

*“Kalau jagung manis ini mas, pasrah wes (menyerahkan kepada) sama bakulnya (lembaga keuangan lokal, walaupun kita bisa mandiri soal bibit, pupuk dan pestisida, masio (meskipun) belinya (bibit, pupuk, pestisida) dari berhutang ke bakulnya (lembaga keuangan lokal). Mas kalau panennya raya gitu bakulnya pinter harga terendah yang berikan ke petani, lah kalau gak panen raya baru harga tertinggi. Ya, kalau untung dapat harga tertinggi utang bisa lunas penuh dan dapat untung lumayan, tapi kalau rugi dapat harga terendah utang dicicil mas, panen lagi berdoa biar dapat harga tertinggi supaya nutup utang yang lalu, kalau gak ya pulih terikat sudah sama bakulnya (lembaga keuangan lokal) mas sampai utangnya lunas, jadi petani harus berhati-hati. Intinya mas, petani cuma bisa bersyukur, kalau bakulnya (lembaga keuangan lokal) makin (semakin) kaya-kaya mas”.*

(We leave the sweet corn business to the seller (a local informal financial institution). Even though we can be independent, we still owe all of our farming equipment. When the big harvest arrives, the seller will give the lowest price to the farmers. When its not (big harvest time), we will get the highest price so that we will profit and be able to repay our debt. We can only pray for a good price so that we can pay our debts. The point is we can only be grateful for what we get, while they (local informal financial institutions) become getting richer) (Interview with HJ0, 2019)

*“Bakul (lembaga keuangan lokal kalau di Beji sini biasanya petaninya suruh panen dulu, bakul bawa ke pasar, harganya petani gak tau, yang petani tau dapat berapa ton/kuintal yang dibawa ke pasar, terus nanti kalau dari pasar bakul (lembaga keuangan lokal) nyaritakno oleh rego sak mene koyo e sak mene (lembaga keuangan lokal menceritakan dapat harga di pasar berapa, kemudian dapat hasil berapa), terus dari hasil itu kalau petani utang yang dipotong tergantung kesepakatan sisanya ya jadi pendapatan buat petani, yang penting dapat berapa-pun disyukuri mas”*

(In Beji, generally, the sellers (local informal financial institutions) will ask us, farmers, to harvest first. Then they bring to the market, where we don't know anything about the price. What the farmers know is how many tons we collected. Upon their return, the seller will tell us how much they got and how much our share is. From this result, if we have debt, it will be immediately deducted according to the agreement. Meanwhile, the rest is for our daily use. We can only be grateful no matter what we get)) (Interview with SPO, 2019).

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