

THE IMPACT OF THE INCREASING COOKING OIL PRICE ON THE ECONOMIC STABILITY OF TRADERS AND BUYERS IN INDONESIA

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ABSTRACT

An increase in the price of cooking oil is an event that often occurs in Indonesia and can have a major impact on the economies of both sellers and buyers. The purpose of this research is to evaluate the effect of rising cooking oil prices on the economic stability of sellers and buyers in Indonesia. This study uses a qualitative method with a data collection approach through interviews, field observations, and analysis of related documents.

Keywords: Price Increase, Cooking Oil, Indonesia

INTRODUCTION

Availability of staple foodstuffs plays an important role in human daily life. To meet the needs of society, not only in terms of physical but also spiritual aspects that are beneficial to the health of the body so that the body's nutrition is fulfilled. However, the Indonesian people are experiencing several economic constraints in meeting their basic needs, one of which is the increase in the price of cooking oil. Cooking oil is a product that plays an important role in the Indonesian economy. The increase in cooking oil prices in early 2022 became a serious problem and caused economic losses around the world (Kemendagri RI, 2022).

This was due to the removal of government subsidies for the highest retail price (HET) for packaged cooking oil of IDR 14,000/liter, so that some cooking oils had to raise their prices significantly. The government has taken this action to remove subsidies because cooking oil is becoming increasingly difficult to find in many parts of Indonesia. Even though the cooking oil subsidy policy has been removed, this basic need is still difficult

to find on the market. Even though the average price of cooking oil per liter is more than IDR 25,000. It is possible that the increase in the price of cooking oil has caused several supermarkets, small shops, grocery stores and traditional markets to experience long queues.

Recently, there has been an increase in the price of cooking oil which has forced people to reconsider their production activities. The government's policy regarding the price of cooking oil aims to help the community to be able to continue to produce, obtain maximum profits, and at least ease the economic burden on the family. The impact of high cooking oil prices is quite significant for small traders in the city of Palembang, because they need to develop performance strategies to maintain the quality of the products they produce and sell. In short, the increase in the price of cooking oil greatly influences the company's decision to decrease or increase production (Kemendagri RI, 2021).

Based on the problems above, the government's role is to stabilize cooking oil prices so that price increases become normal and do not cause serious problems in meeting people's needs. In addition, the increase in the price of cooking oil has greatly affected the level of supply and the profit earned by sellers.

RESEARCH METHOD

This study applies descriptive analysis techniques and collects secondary information from relevant sources, including government documents, scientific articles, and related publications. The information collected includes the selling price of cooking oil in a certain period, the income of traders, and the habits of buyers regarding the purchase of cooking oil.

RESULTS AND DISCUSSION

The research results show that the increase in cooking oil prices has a significant impact on the economic stability of traders and consumers in Indonesia. Following are the main results of this study:

1. Impact on Traders:

- a. Decreased profit margins: Rising cooking oil prices increase production costs, thereby reducing profit margins for traders. This can threaten the

continuity of their business.

- b. Price adjustment: Traders are forced to adjust the selling prices of their products in response to rising cooking oil prices. However, this could affect consumers' purchasing power and reduce demand (Dewi, 2022).

2. Impact on Consumers:

- a. An increase in the price of cooking oil can reduce consumers' purchasing power, especially for those with low incomes. This can have a negative impact on household economic stability.
- b. Consumers tend to switch to other alternatives or reduce consumption of cooking oil when the price rises. This can affect the cooking oil industry as a whole (Aslim & Widyastuti, 2020).

In addition, the research also highlights other factors that influence the impact of rising cooking oil prices, such as government policies regarding imports and subsidies, fluctuations in international crude oil prices, and competition between local and imported cooking oil producers. Studies can involve analyzing changes in the demand for and supply of cooking oil in response to price increases. This can provide a deeper understanding of how prices increase. Apart from considering the short-term effects, the research can also explore the long-term impact of rising cooking oil prices. For example, how price increases might affect trader investment, business development, or possible changes in the structure of the cooking oil industry in Indonesia (Irianto, 2019).

The study can compare the implications of rising cooking oil prices in Indonesia with other countries. This can provide an understanding of the differences in economic responses and policies taken by governments in dealing with similar situations. An increase in the price of cooking oil can have a significant impact on society, such as increasing levels of poverty, social inequality and economic injustice (Kusumawati & Faradis, 2018). Studies can explore the impact of this on the social level and overall societal well-being.

Research can examine the adaptation strategies used by traders to deal with rising cooking oil prices, such as developing different products, seeking alternative sources of supply, or changing business models. This analysis can provide insight into the economic resilience of traders in the face of price challenges. Apart from internal factors such as rising crude oil

prices or production costs, external factors such as fluctuations in currency exchange rates or international trade policies can also affect cooking oil prices in Indonesia. Research can take these factors into account in an analysis of economic impact (Prasetyo & Wijayanto, 2019).

This study can evaluate the differences in the impact of rising cooking oil prices between urban and rural areas in Indonesia. Factors such as supply availability, infrastructure and level of competition can influence how traders and consumers respond to price increases (Prihadi & Fitrianto, 2019). Studies can explore the impact of government policies related to cooking oil prices, such as subsidy policies or import regulations. This analysis can provide an understanding of the effectiveness of policies in reducing the impact of price increases on traders and consumers. Research can use a case study approach to analyze the experiences of traders and consumers specifically related to rising cooking oil prices. This can involve in-depth interviews and direct observation to understand how their economic stability is affected (Priyatno & Cahyono, 2018).

This research can provide deeper insight into how factors such as stock availability, infrastructure, and level of competition impact traders and consumers in responding to price increases. In addition, research can also explore the effects of government policies related to cooking oil prices, such as subsidy policies or import regulations. This analysis can help in understanding the effectiveness of these policies in reducing the impact of price increases on traders and consumers. We can see how these policies affect economic stability in urban and rural areas differently (Setiawan & Prasetyo, 2021).

In conducting research, in-depth interviews and direct observation approaches can provide rich and contextual data about the experiences of traders and consumers in dealing with rising cooking oil prices in urban and rural areas. Through interviews, we were able to explore their views, strategies and experiences in depth. Meanwhile, direct observation will provide an understanding of changes in daily activities, interactions with customers, and adaptations made by traders and consumers (Siregar & Firdaus, 2018).

Using this approach, we will be able to better understand the differences in experiences and impacts of rising cooking oil prices between

urban and rural areas in Indonesia. Our research results can provide valuable insights for government and community policies in dealing with economic challenges caused by changes in cooking oil prices (Susanto & Permana, 2020).

The research that has been described has clear objectives and is able to provide important insights into the factors that influence traders and consumers in dealing with rising cooking oil prices. In-depth interviews and direct observation approaches are appropriate strategies to obtain rich and contextual data about their experiences (Susanto & Kusumastuti, 2018).

In conducting in-depth interviews, you can explore the perspectives of both traders and consumers regarding supply availability, infrastructure, level of competition, as well as the impact of price increases on their business or household spending. You can also see the strategies they use to deal with price increases, such as price adjustments, finding alternative suppliers, or changes in consumption habits.

Hands-on observation will provide a deeper understanding of how merchants and consumers interact in their daily lives. You can pay attention to changes in buying behavior, consumer preferences, adaptations traders, and its impact on economic stability in urban and rural areas. This can help identify differences in response and adaptation to rising cooking oil prices between the two regions.

Analysis of the data collected can provide valuable insights into the effectiveness of government policies related to cooking oil prices, such as import subsidies or regulations. By comparing the experiences of traders and consumers in urban and rural areas, your research can highlight the differences in the impact of these policies as well as the different economic stability in the two regions. The results of your research can provide valuable input for the government and society in dealing with economic challenges caused by fluctuations in the price of cooking oil (Wicaksono & Hadi, 2017).

Benefits are part of goodness because in the end they can collect capital that can be used for other activities. In other words, benefits are additional capital to achieve greater good to achieve *Falah*. The factors that affect the benefits are as follows.

1. Price of Goods; When prices fall, the level of benefits obtained also

falls, so producers tend to reduce supply.

2. **Production Costs;** When costs fall, producers' sales benefits increase which encourages them to increase the amount supplied in the market.

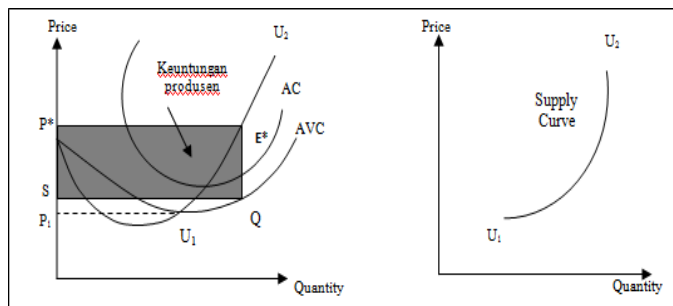


Figure 1. The Relationship between the Willingness to Produce and Supply Curve

The illustration above explains that if the market value in the short term is P^* , then the producer will earn an economic profit of P^*E^*QS . Therefore, the MC curve that is above the AVC curve is the line indicating that producers are willing to produce. Furthermore, when U_1 and U_2 are connected, a supply curve is formed that represents each producer, not the market or industry.

Sellers or traders are business entities engaged in selling various types of goods to final consumers for personal use. There are several categories of sellers, such as meat and fish sellers, textile and apparel sellers, vegetable and spice sellers, grocery sellers, food and beverage sellers, fruit sellers, and service sellers.

Street vendors are a term that refers to businesses on the streets consisting of a collection of street vendors selling food (fried food), toys or drinks. At UNPAR's Faculty of Law, there are street vendors who belong to the low economic class who sell food or small services, stock or credit in fixed or non-fixed locations as a place to trade to generate income.

This shows that street vendors are not always related to selling on the sidewalk or roadside, but can be in the form of small stalls or *angkringan* as a place to sell. The Impact of Increasing Cooking Oil Prices for Small Traders in Babadan Ponorogo District

Currently, social issues regarding rising cooking oil prices have become a hot topic throughout Indonesia. This price increase cannot be

ignored because it provides significant challenges and impacts for small traders. This problem makes it difficult for traders to find cooking oil at the nearest stalls or grocery stores. This can also cause confusion for traders in everyday economic situations, especially in the midst of the Covid-19 pandemic which is still occurring in Indonesia.

According to the opinion stated above, the problem of rising cooking oil prices in Sukosari Village has an impact on small traders such as fried food traders, restaurants and small shop traders. The increase in cooking oil prices will also have an impact on inflation in general and affect the food industry sector, households, and all production that uses cooking oil as raw material. Food vendors, especially street vendors, are feeling the impact, such as the lack of profits they get.

The solution or effort that can be made by small traders to survive the problem of rising cooking oil prices in the Babadan Ponorogo District is to save or reduce the oil in each dish so that the oil can be reused. The general public can also help by not buying up existing oil stocks and reducing the use of cooking oil by processing food that does not use cooking oil.

To overcome the problem of rising prices that cause various impacts, the government must make efforts to increase the productivity of cooking oil production. One possible solution is to increase the export tax on cooking oil, relax the 30 percent biodiesel (B30) policy, and conduct market operations. The scarcity of cooking oil in the domestic market must be a public concern.

According to Afriyanti (n.d.), there are several state policies that are in accordance with Islam such as conducting supervision to control trade distribution and price fixing. With supervision, it can prevent actions that are not permitted in Islam, such as hoarding of goods, setting unreasonable prices, acts of fraud, and actions that are detrimental to society. This surveillance is administered by the Islamic state through a specific structure known as the Qadhi Hisbah. In the view of Islam, the problem of food stability, including cooking oil, can only be overcome with a solution that is in accordance with Islam, namely by implementing Islam in a comprehensive manner to control the economy and maintain people's welfare.

CONCLUSION

The research results show that the increase in cooking oil prices has a significant impact on the economic stability of traders and consumers in Indonesia. Rising cooking oil prices increase production costs, thereby reducing profit margins for traders. This analysis can help in understanding the effectiveness of these policies in reducing the impact of price increases on traders and consumers. In conducting research, in-depth interviews and direct observation approaches can provide rich and contextual data about the experiences of traders and consumers in dealing with rising cooking oil prices in urban and rural areas.

This price increase cannot be ignored because it provides significant challenges and impacts for small traders. This problem makes it difficult for traders to find cooking oil at the nearest stalls or grocery stores. This can also cause confusion for traders in everyday economic situations, especially in the midst of the Covid-19 pandemic which is still occurring in Indonesia.

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