



## MUKHADARAH PRACTICES AMONG FARMERS: A STUDY OF ISLAMIC ECONOMICS IN SUPPORTING SUSTAINABLE AGRICULTURAL DEVELOPMENT POLICIES

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### ABSTRACT

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Agricultural transactions conducted before harvest remain a common practice among rural communities as a strategy to address financial needs and maintain farming activities. This study aims to analyze *mukhadarah* practices among mango farmers in Marayoka Village, Jeneponto Regency, from the perspective of Islamic economics and examine their relevance to sustainable agricultural development policies. This study employed a qualitative approach using a case study design. Data were collected through observations, in-depth interviews, and documentation involving farmers, buyers, religious leaders, and village officials. Data analysis followed the interactive model of Miles, Huberman, and Saldaña, consisting of data condensation, data display, and conclusion drawing. The findings indicate that *mukhadarah* transactions are conducted through the sale of mango fruits before harvest based on estimated production and mutually agreed prices. The practice provides economic benefits by enabling farmers to obtain quick access to capital and reducing marketing risks. From the perspective of Islamic economics, *mukhadarah* fulfills the principles of mutual consent (*an-taradhin*) and contractual agreement, although it still contains potential elements of *gharar* due to uncertainty regarding the quantity and quality of future harvests. Furthermore, the practice contributes to sustainable agricultural development by supporting the continuity of farming activities and improving farmers' access to financial resources. Therefore, strengthening the principles of justice, transparency, and risk-sharing mechanisms is essential to ensure that *mukhadarah* practices provide greater welfare for farmers while supporting sustainable agricultural development.



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### INTRODUCTION

The agricultural sector remains one of the most strategic pillars of national development because it contributes significantly to food security, employment generation, poverty reduction, and the improvement of rural livelihoods. In developing countries, including Indonesia, agriculture continues to serve as the primary source of income for a substantial proportion of the population, particularly those living in rural areas (FAO, 2022; World Bank, 2023). Beyond its economic function, agriculture also plays a crucial role in promoting social stability and supporting sustainable development goals. Consequently, agricultural development policies have increasingly emphasized not only productivity enhancement but

also the establishment of sustainable agricultural systems that ensure economic viability, social equity, and environmental resilience (Pretty, 2018; OECD, 2020).

The concept of sustainable agricultural development has evolved from merely increasing production outputs toward creating a more inclusive and resilient agricultural system that strengthens farmers' welfare and institutional capacity. Sustainable agriculture encompasses economic sustainability, social justice, and the continuity of agricultural resources for future generations (FAO, 2021). Governments around the world have adopted various policy measures aimed at improving farmers' access to finance, market opportunities, and institutional support to enhance rural economic resilience (United Nations, 2019). In Indonesia, the commitment to sustainable agricultural development is reflected in national development agendas that prioritize food sovereignty, farmer empowerment, and equitable economic growth in rural communities.

Among various horticultural commodities cultivated in Indonesia, mango (*Mangifera indica*) represents one of the most economically valuable crops. Mango production contributes significantly to household incomes and local economies, particularly in regions characterized by favorable climatic conditions and extensive agricultural traditions. In several districts of South Sulawesi, including Jeneponto Regency, mango cultivation has become one of the primary economic activities supporting rural livelihoods (Ministry of Agriculture of Indonesia, 2023). Farmers rely heavily on seasonal harvests to finance household consumption, educational expenses, and agricultural production inputs. Consequently, various forms of marketing and trading arrangements have emerged to address farmers' financial needs and market uncertainties.

One common transaction practiced among mango farmers is *mukhadarah*, a form of pre-harvest sale in which agricultural products are sold while they are still attached to the trees and before reaching maturity. In this arrangement, buyers and farmers agree on a predetermined price based on estimated future yields (Amelia et al., 2020). Such transactions are deeply rooted in local customs and have been practiced for generations within agrarian communities. Farmers often resort to *mukhadarah* because it provides immediate financial liquidity needed for daily consumption, educational expenditures, debt repayment, and agricultural investment (Fuadi, 2021). For many smallholder farmers who face limited access to formal financial institutions, this practice serves as an informal mechanism for obtaining working capital.

From an economic perspective, *mukhadarah* offers several advantages. First, it enables farmers to secure funds before harvest without relying on formal credit institutions, which are often inaccessible or accompanied by complicated administrative procedures (Afferro & Mustofa, 2024). Second, the transfer of ownership prior to harvest shifts part of the marketing risk from farmers to buyers, thereby reducing uncertainty regarding product distribution and market fluctuations (Channa et al., 2022). Third, pre-harvest transactions contribute to maintaining the continuity of farming activities by ensuring the availability of capital for the next planting season. These benefits explain why *mukhadarah* continues to be widely practiced despite modernization in agricultural marketing systems.

Nevertheless, the practice also raises several concerns. Agricultural production is inherently uncertain due to factors such as climate variability, pest infestations, diseases, and environmental conditions. Consequently, the quantity and quality of crops at the time of harvest cannot always be accurately predicted (Liang & Zhao, 2024). Such uncertainties may result in unequal outcomes for either party involved in the transaction. In some cases, buyers may incur losses when yields are lower than expected, while in other situations farmers may suffer economic disadvantages when actual market prices exceed the agreed pre-harvest price. These uncertainties have prompted scholars to examine *mukhadarah* from legal, ethical, and economic perspectives.

In Islamic economics, economic transactions are governed by principles that emphasize justice (*al-'adl*), transparency, mutual consent (*an-taradhin*), and the protection of public welfare (*maslahah*). Islamic commercial jurisprudence requires that contractual objects be clearly defined and free from excessive uncertainty (*gharar*) and speculation (*maysir*) to prevent exploitation and injustice (Kamali, 2019; Dusuki & Abdullah, 2017). The prohibition of *gharar* aims to ensure fairness and reduce disputes arising from ambiguity in contractual relationships. Therefore, transactions involving future agricultural products have attracted considerable attention among Islamic scholars because of the uncertainty surrounding the quantity and quality of crops at the time the agreement is concluded (Fatimah et al., 2024).

Islamic teachings recognize the importance of balancing economic interests with ethical considerations and social welfare. According to the Maqasid al-Shariah framework, economic activities should contribute to the preservation of wealth (*hifz al-mal*) and promote collective prosperity while minimizing harm to society (Auda, 2018). Accordingly, evaluating *mukhadarah* practices requires not only assessing their legal validity but also examining their implications for farmers' welfare, economic sustainability, and social justice. This broader perspective is particularly relevant in the context of contemporary agricultural development, where policies increasingly prioritize inclusive growth and poverty reduction.

Previous studies have demonstrated that pre-harvest transactions remain prevalent in many agricultural communities due to their ability to provide immediate financial support and reduce marketing uncertainties (Azizah & Mukhlis, 2022). Research conducted in various regions of Indonesia indicates that such practices are strongly influenced by economic necessity, local customs, and longstanding social relationships between farmers and buyers (Amelia et al., 2020). Other studies have highlighted the potential presence of *gharar* elements that may affect the conformity of these transactions with Islamic economic principles (Noviyanti et al., 2024). Furthermore, empirical evidence suggests that informal agricultural contracts are shaped by social capital, trust, and community norms that facilitate cooperation among market participants (Sarker et al., 2020).

Despite these contributions, most previous studies have primarily focused on the legal validity of *mukhadarah*, contractual requirements, and factors influencing its occurrence. Relatively limited attention has been devoted to examining the relationship between *mukhadarah* practices and sustainable agricultural development policies. Sustainable agricultural development extends beyond increasing production and productivity; it also encompasses institutional strengthening, financial accessibility, farmer protection, and the establishment of equitable market systems that enhance rural welfare (Pretty, 2018; FAO, 2021). Consequently, understanding how traditional transaction mechanisms contribute to or hinder sustainable agricultural objectives remains an important area of inquiry.

Moreover, empirical studies specifically investigating *mukhadarah* practices among farmers in Marayoka Village, Jeneponto Regency, are still scarce. As a result, the socio-economic realities and institutional dynamics surrounding these transactions in the local context have not been comprehensively documented. Considering that local practices often reflect unique combinations of economic necessity, cultural values, and religious beliefs, context-specific studies are necessary to provide a more nuanced understanding of agricultural transactions in rural communities.

The novelty of this study lies in its integration of Islamic economic perspectives with sustainable agricultural development policies. Unlike previous studies that predominantly emphasize legal aspects, this research simultaneously examines the conformity of *mukhadarah* practices with Islamic economic principles and their relevance to promoting equitable and sustainable agricultural development. By linking traditional transaction mechanisms with contemporary development agendas, this study offers a broader analytical framework for understanding the role of informal institutions in supporting rural economic sustainability.

Therefore, this research is essential because *mukhadarah* continues to function as an important mechanism through which farmers address their economic needs, while scholarly

discussions connecting this practice with sustainable agricultural development remain limited. The findings are expected to provide valuable insights for farmers, policymakers, academics, and other stakeholders in formulating agricultural transaction models that align with Islamic economic principles, strengthen farmer protection, and contribute to the realization of sustainable agricultural development and rural welfare.

## METHOD

This study employed a qualitative approach with a case study design to obtain an in-depth understanding of *mukhadarah* practices among farmers and to examine their conformity with Islamic economic principles in supporting sustainable agricultural development policies. The research was conducted in Marayoka Village, Jeneponto Regency, South Sulawesi, Indonesia. Primary data were collected from farmers, buyers (middlemen), religious leaders, and village officials selected through purposive sampling, considering their direct involvement and knowledge regarding pre-harvest transactions. Secondary data were obtained from books, scientific journals, Islamic economics literature, agricultural policy documents, and other relevant references. The case study approach was considered appropriate because it allows researchers to explore social phenomena within their real-life context and to understand the interaction between economic practices and local socio-cultural conditions (Yin, 2018; Creswell & Poth, 2018).

Data collection was conducted through participant observation, in-depth interviews, and documentation techniques to obtain comprehensive and credible information regarding the implementation of *mukhadarah* transactions. The collected data were analyzed using the interactive model developed by Miles, Huberman, and Saldaña (2014), consisting of data condensation, data display, and conclusion drawing and verification. To ensure the trustworthiness and validity of the findings, this study employed source triangulation and technique triangulation by comparing information derived from different informants and various methods of data collection (Patton, 2015). Through these procedures, the study was expected to provide a comprehensive explanation of *mukhadarah* practices among farmers, their compatibility with the principles of Islamic economics, and their relevance to the promotion of sustainable agricultural development and rural economic welfare (Creswell & Poth, 2018; Patton, 2015; Yin, 2018).

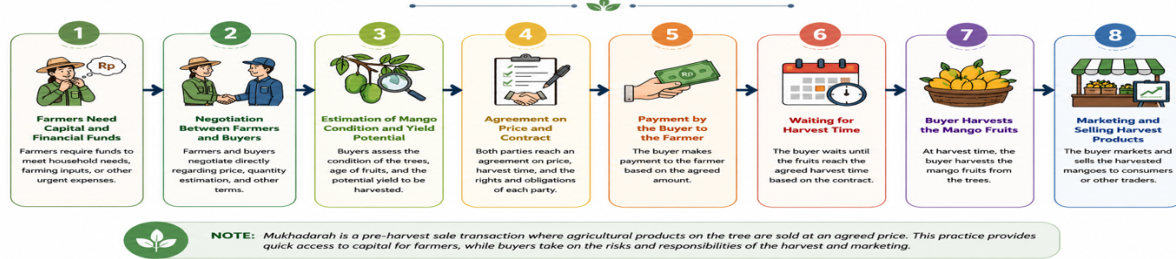
## RESULT AND DISCUSSION

### Mukhadarah Practices among Mango Farmers in Marayoka Village

The findings reveal that *mukhadarah* practices have been carried out for generations among mango farmers in Marayoka Village, Jeneponto Regency, and have become an integral part of the local economic system. Transactions are generally conducted while the fruits are still attached to the trees and have not yet reached harvest maturity. Farmers and buyers negotiate directly regarding the estimated selling price, harvest period, and the rights and obligations of each party. Price determination is primarily based on the estimated quantity of fruits, tree conditions, fruit age, and the experience of buyers in assessing potential yields. Once an agreement is reached, the buyer pays the agreed amount and subsequently assumes responsibility for harvesting and marketing activities.

The persistence of this practice reflects the adaptive strategies developed by rural communities in responding to financial constraints and market uncertainties. Similar observations have been reported in previous studies, which indicate that pre-harvest sales constitute an informal financing mechanism that enables smallholder farmers to maintain production continuity without relying heavily on formal credit institutions (Fuadi, 2021; Channa et al., 2022). From an institutional economics perspective, such transactions represent community-based arrangements that emerge to reduce transaction costs and provide immediate liquidity for farming households.

Figure 1.  
Flow of Mukhadarah Practices among Mango Farmers



The study found that urgent economic needs constitute the primary motivation behind the implementation of *mukhadarah*. Farmers commonly use the funds obtained from pre-harvest transactions to finance household consumption, children's education, healthcare expenses, and agricultural maintenance. Moreover, the practice reduces marketing risks because the responsibility for selling the harvested fruits is transferred to buyers. Meanwhile, buyers are willing to bear production uncertainties because they anticipate higher profits if the actual harvest exceeds initial estimates.

These findings support the argument that informal agricultural contracts are not merely economic transactions but also represent social mechanisms embedded in trust and long-standing relationships among rural actors (Sarker et al., 2020). Therefore, *mukhadarah* can be understood as a mutually beneficial arrangement that provides economic security to both parties, although it simultaneously involves inherent risks associated with agricultural production.

#### Analysis of Mukhadarah from the Perspective of Islamic Economics

From the perspective of Islamic economics, the findings demonstrate that the *mukhadarah* practices observed in Marayoka Village embody several fundamental principles of Islamic commercial transactions (*muamalah*). The transactions are conducted voluntarily, without coercion, and are based on mutual agreement between sellers and buyers. This reflects the principle of *an-taradhin* (mutual consent), which constitutes one of the essential requirements for the validity of contracts in Islamic law.

Furthermore, the practice reflects values of cooperation and mutual assistance in addressing economic needs. Farmers obtain quick access to funds, while buyers acquire opportunities for future profits. Such reciprocal benefits are consistent with the Islamic economic objective of promoting public welfare (*maslahah*) and ensuring fairness in economic interactions (Kamali, 2019). Similar conclusions were reported by Azizah and Mukhlis (2022), who emphasized that agricultural transactions rooted in local customs often contain elements of social solidarity and mutual benefit.

However, despite fulfilling the principles of mutual consent and contractual agreement, the study identified the existence of uncertainty (*gharar*) concerning the quantity and quality of fruits at the time of the contract. Weather conditions, pest infestations, and diseases may significantly affect the final harvest outcome. Consequently, one party may experience losses due to discrepancies between estimated and actual production.

According to Islamic commercial jurisprudence, excessive uncertainty (*gharar fahish*) may compromise the validity of contracts because it potentially leads to injustice and disputes among contracting parties (Dusuki & Abdullah, 2017; Fatimah et al., 2024). Therefore, while *mukhadarah* possesses economic utility, improvements are necessary to minimize uncertainty through clearer contractual provisions, risk-sharing mechanisms, and enhanced transparency regarding the object of sale.

Table 1. Analysis of Mukhadarah Practices from the Perspective of Islamic Economics

Aspect	Empirical Findings	Islamic Economic Analysis
Mutual consent	Agreement occurs voluntarily	Consistent with the principle of an-taradhin
Contract clarity	Price and harvest time are agreed upon	Meets contractual requirements

Object certainty	Quantity and quality remain uncertain	Potential existence of gharar
Transaction fairness	Possibility of losses for one party	Risk mitigation is required
Economic benefit	Provides working capital for farmers	Supports public welfare (maslahah)

### Relevance of Mukhadarah to Sustainable Agricultural Development Policies

The findings indicate that *mukhadarah* contributes positively to the sustainability of farming activities by providing relatively easy access to financial resources. The availability of working capital before harvest enables farmers to continue maintaining their orchards and financing agricultural inputs without interrupting production cycles. Consequently, the practice contributes to economic sustainability, which represents one of the core dimensions of sustainable agricultural development.

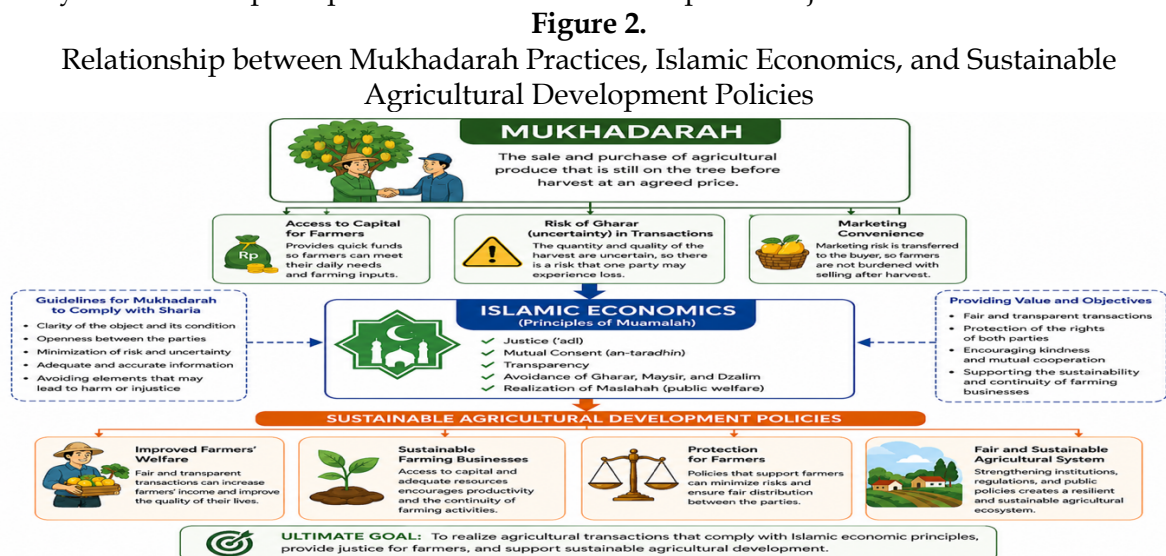
This finding is consistent with the framework proposed by Pretty (2018), who argues that sustainable agriculture requires economic arrangements capable of strengthening farmers' resilience and ensuring the continuity of production systems. Likewise, FAO (2021) emphasizes that access to finance constitutes an important component in promoting sustainable livelihoods and reducing vulnerabilities among smallholder farmers.

Nevertheless, the study also reveals structural inequalities embedded in *mukhadarah* transactions. Farmers generally possess weaker bargaining positions because prices are largely determined based on buyers' estimations. Such conditions may result in farmers receiving prices below the actual market value of their harvests. This imbalance highlights the necessity of strengthening institutional support mechanisms and improving farmers' access to market information.

The findings suggest that sustainable agricultural development should not only focus on increasing productivity but also address issues of fairness, farmer protection, and market access. Government intervention through farmer cooperatives, agricultural extension services, and Islamic financing institutions may help enhance bargaining power and provide alternative financing mechanisms that are more equitable and transparent (Affero & Mustofa, 2024).

### Integration of Islamic Economic Values and Sustainable Agricultural Policies

The results demonstrate that *mukhadarah* represents more than a traditional economic practice; it is also an adaptive mechanism developed by rural communities to cope with capital constraints and production uncertainties. Consequently, the improvement of this practice should not aim at eliminating its economic function but rather at aligning it more closely with Islamic principles and sustainable development objectives.



Within the framework of Islamic economics, strengthening the implementation of justice (*al-'adl*), transparency, and public welfare (*maslahah*) is essential to ensure that agricultural

transactions benefit all stakeholders. Government agencies, Islamic financial institutions, religious leaders, and agricultural extension officers may play important roles in educating farmers regarding Islamic agricultural contracts and promoting more sustainable transaction models.

From a policy perspective, integrating Islamic economic principles with sustainable agricultural development policies offers an alternative approach to improving farmers' welfare and strengthening rural economies. Such integration supports the achievement of economic sustainability, social justice, and institutional resilience, which are fundamental pillars of sustainable development.

Overall, the findings indicate that *mukhadarah* practices among mango farmers in Marayoka Village constitute a traditional economic institution that remains relevant in supporting rural livelihoods. However, strengthening Sharia compliance and enhancing institutional support are essential to ensure that these practices contribute more effectively to equitable and sustainable agricultural development in Indonesia.

## CONCLUSION

This study demonstrates that *mukhadarah* practices among mango farmers in Marayoka Village have become an important economic mechanism that supports the continuity of farming activities and helps farmers address their immediate financial needs. The practice enables farmers to obtain capital before harvest while transferring marketing responsibilities and certain production risks to buyers. From the perspective of Islamic economics, *mukhadarah* reflects the principles of mutual consent and cooperation, indicating conformity with the fundamental values of *muamalah*. However, the existence of uncertainty regarding the quantity and quality of future harvests suggests the presence of potential *gharar*, which requires greater transparency and clearer contractual arrangements to ensure fairness for all parties involved.

In the context of sustainable agricultural development policies, *mukhadarah* contributes to maintaining farmers' economic resilience by providing access to working capital and supporting the continuity of agricultural production. Nevertheless, the relatively weak bargaining position of farmers and the absence of formal risk-sharing mechanisms indicate the need for institutional strengthening, improved market information, and the development of Sharia-based agricultural financing alternatives. Integrating Islamic economic principles with sustainable agricultural policies offers a strategic approach to creating a more equitable, resilient, and sustainable agricultural system that enhances farmers' welfare and promotes rural economic development in Indonesia.

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