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Legal and Policy Considerations for Assigning Price Stabilization of Basic Materials to Regional-Owned Enterprises

Mirza Muttaqien¹, Sigmawati Widyaningrum², Zati Rizqi Muhammad³

¹ Law and Development Sciences, Post Graduate School, Universitas Airlangga, Indonesia

^{2,3} Department of Law, Faculty of Law, Universitas Airlangga, Indonesia

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ABSTRACT

Annual inflation in July 2022 will be the highest since October 2015. High inflation can cause people's real income to continue to erode because the price of goods is increasingly expensive. To create a stable regional economy and affordable people's purchasing power, the Governor of East Java issued Governor Regulation 58 of 2022 concerning the Assignment to PT Jatim Grha Utama to Implement Price Stabilization of Basic Necessities through East Java Food Granary Activities. This research aims to analyze the legal and policy considerations of the East Java Food Barn. It is hoped that the results of this research will affect regional governments in taking policies to deal with inflation. The type of research used in this paper is the socio-legal research method. The results showed that in Article 45 of the Trade Law, Regional Governments control the accessibility of fundamental necessities and/or vital products all through the domain of the Unitary State of the Republic of Indonesia in satisfactory amounts, great quality, and reasonable costs. Law is an important component in the welfare reform process. The East Java Food Granary Program was implemented as an effort to control inflation and purchasing power, so the East Java Food Barn program was implemented in 8 East Java IHK Regency/City areas, to be precise at 25 market points based on the SBH carried out by BPS in 2018.

*Corresponding author: mirmutqin@gmail.com

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Introduction

East Java Consumer Price Index (CPI) inflation in the second quarter of 2022 was recorded at 4.92% (yoy), higher than the first quarter of 2022 which was recorded at 3.04% (yoy). The increase in inflation occurred mainly in commodity prices regulated by the Government. Inflation in July 2022 was at the level of 4.94% on an annual basis, and throughout the current year for the period January - July 2022 it rose 3.85% compared to the same period last year (Central Statistics Agency, 2023). Every month, inflation in July 2022 increased by 0.64% (Central Statistics Agency, 2023). Annual inflation in July 2022 will be the highest since October 2015. The causes of this increase in inflation are divided into 2 (two), namely demand-pull inflation and cost-push inflation (Mardiatillah et al., 2021).

Minister of Finance Sri Mulyani Indrawati stated that the inflation rate showed an increasing trend due to the supply side in line with the increase in world commodity prices and there were also supply disruptions in domestic (KSSK III, 2022). CPI cities that experienced the highest inflation sequentially were Sumenep at 1.04%, Malang at 0.76%, Banyuwangi at 0.68%, Jember at 0.67%, Madiun at 0.63%, Surabaya at 0.58%, Kediri 0.55 % and Probolinggo 0.52%. The increase in the price of fuel oil (BBM) created a multiplier effect on the rise in prices of other commodities because it is used as fuel for production machines and transportation facilities. The increase in domestic fuel prices affects the price of goods in general (inflation). The rise in fuel prices is inevitable because it burdens the APBN. (Sarbaini & Nazaruddin, 2023)

Inflation affects Indonesia's Economic Growth/Gross Domestic Product (GDP). Suppressing the rate of inflation growth is important to increase GDP growth in a certain period. A study by (Rahman et al., 2022) stated that inflation is a general and continuous increase in the prices of goods and services over a certain period. If the prices of goods and services increase, this will affect negatively on the inflation rate. Inflation can mean a decrease in the esteem of cash for products and administrations in common in society because an increment within the cost of merchandise and administrations impacts decreasing the value of money in the economy

Indonesia's inflation shows a trend that tends to weaken during this pandemic. Until July 2020 it comes to -0.01%. Powerless people's obtaining control has diminished the expansion rate. The COVID-19 pandemic has changed inflation patterns in Indonesia. Until July 2020, the inflation trend showed a pattern that was not in line with the trend in 2019 (Mendo et al., 2023) The general impact of inflation certainly cannot be considered unimportant. High inflation can cause people's genuine salary to be disintegrated since the cost of products increases rapidly, so their standard of living will also fall further. The poverty rate itself is a measure of community welfare. Welfare itself in Article 1 number 1 of Law Number 11 of 2009 concerning Social Welfare (UU Kesos) is the condition of satisfying the material, spiritual, and social needs of citizens so that they can live a better than average life and be able to create themselves so that they can carry out their social capacities. Then Article 24 of the Social Welfare Law further states that the implementation of social welfare is the responsibility of the Central Government and Regional Government (Zakik et al., 2022).

The role of local government is very much needed in implementing policies. To follow up on the Government's directions above, to create a stable regional economy and affordable purchasing power for the people, the Governor of East Java assigned the Head of the Economic Bureau to develop a concept for the East Java Food Granary Market Operation as a strategic step to deal with inflationary pressures due to rising fuel prices. Then, as a concrete step towards this assignment, the Governor of East Java issued a policy that could guarantee the continuation of a decent life for the community following the 1945 Constitution of the Republic of Indonesia (1945 Constitution of the Republic of Indonesia). This is done with the issuance of Governor Regulation Number 58 of 2022 concerning the Assignment to PT Jatim Grha Utama to Implement Price Stabilization of Basic Necessities through East Java Food Granary Activities. PT Jatim Grha Utama was appointed because it is the only BUMD of East Java Province that operates in the trade sector and is given the authority to manage the Puspa Agro Agribusiness Main Market. Then based on the Eastern Java Governor's decision number 188/482/KPTS/013/2018, PT Jatim Grha Utama was formed and assigned to carry out the function of

the East Java Regional Distribution Center (PDR) with the main aim of maintaining price stability for basic commodities in East Java.

The main indicator of economic stability is the inflation rate as measured by developments in the Consumer Price Index (CPI). To measure the inflation rate in East Java, BPS uses the CPI for the districts/cities of Surabaya, Malang, Madiun, Banyuwangi, Sumenep, Kediri, Probolinggo, and Jember. Therefore, the East Java Food Granary Market Operation program is being implemented in 8 (eight) regions which are IHK areas Districts/Cities of Surabaya, Malang, Madiun, Banyuwangi, Sumenep, Kediri, Probolinggo, and Jember. The East Java food barn market operations team will sell necessities such as rice, eggs, chilies, oil, sugar, shallots, and chicken at warehouse prices. However, transportation costs were covered by the East Java Provincial Government. So, while the prices of necessities are soaring, through the East Java Lumbung program people can get prices below market.

Regarding the role of the Regional Government in dealing with inflation, in 2021 similar research was conducted by Suardi Ahmad with the title *The Role of Regional Government in Controlling Inflation in Takalar Regency* (Saleh, 2021). The research results show that the government's role as a regulator has taken various actions in formulating this policy, such as making efforts to strengthen logistics, coordinating with the provincial and central inflation control teams, the government's role as a facilitator, the government has facilitated the community in the form of cheap basic food prices and this is very helpful. The less fortunate in society, although not evenly distributed, the government's role is as a motivator in the process of motivating local economic actors. The government provides training and guidance to provide task orientation to the Regional Inflation Control Team (TPID) in terms of controlling inflation, and the government is ready to provide awards in the form of gifts, certificates and incentive funds (Ghifara et al., 2022).

In connection with the economic recovery carried out by the East Java Provincial Government, in 2021 there will be research entitled *National Economic Recovery Strategy in East Java through JATIM BANGKIT* (Wardhana, 2021a). The National Economic Recovery Strategy in East Java carried out by the East Java Provincial Government includes restoring trade and industrial activities, overcoming trade barriers both import duties and import-export regulations, and the majority of the budget allocated to health and education to ease the burden on society, increasing disposable income through creative businesses, encouraging household consumption which is a contributor to aggregate expenditure, continuing the small industry and cooperative subsidy program as well as optimism for East Java's economic growth. monitor their respective duties (Zakik et al., 2022).

The Food Barn program itself was implemented in 2020. However, with a different method. In 2020, the program is aimed at guaranteeing stocks of staple foods at prices below market prices, cheap and free shipping, and ensuring the availability of staple foods in 38 districts/cities. A previous study conducted by (Ryandono et al., 2022) stated that food barns can be recommended to stakeholders as an alternative strategy for dealing with unpredictable environmental situations and conditions. The large-scale social confinement arrangement in East Java could affect different segments of society's lives. One of them was within the socio-economic division. One of the programs carried out by the East Java Common Government is through the development of the East Java Nourishment Silo Program. Implementation of the 2020 East Java Food Granary Program can support regional and national food security and can provide recommendations to stakeholders as an alternative strategy to deal with unexpected natural disaster situations and conditions such as what is currently happening, namely COVID-19 (Prakasa et al., 2021).

Based on the background description above, the author is interested in observing legal considerations and policies on assigning price stabilization of basic commodities to village-owned enterprise (BUMD) through the East Java Food Granary Activity. The urgency of this research is that the author considers that this program is an innovation for the Regional Government to control inflation which directly gives assignments to BUMD. So that the results of this research can be used as a reference for other Regional Governments, especially the Regional Inflation Control Team (TPID) in dealing with inflation.

Literature Review

Regional Owned Enterprises

The implementation of Regional Government is coordinated at quickening the realization of community welfare through progressing administrations, strengthening, community support, and expanding territorial competitiveness by taking into consideration the principles of democracy, equality, justice, and the uniqueness of a region in the system of the Unitary State of the Republic of Indonesia (NKRI). (Rahayu, 2017). In the strategic environment of globalization, regions are expected to be able to extend their competitiveness by paying consideration to the standards of democracy, equality, justice, privileges, and specialties as well as regional potential and diversity. Therefore, Article 331 of Law Number 23 of 2014 concerning Regional Government mandates that regions can establish BUMD. Article 1 number 40 of the Regional Government Law states that BUMD is a business entity whose capital is wholly or largely owned by the Region. So here the Region has the majority of capital. According to Ginanjar Kartasmita, Regional-owned enterprise (BUMD) is an effort to improve the dignity and levels of society which in current conditions are unable to escape the trap of poverty and backwardness

The objectives of establishing BUMD itself in Article 331 Paragraph 4 of the Regional Government Law are (1) to provide benefits for regional economic development in general; (2) carrying out public benefits in the form of providing quality goods and/or services to fulfill people's livelihood following the conditions, characteristics and potential of the region concerned based on good corporate governance; and (3) obtain profits and/or benefits. According to Rodi Dohar Harahap, the aim of establishing BUMD is to seek profits in the business sector, none other than to increase local revenue from dividends paid to regional treasuries (Zaki et al., 2024). The dividends obtained from the BUMD will then become regional government income which will increase the ability of the Regional Revenue and Expenditure Budget (APBD) to finance regional development (Wardhana, 2021a).

Technical regulations regarding BUMD are outlined in Government Regulation Number 54 of 2017 concerning Regional Owned Enterprises (PP BUMD). Article 4 paragraph (3) PP BUMD states that there are 2 (two) forms of BUMD, namely regional public companies (Perumda); and regional company companies (Perseroda). The position of Perumda as a legal entity is obtained when the Regional Regulation (Perda) which regulates the establishment of Perumda comes into force. Perseroda's position as a legal entity is obtained following the provisions of the law governing limited liability companies. So, in this case, apart from being subject to the Regional Government Law and PP BUMD, private companies are also subject to the provisions of private law regarding companies, namely Law Number 40 of 2007 concerning Limited Liability Companies (UUPT). The Regional Government stipulates regulations regarding BUMD in East Java Province Regional Regulation Number 8 of 2019 concerning Regional Owned Enterprises (Perda BUMD). Improving the performance of BUMDs so that they can provide optimal contributions to the regional economy of East Java Province was the concern of this regulation. It was necessary to manage and supervise BUMDs following good corporate governance.

Food Price Stability

Food is the foremost critical basic human requirement. Fulfillment is an additional portion of human rights ensured within the 1945 Constitution of the Republic of Indonesia as a fundamental component for making quality human assets. So, in this case, food must continuously be accessible in sufficient, secure, high quality, nutritious, and differing at affordable prices for people's control, and not conflict with people's religion, convictions, and culture. It was essential to organize a food framework that gives security to producers and consumers. Food management is carried out to fulfill essential human needs which gives benefit in a reasonable, impartial, and feasible way based on nourishment sway, food independence, and food security. This implies that to meet the food utilization needs of the community down to the personal level, the state should have the autonomy to decide its food policy freely, and cannot be directed by any party.

Food prices are one indicator that can explain the condition of a region's food security (Wardhana & Ratnasari, 2022). Observing food price conditions can be useful for various things such as supply availability, demand, smooth distribution of food, and trading conditions in international markets. The impact of implementing government policies can cause disruption or strengthen people's purchasing power, the welfare of farmers/producers, and so on (Febriyanti et al., 2022). By analyzing information on food prices, the policies needed to overcome various problems related to prices and food security can be formulated (Destiarni et al., 2021).

Stabilization is an activity taken to anticipate cost spikes that seem to irritate the open after efforts to monitor and assess cost advancements. Managing food supply and cost stability is the government's commitment as ordered in Article 13 of the Food Law. Stabilization is the government's work in making stability within the economy, legislative issues, law, and security (Zaki et al., 2024). Stabilization is additionally an activity to preserve the cost of goods or services at a certain level carried out by the government when high inflation acts as an exertion to adjust the cost of goods or services within a certain period.

Government Policy

According to Bayu Suryaningrat (Formulation of Policy and Coordination of Policy Developers in Dutch there is the word "beleid". The term beleid is correct if translated with the word "policy" and not with the term policy, so the words *bestuursbeleid* = government policy, "*publiek beleid*" = general policy (*publiek* = general)". For example, *Wet op de Rechterlijke Organisatie en het Beleid der Justitie*, abbreviated as *Rechterlijke Organisatie*, abbreviated as RC, namely the law regarding judicial organization and judicial policy (authority, power). Likewise, according to him, the term policy is associated with government, the meaning is more precise in the sense, "a settled course adopted and followed by a government person; group; etc." that policy associated with government is more accurately translated as policy and not policy.

Policy is an event that arises because it is necessary to reconcile claims (demands) from parties in conflict or to create incentives for joint action by parties who participate in setting goals but receive irrational treatment in the joint effort. Thus, if there is a conflict between parties then to resolve it, among other things, a policy will be produced. Apart from that, if several parties jointly determine the goals they want to achieve together, but along the way some parties conflict, then to overcome this, a policy is produced, among other things. Apart from that, if several parties jointly determine the goals they want to achieve together, but along the way some parties receive unequal and irrational treatment, then an action is created in the form of a policy that can encourage the creation of a situation rational one. This kind of policy is an encouragement/incentive for parties who have agreed to determine a common goal to work together rationally. In conclusion, the policy can take shape (Wardhana, 2021b):

1. A complex effort by society for the benefit of society.
2. It is a technique or way to resolve conflict and create incentives (encouragement).

Based on the definition of government policy above, the food barn is a policy of the East Java Provincial Government to overcome the problem of increasing inflation in 2022. The hope is that the Food Barn Program can provide a solution for the affected people of East Java so that they can buy necessities because of the price. reachable. Apart from that, this program is implemented to implement directions from the Central Government to create a stable regional economy and affordable purchasing power for the people.

Methods/Materials

The type of research used in this paper is the socio-legal research method. In principle, there are no clear limitations on the disciplines that can be used (Irianto, 2012). Socio-legal aims to completely combine knowledge, skills, and forms of research experience from two (or several) disciplines to overcome several theoretical and methodological limitations of the disciplines concerned and create a basis for developing a new form of research. from analysis (Disemadi, 2022). The identification carried

out in socio-legal studies is not limited to text but also deepens the context, for example from law-making to implementation of the law (working of the law) (Wulansari et al., 2019).

The socio-legal approach is interdisciplinary. The aim is to combine all aspects of disciplinary perspectives, social sciences, and legal sciences, into a single approach (Shuaib & Sohail, 2022). Because of this approach, according to Arikunto, a research approach is a method or way of conducting research. Explained by Herlambang Wiratraman, citing Banakan and Travers, that the socio-legal approach is an approach that combines various aspects of scientific disciplines, both legal and social sciences, into one unified approach that combined knowledge and skills (Pratiwi et al., 2022).

Results and Discussion

Responsibility of Regional Government in Maintaining the Stabilization of Prices of Basic Materials

To ensure the availability, stability, and certainty of prices for corn, soybeans, sugar, cooking oil, shallots, beef, purebred chicken meat, and purebred chicken eggs, it is necessary to re-arrange the provisions regarding reference purchase prices at the farmer level and sales reference prices at the consumer level. Article 2 paragraph (1) Regulation of the Minister of Trade Number 7 of 2020 concerning Reference Purchase Prices at Farmer Level and Sales Reference Prices at Consumer Level (Permendag 7/2020) explains that the determination of reference purchase prices at the farmer level and sales reference prices at the consumer level carried out on necessities consisting of corn, soybeans, sugar, cooking oil, shallots, beef, purebred chicken meat and purebred chicken eggs. Meanwhile, Article 8 paragraph (1) of Minister of Trade Regulation 7/2020 states that the Provincial Government is obliged to protect strategic superior commodities in the region. The strategic superior commodities in question are rice, corn, soybeans, sugar cane, shallots, chilies, and beef cattle (Susanty et al., 2021).

The Food Law aims to protect producers and consumers to create prosperity. So, the role of local government is very much needed in implementing policies. The main point of the food law is providing greater access and control to farmers which has so far received little attention, namely providing access and control over agricultural land through land tenure rights through agrarian reform and increasing access. Food sovereignty is needed through three efforts, namely; increasing basic production, stabilizing food prices, and increasing the welfare of food business actors. This is in line with the provisions in Article 26 paragraph (1) of Law of the Republic of Indonesia Number 7 of 2014 concerning Trade (Trade Law) which states that under certain conditions that may disrupt national trade activities, the government is obliged to guarantee the supply and price stabilization of necessities and essential goods. In Article 26 paragraph (2) of Food Law, supply guarantees and price stabilization of necessities and important goods are carried out to maintain price affordability at the consumer level and protect producer income (Saputro et al., 2022).

The price of basic commodities is an important factor in current economic development. Article 51 of the Food Law states that the Government is obliged to regulate Food Trade with the aim of: a. stabilization of food supplies and prices, especially staple foods; b. Food Reserve management; and c. creating a healthy food business climate. In ensuring the supply and price stabilization of basic necessities and important goods, the Minister determines price policies, stock and logistics management, as well as export and import management. Then further in Article 55 of the Food Law, the Government is obliged to stabilize the supply and prices of staple foods at the producer and consumer levels. Stabilizing the supply and price of staple foods is carried out to protect the income and purchasing power of farmers, fishermen, fish cultivators, and micro and small food businesses, as well as maintaining consumers' affordability of staple foods. In particular, the duties of the Regional Government itself in Article 95 of the Food Law were to control the availability, price stabilization, and distribution of necessities and/or important goods (Febriyanti et al., 2022).

In the context of controlling inflation and supporting Central Government policies in maintaining supply availability, affordability of food prices, people's purchasing power, and supporting smooth distribution and economic stability of regional economies following the direction of the

President of the Republic of Indonesia in the 2022 National Coordination Meeting for Inflation Control, the Central Government and the Government Regions need to stabilize the prices of necessities. This is as mandated in Market Article 55 paragraph (1) of the Food Law, namely that the government is obliged to stabilize the supply and prices of staple foods at the producer and consumer levels.

The role of the Regional Government is very much needed in implementing policies. To follow up on the Government's directions above, to create a stable regional economy and affordable purchasing power for the people, the Governor of East Java assigned the Head of the Economic Bureau to develop a concept for the East Java Food Granary Market Operation as a strategic step to deal with inflationary pressures due to rising fuel prices. Then, as a concrete step towards this assignment, the Governor of East Java issued a policy that can guarantee the continuation of a decent life for the community following the 1945 Constitution of the Republic of Indonesia. This was done by issuing Governor Regulation Number 58 of 2022 concerning the Assignment to PT Jatim Graha Utama to Implement Goods Price Stabilization Basic Needs through East Java Food Barn Activities (Zakik et al., 2022).

The East Java Food Granary Program has been implemented 2 (two) times, namely in 2020 and 2022. In 2020 this program was implemented to maintain food stocks in the context of facing the COVID-19 pandemic. Meanwhile, the East Java Food Barn Program will be implemented to maintain price stability for necessities. The basis for implementing the East Java Food Barn is Gubernatorial Regulation 58/2022. The implementation of Food Barns in 2020 can be recommended to stakeholders as an alternative strategy to deal with unpredictable environmental situations and conditions. Implementation of the 2020 East Java Food Granary Program can support regional food security and provide recommendations to stakeholders as an alternative strategy to deal with unexpected natural disasters and conditions such as those currently occurring, namely COVID-19 (Ghifara et al., 2022)

Article 1 number 6 of East Java Governor Act Number 58/2022 stated that the Food Barn is a system for providing supplies, maintaining price affordability, and distributing goods to stabilize the prices of necessities in East Java. The Provincial Government assigned PT Jatim Grha Utama to carry out price stabilization of Basic Necessities through Food Granary activities. This assignment aims to empower farmers, livestock breeders, and fishermen; maintain the availability of supplies of Basic Necessities; expedite the distribution of Basic Necessities; maintain the affordability of prices for necessities; establish strategic partnerships in the implementation of inter-regional commodity trade; and improve the performance of inflation control and public services. Article 4 (1) Gubernatorial Regulation 58/2022 Assignments are carried out within 3 (three) months from the effective date since this Governor's Regulation was carried out. The assignment period can be extended 1 (one) time for 3 months.

BUMD was established to support the Regional Government in realizing community welfare. Article 13 paragraph (1) of the BUMD Regional Regulation authorizes the East Java Provincial Government to give assignments to BUMDs. The assignment authority is intended to support the regional economy and carry out certain public benefit functions while still taking into account the aims and objectives of establishing BUMD. Each assignment is reviewed jointly by the assignor and BUMD before obtaining approval from the Shareholder Proxy (KPM) or the General Meeting of Shareholders (GMS). Each assignment can be supported by funding, in the form of capital participation; subsidy; granting loans; and/or grants.

The Provincial Government's assignment to BUMD is carried out for a maximum period of 3 (three) years and can be extended 1 (one) time for 2 (two) years, unless otherwise specified in the statutory regulations. BUMDs carrying out assignments must strictly separate bookkeeping regarding the assignment from bookkeeping to achieve the company's business targets. In the case of a BUMD that receives an assignment from the Provincial Government to form a subsidiary, the status of the subsidiary must be determined no later than 3 (three) years after receiving the assignment from the Provincial Government. Determining the status of a subsidiary is carried out in the form of (1) establishing a new BUMD if the subsidiary's financial condition shows improved performance and has fulfilled the requirements for establishing a BUMD following the provisions of statutory regulations, or

(2) the assigned business sector is made one of the BUMD business sectors while maintaining the subsidiary or dissolving it.

Article 21 paragraph (1) of Gubernatorial Regulation 8/2020 states that in the context of assignments to BUMDs, the Governor appoints BUMD Development Agencies together with BUMDs to conduct studies related to the assignment material. In carrying out the study, experts can be involved. The results of the study are reported to the Governor. The Governor establishes a Governor's Regulation. So, in this case, the assignment to BUMD must be stated in the Governor's Regulation.

Jatim Grha Utama Enterprise is a BUMD owned by the East Java provincial government which was established based on Regional Regulation Number 14 of 2005 concerning Limited Liability Companies of Jatim Grha Utama Enterprise. In this assignment based on Governor Regulation Number 58/2022, in Article 5 of Gubernatorial Regulation 58/2022 PT Jatim Grha Utama can appoint Puspa Agro Enterprise as the Executor. Implementation of assignments is carried out through

- a. *Intermediary Supply-Demand* Basic Necessities;
- b. import substitution for strategic commodity industrial raw materials; And
- c. development of distribution channels for Puspa Food Kiosk, village-owned enterprise, and/or other forms.

The East Java Food Barn will be implemented for 3 (three) months starting from 19 September 2022 to 25 December 2022. Based on Article 2 of Gubernatorial Regulation 58 of 2022. In its implementation, Jatim Grha Utama Enterprise can appoint Puspa Agro Enterprise as its subsidiary, as the implementer. East Java food barns will be implemented at 25 points around traditional markets in 8 districts/cities, namely Madiun, Sumenep, Surabaya, Malang, Probolinggo, Jember, Banyuwangi and Kediri. This program is implemented by providing daily necessities at low prices through transportation subsidies and shipping costs by the government. The aim is for people to be able to reach their basic needs during inflation. Commodity purchase costs come from PT Jatim Grha Utama. Meanwhile, operational costs and transport costs for activities are borne by the DPA of the Economic Bureau of the Regional Secretariat of East Java Province. The commodities provided are rice, cooking oil, granulated sugar, chilies, shallots, and chicken meat.

Consumer Price Index (CPI) as a Basis for Determining Locations for Implementing Price Stabilization Assignments for Basic Materials

CPI is an index that calculates the average change in prices of a group of goods and services consumed by households within a certain period. Changes in the CPI over time describe the rate of increase in prices (inflation) or the rate of decline in prices (deflation) of goods and services. CPI can be used as a measure of inflation, which reflects developments in the prices of various goods and services. The CPI is also an indicator of economic stability in the sense that the stability of the economy can be seen from the inflation rate. When inflation is high, economic stability will be disrupted because people can no longer afford various necessities of life. Sustainable development was also marked by maintaining economic stability (Qosim et al., 2023). The main indicator of economic stability is the inflation rate as measured by the development of the CPI. To measure the rate of inflation in East Java, BPS uses the CPI for the districts/cities of Surabaya, Malang, Madiun, Banyuwangi, Sumenep, Kediri, Probolinggo, Jember.

CPI is an economic indicator used to measure the level of price changes (inflation/deflation) at the consumer level. As an indicator that reflects changes in prices, inflation based on the CPI is the most commonly used globally. This is related to the continuity of providing data that can be provided immediately and its role in better reflecting the increase in people's living costs. With changes in people's consumption patterns, starting January 2020, BPS will measure inflation in Indonesia using the 2018 base year CPI=100(Central Statistics Agency, 2022). Several fundamental changes in the calculation of CPI (2018=100) compared to (CPI 2012=100), especially in terms of coverage, commodity grouping classification, CPI calculation methodology, commodity packages, and weighing diagrams. These changes are based on the SBH implemented by BPS during 2018, as one of the main basic ingredients in calculating the CPI (Juhro & Iyke, 2019).

In 2018, BPS implemented SBH 2018 in 90 cities consisting of 34 provincial capitals and 56 districts/cities with relatively high economic levels.(Central Statistics Agency, 2023). The commodity package obtained in SBH 2018 is between 248 - 473 types of goods/services with the base year for calculating the 2018 CPI = 100, where the CPI is presented in 11 groups and 43 expenditure subgroups (Fuadi et al., 2021).

Table 1 Number of SBH Commodity Packages in 8 Inflation Cities

Regency/City	Commodity Package (SBH2018=100)
Jember	358
Banyuwangi	315
Sumenep	320
Kediri	373
Malang	382
Probolinggo	340
Madiun	335
Surabaya	420

Source: Central Statistics Agency, 2023

Of the 90 cities included in the national inflation calculation, 8 districts/cities are in East Java Province, namely: Jember Regency has 358 commodities, Banyuwangi Regency has 315 commodities, Sumenep Regency has 320 commodities, Kediri City has 373 commodities, Malang City has 382 commodities, Probolinggo City has 340 commodities, Madiun City has 335 commodities, and Surabaya City has 420 commodities (Badan Pusat Statistik (BPS), 2023). The East Java food barn program was implemented in 8 (eight) East Java IHK Regency/City areas, to be precise at 25 (twenty-five) market points.

Table 2 List of Market Points for Implementing East Java Food Barns

Regency/City	Market Name
Surabaya	1. Wonokromo Market
	2. Pucang Anom Market
	3. Tile Market
	4. Sopyonyo Market
	5. Tambakrejo Market
Sumenep	1. New Anom Market
	2. Bangkal Market
Probolinggo	1. New market
	2. Wonoasih Market
Banyuwangi	1. Blambangan Market
	2. Banyuwangi Market
	3. Rogojampi Market
	4. Jajag Market
	5. Tile Market I
Jember	1. Tanjung Market
	2. Wirolegi Market
	3. Mangli Market
	4. Kreongan Market
Poor	1. Big Market
	2. Starfruit Market
	3. Dinoyo Market

Kediri	1. Setono Betek Market
	2. Pahing Market
Madiun	1. Sleko Market
	2. Big Market

Source: Internal Data of PT Jatim Grha Utama

The determination of the implementation point for the East Java Food Granary was supported by a letter from the Regional Secretary of East Java Province as the Daily Executive Chair of the East Java Province Regional Inflation Control Team number 510/35655/021.1/2022 dated 19 September 2022 regarding the East Java Food Granary Market Operation Facility. In this letter, the Regional Secretary of East Java Province requested that the Regent/Mayor of the IHK Regency/City be able to assign the Regional Apparatus Organization (OPD) which is in charge of Industry and Trade affairs as well as the Agricultural sector to facilitate the East Java Food Granary Market Operations activities so that the activities run effectively so that they can controlling inflation and purchasing power of the people of East Java in 2022 following the direction of the Governor of East Java.

Table 3 Impact of the East Java Food Barn Program on Changes in Commodity Prices

Source: East Java Governor's presentation at the High-Level Meeting (HLM) and Inflation Control Coordination Meeting with Regional leadership coordination forum throughout East Java on February 2023

In 2022, the policy of increasing fuel prices will be a driving factor in increasing inflation in East Java Province to 6.52% (yoy). The food/drink inflation group during 2022 will be relatively controlled. One of the reasons for this is the contribution of the East Java Food Barn. In 2022, the East Java food barn will focus on ten food commodities that significantly contribute to the formation of (strategic) inflation figures, especially for volatile food inflation. By focusing ten strategic food commodities, inflation for the food and beverage group is relatively controlled. Easing inflationary

Commodity Type	Percentage Change in Price	Deflationary Contribution
Cayenne pepper	-27.37	-0.09
Senior High School	-2.85	-0.03
Red chili pepper	-21.37	-0.03
Cooking oil	-1.83	-0.02
Money Transfer Administration Fees	-27.6	-0.01
Cell Phone	-1.13	-0.01
Purebred Chicken Meat	-0.57	-0.01
Spinach	-3.17	0.00
Tissue	-2.08	0.00
Garlic	-1.72	0.00

pressures were driven by increasingly controlled inflation rates in the Food and Beverage subgroup, each of which recorded a decline in inflation from 6.87% (yoy) to 4.69% (yoy) in 2022.

Based on the 2022 East Java Food Granary Market Operation performance data, the figure shows that sales during the period of September to December 2022 were recorded at IDR. 38.1 billion,

with the main contributor being sales of rice commodities which reached 2,649 tons (2,649,405 kg) or 72.3 percent(OPLPJ Implementation Team, 2022). According to the Central Statistics Agency, national rice consumption for rural areas is 6.81 kg per capita per month, and for urban areas, it is 5.90 kg. Meanwhile, East Java's rice consumption is 6.32 kg per capita/month. Referring to this data, the 2022 East Java Food Granary Market Operation program succeeded in securing the consumption and availability of rice for the people of East Java for 419 thousand people for a month. If the minimum need for rice is 0.21 kg per individual per day, then the East Java Food Granary Market Operation program has succeeded in securing rice supply for 12.6 million people; or almost 32 percent of the total population of East Java. In the granulated sugar commodity, sales amounted to 280,132 kg, according to BPS in 2021, the total national granulated sugar consumption was 1,123 kg per capita per week, which means this program has succeeded in securing the supply position of granulated sugar for the next 249 weeks, for the home sector. ladder.

Apart from reducing the inflation rate, this food barn also helps improve the prosperity of the agricultural sector. Jatim Grha Utama Enterprise takes commodity supplies from farmers around the activity site. This is based on the consideration that in the history of the Indonesian economy, the agricultural sector plays an important role as one of the driving forces of the economy of rural communities (Ryandono et al., 2019). Agriculture is one of the bases of the people's economy in Indonesia. Agriculture is also a determinant of resilience, even food sovereignty(Azizah, 2020). Then, with the East Java food barn, Micro, Small and Medium Enterprises (MSMEs) can be helped to get cheaper products so they can be resold at affordable prices. This is because MSMEs face the problem of low levels of productivity (Juliansyah et al., 2021).

Conclusion

The East Java Government's actions are in line with the argument that law is an important component in the welfare reform process. BUMD was established to support the Regional Government in realizing community welfare. These assignments are intended to support the regional economy and carry out certain public benefit functions that align with the aims and objectives of establishing BUMDs.

The East Java Food Granary Market Operations assignment affects ten strategic food commodities so that inflation for the food and beverage group is relatively controlled. The easing of inflationary pressure was driven by the increasingly controlled inflation rate in the Food and Beverage sub-group. This program has also succeeded in securing the position of granulated sugar supplies for the next 249 weeks, for the household sector. The presence of the East Java Food Granary Market Operation, which sets prices that are stable and appropriate to the purchasing power of the lower middle class, prevents large business actors from speculating by raising prices unreasonably and making profits by inflating the issue of limited food supplies. The operations of the East Java Food Granary Market this time proved capable of controlling the prices of necessities and regulating their availability

Author's Contribution

All authors have contributed to the final manuscript. The contributions of each author are as follows, Sigmawati Widyaningrum for collecting data, drafting manuscripts and drafting drawings, drafting key conceptual ideas, and providing critical revisions of articles; Zati Rizky Muhamad: collecting data; and Mirza Muttaqien, provided excellent guidance and All authors discussed the results and contributed to the final manuscript.

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