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Factors Affecting Farmers' Decisions To Sell Dry Harvested Grain (GKP) And Their Implications For The Sustainability Of Rice Farming In The Telang Transmigration Area Of Banyuasin Regency, South Sumatra

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Abstract– This study aims to analyze the factors that influence farmers' decisions in the Telang Transmigration Area, Banyuasin Regency, South Sumatra, to sell their harvest in the form of Dry Harvested Paddy (GKP), as well as to examine the implications of GKP prices on the sustainability of rice farming. The results show that the decision to sell GKP is influenced by limited post-harvest facilities, the inefficiency of Rice Milling Units (RMUs), the dominance of collectors or middlemen in the trade system, labor cost considerations, price stability after government intervention, negative experiences with price fluctuations, and a lack of downstream incentives. Relatively stable GKP prices provide short-term income certainty, but have the potential to hamper the increase in added value and competitiveness of farmers in the long term.

Keywords: dry unhusked rice, farmers, rice, rice milling unit, trade, economy, downstreaming, Telang transmigration area

I. INTRODUCTION

Transmigration is a program created by the Indonesian government to move people from densely populated areas (cities) to other areas that are less populated or even unpopulated within Indonesia. According to Setiawan et al (2006), during the New Order era, the main objective of transmigration was not merely to move people from Java to outside Java, but there was an emphasis on the goal of producing rice in relation to achieving food self-sufficiency. The opening of transmigration areas was expanded to West Kalimantan, South Kalimantan, Sulawesi, and even Papua. The program, which had been carried out since 1905 by the Dutch East Indies government, was expected to bring benefits to transmigrants, such as population and development distribution, improved social and economic welfare through new land and jobs, regional development and food security, strengthening of national integration through cultural diversity, and infrastructure development in the destination areas.

In the process, there are several priority areas for regional development in Indonesia. One of the areas of focus for regional development is the Telang Transmigration Area, located in Banyuasin Regency, South Sumatra. The Telang Transmigration Area (KT Telang) is known as a New Urban Area (KPB) (following the issuance of Ministerial Regulation No. 05 of 2021 concerning Procedures for Transmigration Area Planning). As a New Urban Area, KT Telang is also known to have a comparative advantage in the agricultural sector, particularly in food crops, making it one of the potential transmigration areas and included in the category of independent transmigration areas. This advantage is reflected in the vast area of productive agricultural land ( ), the availability of

water resources, and the local community's experience in cultivating leading commodities.

The Telang Transmigration Area still faces various obstacles, one of which is the low price absorption by farmers due to intervention from collectors or middlemen (Swastika et al., 2020). Another obstacle is the slow response of the government in repairing irrigation channels, which results in the community's irrigation channels not functioning optimally. The Telang Transmigration Area is one of the rice production centers in South Sumatra (BPS Kabupaten Banyuasin, 2018) with the potential for upstream-downstream agribusiness development. However, most farmers still choose to sell their harvest in the form of unhusked rice (GKP) rather than processing it further into rice. This decision not only affects farmers' income but also the sustainability of the agribusiness system and regional added value. Understanding the factors that determine the decision to sell GKP is important for formulating strategies to strengthen the rice value chain in this region.

I. LITERATURE REVIEW

The theoretical approach in this study refers to the Value Chain framework, which emphasizes the importance of downstream activities in creating added value for agricultural products (Porter, 1985). In the context of the Telang Transmigration Area, added value comes not only from increased production but also from the ability to process paddy into rice and its derivative products. Building a sustainable business ecosystem provides socio- economic benefits (H Purwawangsa *et al*, 2024). In addition, Institutional Economics theory explains that farmers' decisions are influenced by institutional structures that shape the relationship between farmers, middlemen, and the market (Reardon, 2019). The absence of strong downstream institutional structures puts farmers in a weak bargaining position and makes them more likely to choose to sell GKP as a long-term strategy.

III. RESULTS AND DISCUSSIONS

This study uses a qualitative descriptive approach supported by secondary quantitative data related to GKP production and prices. Data were obtained through field observations in the Telang Transmigration Area, interviews with farmers, collectors, and RMU operators, price data from local governments and Bulog (Logistics Agency, 2025), literature and regulations related to grain pricing policies (Indonesian Ministry of Agriculture, 2024). The analysis was conducted using a thematic approach to identify the dominant factors and their implications.

A. Overview of the Telang Transmigration Area

The Telang Transmigration Area is one of the areas in Banyuasin Regency, South Sumatra Province. This area is a center of agricultural production with tidal land characteristics and an irrigation system that supports the cultivation of rice, corn, and horticultural crops. In addition, the majority of the people in this area work as farmers and have had experience in agriculture since the beginning of the transmigration period. Administratively, the Telang area covers four subdistricts, namely Tanjung Lago, Muara Telang, Sumber Marga Telang, and Makarti Jaya.

B. Factors Influencing GKP Sales Decisions

1. Limited Post-Harvest Facilities
2. The lack of drying equipment, sorting machines, and storage facilities makes it difficult for farmers to carry out further processing. Selling GKP is the quickest option to avoid the risk of grain damage.
3. Inefficiency and Limited Capacity of Rice Mills
4. Some RMTs in the Telang region have low capacity and suboptimal yields, resulting in higher milling costs than the added value obtained from rice sales.
5. Trade Structure Dominated by Middlemen
6. Middlemen act as financiers and main buyers, so farmers are financially bound and have no bargaining power in determining the form or price of sales.
7. Economic and Labor Efficiency Considerations

8. The rice processing process requires additional costs, time, and labor. Small-scale farmers tend to opt for quick sales to meet liquidity needs.
9. Price Stability After Government Intervention
10. The reference price policy and grain absorption by Bulog create a perception of income security at the GKP level, so that farmers feel more comfortable selling in the initial form.
11. Risk of Price Fluctuations and Negative Experiences
12. Before government intervention, farmers suffered losses due to falling market prices. This reinforced their preference for selling GKP without bearing the risk of storage.
13. Lack of Downstream Incentives
14. The absence of reward schemes, access to downstream credit, or industry partnerships meant that the processing process was not considered economically profitable.

C. Existing GKP Price Conditions and Their Implications

GKP prices in the Telang Transmigration Area tend to be stable at the government's reference price range. This stability provides short-term income security, ease of capital turnover for the next planting season, and reduced risk of losses due to storage. However, the long-term impacts include low added value and profit margins, hampered downstreaming and development of the local rice industry, weak bargaining position of farmers in the supply chain, and structural dependence on middlemen and primary markets. Thus, the sustainability of rice farming has the potential to stagnate without institutional innovation and industrialization. The decision of farmers in the Telang Transmigration Area to sell their harvest in the form of unhusked paddy (GKP) is not an independent choice, but rather an adaptive response to the agribusiness structure of the tidal area. Although this area has significant rice production capacity, farmers remain in a primary marketing pattern without downstreaming.

Socio-economically, farmers face a dilemma between the potential long-term profits from rice processing and the need for short-term liquidity. Dependence on collectors as a source of informal financing further reinforces the pattern of GKP sales. Limited post-harvest facilities such as mechanical dryers, storage units, and Rice Milling Units (RMUs) make downstreaming a risky activity. Farmers see the rice milling process as requiring additional costs and uncertain yields. The GKP marketing pattern reflects the interrelationship between structural, technical, and economic factors. High production does not automatically drive commodity industrialization due to the absence of a downstream ecosystem.

V. CONCLUSION

The decision of farmers in the Telang Transmigration Area to sell rice in the form of Dry Harvested Paddy (GKP) is the result of a combination of technical, economic, and institutional factors. Limited post-harvest facilities, low Rice Milling Unit (RMU) capacity, the dominance of middlemen in the trade system, and the need for short-term liquidity have led farmers to choose quick sales without downstreaming. Although this region has high rice production potential as a food center in South Sumatra, the marketing pattern that stops at the upstream stage results in low added value, weak bargaining position for farmers, and stagnation in the development of local agribusiness. Thus, the sustainability of rice farming is not only determined by increased production, but also by the existence of a downstream ecosystem and market structure that.

VI. RECOMMENDATIONS

To encourage increased added value and strengthen the farmers' economy, policy interventions are needed that are directed at strengthening post-harvest facilities, including the provision of drying and storage facilities and the revitalization of RMUs. The establishment of downstream institutions based on cooperatives or BUMDes is important to improve bargaining power and reduce dependence on middlemen. In addition, access to low-interest financing and revolving capital schemes is needed to reduce farmers' liquidity pressures, while pricing policies that provide incentives for locally processed rice can accelerate village-based industrialization. These efforts need to be accompanied by an increase in farmers' agribusiness capacity and accelerated

improvement of irrigation infrastructure to ensure sustainable production as the foundation for a more efficient value chain.

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