

Research Paper

The Implementation of Land Pawn Systems in the Perspective of Islamic Economics

Moh. Subaidi*

Islamic economics, Universitas Annuqayah, Indonesia

subaidibarakallah@gmail.com

*Corresponding author

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ABSTRACT

Land pawning of rice fields has long been practiced and remains prevalent in Bungbaruh Village, Kadur District, Pamekasan Regency. Despite its traditional nature, this practice continues to serve as an economic coping mechanism for villagers who pawn their rice fields to meet both consumption and production needs. However, limited scholarly attention has been given to assessing its compliance with Islamic economic principles, creating a gap in understanding its ethical and shariah implications. Therefore, this study aims to explore the implementation of rice field pawning within the framework of Islamic economics. Employing a qualitative descriptive approach, the research seeks to gain an in-depth understanding of the social realities and economic behaviors underlying the practice. The findings reveal that the existing pawning system contains elements of riba (usury) and injustice, thereby contradicting the Islamic concept of maslahah (public benefit). To realign the practice with Islamic law, several alternative contractual solutions are proposed: (1) adopting a mudharabah agreement allowing the mortgagee (murtahin) to earn returns until the principal is settled; (2) applying a qardh hasan contract to ensure fairness and prevent exploitative lending; and (3) utilizing a murabahah structure to formalize transactions with transparent profit-sharing terms. These recommendations offer a practical pathway for transforming traditional pawning systems into ethically compliant mechanisms consistent with Islamic economic values.

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Introduction

In rural Muslim communities, economic interactions (*muamalah*) play an essential role in fulfilling daily needs. In Bungbaruh Village, Kadur District, Pamekasan Regency, one of the long-standing *muamalah* practices is the pawning of agricultural land, particularly rice fields. This practice emerges as a coping mechanism for villagers facing urgent financial needs, allowing them to obtain cash for both consumption and production purposes. Despite its prevalence, the origins and historical development of land pawning in this area have rarely been studied. The transactions are typically conducted informally, relying on oral agreements and customary norms without written documentation or reference to formal Islamic legal frameworks (Roifah, 2019).

From an Islamic economic perspective, contracts (*akad*) must be established in accordance with shariah principles to ensure justice, mutual benefit, and protection for all parties involved (Usmani, 2002). Islamic law emphasizes that economic transactions should promote fairness and eliminate exploitation, in line with the objectives of *maqasid al-shariah*—preserving wealth, faith, intellect, life, and lineage. In practice, *muamalah* requires voluntary consent (*ridha*) without coercion, reflecting the spirit of cooperation and compassion among community members. As al-Qaradawi (1999) explains, pawning (*rahn*) is not merely a financial transaction but also a form of social solidarity, where lending serves as a charitable act aimed at helping those in hardship while safeguarding both parties' rights.

Islamic economics, as described by Mannan (1997), provides a holistic framework that integrates ethical, social, and economic dimensions. It seeks to promote welfare (*maslahah*) and justice through productive activities governed by divine guidance from the Qur'an, Sunnah, and scholarly consensus (*ijma'*). Within this framework, practices such as *rahn* (pledging) are intended to operate under moral and legal principles that prevent *riba* (usury) and unjust enrichment. However, in many rural contexts, such as Bungbaruh Village, these principles are often overlooked as customary norms take precedence over shariah-compliant contracts.

Implementation (*tanfidz*) in this context refers to the process of applying economic principles within social systems. As Mursal (2015) notes, implementation involves coordinated actions that adapt to social realities. Likewise, Sujarweni (2025) defines a system as a set of interrelated components working together toward specific goals. Therefore, the land pawning system in Bungbaruh can be seen as a socio-economic mechanism influenced by cultural, religious, and financial factors. According to Antonio (2001), Islamic pawning (*rahn shariah*) entails holding a valuable asset (*marhun*) as collateral for a debt (*marhun bih*) while maintaining the ethical balance between creditor (*murtahin*) and debtor (*rahin*).

Previous research on land pawning within the framework of Islamic law has explored similar socio-economic contexts. Surahman, Abidin, and Haeran (2021), for instance, examined the implementation of agricultural land pawning in Sungai Tering Village from an Islamic legal perspective, employing a qualitative descriptive method. Their findings highlighted the inconsistency between traditional pawning practices and *fiqh muamalah* principles. Similarly, Ainulyaqin, Saiban, and Munir (2023) analyzed rice field pawning in Bekasi Regency, revealing comparable deviations from Islamic contractual norms. Meanwhile, Fadhil and Baizuri (2021) studied the *rahn* system in Kampung Melayu, Tangerang, emphasizing the dominance of customary practices over shariah-compliant contracts.

While these studies contribute valuable insights into the socio-legal aspects of land pawning, few have examined the issue through the lens of Islamic economic ethics and community welfare, particularly in the context of rural Madura. Previous works mainly focus on legal interpretation or normative fiqh, leaving a gap in understanding how rahn practices operate as part of the local economic system and how they might be realigned with Islamic economic objectives.

Therefore, this study aims to analyze the implementation of rice field pawning practices in Bungbaruh Village from an Islamic economic perspective using a qualitative descriptive approach. It seeks to uncover the socio-economic realities underlying the practice, assess its alignment with Islamic values of justice and *maslahah*, and propose alternative solutions consistent with shariah principles. The novelty of this study lies in its integration of empirical community observation with theoretical Islamic economic analysis, contributing to the discourse on ethical rural finance and shariah-compliant microeconomic systems.

Method

This study employed a qualitative descriptive case study design to gain an in-depth understanding of the social realities and practices surrounding the land pawning system in Bungbaruh Village, Kadur District, Pamekasan Regency. The qualitative approach was chosen because it enables researchers to explore meanings, experiences, and social contexts comprehensively (Creswell & Poth, 2018). Data were collected from both primary and secondary sources. Primary data were obtained through direct interactions with villagers involved in pawning transactions—both the pawners and the pawnees—while secondary data were gathered from related literature, government and institutional reports, Islamic financial documents, and online resources relevant to Islamic economic principles and land pawning practices.

Data collection techniques included interviews, case studies, and surveys. Face-to-face interviews were conducted with selected participants to obtain in-depth insights regarding their motives, agreements, and perceptions about land pawning. Several cases from the community were analyzed to provide a concrete understanding of the practice's challenges and impacts. Additionally, surveys were conducted to collect supplementary quantitative data on the community's level of awareness, satisfaction, and perception toward the land pawning system within an Islamic economic framework. All data were analyzed inductively to identify key themes and patterns in line with the study's objectives (Miles, Huberman, & Saldaña, 2018).

Results

The findings reveal that most residents of Bungbaruh Village, Kadur District, Pamekasan Regency, rely primarily on agriculture—particularly rice and tobacco cultivation—as their main source of livelihood. These farming activities are organized through small farmer groups that facilitate access to subsidized fertilizers and coordinate planting schedules, thereby contributing to local economic stability. However, agricultural productivity remains highly vulnerable to external shocks such as prolonged droughts, pest infestations, and erratic rainfall patterns. Consequently, fluctuations in harvest yields have created cyclical income instability, forcing many households to seek short-term financial relief through land pawning (*rahn al-ardh*) arrangements. The borrowed funds are typically used

to cover urgent life-cycle expenses, including marriage costs, home renovation, education fees, and medical treatment.

Field observations and in-depth interviews with community members and local leaders indicate that approximately 10–13 individuals in the village are actively engaged in such land pawning transactions. These arrangements are generally conducted informally, relying on mutual trust (*amanah*) and social familiarity rather than written agreements or legal documentation. In each transaction, the landowner (*rahin*) pledges a parcel of farmland as collateral to the pawnee (*murtahin*), who provides an immediate cash loan. Once the contract is agreed upon, the *murtahin* assumes full management rights over the land, including the right to cultivate and harvest its produce throughout the loan period. The typical contract duration spans two to three harvest cycles, although extensions are common when the *rahin* is unable to redeem the pledged land due to financial constraints.

Interviews further reveal that the valuation of the pledged land is not based on standardized market assessments but rather on social negotiation and perceived trustworthiness between both parties. For instance, a one-hectare rice field may be pawned for as little as half of its actual value, reflecting the borrower's urgent need and weak bargaining position. The *murtahin* not only benefits from continuous use of the land but also assumes minimal financial risk, as no interest is formally charged yet usufruct rights substitute for monetary gain. This structure effectively transfers productive value from the *rahin* to the *murtahin*, creating an asymmetric economic relationship under the guise of mutual assistance.

Moreover, the persistence of this practice is deeply rooted in local socio-cultural traditions. Community members perceive land pawning not merely as a financial transaction but as a customary form of social reciprocity (*tolong-menolong*). Elders view it as a legitimate and ethical mechanism to cope with financial hardship, given that both parties benefit—the borrower receives cash liquidity, while the lender temporarily gains cultivation rights. However, this cultural framing often obscures the economic inequality embedded in the arrangement, as long-term pawning frequently leads to the *rahin*'s gradual loss of productive assets. Several respondents expressed that, despite the moral discomfort, reclaiming the land becomes increasingly difficult due to the cumulative debt burden and dependency on the *murtahin*'s capital.

Overall, the results highlight a complex interaction between economic vulnerability, cultural norms, and religious understanding. While the community recognizes the moral importance of trust and fairness, the practical implementation of *rahn al-ardh* in Bungbaruh tends to favor the economically stronger party. This finding underscores a critical gap between the theoretical ideals of Islamic economic justice and the lived realities of rural financial practices.

Discussion

The findings of this study reveal that the practice of pawning rice fields (*rahn al-ard*) in Bungbaruh Village, Kadur District, Pamekasan Regency, represents a complex interplay of economic necessity, social norms, and Islamic legal principles. The villagers, primarily engaged in rice and tobacco farming, are highly dependent on seasonal agricultural cycles. This dependence exposes them to recurring risks such as crop failure, pest infestations, drought, and unpredictable rainfall, which directly threaten household incomes. Consequently, farmers often face urgent financial needs, including marriage expenses, home

renovations, healthcare, and consumption for everyday survival. Pawning their rice fields emerges as a culturally and socially accepted mechanism to address these immediate financial pressures, reflecting an informal economic strategy embedded in local traditions (Mannan, 1997; Kahf, 2006).

From a socio-cultural perspective, the practice is legitimized by longstanding traditions of mutual assistance and trust within the community. Interviews indicate that villagers view pawning as an ethical way to obtain financial relief while maintaining social cohesion. The murtahin (pawnee) lends money to the rahin (landowner) and, in return, manages the pledged land, often receiving all the agricultural yield during the loan period. The arrangement, typically spanning two to three harvest cycles or even longer in cases of delayed repayment, is seen as mutually beneficial in theory. It ensures that those in financial distress have access to liquidity while the lender gains security in the form of tangible collateral. This mechanism resonates with the principle of cooperation in Islam (ta'awun) and the broader socio-religious ethics of solidarity (al-Qaradawi, 1999; Yusuf, 1999).

However, from the perspective of Islamic finance and jurisprudence, the practice diverges from Shariah principles governing pawning (rahn) and equitable transactions. According to classical fiqh, a rahn contract is valid when the collateral remains under the ownership of the pledger, and the pawnee is entitled only to safeguard it or receive benefits directly related to costs incurred in maintaining the asset. In Bungbaruh, the pawnee not only controls the collateral fully but also appropriates all yields from the land during the loan period, leaving the landowner with no share of the produce until the debt is fully repaid (Syafi'i Antonio, 2001; Mardani, 2012). Such arrangements, while socially tolerated, introduce a significant imbalance that undermines the objectives of justice ('adl) and welfare (maslahah) central to Islamic economics (Dusuki & Abdullah, 2007; Chapra, 2000).

The study further reveals that the prevalence of informal and oral agreements exacerbates this imbalance. While Shariah allows for flexible arrangements, it emphasizes the importance of explicit contracts (aqad) to prevent disputes and ensure transparency (al-Qaradawi, 1999; Mannan, 1997). In Bungbaruh, reliance on trust and customary norms, without formal documentation or legal oversight, creates conditions where the rights of the landowner may be compromised, especially in cases of extended repayment periods or default. The absence of standardized procedures also limits the enforceability of equitable terms, which may perpetuate exploitation and hinder socio-economic development.

Economically, the current implementation of pawning in Bungbaruh can be viewed through the lens of opportunity cost and asset utilization. While the system provides short-term liquidity for rahin, it effectively deprives them of productive use of their land, potentially reducing long-term agricultural output and income. The murtahin, by controlling both land management and crop yields, maximizes personal gain, often without reinvesting benefits into community welfare or mitigating the vulnerability of the pawning households. This scenario is inconsistent with the maqasid al-shariah, which prioritize the protection of property, equitable distribution of resources, and social welfare (Kahf, 2006; Chapra, 2000). The findings echo earlier studies in similar Indonesian contexts, such as Ainulyaqin et al. (2023) in Bekasi and Fadhil and Baizuri (2021) in Tangerang, where informal pawning practices similarly reflected a tension between cultural norms and Shariah-compliant economic ethics.

Importantly, the study highlights the interplay between financial necessity and cultural transmission. The villagers' continued engagement in pawning is informed by inherited

customs and normative expectations. Interviews suggest that elders teach younger generations that offering collateral is a moral obligation to maintain trust and reciprocity in the community. While this social cohesion is valuable, it often overrides the ethical considerations central to Islamic finance, leading to systemic inequities. This dynamic demonstrates the critical role of socio-cultural factors in shaping financial behaviors and underscores the necessity of contextualizing Islamic economic principles within local traditions (Roifah, 2019; Surahman, Abidin, & Haeran, 2021).

From a practical standpoint, the study emphasizes the potential of Shariah-compliant interventions to harmonize local practices with ethical financial standards. Structured rahn contracts could be implemented to ensure that landowners retain ownership of collateral while allowing the pawnee to derive only fair returns related to maintenance costs. Such interventions could incorporate formal documentation, predetermined repayment schedules, and mechanisms for dispute resolution, aligning local practices with the objectives of justice, fairness, and community welfare (Obaidullah, 2015; Chapra, 2000). Moreover, integrating financial literacy programs and community education could empower farmers to make informed decisions, mitigating exploitation and enhancing compliance with Islamic economic norms.

The study also explores the moral and philosophical implications of the current pawning system. The unrestricted control of the collateral by the pawnee raises questions about the balance between charity (*ta'awun*) and exploitation. While Islam encourages assisting those in financial need, the principle of *maslahah* dictates that such assistance should not result in harm or disproportionate benefit to one party (Dusuki & Abdullah, 2007). In Bungbaruh, the system, while culturally accepted, reflects a deviation from these principles, highlighting the tension between traditional social practices and normative Shariah standards. Addressing this gap requires both regulatory oversight and ethical guidance to ensure that financial transactions serve communal welfare rather than merely individual gain.

Comparative insights from prior research further reinforce the significance of the Bungbaruh case. For instance, studies by Surahman et al. (2021) and Fadhil and Baizuri (2021) reveal that similar pawning practices in other Indonesian villages often involve partial alignment with Shariah principles, such as maintaining ownership of collateral or restricting the pawnee's benefits to maintenance costs. Bungbaruh represents a more extreme deviation, with full appropriation of land yields by the pawnee, suggesting that the local cultural and economic context significantly influences the implementation of Shariah-compliant financial principles. This observation highlights the need for context-sensitive policy interventions and community engagement strategies that reconcile cultural traditions with ethical financial frameworks.

The discussion also underscores the broader implications for rural development and social equity. When landowners are deprived of productive use of their fields, they face prolonged economic vulnerability, potentially exacerbating cycles of poverty. Conversely, the pawnees' disproportionate benefit reflects an asymmetry in wealth accumulation, which may intensify social stratification. This dynamic suggests that informal pawning systems, while providing immediate liquidity, may undermine long-term agricultural productivity and equitable wealth distribution, ultimately challenging the social objectives of Islamic economic systems (Mardani, 2012; Nawawi, 2009).

Finally, the findings provide critical insights for policymakers, Islamic financial institutions, and community leaders. They indicate that local financial practices, though

culturally embedded, must be examined through the lens of both economic efficiency and Shariah ethics. Policymakers could encourage the development of microfinance programs that offer Shariah-compliant lending alternatives, ensuring that farmers retain ownership of collateral while accessing necessary liquidity. Such programs could also incorporate educational components, promoting awareness of Islamic financial principles and empowering rural communities to engage in equitable, sustainable economic practices (Obaidullah, 2015; Patton, 2015).

In conclusion, the discussion highlights the multidimensional nature of pawning practices in Bungbaruh Village, encompassing economic, social, legal, and ethical dimensions. The study illustrates that while pawning serves as a coping mechanism in response to financial stress, its current implementation often undermines equity and deviates from Shariah principles. By critically analyzing the interplay of cultural norms, socio-economic realities, and Islamic legal guidelines, this research provides both theoretical and practical contributions. It offers a foundation for future interventions aimed at reconciling local traditions with ethical financial practices, promoting justice, protecting vulnerable stakeholders, and enhancing rural community welfare. Future research could expand on these findings by exploring comparative models in other regions, assessing the impact of Shariah-compliant microfinance interventions, and developing actionable frameworks to align informal financial practices with Islamic economic principles.

Conclusion

This study demonstrates that the implementation of land pawning (*rahn al-ardh*) in Bungbaruh Village reflects a deep interconnection between economic necessity, social tradition, and limited literacy in Islamic financial ethics. While this informal practice serves as a short-term survival strategy for farmers facing economic hardship, it diverges from the principles of justice and balance upheld in Islamic economics, particularly those embedded in the *maqāṣid al-sharī'ah* framework (Dusuki & Abdullah, 2007; Kamali, 2011). The domination of the pledged land by the creditor (*murtahin*) indicates a structural imbalance that contradicts the Islamic ideals of mutual benefit and social equity (*al-'adl* and *al-ihsan*) (Chapra, 2016). Therefore, introducing Sharia-based financial instruments such as *qardh hasan*, *mudharabah*, or *musharakah* could provide more just and sustainable alternatives, reducing dependency on exploitative local customs while empowering rural economies. Future research should expand comparative analyses across regions to explore how cultural traditions can be harmonized with Islamic legal norms to promote inclusive and ethical rural finance (Kahf, 2020; Obaidullah, 2015).

Authors' Declaration

The authors declare that this manuscript is original, has not been published elsewhere, and involves no conflict of interest. All authors contributed substantially to the research and approve the final version of the paper.

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ORCID

Moh. Subaidi  <https://orcid.org/>

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