

Government Urged to Revise Rice Retail Price Regulations

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The confiscation of rice produced by PT Indo Beras Unggul (IBU) company recently has stirred talks related to pricing, monopoly indications, including government policy. UGM agricultural experts considered the government policy in regulating rice pricing including the highest retail price is improper.

“The highest retail price of Rp9,000/kg is too low which will not drive the private businessmen to produce good quality rice. So, the government ought to revise the rice regulations,” said Dean of Faculty of Agriculture UGM, Dr. Jamhari, S.P., M.P., in a press conference on Thursday (27/7) in the Multimedia room.

Jamhari said the rice problems that had emerged were actually an effect of government fundamental policy change after the Logistics Agency (Bulog) was changed from being a department to a business entity. Such change has made rice price stabilisation more flexed, hence extending deviation. Other issues are law no. 5 year 2015 that fixes government purchase price at Rp7,300/kg for farmers and law No. 47 year 2017 at Rp9,000/kg for consumers.

He has analysed there were issues in 8% of regencies being monitored across Indonesia with medium rice price still under government purchase price, average retail price at traditional market

even surpassing highest retail price or Rp9,500/kg, while average retail price of premium rice at Rp11,500/kg.

“These showed that there are still price errors at the farmer and consumer levels. Investigation needs to be done whether the government purchase price and highest retail price are too low or whether there is monopolistic behaviour of traders,” said Jamhari.

Amidst the polemics, he warned government and society not to carelessly determine further steps. He asked for accurate solution to resolve rice pricing, not just giving an instant response by importing rice.

Jamhari added the solution for the short run is to adopt new technologies and institutional enhancement to improve national rice production quality.

Agricultural Economy expert from UGM, Prof. Dr. Ir. Masyhuri, recommended abolition of highest retail price for premium rice.

“Government should not fix the price for premium rice, let the market do it. Impoverished people are already protected by rice subsidy and e-voucher,” he said.

He also straightened out some misconception that the rice confiscated was subsidy rice, but rice that had been purchased from farmers. On the price that is higher than highest retail price, he said this was normal if compared with the purchase price. This case also happens in modern market. So, he asked why it was just one trader being arrested, which is unfair. To be fair, all modern markets selling rice above highest retail price should also be under arrest.

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