

Infaq and Shodaqoh as Self-Financing Sources for Indonesian Halal Products Assurance in Food Security: A Literature Study

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Abstract- Food is a basic necessity that is private and has the protection of the state regarding its availability, security, and distribution so that consumers get good food access. Indonesia's protection regulated in civil laws, namely the Act of consumer protection and halal product assurance. Muslim consumer protection of halal food is an issue when they have lack access to the information and certainty on label and certification of halal products. The difficulty arises when the community has limited funds, while they have to self-sufficient in finance as a requirement for halal checking food products in the laboratory. With literature study, the researcher examined a possibility of self-financing sources from *infaq* (donation) and *shodaqoh* (charity) of Zakat Agency (*Badan Amil Zakat/BAZ*) as a financial source for assessing the product whether it is *halal* or *haram* in the lab. This can be as one way out to check the products for Muslim consumers who get limited financials to do so. Due to self-financing sources based on *infaq* and *shodaqoh*, people can protect themselves. Furthermore, the certainty of consumer protection laws related to halal product assurance can accomplish to support food security.

Keywords: *consumer protection, halal product assurance, infaq; shodaqoh, Amil Zakat Agency, food security*

I. INTRODUCTION

Based on Act No. 18/2012 on Food [1], the government protect the people of halal food products in general, and in specific legislation, it is established in Act No. 33/2014 on Halal Product Assurance [2]. Regarding the rights of Muslim consumers to obtain halal food products which are based on halal labels, the community has difficulty in clarifying the truth of the labels and halal certificates of the food products. This is because of limited access and the ability to verify it to related parties. The parties that play a role are the Assessment Institution of Food, Drugs, and Cosmetic Majelis Ulama Indonesia (*Lembaga Pengkajian Pangan, Obat-obatan, dan Kosmetika Majelis Ulama Indonesia/LPPOM MUI*) and / or the Halal Product Assurance Agency (*Badan Penyelenggara Jaminan Produk Halal/BPJP*). These limitations including limited funds, where people have to

spend no small amount of self-help to check the truth of the label and certificate of halal food product in the laboratory. This affected the legal certainty of rights of Muslim consumers in obtaining protection for halal *thayyib* products. Halal products for Muslim consumers are products that comply with Islamic principles, and for the non-Muslim consumers, it describes the hygiene, quality and safety products based on the Holistic Halal Assurance Management System [3, 4, 5].

Related to self-financing for plaintiffs is a problem in the field because not all communities have sufficient funds to check the labels and certificates of halal food products on the market. In this study, the researchers analyzed possibilities of *infaq* and *shodaqoh* as self-funding sources that can be utilized for the benefit of the wider Muslim community fatherly public good. *Infaq* and *shodaqoh* are expected as a source of research costs in ensuring the label and certificate of halal food products in the laboratory.

Indonesia is an archipelago with more than 17,000 islands with a population of 270 million inhabitants, 1,340 ethnics and 6 major religions [6]. The official religions and beliefs recognized and protected by the state are Islam, Protestant, Catholics, Buddhist, Hindu, and Konghucu. Practice their faith in each, state guarantees and protects freedom of religion based on the ideology of Pancasila and Indonesia's Constitution 1945. Muslims are the largest population with around 80 per cent, and they run daily life under the Islamic values based on the Qur'an, and it regulates basic principles that derived for human being's sake. One of the principles is about halal *thayyib* food laws that explain Muslim's obligation in daily practice for purchasing and consuming food. According to QS. Al-Baqarah:168, "O mankind! Eat of that which is lawful and good on the earth and follow not the footsteps of Shaytan (Satan). Verily, he is to you an open enemy". Furthermore, producing and consuming in halal *thayyib* food values are Muslim's obligation in daily practice. Article 4 of Act No. 8/1999 on Indonesia Consumer Protection describes consumers' rights on getting the right to comfort, security and safety in consuming goods and/or services. For Muslim consumers, halal labelling, and halal certification are guarantees for their rights in

accordance with the conditions and guarantees promised, which are in terms of comfort, security and safety for consuming halal goods. Furthermore, the information obtained must be correct, clear, and honest so there are no complaints against the goods that they purchase. Even if complaints appear, they are entitled to be heard and receive advocacy, protection and mediation in consumer protection. Regarding halal products, they have to receive guidance and education on halal thayyib food based on Islamic principles. They are also entitled to be treated properly and honestly, not discriminatory. In addition, if it turns out that the halal label and halal certification in the products are not appropriate, they are entitled to receive compensation and/or replacement. Under the mandated Act, regarding halal thayyib food, the policymakers tried to protect the rights of Muslims by applying the label of halal and halal certification. Solid cooperation between people, businesses and governments to oversee implementation of regulations is needed [7]. However, the solidity between stakeholders still occur obstacles and cause some problems in the field. Subsequently, the certainty of law on halal food assurance under consumer protection for Muslim consumers has not established yet.

II. METHODOLOGY

Researchers use qualitative data analysis with a literature review method for this study, which is examining and studying the literature in the form of articles and journals have been published from 2012 to 2019-year time span. The papers are about the implementation of halal product assurance in Indonesia, namely the case of halal products, a source of funding for the halal label and halal certification, and consumer protection in halal product assurance for fulfilling the food security. Furthermore, Related Indonesian regulations are examined too on a legal basis. The references are Act No. 18/2012 on Food, Act No. 8/1999 on Consumer Protection, Act No. 33/2014 concerning Halal Food Assurance, and Act No. 23/2011 on Zakat Management. The entire literature is analyzed to fill the knowledge gap on the self-funding sources from infaq and shodaqoh that can be used. According to Zakat Management Act, the sources funds are analyzed to be used as research funding related to examining and analyzing the halal product case in lab.

III. RESULTS AND DISCUSSION

A. *Indonesia's Regulation on Consumer Protection Regarding Halal Product Assurance*

Aisyah stated, "norms formed should be obeyed together by all members. The person who violates the norms will get sanctions suitable as the regulation applied in the class of society" [8]. The law is one of norms and rules that live in society. It is compiled by the authorities that are regulating and forcing society and have strict sanctions to create a sense of security, peace, prosperity, and legal certainty. Related to consumer protection, some regulations established in private law.

Muslims in Indonesia who live in a multi-religious community is considered to have a better understanding of halal products [9]. Therefore, legal certainty about halal products is very important for Muslim consumers, then Indonesia has legalized regulations on halal products assurance in Act No. 33/2014. The demand for halal food in the global market has increased, and this is

an indication that awareness of halal products has been globalized. Foods that are categorized as "Halal" must also be healthy for consumption by taking into account the process of preparation and serving. Opposite the context of "Halal" is "Haram" which is prohibited, in this case, the product is forbidden to be consumed or used [10].

Article 1 paragraph 1 of Act No. 8/1999 on consumer protection states that consumer protection is any effort that guarantees legal certainty to protect consumers. The consumer is a user of goods and/or services that available in the community for benefit of their own, their families, other people, as well as other living beings, and not for sale. The businessmen are every individual or business entity, whether a legal entity or not which established and domiciled or conducting activities within the territory of Indonesia, either individually or jointly by agreement for business activities in economic sectors. To protect consumers, the Consumer Protection Agency established both within the auspices of the government and non-governmental organizations which are registered and recognized non-governmental institutions that have consumer protection activities. In addition, there is the National Consumer Protection Board established to assist in the development of consumer protection. Furthermore, to resolve disputes between businesses and consumers formed the National Consumer Protection Agency. In consumer protection, its principles, and objectives are based on benefits, fairness, balance, consumer security and safety, and legal certainty.

Consumer protection aims to raise awareness, ability and independence of consumers to protect themselves. In the case of food product labels and halal certificates, the public has the right to get information and confidence in getting halal food products that they consume - the principle of fairness of balance, security and consumer safety have to implement for the sake of legal certainty for Muslim consumers. Sufficient knowledge and understanding needed for all relevant Muslim consumers of halal food products, but it cannot be done because of limited knowledge and ability of consumers to access and digest the information so that consumers are not able to protect themselves; Furthermore, lifting the dignity of consumers can be done by avoiding it from negative access to the use of goods/services - in the case of halal food products, when consumers can understand and access information on the truth of halal food products, it is hoped that they can avoid illegal and not thayyib food; boost consumer empowerment in selecting, specifying, and claim their rights as a consumer in this case the government protect Muslim consumers by providing coaching and transfer of information and knowledge so that people can select, define and demand their rights as consumers; The next goal is to create a consumer protection system that contains elements of legal certainty and information disclosure and access to obtain information - legal certainty is a basic thing that must be given to consumers, especially Muslim consumers, to get information on halal food products and access to certainty of information. Raise awareness of businesses about the importance of consumer protection. So, the growing attitude of honest and responsible in trying the next destination-related halal food products, businesses-are expected to give a definite assurance in labelling and halal certification. The final goal is to improve the

quality of goods and/or services, health, comfort, safety, and consumer safety -halal food product should be following Islamic values. Thus, the halal label and halal certification account for and no suit.

Based on Article 8 paragraph (1) of the Consumer Protection Act, the businesses prohibited from producing and/or trading goods and/or services that: (d) does not in accordance with the conditions, guarantees, features or efficacy as stated in the label, label or statement said goods and/or services; (h) does not comply with the provisions of halal production, as the "halal" statement stated on the label. In Article 9, associated in the halal food products' business, businesses are prohibited from offering, promoting, advertising goods and/or services incorrectly, and/or as if the goods are in good condition and properly. If the halal food products are not in good condition and halal status is doubtful, the businesses have violated the provisions of Article 9. Furthermore, Article 10 c, related to halal food products, general conditions shall apply where businesses who offer goods and/or services which are held for trading are prohibited from offering, promoting, advertising or make statements that are false or misleading about the condition, dependents, guarantees, rights or compensation for goods and/or services, in this case, related to halal food product. Violations of articles 8, 9, and 10 are subjects to criminal sanctions based on Article 62 paragraph (1) of the Consumer Protection Act:

Business actors who violate the provisions referred to in Article 8, Article 9, Article 10, Article 13 paragraph (2), Article 15, Article 17, paragraph (1) letter a, letter b, letter c, letter e, paragraph (2), and Article 18 shall be liable to a maximum imprisonment of 5 (five) years or a maximum fine of IDR2,000,000,000.00 (two billion rupiah).

Then, Article 63 explains that criminal sanctions under Article 62, can be imposed additional penalties, such as deprivation of certain goods; announcement of the court decision; payment of compensation; the stoppage of certain activities that contributed to the loss of customers; obligations withdrawal of goods from circulation; or revocation of business licenses.

Based on Article 95 of the Act of the Republic of Indonesia No. 18/2012 on Food, the Government and Regional Governments supervise the implementation of the halal product guarantee system for those required for food. Implementation of halal food product guarantee system for those required is carried out in accordance with statutory provisions. Then, in chapter VIII of the First part of the Food Label, Article 96 explains that the labelling of food intended to provide correct and clear information to the public about every packaged food product prior to purchase and/or consume food. The information is related to origin, safety, quality, nutritional content, and other information needed. Article 97 of the food law explains that every person who produces food in the country for trading must put a label on and/or on food packaging. Every person who imports food for trade must attach a label in and/or on food packaging when entering the territory of the Unitary Republic of Indonesia. Labelling inside and/or on the packaging of food is written or printed using Indonesian as well as at least contain information about the name of

the product; the list of ingredients; net weight or net contents; the name and address of the party producing or importing; Halal for those who are required; date and production code; expiration date, month and year; distribution permit number for processed food; and the origin of certain foods. The description on the label is written, printed, or displayed expressly so easily understood by the public.

Regarding halal label, Article 101 explains everyone who states in the label, that the food traded is halal under the requirements, is responsible for its truthfulness. Everyone who states on the label -the food traded is in accordance with certain claims- is responsible for the truth of the claim. Furthermore, Article 105 describes everyone who states in advertisements which the traded food is halal following the requirements are obliged to responsible for its truthfulness. Any person who states in an advertisement that the food is trading following certain claims has to responsible for the claim's truth. Violations of article 105 will subject to administrative sanctions, in the form of fines, temporary suspension of activities, production and/or distribution, withdrawal of food from circulation by producers, compensation, and/or revocation of permits. Article 108 paragraph (3) (b) states that the supervision of the requirements of food safety, food quality, and nutrition, as well as the requirements of labelling and advertising of food to processed food, is implemented by government agencies that carry out government duties in the field of drug and food control. While the letter (c) states that, the supervision of the requirements of food safety, food quality, and nutrition, as well as labelling requirements for food and fresh food advertising, is implemented by government agencies that administer government affairs in the field of food.

Based on Article 1 of the Halal Products Assurance Act, products are goods and/or services related to food, beverages, medicines, cosmetics, chemical products, biological products, genetic engineering products, as well as used goods that are used, used or utilized by the community. Halal Products are products that have been declared halal under Islamic law. Halal Products Process (*Proses Produk Halal/PPH*) is a series of activities to ensure the halal product includes the provision of materials, processing, storage, packaging, distribution, sales, and product presentation. Halal Products Assurance (*Jaminan Produk Halal/JPH*) is legal certainty of the halal status of a product as evidenced by a Halal Certificate. Halal Certificate is legality of the halal status of a Product issued by the Agency of Halal Products Assurance (*Badan Penyelenggara Produk Halal/BJPH*) based on a written halal fatwa issued by the Indonesian Ulama Council (*Majelis Ulama Indonesia/ MUI*).

Based on Article 2 of the Halal Products Assurance Act, the JPH's implementations based are as follows:

- a) *Protection*: the aim is to protect the Muslim community;
- b) *Justice*: it should be reflected proportionately for every citizen;
- c) *Legal certainty*: the implementation aims are providing Halal Certificate as evidence of halal product status;
- d) *Accountability and transparency*: every activity and final results of the activities of the

organization JPH must be accountable to the public as the highest sovereign state following the provisions of the legislation;

e) Effectiveness and efficiency: the implementation of JPH done with the right goal-oriented function effectively and efficiently, and to minimize the use of resources is done with a quick, simple, and inexpensive or affordable;

f) Professionalism: the implementation is done by giving priority JPH expertise based on competence and ethical codes.

According to Article 3, implementation of JPH aim to provide comfort, security, safety, and certainty for the public availability of Halal products in the consumption and use of products, and increase the added value for the business communities to produce and sell Halal products. Therefore, based on these consumer protection Muslims in purchasing and consuming halal products is one thing that must be considered to meet the food needs in terms of food security for the community.

B. Infaq and Shodaqoh as Self-financing Sources on Halal Products Assurance

Chapter VIII Article 95 of Act No. 18/2012 on Food is the basis for the Muslim's legal certainty to obtain halal products on the market, namely the availability of products labelled as halal and availability halal products information. Muslim consumers are guaranteed to get their rights to halal food. However, problems arise when the protection of Muslim consumers has not been implemented properly, despite the issuance of Acts relating to consumer protection, food, and halal products assurance to guarantee their rights. In one side, consumer protection is passive and casuistic and consumer protection agencies do not have much role to protect Muslim consumers on the other side [11]. This difficulty occurs when the level of understanding and access of the public to halal certainty or food products is low. Therefore, the function of social relations between people, governments and employers are expected to protect and perform certain actions for consumer protection.

Financing is one of the issues that can determine the legal certainty of halal labels and certification. This funding can be sourced from private institutions, social and or religious institutions (for example, Indonesian Ulama Council/MUI, Nahdlatul Ulama/NU, and Muhammadiyah), the government (National/ Regional Budget), and business actors in the form of Corporate Social Responsibility (CSR). Issues have arisen on checking halal or haram food in laboratories, where the costs are self-sufficiently borne by the public who file a lawsuit against the product. Therefore, it is important to ensure the funding of the halal or haram checking costs of a protected food product.

The Tartasan Muslims in Russia use their own funding from Islamic funding sources that come from waqf and zakat for the stability of the people in a crisis. Charity became a significant source of self-financing when the establishment of Islamic funds by the Muslim Religious Council for Tatarstan (MRBT) in 1998. The mosque became a fulcrum for daily activities in helping those in need. Mosque run courses on Islam, shops literature and attributes of Islam, halal cafes, traditional

clothing store, which was built by contributions from citizens, organizations and institutions. Regarding halal, since 2010, Halal Kazan has been held in the capital city by bringing in domestic and international halal product manufacturers. The donation collecting organization is the 'zakat' foundation founded in 2011, and the total amount of zakat and shodaqoh increased based on an analysis of the report [12]. It means, the using of Islamic funding as sources in self-financing is could be implemented for human's sake all over the world.

Researchers examine the possibility of the source of funds from BAZNAS institutions that can be used to benefit the people, through donation (*infaq*) and charity (*shodaqoh*). Based on Article 1 number (3) of the Act of the Republic of Indonesia Number 23/2011 on Management of Zakat, "infaq is assets issued by a person or business entity outside of zakat for public benefit". Then, Article 1 number (4), shodaqoh is "property or non-assets issued by a person or business entity outside of zakat for public benefit". This shodaqoh is managed in the auspices of the National/Regional Amil Zakat Agency (*Badan Amil Zakat Nasional/Daerah/BAZNAS/BAZDA*) is an institution that manages zakat nationally/regionally, Amil Zakat Institution (*Lembaga Amil Zakat/LAZ*) is an institution formed by the community whose task is to assist the collection, distribution and utilization of zakat, and the Zakat Collecting Unit (*Unit Pengumpul Zakat/UPZ*) which is an organizational unit formed by BAZNAS to help collect zakat. Furthermore, in the Fourth Section of Management of *Infaq, Shodaqoh* and Other Religious Social Funds, it is explained in Article 28 that, (1) BAZNAS or LAZ can also receive infaq, shodaqoh, and other religious social funds as additional duties besides collecting zakat; (2) Distribution and utilization of infaq, shodaqoh and other religious social funds as referred to in paragraph (1) shall be under Islamic law and carried out following with the designation pledged by the giver; (3) The management of infaq, shodaqoh, and other religious social funds have to record in a separate bookkeeping.

Based on the legal basis, it analyzes that the source of infaq and shodaqoh funds can be allocated as a source of costs for research whether halal or haram of food products in the laboratory for the benefit of people, especially, Muslim consumers. Then, for the technical execution can be coordinated and implemented by BAZNAS / BAZDA, LAZ, and UPZ with consumer protection agency's cooperation. According to Article 29, BAZNAS of districts/municipalities shall convey management rules of zakat, infaq, shodaqoh, religious and other social funds to BAZNAS provincial and local governments regularly. BAZNAS provincial and local governments of BAZNAS are obliged to carry out the management of zakat, infaq, shodaqoh, religious and other social funds periodically. LAZ required to submit zakat management, infaq, shodaqoh, religious and other social funds to the Minister regularly. BAZNAS annual balance report published through print or electronic media. Further provisions on reporting BAZNAS districts/municipalities, provincial BAZNAS, LAZ, and BAZNAS stipulated in Government Regulation. Furthermore, Article 30-32 states that to perform their duties, BAZNAS financed by the State Budget and the Rights of Amil. In performing its duties, BAZNAS

provincial and districts/municipalities funded by the Regional Budget and Rights Amil. In addition to the financing in question, BAZNAS provincial and districts/municipalities can be financed by the State Budget. LAZ can use *Amil's* right to finance operational activities. Article 35 also explains the role of the community; the community can participate in the guidance and supervision of BAZNAS and LAZ. Guidance referred done to increase public awareness to give charity through BAZNAS and LAZ and provide suggestions for improving the performance of BAZNAS and LAZ. Supervision is carried out in the form of access to information on the management of zakat made by BAZNAS and LAZ; and the delivery of information in the event of irregularities in the management of zakat conducted by BAZNAS and LAZ.

Collaboration can be conducted within the management and supervisory systems of society, and the local consumer protection agency to repair and improve the consumer protection for Muslim based on the legal basis in obtaining halal products based on the logo and the certificate. However, the trust level of the communities in halal products has questioned. Some products that have already legalized by halal logo do not guarantee that the products are not contaminated by haram or non-halal things. Plots that offered in using infaq and shodaqoh funds as self-financing funds in laboratory research related to the halal logo and halal certification are:

- Regarding the food security fulfillment, the regulations related are based on Indonesian Constitution 1945, Indonesian Consumer Protection Act, Food Act, Halal Products Assurance Act, and Zakat Management Act.
- The implementation of the regulation can be executed by society's report and or the proactive role of the consumer protection agency or the policymakers in reporting the cases and surveillance system.
- The stakeholders propose infaq and shodaqoh to BAZNAS/BAZDA, LAZ for consumer protection in halal products.
- The financial share from infaq or shodaqoh is used for the laboratory fees in analyzing and examining the cases of halal products.

IV. CONCLUSION

Sources of funds from infaq and shodaqoh -which are non-zakat collected and coordinated by the Amil Zakat Agency- can be utilized for operational costs of checking halal products -in this case food- at a laboratory, such as LPPOM MUI and/or BPJPH lab. Furthermore, the checking process does not have to wait for the funding and cases' reporting from the community. Then it is expected that the Indonesian Ulema Council and other religious organizations can proactively take action to solve the halal cases that could be appeared. Thus, the need for information and legal certainty of Muslim consumers' halal products are protected following by the regulations, namely Consumer Protection Act, Food Act, Zakat Management Act, and Halal Products Assurance Act for food security sake. Equally important in the

context of food security is the institutional capacity for halal thayyib food assurance. It takes enforcement through tripartite approach, where governments, civil society (e.g. MUI, NU, Muhammadiyah), industry or business, including academics or professionals, should work together for the benefit of society to do proactive consumer protection for the fulfilment of food security goal.

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