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The Strategic Role of The Agricultural Sector, Processing Industry, and Trade in The Economic Growth of Pringsewu Regency: Islamic Economic Perspective

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ABSTRACT

This study aims to analyze the strategic role of the agricultural sector, processing industry and trade in economic growth pringsewu viewed from the perspective of Islamic economics. The results showed that the three sectors have consistently been the main support for Pringsewu's GRDP with a combined contribution of 53.81% in 2024, where the agricultural sector contributed the most (22.67%), followed by trade (16.90%) and the processing industry (14.24%). In the perspective of Islamic economics, the role of these three sectors is in line with the principles of falah, maslahah, distributive justice and maqashid Sharia. However, there is a gap between the idealism of Islamic economics and the reality of practice in the field, especially related to the commercial system that has not been fully equitable for small farmers and MSMEs. This study recommends strengthening sharia-based institutions, halal Industry Development and increasing access to Sharia financing as strategies to optimize the role of these three sectors in the framework of equitable economic development.

INTRODUCTION

Economic growth is a key indicator of the successful development of a region that can be measured through an increase in Gross Regional Domestic Product (GRDP) over time (Marcal *et al.*, 2024). In the context of Indonesia, regional economic development is increasingly receiving attention in line with the implementation of fiscal decentralization policies that give wider authority to local governments in managing their local economic potential (Dalisawintri *et a*l., 2025). Pringsewu Regency, as one of the relatively young districts in Lampung province, established in 2009, has shown significant economic development in the last decade.

Pringsewu Regency has historically been an agricultural area, with agriculture as the backbone of its people's economy. However, over time, the economic structure of Pringsewu has transformed with the development of the processing industry and trade sector, and based on PRINGSEWU Regency BPS data, PRINGSEWU Regency'S GRDP on the basis of current prices in 2024 reached Rp15.1 trillion, an increase of Rp1. 09 trillion compared to 2023. The three most dominant sectors in the GRDP structure are 1) Agriculture, Forestry and Fisheries at 22.67%, 2) wholesale and retail trade at 16.90%, and 3) processing industry at 14.24%. These three sectors cumulatively accounted for 53.81% of the total GDP of Pringsewu Regency. Meanwhile, the economic growth rate of Pringsewu Regency in 2022 was recorded at 4.37% and has consistently experienced a positive trend to reach the range of 4.78% in 2023. Average annual growth over the past decade has consistently been in the range of 4.5% -5%. This achievement places Pringsewu as one of the regions with stable economic performance in Lampung Province.

On the other hand, Indonesia as the country with the largest Muslim population in the world increasingly feels the urgency to integrate Islamic economic values in economic development (Putri, 2025). Islamic economics not only regulates aspects of financial transactions, but also establishes a comprehensive normative framework on how natural resources and economic potential should be managed to achieve mutual benefit (falah) (Wiraputra, Sari, et al., 2025). The agricultural sector, the processing industry and trade are sectors that explicitly receive attention in the teachings of Islam through various postulates derived from the Qur'an and the Hadith of the Prophet Muhammad (Dwita, 2017). The Qur'an explicitly encourages Muslims to cultivate the Earth and make responsible use of its resources (QS. Al-A'raf: 10). In the context of trade, Islam makes the activity of buying and selling (tijarah) as one of the sources of lawful and Noble sustenance as long as it is done with honesty, justice and transparency (QS. Al-Baqarah: 275). The processing industry and industry in the Islamic perspective are also encouraged to create halal added value and benefit the wider community (Wiraputra, Andriani, et al., 2025).

Research that discusses the role of the agricultural and trade sector on GRDP in Pringsewu Regency has previously been conducted by Ovilia (2018) who analyzed the study in the period 2008-2016. However, the study has not covered the processing industry sector integrally and has not used a deep qualitative approach according to the perspective of Islamic economics (Ovilia, 2018). Furthermore, Victor Andrian HS's (2023) research analyzing the influence of the agricultural sector and the processing industry on the economic growth of East Lampung Regency provides a relevant picture of the economic dynamics in the Lampung region, but the study has not touched the context that discusses Pringsewu Regency specifically with a qualitative approach

Based on this background, this study aims to 1) analyze the strategic role of the agricultural sector, processing industry, and trade in economic growth Pringsewu 2) assess the suitability of how the role of the three sectors with the principles of Islamic economics and 3) formulate policy recommendations based on Islamic economics to optimize the contribution of the three sectors in economic growth that is fair and sustainable.

RESEARCH METHODS

This study uses the type of qualitative research with a descriptive approach. Qualitative approach was chosen because this study aims to understand in depth the role of investment in the agricultural sector, processing industry and trade in economic growth in Pringsewu Regency. Through this approach, researchers can explore the meaning, perception, and experience of stakeholders regarding this policy. The qualitative descriptive approach allows researchers to describe phenomena systematically and contextually based on real conditions in the field. This study emphasizes on the analysis of processes, policies and implications of investment and trade in the agricultural sector and the processing industry. Thus, this study does not focus on hypothesis testing, but rather on gaining a holistic understanding of the role of investment in supporting economic development and employment in Indonesia.

Data sources this study uses secondary data as the main source in the analysis. Secondary Data were obtained from various official documents and publications relevant to the topic of investment and employment in Indonesia. The data sources include publications of the Central Statistics Agency(BPS), reports of the Ministry of investment/Investment Coordinating Board (BKPM), Ministry of Agriculture, Ministry of industry as well as government policy documents related to the development of the agricultural sector and processing industry. In addition, data were also obtained from reports of international institutions and the results of relevant previous studies. Secondary Data were used to describe investment and trade conditions as well as to analyze the role of the agricultural sector and the processing industry in pringsewu Regency.

Data collection in this study was conducted through the study of documentation. Documentation studies are carried out by collecting, reviewing and analyzing various written documents relevant to the research topic, such as statistical publications, official government reports, policy documents, and previous research results. The documents were obtained from official sources such as the Central Statistics Agency (BPS), the Ministry of investment/BKPM, the Ministry of Agriculture, the Ministry of trade, as well as relevant international institutions. This technique is used to obtain data on the development of investment in the agricultural sector and the processing industry. Through documentation studies, researchers can understand the phenomenon comprehensively and systematically based on available and verified data.

Data analysis in this study using descriptive qualitative data analysis. The analysis was conducted by analyzing and interpreting secondary data obtained through systematic documentation studies. The stages of analysis include data reduction, namely the process of sorting and simplifying data to fit the focus of research, namely the presentation of data by compiling information in the form of narratives and descriptive tables for easy understanding. As well as drawing conclusions, namely formulating the meaning and pattern of the relationship between investment in the agricultural sector and the processing industry with the absorption of labor in Indonesia. The data analysis process is carried out continuously to ensure accurate interpretation and relevance to the research objectives.

RESULTS AND DISCUSSION

1. Economic profile of Pringsewu Regency in macro portrait

Pringsewu Regency is the 14th definitive Regency in Lampung Province which was established based on Law Number 48 of 2008 (Iqbal, 2019). Geographically, Pringsewu is located in a strategic position that connects various regions in Lampung Province, which makes it the center of economic gravity in the west-central Lampung region. The area of Pringsewu is only 625 km2, but its population density is among the highest in Lampung, with a population of more than 380,000 inhabitants in 2024.

Table 1. The Contribution of the Main Sectors to the GDP of Pringsewu Regency on the Basis of Current Prices

Business Field Sector	2020 (%)	2021 (%)	2022 (%)	2023 (%)
Agriculture, Forestry, Fishing	24,10	23,85	23,41	22,95
Wholesale and retail trade	16,12	16,34	16,57	16,73
Processing Industry	13,40	13,62	13,91	14,05
Construction	12,20	12,10	11,95	11,88
Other Sectors	34,18	34,09	34,16	34,39
Total GDP ADHB (billion Rp)	12.250	12.890	13.650	14.010
Economic Growth Rate (%)	-1,24	3,15	4,37	4,80

*Source: BPS Pringsewu Regency (2025), processed; Bappeda Lampung (2024); * 2024 Data: Agriculture 22.67%, trade 16.90%, processing industry14,24%*

The above Data illustrates a consistent trend in which the three main sectors of Agriculture, Trade and processing industry together accounted for more than half of Pringsewu Regency'S GRDP during the 2020-2024 period. An interesting trend to observe is the decrease in the relative contribution of the agricultural sector from 24.10% (2020) to 22.67% (2024), while the trade and processing industry sectors show a trend of increasing contribution. This phenomenon reflects the ongoing structural transformation process in Pringsewu Regency.

2. The strategic role of the agricultural sector in the Pringsewu economy

The agricultural sector remains the backbone of the economy in Pringsewu despite the relatively downward trend. In an in-depth interview with sources from the Pringsewu District Agriculture Office, information was obtained that rice, corn, cassava and various horticultural crops are still the main source of livelihood for most rural communities. In addition, freshwater fish farming (especially catfish and tilapia) has also shown significant development as a sub-source of farmers ' income.

Functionally, the pringsewu agricultural sector performs five strategic roles, namely providers of employment for about 35-40% of the local workforce, suppliers of raw materials for agro-based processing industries, Guardians of regional and household food security, sources of income for farmers and fishermen as a lower-middle Economic Community Group and the largest contributor to GDP that maintains the stability of economic growth. The agricultural sector of Pringsewu is also strengthened by the projection of the local government to continue to intensify rice land and develop freshwater fish farming as a flagship program.

Challenges faced by Pringsewu's agricultural sector include pressure to convert agricultural land into residential and commercial areas, climate change that affects cropping patterns, low exchange rates for farmers, dependence on middlemen in the distribution chain of agricultural products, and limited access to modern agricultural technology and affordable financing.

3. Strategic Role Of The Manufacturing Sector

The processing industry sector of Pringsewu Regency is dominated by small and medium scale agriculture-based industries. The main commodities processed include cassava processing into tapioca flour, banana processing into various food products, fish processing into fishery processed products, and various other food and beverage industries. The trend of the contribution of the processing industry which continues to increase from 13.40% in 2020 to 14.24% in 2024 indicates that this sector is experiencing progressive strengthening and development.

Pringsewu Regency government makes the development of the processing industry as a" differentiating factor " in encouraging economic growth in the future. The downstream principle of processing raw materials into finished or semi-finished products is a key strategy to increase the added value of local agricultural products while opening new jobs for the community. In the perspective of Islamic economics, the development of the processing industry is in line with the principle of productivity and the creation of added value which is part of the human effort to prosper the Earth (istikhlaf).

The main obstacles to the development of the processing industry in Pringsewu include limited business capital and access to financing for MSMEs, low adoption of modern technology in the production process, weak marketing networks, especially to penetrate regional and national markets, not optimal partnerships between large industries and local MSMEs and the lack of industrial supporting infrastructure such as integrated industrial estates.

4. The Strategic Role Of The Trade Sector

The trade sector is the sector with the most consistent contribution growth in Pringsewu Regency. Pringsewu's strategic geographical position as a liaison between the city of Bandar Lampung and the districts in western Lampung makes the trade sector growing rapidly. Pringsewu is known as a" service City " which is the center of economic gravity for neighboring districts such as Pesawaran, Tanggamus, and West Lampung.

The development of the pringsewu trade sector is supported by several factors such as the presence of crowded and active traditional markets in each district, the development of modern shopping centers and franchises such as alfamart and indomaret, the growth of e-commerce and digital trade that is increasingly evenly distributed, the role of wholesalers and distributors who become bridges between agricultural producers and consumers and tourism potential that also encourages consumption and spending by local people and tourists.

However, the trade sector in Pringsewu still faces problems regarding the imbalance of bargaining position between large traders, middlemen and small farmers. The price of agricultural products received by farmers is often much lower than the selling price at the consumer level, this reflects inefficiencies in the distribution chain as well as injustice in the distribution of added value. This is the critical point from the perspective of Islamic economics.

5. Analysis from an Islamic Economic Perspective

From the perspective of Islamic economics, the role of the three sectors can be analyzed through four complementary conceptual lenses:

a. Falah Perspective: The three economic sectors significantly contribute to the fulfillment of the basic needs of the Pringsewu community which is a material prerequisite for the achievement of falah. The agricultural sector ensures the availability of food; the processing industry creates jobs and increases income; and trade ensures the equitable distribution of goods and services. (Zein et al., 2024) affirm that falah in the earthly dimension includes the fulfillment of material needs, freedom from poverty, and the opportunity for economic growth. These three sectors collectively contribute to the realization of the falah dimension.
b. Maslahah Perspective: The sustainable development of the agricultural sector provides problems in the form of ensuring local and national food security. Processing industries that process agricultural products into higher value products provide a double problem: increasing the income of producers while providing quality products for consumers. Trade that runs efficiently and fairly provides problems through accessibility to various necessities of life. However, the problem has not been

fully realized as long as the practice of middlemen and price information monopolies still dominate the distribution chain of agricultural products.

c. Distributive Justice Perspective: the idealism of maqashid syariah with the reality of agricultural and trade economic practices still seems real. The commercial system that tends to exploit small farmers is contrary to the principle of distributive justice in Islam. The Qur'an Surat Al-Mutaffifin (83: 1-3) expressly condemns the practice of cheating in scales and transactions. Regulations are needed to ensure fair prices (Tas'ir 'adil), transparency of market information and protection of smallholders from exploitation practices.
d. Maqashid Syariah Perspective: Within the framework of maqashid syariah, the development of these three sectors can be seen as an effort to protect and develop the dimensions of Hifz al-mal (protection of property) and hifz al-nafs (protection of life through food security). Qualitative studies (Zein et al., 2025) on the role of Islamic economic philosophy in the management of Natural Resources asserts that the principles of amanah, ihsan, and maslahah should be a guide in the management of agricultural and industrial resources. In the context of Pringsewu, this implies the need for the development of Islamic financial institutions that facilitate the financing of Agriculture and MSME industry without the burden of usury.

6. Gaps and challenges in Islamic economics perspective

This study found several gaps between the ideal principles of Islamic economics with the reality of implementation in the field. First, the dominance of the riba system in the financing of agricultural and industrial enterprises. Most farmers and MSMEs in Pringsewu still rely on loans from moneylenders or conventional financial institutions with high interest rates, which is explicitly prohibited and contrary to Islamic law. The problem lies in the existence of Islamic financial institutions (BMT and Islamic banks) that have not reached all levels of the farming community in rural areas.

Second, the imbalance of bargaining position in the trade chain. The farmer who is the earliest link in the chain in this regard often receives the smallest portion of the added value, while intermediate traders and distributors enjoy a much larger margin. This condition is contrary to the principle of Islamic justice which requires each party to get proportional rights according to their contribution.

Third, the development of the halal industry is not optimal. Although the potential of the pringsewu processing industry is very large, especially agricultural-based food products, the development of a certified halal industry is still not a top priority. In fact, the halal industry is a huge market opportunity, both for domestic Muslim consumers and export markets to OIC countries.

Fourth, the lack of productive zakat and Waqf roles in supporting the real sector. The potential of agricultural zakat (zakat al-Zira'ah) in Pringsewu Regency is very large considering the extent of agricultural land and the productivity of this sector. However, the level of farmers ' compliance in paying agricultural zakat and optimizing the management of zakat funds for the economic empowerment of the people still needs to be significantly improved.

7. Policy Recommendations Based On Islamic Economics

Based on the above findings and analysis, this study formulated several policy recommendations based on Islamic economics:

a. Strengthening Sharia financial institutions: the Pringsewu Regency government needs to encourage the expansion of BMT (Baitul Maal wa Tamwil) and Sharia cooperatives services to all sub-districts, especially rural areas that are the basis for farmers. Mudharabah and Musharakah-based financing products for agricultural working capital need to be developed as a riba-free alternative.
b. Halal Industry Ecosystem Development: the Pringsewu Regional Government needs to make halal industry development a priority in the RPJMD, by providing incentives for MSMEs who obtain halal certification from BPJPH. Halal processing industry cluster based on local agricultural products (cassava, Banana, Fish) can be a competitive advantage of Pringsewu.
c. Justice-based trade reform: local governments need to develop digital platforms that connect farmers directly with consumers or processing industries, so as to reduce unnecessary and inefficient distribution chains. The establishment of sharia-based farmer cooperatives can also strengthen the bargaining position of farmers in price negotiations.
d. Optimization of productive Zakat and Waqf: BAZNAS Pringsewu Regency needs to develop a systematic agricultural zakat collection program and distribute it to finance productive smallholder

businesses. In addition, the development of productive waqf for the purchase of collective farm land can be an innovative solution in overcoming land limitations for small farmers.

CONCLUTION

This study successfully analyzed how the strategic role of the agricultural sector, processing industry, and trade in the economic growth of Pringsewu Regency viewed from the perspective of Islamic economics. Some of the main findings of the study are: First, the three sectors have consistently become the main pillars of PRINGSEWU'S GRDP with a combined contribution of 53.81% in 2024. Pringsewu's economic growth rate, which reached 4.80% in 2023, was significantly driven by the performance of the three sectors. Second, from the perspective of Islamic economics, the role of these three sectors is principally aligned with the values of falah, maslahah, distributive justice, and maqashid Sharia. However, there is a gap between the idealism of Islamic economics and the reality of practice in the field, especially in terms of financing available to farmers is still dominated by the riba system, the imbalance of farmers ' bargaining position in the distribution chain, the undeveloped halal industry, and the lack of optimization of zakat and productive Waqf. Third, strengthening the role of the three sectors within the framework of Islamic economics requires a comprehensive approach that includes reform of Islamic financial institutions, the development of the halal industry ecosystem, the reform of equitable commercial systems, and the optimization of productive zakat and Waqf instruments.

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