

Distribution In Islamic Economics: An Analysis of Regulation and Supervision from a Microeconomic Perspective

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Abstract

The objective of this journal is to analyze the regulation and supervision of the distribution of goods and services from a micro level Islamic economic perspective. This study employs a qualitative descriptive method, systematically and coherently structured, using data obtained through library research, including books, journal articles, and credible online sources. The findings reveal that distribution in Islam is founded upon two core principles: the principle of justice and the principle of freedom. The regulatory and supervisory framework for distribution is reflected in the provisions of Fiqh Muamalah, which include the prohibition of *ikhtikar* (hoarding), guidelines for reasonable profit, equitable distribution, social justice, and the prohibition of monopoly. Islam instructs individuals to manage, allocate, and distribute wealth fairly and proportionally to those in need, thereby preventing the concentration of wealth within a particular group.

Keywords: *Islamic Distribution, Regulation, Supervision, Microeconomics.*

A. INTRODUCTION

Islam is a religion of *Rahmatan lil 'Alamin*, encompassing guidance for all aspects of human life, both in the vertical relationship with God and in the horizontal relationship among individuals. This guidance covers social, political, and economic dimensions in order to achieve just and balanced welfare in both this world and the hereafter.

Distribution plays a significant role in both Islamic microeconomics and macroeconomics, as allocation in this context involves not only economic considerations but also social and political perspectives. This concept has attracted the attention of scholars in Islamic economics as well as modern capitalist thinkers (Sударsono, 2004). As one of the fundamental pillars in the structure of Islamic economics, distribution determines how value, benefits, and wealth are transferred within society. Therefore, any imbalance in the distribution process has the potential to create structural injustice, which can broadly impact social welfare. This strategic role positions distribution as a key element in achieving justice and economic balance, making distribution-related issues a central concern for scholars of Islamic economics as well as modern capitalist thinkers.

Regulation and supervision of distribution play a central role in ensuring that the flow of goods and services operates in an orderly, transparent manner and in accordance with principles of justice. From a microeconomic Islamic perspective, regulatory functions not only maintain economic stability but also serve as essential instruments for achieving distributive justice. Through the implementation of Sharia based regulations and effective supervisory mechanisms, distribution processes can occur more fairly and equitably while avoiding exploitative practices that may lead to social inequality.

The regulation of the distribution of goods and services in Islam is based on the principles of Fiqh Muamalah. These provisions are closely related to the ultimate goal of society, which is the realization of distributive justice at both individual and social levels (Nasution, M. E., & Edwin, 2006). From the perspective of Islamic economics, the distribution

process must be carried out through the fair and proportional utilization of natural resources, rather than being oriented toward the interests of specific groups, as often occurs in capitalist systems that exploit resources for personal gain. Such unequal distribution leads to widening disparities, where high income groups become increasingly dominant while low-income groups are left further behind.

Current reality shows that inequality in distribution has led to widespread poverty due to the implementation of capitalist economic systems in both developed and developing countries (Rahmawaty, 2013). This highlights that without proper intervention through Sharia compliant regulation and supervision. The distribution of goods and services will remain controlled by economically powerful groups. Therefore, a distribution mechanism is needed that is not only economically just but also ethically guided by Islamic values, promoting social balance and collective welfare.

B. METHOD

This study employs a qualitative descriptive method, systematically structured to produce relevant analyses and comprehensive conclusions. Data were obtained through literature research, including books, journal articles, and credible online sources, and were then analyzed and linked to the regulation and supervision of distribution from an Islamic economic perspective.

C. RESULT AND DISCUSSION

1. The Concept of Goods and Services Distribution in Islamic Economics

Distribution refers to the process of delivering and transferring goods and services to others (Idri, 2016). In Arabic, the term derives from *dulah*, meaning the movement of something from one place to another (Aprianto, 2016). Conceptually in Islamic economics, distribution follows production and consumption, involving the transfer of goods from producers to others to meet societal needs (Azizi, 2013). Its functions generally include transportation, buying and selling, storage, quality standardization, and product responsibility (Syukur, 2018).

Yusuf Qardhawi emphasizes that distribution plays a strategic role in the Islamic economic system, as it ensures that consumer needs are met effectively. Meanwhile, (Ash-Shadr, 2008) classifies distribution into two types: pre-production distribution, which relates to the management of natural resources and production tools, and post-production distribution, which concerns the delivery of goods to consumers through human economic activities. The Prophet Muhammad (SAW) also emphasized the importance of wealth equity, whereby a portion of Muslim wealth should be allocated to those in need to prevent the concentration of wealth within specific groups (Chalil, 2008). Unequal distribution has the potential to create economic disparities and hinder growth, as wealth fails to function as productive capital.

In the development of modern and digital markets, the principles of distribution in Islamic economics have become increasingly relevant. Values such as justice, transparency, and social responsibility can be applied in e-commerce systems, online marketplaces, and digital supply chains. Transparency and honesty in online transactions align with the Islamic principles of *amanah* (trustworthiness) and *adl* (justice). Moreover, more efficient digital distribution mechanisms can expand product access, reduce transaction costs, and enhance the capacity of Micro, Small, and Medium Enterprises in line with Islam's mission of equitable welfare. Thus, even as distribution moves toward the digital era, the values promoted by Islamic economics remain relevant, combining economic efficiency with social justice.

2. Principles of Distribution from an Islamic Perspective

Islam guides spiritual mechanisms to uphold social justice in all economic activities, based on the premise that unequal wealth distribution forms the root of both individual and public problems (Aprianto, 2016). Distribution encompasses not only the sale and delivery of goods but the entire processing of goods, from producer approval to consumer receipt (Zakariya, 2020).

Achieving human welfare in the context of justice is difficult without firm conviction and adherence to moral discipline. According to Yusuf Qaradawi, the principles of distribution are based on two essential human values as follows:

a. Value of Freedom

Freedom in Islam is grounded in the principle of *tauhid* (the oneness of God), meaning that freedom is inherently linked to faith, ethics, and moral responsibility rather than an unrestricted liberty as promoted in capitalist thought. Distributive justice is reflected in the prohibition of hoarding, ensuring that wealth circulates not only among the affluent but also contributes to broader social welfare. Islam guarantees access to opportunities and equality, while still recognizing private property rights, provided that they are exercised ethically and responsibly—avoiding monopolistic practices, corruption, or actions that prioritize personal or familial interests. Islamic economic principles reject extreme inequality, in which some individuals accumulate wealth while many others cannot meet their basic needs. The strength of the Islamic economic system lies in its ability to balance material well-being with moral fulfillment. Islam guides the values of freedom and justice through the framework of *tauhid*, emphasizing that human potential is a divine gift that must be developed and applied on earth with an enduring moral mission (Euis, 2008).

b. Value of Justice

The principle of justice in Islam applies to all aspects of the economy, including production, distribution, and consumption. Justice can be understood as a balance between individuals or groups. To achieve equality, oppressed and poor communities must be supported through equitable distribution of wealth and income. Justice does not mean uniformity; it indicates that everyone does not have to be the same, and absolute equality can create injustice by failing to allocate resources proportionally and provide equal opportunities for development according to each person's potential (Al Arif, 2015). According to (Syukur, 2018), the concept of the Islamic distribution system is as follows:

- 1). Fulfillment of all basic needs of the community
- 2). Equality of individual income, not implying uniformity
- 3). Elimination of excessive injustice in the distribution of income and wealth among individuals

In practice, the values of freedom and justice play a crucial role in various small-scale economic transactions, such as micro trade, Islamic cooperatives, and Micro, Small, and Medium Enterprises activities. At this level, the principle of freedom is reflected through honesty and transparency among transaction participants, while the principle of justice ensures the absence of monopolistic practices, uncertainty (*gharar*), and price exploitation (*riba*). For example, profit-sharing mechanisms in micro enterprises reflect proportional distribution of risks and profits, ensuring that no party is disadvantaged. This also demonstrates the superiority of the Islamic distribution system compared to conventional approaches, which often create disparities in the supply chain. Therefore, the concept of distribution in Islamic economics is not merely normative but has practical applications relevant to regulating micro-level transactions in the modern era.

The combination of freedom accompanied by moral responsibility and justice based on social balance enables the Islamic economic system to offer solutions to current issues of inequality and economic injustice.

3. Distribution Regulation and Supervision from an Islamic

In addressing economic issues, it is necessary to establish regulations and supervisory mechanisms that can meet individual needs while ensuring that all members of society have fair opportunities to fulfill their requirements. Regarding the distribution of goods and services, this is governed by the Regulation of the Minister of Trade of the Republic of Indonesia Number 22/M-DAG/PER/3/2016 on General Provisions for Goods Distribution, which outlines how business actors can carry out distribution either directly or indirectly.

Islam has established regulations regarding the distribution of goods and services, aimed at guiding distribution activities for economic actors, the public, and the state. One of these guidelines refers to *Fiqh al-Mu'amalah*, which states that the default ruling in muamalah can be applied to distribution activities, but is not permitted if it contradicts the directives of the Qur'an and Hadith that prohibit it (Zakariya, 2020). Thus, it can be concluded that all forms of distribution activities are permissible as long as they do not violate the Qur'an and Hadith. Furthermore, *Fiqh al-Mu'amalah* regulates all forms of distribution transactions as a foundation for good practices in daily life. The rules governing Islamic economic distribution, specifically in relation to the storage and delivery of products to customers, are outlined by (Nafi'ah, 2021) as follows:

a. Prohibition of *Ikhtikar*

Ikhtikar in Islam refers to the practice of hoarding goods, which involves purchasing large quantities of products so that market supply decreases. When these goods are subsequently sold, their prices may rise significantly, allowing the hoarder to gain excessive profits (Chairuman Pasaribu, 1994). Scholars assert that Islam prohibits all forms of *ikhtikar* based on the following criteria (Hakim, 2006):

- 1). The hoarded goods are obtained through prior purchases from the general public. If the goods are produced through one's own farming, they are not considered *ikhtikar*.
- 2). The goods in question are staple necessities.
- 3). The hoarding of goods causes hardship for the community.

b. Seeking a Fair Profit

Economic actors are only permitted to earn a reasonable profit—not excessively high, which could cause hardship for the community, and not too low, which could lead to business failure. Therefore, the participation of all stakeholders in the economy is necessary to prevent improper economic practices, such as the extraction of excessive profits.

c. Comprehensive Distribution

Islam emphasizes that wealth should not be concentrated within a particular group, but must be distributed fairly to those in need so that every individual has equal access to it. Individuals who possess greater wealth are also obligated to pay zakat as a form of self-purification and as support for the less fortunate, thereby promoting a more equitable distribution of income within the community.

d. Social Justice

Justice in distribution requires that wealth must not be concentrated within a single group, but should be managed and allocated by the government to all members of society regardless of social class, religion, or ethnicity. Outputs from public facilities must be distributed fairly, and wealth acquired through unlawful means must not be

retained. Thus, every individual is entitled to equal rights and opportunities, both nationally and internationally.

e. Prohibition of Monopolies and Fraud Leading to Market Distortion

Islam prohibits its followers from monopolizing personal goods, as monopoly practices can result in prices that deviate from the market and harm society. Additionally, the government is not permitted to interfere in setting market prices, as this may cause price fluctuations.

In this regard, it is evident that the Islamic economic system, in its market mechanisms, differs significantly from the capitalist system, which prioritizes individual profit over social welfare in the distribution of wealth.

The distribution of goods and services in Islam fundamentally relates to the utilization of available natural resources, managed by the community from raw materials into finished products, such as natural resources, water, forests, timber, and others. This utilization must be regulated and supervised by the government, including preventing monopolistic practices over public natural resources and supporting facilities (Suntana, 2010). Furthermore, the management and utilization of natural resources must be allocated to promote the welfare of society as a whole, in order to prevent exploitative, centralistic, sectoral, and repressive practices. Additionally, the government is required to enact fair and sustainable legislation on natural resource management for the benefit of the entire nation, in accordance with Article 33, paragraphs 1-5. The role of the government is crucial, particularly in managing natural resources, overseeing institutional functions, safeguarding the quality of policies, ensuring professionalism, and maintaining governmental unity (Sulistiani, 2017).

Another obligation of the state is to establish regulations for unproductive (*dead*) land owned by the community, so that it can be revitalized into productive land. The government should implement rules allowing the community to cultivate the land while paying taxes on the output, or manage it directly to make it productive. Moreover, unproductive land owned by the community can be regulated by the government, either by converting it into productive land with profit-sharing arrangements or transferring it to the state to be developed into productive land, either managed directly using public funds or entrusted to specific parties for productive use (Suntana, 2010).

The revenue obtained and distributed must be implemented by the government through policies, channeling it via zakat, infak, sadaqah, waqf, taxes, and other instruments to those in need, in accordance with Islamic principles. If the funds originate from zakat, the government is obliged to allocate them to the eight eligible *asnaf*, as stipulated in QS. At-Taubah [9]:60 (Aprianto, 2016).

The supervision of production, consumption, and distribution in Indonesia is conducted through *Al-Hisbah*, a normative and preventive body aimed at encouraging society to practice *amr ma'ruf nahi munkar* (enjoining good and forbidding evil). Its scope is not limited to religious and moral matters; in the economic context, *Al-Hisbah* ensures that society conducts economic activities in accordance with Islamic principles to achieve justice and fairness, which subsequently develop into shared customary practices at a specific time and place (Zakariya, 2020). In Indonesia, there are several institutions that perform roles similar to *Al-Hisbah*. These institutions include:

- a. National Sharia Council (DSN) and Sharia Supervisory Board (DPS), The National Sharia Council is a group of scholars appointed by the Indonesian Ulema Council to establish Sharia principles, while the Sharia Supervisory Board oversees the compliance of Islamic financial institutions with these principles.

- b. Business Competition Supervisory Commission (KPPU) is an independent body directly accountable to the President, responsible for supervising market activities related to the prohibition of monopolies and unfair business competition.
- c. National Agency of Drug and Food Control (BPOM) is tasked with supervising the distribution of food, beverages, and pharmaceuticals in accordance with prevailing regulations.
- d. Indonesian Consumer Foundation (YLKI) is a consumer organization aimed at raising public awareness regarding rights and obligations to protect oneself, family, and the environment.
- e. Consumer Dispute Settlement Agency (BPSK) is a local agency that handles consumer disputes outside the court and verifies evidence and information provided by the disputing parties.

An important aspect of the distribution system is halal supervision across the entire supply chain to ensure product integrity from production to consumption. Halal logistics includes certification, storage, transportation, and distribution in accordance with Sharia principles. This supervision serves as both a social and spiritual responsibility for distributors and enables the Islamic distribution system to adapt to modern economic dynamics without compromising the principle of justice.

4. Implementation and Challenges of Distribution from an Islamic Economic Perspective

The implementation of distribution in Islamic economics encompasses households, the market, and the state. At the household level, zakat redistributes income from muzakki to mustahik, enhancing the purchasing power of the poor and controlling the greed of muzakki (Sudarsono, 2004). In the market, the principle of trade freedom applies, with prices determined by supply and demand, monitored to prevent practices that violate Sharia, such as bai' an-najasy, ikhtikar, taghrir, and tadlis (Karim, 2007). At the state level, the management of natural resources must be conducted fairly, including land allocation, employment opportunities, and subsidies for the benefit of the poor (Muhammad, 2004).

Despite clear distributive principles, various challenges arise in practice. For instance, the shortage of cooking oil in Indonesia illustrates insufficient oversight of CPO exports and hoarding practices by producers for profit, which violate the principles of Islamic distribution by obstructing the flow of goods to consumers (Kusuma, I, dan Dewi, 2024). Another example is the suboptimal distribution at PT. Pabrik Cat dan Tinta Pacific Makassar-Maros Branch, which demonstrates issues in identifying customer needs, distribution equity, brand exposure, and distributor motivation, resulting in unmet company targets and inefficiencies in product delivery (Hutagaol, 2021).

Thus, the implementation of distribution in Islamic economics requires a combination of normative principles, effective supervision, and adaptation to market dynamics to ensure justice, efficiency, and equitable welfare.

D. CONCLUSION

Regulation and supervision of distribution from a microeconomic Islamic perspective constitute a fundamental pillar in achieving distributive justice. Islam emphasizes that the flow of wealth must occur proportionally, transparently, and free from unjust practices such as monopolies, hoarding, fraud, or resource exploitation. The principles of Fiqh Muamalah serve as a normative framework guiding distribution to be not only economically efficient but also aligned with social justice values. Therefore, robust regulation and supervision function as

ethical instruments to maintain economic balance, enhance equitable distribution, and reduce social disparities within society.

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