

The Collection of Fees from Street Vendors from the Perspective of Islamic Economic Law

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Abstract

Informal economic activities, such as street trading, have become an important part of the socio-economic dynamics of urban communities, including in the city of Sigli. Their presence not only meets the daily needs of the community but also serves as a source of livelihood for the lower-middle economic groups. However, the practices surrounding the management and collection of fees from street traders still give rise to various issues, particularly regarding the legality and fairness of the system in place. This study aims to analyse the practice of collecting fees from street vendors in Sigli from the perspective of Islamic economic law. Using a descriptive qualitative method, data were obtained through field observations, interviews with vendors and relevant officials, and a review of regulatory documents. The findings indicate that the collection of fees is often carried out by unauthorised parties, such as parking attendants, without following valid contractual mechanisms and without being based on official local government regulations. This is deemed to contravene the principles of Islamic economic law, which emphasise contractual clarity, justice and the public interest. Elements of uncertainty (*ghabar*), injustice (*dzalim*) and abuse of authority were identified in these practices. Therefore, the Ministry of Religious Affairs needs to reformulate its fee policy based on the maqashid of Sharia to ensure fair, transparent, and sustainable governance for all parties involved.

KEYWORDS: Street Vendors, Fees, Islamic Economic Law

Introduction

In the course of life, every individual constantly requires the presence of others to interact and cooperate in meeting their daily needs. This social interaction creates a pattern of reciprocal relationships that takes place within the framework of social life. From an Islamic perspective, the form of human relations relating to social and economic aspects is known as *muamalah*, which refers to all forms of activity that regulate interactions between individuals with a view to achieving the common good.¹

In principle, the various forms of *muamalah* transactions that take place across the globe are always related to two main types of objects: material and non-material objects. Such transactions generally aim to acquire ownership of an object, whereby such ownership grants an individual the rights and authority to utilise that object in order to meet their livelihood needs. Variations in the naming and execution of transactions are usually determined by differences in the type of object as well as the legal or economic consequences that arise. Furthermore, these differences can also be examined in terms of whether or not there is consideration as compensation for the object being exchanged. In fiqh studies, forms of ownership of material objects accompanied by consideration or compensation are generally categorised as contracts of sale (*al-bay*).²

Local governments have a responsibility to provide strategic facilities for street vendors as part of economic sector development. Public policies adopted, such as the provision of stalls at Sigli City Market, constitute a binding form of social regulation. Ideally, these policies should be formulated in a participatory manner through consultation, although in practice they are often top-down in nature. Nevertheless, such policies continue to serve as legal instruments for fostering social order and legal awareness within the community.³ In Indonesia, there is as yet no national regulation specifically governing street vendors; consequently, local governments have filled this gap through local regulations (Perda) as the legal basis for organising street vendors' activities in an orderly manner and in accordance with local interests.⁴ For example, the Banda Aceh City Government has enacted Qanun No. 3 of 2007, which regulates and fosters the activities of street vendors. This regulation serves as the legal basis for the organisation of the

¹ Andri Soemitra, *Sharia Economic Law and Fiqh Muamalah*, (Jakarta: Prenadamedia Group, 2019), 115

² Hendi Suhendi, *Fiqh Muamalah*, (Jakarta: Raja Grafindo Persada, 2010), 114

³ Iqbal Tawakkal Pasaribu, 'Examining the Phenomenon of Street Vendors from a Legal Perspective' (article), retrieved from the website: <http://hmi.wordpress.com>, accessed on 10 April 2025.

⁴ Ibid

informal economy sector, ensuring it continues to operate in an orderly manner without disrupting social order or the appearance of the urban environment.

Banda Aceh City Regulation No. 3 of 2007 on the Regulation and Supervision of Street Vendors provides a clear legal basis for regulating the presence and activities of street vendors, including within the Sigli City Market area. This regulation covers various important aspects, such as the designation of trading locations, business licensing mechanisms, and provisions regarding public order and environmental cleanliness.⁵ Street vendors are obliged to comply with the provisions of the regulation, including the obligation to pay fees in accordance with the rates set by the local government. In addition to serving as a regulatory instrument, this qanun also aims to protect the rights of street vendors so that these informal economic activities can operate in an orderly, safe and disciplined manner. The implementation of this qanun serves as a strategic framework for the local government in carrying out supervision, guidance and management of the micro-business sector, with a view to achieving fair and sustainable local economic development.

Banda Aceh City Qanun No. 3 of 2007 on the Regulation and Supervision of Street Vendors is a local legal instrument that sets out various provisions for the comprehensive management of street vendors' activities. This regulation not only governs administrative aspects such as business licensing and the allocation of trading locations, but also covers social and economic dimensions, as well as responsibilities regarding environmental cleanliness and order. Through this regulation, the local government seeks to strike a balance between the economic needs of the grassroots community and the interests of orderly and comfortable urban planning. Firstly, this regulation stipulates the obligation for street vendors to hold a business licence, designates trading locations that comply with safety and public order requirements, and imposes proportionate fees. Furthermore, it stipulates the obligation to maintain environmental cleanliness and protect the right of street traders to conduct business, accompanied by capacity-building support from the local government to promote the sustainability of the informal economic sector.⁶ The effective implementation of Banda Aceh City Qanun No. 3 of 2007 requires good synergy between the local government, street traders, and the wider community. It is hoped that the optimal implementation of this Qanun will create an environment that supports the economic growth of street vendors whilst upholding the principles of social

⁵ Banda Aceh City Council, *Banda Aceh City Qanun No. 3 of 2007 on the Regulation and Supervision of Street Vendors* (Banda Aceh: Banda Aceh City Council, 2007).

⁶ Imelda Sari, *Street Vendor Fees*, (West Sumatra: Azka Pustaka, 2023), 26

justice, community balance and environmental sustainability in the City of Banda Aceh.

Initially, street trading in the area was dominated by food vendors, but it has since diversified to include clothing, toys and everyday essentials. The visitors have also become more varied, comprising not only housewives but also young people. From a business perspective, this location is highly sought-after due to its strategic position along Jalan Prof. A. Majid Ibrahim, Kramat Dalam, Sigli Town – the centre of commercial activity and public traffic.⁷ Sigli Town was chosen as the research location because it is the centre of economic activity for the community in Pidie Regency, which has a fairly high volume of trade, particularly in the Sigli Town Market area. This area serves as a gathering place for street vendors engaged in a wide variety of businesses, ranging from food and drink, to clothing, and everyday necessities. Furthermore, the informal economic activities taking place along Prof. A. Majid Ibrahim Street reflect a complex social reality, where interactions between vendors, market managers, and local government policies unfold dynamically. The presence of street vendors in this location also raises various issues regarding the collection of fees that are not fully regulated by formal channels; it is therefore relevant to examine this from the perspective of Islamic economic law in order to assess the compatibility of these practices with the principles of justice and the public interest.

The practice of levying fees at Sigli City Market is inconsistent with the principles of Islamic economic law as set out in classical literature and the fatwas of the four main schools of jurisprudence (Maliki, Hanafi, Shafi'i and Hanbali). From the time of the Prophet Muhammad (peace be upon him) until the golden age of the Islamic economy, there was no model for the collection of market fees such as that currently in place. This suggests a lack of compliance with Islamic law and may even be considered prohibited, as it fails to meet the principles of justice, lawful ownership and transparency as required by the jurisprudence of *muamalah*.

In practice, at the Sigli City Market, the contractual mechanism is not formally carried out between the landowner (the local government) and the traders, but rather through intermediaries such as car park managers who lack legal authority. This results in a failure to fulfil the essential elements and conditions of an *ijarah* contract as stipulated in Islamic law, particularly regarding the clarity of the contracting parties, the subject matter of the contract, and the value of the consideration. Furthermore, the absence of a fixed rental fee stipulated at the outset of the transaction adds to the uncertainty (*gharar*), as the payment amount is based on the value of the

⁷ Interview with Abdullah, a street vendor at Sigli City Market, on 3 June 2025, at Sigli City Market.

goods sold and is not determined transparently. Although this practice has become customary in the market, it still raises doubts regarding its Sharia validity and has the potential to lead to injustice in the economic relationship between traders and managers.⁸ Street traders in Sigli City sell their goods in government-owned areas managed by the Department of Transport. Although they have obtained official permits, many traders actually gain access to their stalls through parking attendants who lack official authority. This practice has become customary and is tolerated by market managers as long as the fees are paid, despite creating legal ambiguity and administrative risks.⁹

Regarding the practice of fee collection by local residents who look after the traders' areas, as well as the policy of the Sigli City Local Government Transport Department not to collect fees from street vendors, but only from the terminal. In the context of the practice of collecting fees for street vendor stalls in Sigli City, there is a phenomenon whereby these fees are generally collected by local residents who are accustomed to doing so. In day-to-day practice, street vendors are required to pay a fee of between Rp 3,000.00 and Rp 5,000 as compensation for the use of land or parking spaces. However, the Sigli City Local Government Transport Department does not directly collect fees from street vendors. Instead, the policy implemented by the Transport Department only involves the collection of a fixed fee from official terminals or car parks, set at Rp 600,000.00 per month. This fee is intended to cover the costs of managing the terminals and the services provided to users. Consequently, there is a discrepancy between the practice of collecting fees from street vendors by the local community and the fees set by the Sigli City Government's Department of Transport (). This reflects the dynamics within the system of fee regulation and parking management policy in Sigli City.¹⁰

The practice of collecting money from street vendors often takes place in an unstructured manner and without adequate transparency. This creates an environment in which vendors frequently live in a state of uncertainty, unsure exactly what the money they pay is used for. Concerns regarding unfairness in the distribution of the funds collected are also a real issue. Without clear regulations and effective accountability mechanisms, these funds could be misused for the benefit of individuals or specific groups, undermining the fundamental principles of fairness and transparency.

⁸ Interview with Rizki, a street vendor at Sigli City Market, on 3 June 2025, at Sigli City Market.

⁹ Interview with Wahyudi, a street vendor at Sigli City Market, on 3 June 2025, at Sigli City Market.

¹⁰ Interview with Salamah, a street vendor at Sigli City Market, on 3 June 2025, at Sigli City Market.

Although there is a perception that the money collected is ‘compensation’ for the use of land or parking spaces, without a clear framework, this can open the door to the misuse of these funds. Street traders, who are expected to contribute fairly towards the use of public facilities, may become victims of this unregulated system. Consequently, the business environment becomes unstable and the potential for conflict between traders and those collecting the fees increases.

The activities of street vendors along Jalan Prof. A. Majid Ibrahim, Kramat Dalam, Sigli City—which serves as both a main road and a poorly organised parking area—have the potential to disrupt the flow of traffic and create an impression of disorder. Nevertheless, the presence of street vendors helps to boost the economy of the local community and provides an affordable shopping destination. From an Islamic perspective, all aspects of life—including economic governance—are directed towards achieving the public good. The concept of *al-maṣlahah al-mursalah*—that is, the public good not explicitly mentioned in the texts but necessary for social life—forms an important basis for formulating public policies that prioritise the interests of the wider community without contradicting the principles of Sharia.

An analysis of the practice of levying stall fees on street vendors from the perspective of Islamic economic law requires an examination of fundamental principles such as *al-‘adl* (justice) and *al-maṣlahah al-‘ammah* (the public interest). Within the framework of Islamic economics, the application of stall fees must be proportionate and must not place an excessive burden on vendors, in order to avoid inequality and potential exploitation. Fair collection is not only geared towards increasing local government revenue but also ensures the equitable distribution of economic benefits across all sections of society. Therefore, this study focuses on the extent to which the practice of fee collection in the city of Sigli reflects the values of social justice, transparency and the public interest, as mandated by the principles of Islamic economic law.

Research on street vendors and the collection of fees has been widely discussed in studies of public policy and the informal economy; however, there remains a severe lack of research that specifically examines the practice of collecting fees for street vendor stalls from the perspective of Islamic economic law, particularly in the city of Sigli. Most studies focus more on social, spatial planning or local policy aspects without linking them to the principles of justice, *maṣlahah* and contracts in Islamic economics. In fact, the collection of fees carried out without a clear legal basis and without involving a valid contract can lead to injustice and legal uncertainty for the traders. Therefore, this research aims to fill this gap by providing an in-depth analysis of the practice of fee collection at Sigli City Market, which will be

examined through an Islamic economic law approach to provide a more comprehensive understanding with practical applications.

Based on the above discussion, the practice of levying fees on street vendors in Sigli City is worthy of study, as it takes place without a clear authority and has not yet been extensively analysed from the perspective of Islamic economic law. Although the presence of street vendors on public roads has the potential to disrupt traffic, this activity also helps to drive the economy of the local community. The public's lack of understanding regarding the legal status of this practice highlights the need for further research to assess its compatibility with the principles of justice and public interest in Islamic economics.

Research Methodology

This study employs a qualitative method using a case study approach to gain a comprehensive understanding of the practice of collecting stall fees from street vendors in Sigli City from the perspective of Islamic economic law. The qualitative method was chosen because the nature of the research emphasises the exploration of meaning, norms and social processes occurring in the field; it is therefore more appropriate than quantitative methods, which are geared towards measurement and prediction. According to Sugiyono, qualitative methods provide researchers with the flexibility to explore social phenomena in depth and within their context through direct interaction with research subjects, thereby enabling a complete and complex portrayal of reality.¹¹

The research was centred on Sigli City Market. Informants for this study were selected using a purposive sampling method, that is, based on specific criteria aligned with the data requirements and research objectives. The main informants comprised individuals with first-hand experience and in-depth knowledge of the practice of collecting market fees at Sigli City Market. These criteria included five street traders who were actively trading at the research site and regularly interacted with the fee collection system, two stall managers or parties involved in the allocation of trading spaces, and officials from the Sigli City Transport Department who had authority over policies and the supervision of trading stalls. The involvement of informants from diverse backgrounds is intended to ensure that the data obtained is triangulated and representative of the phenomenon under study.¹²

¹¹ Sugiyono, *Qualitative, Quantitative and R&D Research Methods*, revised edition (Bandung: Alfabeta, 2017), 15–20.

¹² Lexy J. Moleong, *Qualitative Research Methodology*, revised edition (Bandung: Remaja Rosdakarya, 2018), 230.

Data was collected using several techniques, namely *in-depth interviews*, which enabled the researcher to explore the subjects' perceptions, experiences and understanding regarding the tariff collection mechanism and its compliance with the principles of Islamic economic law; participatory observation, which enabled the researcher to directly observe trading activities and tariff collection procedures in the field, thereby allowing for an objective description of current practices; as well as a documentary study comprising an analysis of qanuns, local regulations, MUI fatwas, and relevant literature on Islamic economic jurisprudence, serving as the theoretical and normative foundation for assessing practices in the field.¹³

The data analysis process in this study followed the stages of the qualitative analysis model proposed by Miles and Huberman, namely data reduction, data presentation, and drawing conclusions. Data reduction was carried out by sorting and filtering important information obtained from interviews, observations and documentation, in order to focus the researcher's attention on matters relevant to the research question and objectives. The reduced data were then presented in the form of a systematic descriptive narrative, thereby facilitating the researcher's identification of patterns, relationships and meanings underlying the data obtained. Subsequently, conclusions were drawn through a process of interpretation and synthesis based on the perspective of Islamic economic law, taking into account principles such as 'justice', 'maslahah' and the validity of contracts. This stage is iterative, in which the researcher continuously reflects on and verifies the data until a deep and comprehensive understanding of the phenomenon under study is achieved.¹⁴ Using this method, it is hoped that the research will produce an accurate and objective picture of the dynamics of stall fee collection from street vendors and its relevance to the perspective of **Islamic economic law** in the city of Sigli.

An Overview of Street Vendors in Sigli Town

Street vendors are micro-entrepreneurs who play a vital role in ensuring access to affordable goods and services in Sigli. Since the early 2000s, the number of street vendors has continued to rise, with an increasingly diverse range of goods on offer. The majority of street vendors come from lower-middle-income backgrounds and run their businesses independently with limited capital, demonstrating their ability to adapt to

¹³ Research, Development and Training Agency of the Ministry of Religious Affairs of the Republic of Indonesia, *Guidelines for Research on Fiqh Muamalah*, 2nd edition (Jakarta: Ministry of Religious Affairs of the Republic of Indonesia, 2018), 45

¹⁴ Matthew B. Miles, A. Michael Huberman, and Johnny Saldana, *Qualitative Data Analysis: A Methods Sourcebook**, 4th ed. (Los Angeles: SAGE Publications, 2020), 16.

market dynamics and community needs. The distribution of street vendors in Sigli is concentrated in areas with high footfall, such as Prof. A. Majid Ibrahim Street, the Central Market, public transport terminals and educational centres. The choice of these locations is driven by economic potential, although the majority of street vendors operate without official permits and rely on informal connections. This pattern reflects the uneven distribution between the city centre and the outskirts, which is exacerbated by a lack of official facilities and the sub-optimal implementation of relocation policies by the local government.¹⁵

Street vendors in Sigli face challenges such as limited land availability, legal uncertainty regarding their trading locations, and dependence on informal parties for the use of trading spaces. Although regulations concerning fees and spatial planning have been implemented, practices on the ground are still dominated by informal mechanisms, including the collection of fees by unauthorised parties such as parking attendants or local residents who de facto manage the allocation of trading pitches.¹⁶ This situation indicates that, whilst street vendors make a significant economic contribution, they continue to operate under conditions of legal and social vulnerability.

In the context of regional development, the presence of street vendors must be addressed through public policies that prioritise social justice and the economic empowerment of grassroots communities. Their presence is not a burden, but rather an economic potential for the people that needs to be managed inclusively and sustainably by the local government. Proper management of the distribution and location of street vendors in Sigli City will have a positive impact not only on the vendors themselves, but also on the urban landscape, aesthetics and public order.

Collection of Licence Fees on the Ground

The collection of fees from street vendors in Sigli has been an informal practice for quite some time. Although there are regulations in the form of local policies—such as local government decisions and qanuns governing the order and organisation of street vendors—in practice, there are often deviations from the ideal mechanisms. In the context of Sigli City, the collection of licence fees is generally not carried out by official local government staff, but rather by members of the local community who, de

¹⁵ Pidie Regency Industry and Trade Office, *Annual Report on MSME Data and Street Vendor Activities in Sigli City for 2022* (Sigli: Pidie Industry and Trade Office, 2022), 23.

¹⁶ Pidie Regency Government, *Document on the Plan for the Reorganisation of Street Vendors in the Sigli City Area for 2021–2026* (Sigli: Pidie Regency Bappeda, 2021), 15.

facto, perform the function of managing the street vendor areas, such as parking attendants or market area guards.

Procedurally, traders wishing to sell in strategic locations along Jalan Prof. A. Majid Ibrahim, for example, will first seek information through informal networks such as parking attendants. If a space is available, the trader will occupy it and set out their goods. Whilst trading is taking place, the traders will be approached by certain individuals, usually known to the traders as ‘fee collectors’. They will collect a daily fee ranging from Rp3,000 to Rp5,000, depending on the size of the stall and the type of goods being sold. However, this collection is not based on official receipts or transparent administrative mechanisms. This makes the collection process uncontrollable and prone to abuse of authority by certain individuals.¹⁷

Table 1. Amounts and Sources of Fee Collection

No	Source of Collection	Number of Traders Who Mentioned	Percentage (%)
1	Car Park Attendants	4	80%
2	Official Stall Manager	0	0%
3	Local Residents	1	20%
	Total	5	100%

According to the table above, 80 per cent of traders stated that the collection of fees was carried out by parking attendants, whilst not a single one paid directly to the official authorities, indicating weaknesses in the formal oversight and regulatory system. The parties involved in this fee collection essentially lack formal legal standing as collectors of local government fees. Most of them come from the local community and their presence is tolerated by local government officials. This is reinforced by traders’ statements that market management or relevant agencies, such as the Pidie Regency Transport Department, do not directly regulate or supervise the collection of these daily fees. The Transport Department only collects official levies from terminal operators or official car parks, set at Rp600,000 per month. Consequently, there is a dual system of collection: official levies in the formal sector and informal levies in the street vendor sector.¹⁸

¹⁷ Pidie Regency Industry and Trade Office, *Annual Report on MSME Data and Street Vendor Activities in Sigli City for 2022* (Sigli: Pidie Industry and Trade Office, 2022), 18.

¹⁸ Pidie Regency Government, *Document on the Plan for the Reorganisation of Street Vendors in the Sigli City Area for 2021–2026* (Sigli: Pidie Regency Bappeda, 2021), 33.

The amount of the fees charged to street vendors is not determined on the basis of an economic analysis that takes into account the vendors' financial capacity or the value of the land, but rather on the basis of custom and an informal consensus arising from the social relationship between the vendors and the collectors. However, according to the principle of justice in Islamic economic law, the imposition of fees or levies on small business operators must take into account the public interest and must not be burdensome or imposed without a clear legal basis.¹⁹ In this context, the collection practices currently in place in Sigli City do not yet fully reflect the principles of transparency, justice and accountability within the local financial system, nor do they comply with the contractual principles of fiqh muamalah due to the lack of clarity regarding the ijarah contract (lease agreement) for business premises.²⁰

Irregularities in the system for collecting street vendor levies in Sigli City require serious attention through regulation and legalisation by the local government's Department of Finance and Regional Revenue (). One solution is the establishment of a market management unit responsible for regulating the allocation of trading stalls, setting proportional rates based on the type of business, and providing official receipts for payments. This step not only ensures fairness for traders but also optimises the informal sector's contribution to local revenue.

Analysis of Contracts and Ownership in Fee Transactions

From the perspective of Islamic economic law, the collection of fees from street vendors in Sigli must be analysed through the concept of the ijarah contract and the principle of ownership. The ijarah contract requires clarity regarding the contracting parties, the object being leased, and the agreed rental value from the outset. However, findings at Sigli City Market indicate a discrepancy with these provisions, as transactions between traders and unofficial parties—such as parking attendants—do not fulfil the conditions for a valid contract according to fiqh al-muamalah. This situation contains elements of gharar and maysir, and therefore has the potential to contravene Sharia principles regarding the management of public assets.²¹

¹⁹ Syamsul Rijal, *Islamic Economics from the Perspective of Ushul Fiqh* (Yogyakarta: Pustaka Pelajar, 2020), 145.

²⁰ Research and Community Service Institute (LPPM) of IAIN Lhokseumawe, *A Legal Study of the Practice of Collecting Fees from Street Vendors from the Perspective of Islamic Law* (Lhokseumawe: IAIN Lhokseumawe Press, 2021), 56.

²¹ Syamsul Rijal, *Islamic Economics from the Perspective of Ushul Fiqh* (Yogyakarta: Pustaka Pelajar, 2020), 113.

Discrepancies also arise regarding the clarity of the fee amount. Ideally, the rental price or fee should be agreed upon before the leased property is used. However, in the town of Sigli, the fee is not set at the outset but is collected daily on the basis of a verbal and informal agreement, with amounts ranging from Rp 3,000 to Rp 5,000 per day. This does not reflect the principle of legal certainty in a contract, and contravenes the requirement of ‘sharih’ (clarity) in commercial transactions.²²

Furthermore, the issue of ownership of the land on which street vendors trade is also highlighted in this study. Under Islamic law, only the lawful owner or a party authorised by the landowner is entitled to enter into an ijarah contract. In Sigli, street vendors set up shop on public roads or pavements, which are legally state property and managed by the local government. Consequently, only the local government has the legal right to manage these areas and collect fees, in accordance with local regulations. However, in practice, those collecting the fees are not government officials or authorised officers, but members of the public who lack formal authority.²³

This phenomenon indicates a breach of the principles of justice and legality in ijarah transactions. In Islam, a contract that does not meet the requirements for validity is considered a void or invalid contract. Therefore, reforms are needed in the system for managing street vendors’ trading areas in Sigli City, so that it complies with Sharia principles and creates legal certainty that protects all parties. The local government should enforce the regulations by appointing the appropriate authorities to manage and collect fees, as well as ensuring that such transactions are based on contracts that are clear, transparent and valid under both Sharia law and statutory regulations.²⁴

A Sharia Economic Law Review of the Practice of Levying Fees

In Islamic economic law, the practice of levying fees on street vendors must be examined through the key principles of muamalah as outlined by the four major schools of Islamic jurisprudence, namely the Hanafi, Maliki, Shafi’i and Hanbali schools. All four schools of thought agree that the imposition of financial burdens on individuals or communities must have a

²² LPPM IAIN Lhokseumawe, *A Legal Study of the Practice of Collecting Fees from Street Vendors from the Perspective of Islamic Law* (Lhokseumawe: IAIN Lhokseumawe Press, 2021), 58.

²³ Pidie Regency Government, *Document on the Plan for the Reorganisation of Street Vendors in the Sigli City Area for the Years 2021–2026* (Sigli: Bappeda Pidie, 2021), 35.

²⁴ Pidie Regency Industry and Trade Office, *Annual Report on MSME Data and Street Vendor Activities in Sigli City for 2022* (Sigli: Disperindag Pidie, 2022), p. 42.

valid legal basis, be grounded in clear ownership, and take into account the aspects of justice, the public interest, and the avoidance of injustice in transactions.

In the Hanafi and Hanbali schools of thought, any form of charging fees or levies without a basis of ownership or legitimate authority is considered a form of injustice (*dzulm*).²⁵ This is relevant in the context of the collection of fees by unauthorised parties, such as parking attendants or members of the general public in the town of Sigli, who have no authority to lease government-owned land. Such practices contravene the principle that only the lawful owner or their representative has the right to enter into an *ijarah* contract or to authorise the use of public assets.²⁶

The Maliki and Shafi'i schools of thought emphasise the importance of the principles of justice (*al-'adl*) and transparency in contracts. In the practice of levying fees on street vendors in Sigli, City of the ' ', where there is no clarity regarding the lease agreement, no official permit, and the fee amount is not determined at the outset, there is an element of uncertainty (*gharar*).²⁷ *Gharar* is an element that undermines the validity of a contract as it creates uncertainty and has the potential to cause harm to one of the parties; in this case, the street vendors who are unsure of their precise rights and obligations.

In addition to *gharar*, this practice may also involve elements of *maysir* (harmful speculation) and *dzalim*, due to the lack of a clear agreement in advance and the fact that charges are levied by a party lacking legal authority. The regular collection of money without the provision of facilities or service guarantees, such as security or cleanliness, indicates an imbalance in rights and obligations that is detrimental to small traders. In Islamic economic law, every transaction must be based on the principle of mutual benefit (*tanaful al-manafi'*) and must avoid elements of economic exploitation.²⁸ The principle of public interest (*maslahah*) in Islam forms the primary basis for all public policy, including the management of market levies. In this context, sound policy should provide protection for small traders, ensure legal certainty, and improve the economic well-being of the community in a fair manner. Policies that fail to meet these criteria, or indeed cause unrest and injustice, are contrary to the *maqashid al-sharia*. Therefore, the management of market

²⁵ Zainuddin Ali, *Sharia Economic Law* (Jakarta: Sinar Grafika, 2018), p. 119

²⁶ Asep Saepudin Jahar, *Fiqh Muamalah: Concepts and Their Application in Islamic Economics* (Jakarta: Kencana, 2019), 87.

²⁷ Andi Syamsul Bahri, *An Introduction to Islamic Economic Law* (Yogyakarta: Deepublish, 2020), p. 132

²⁸ M. Nur Rianto Al Arif, *Principles of Islamic Economics: A Theoretical and Practical Approach* (Depok: Rajawali Pers, 2020), p. 102.

levies in the city of Sigli should be redesigned to align with sharia values such as justice (*‘adl*), balance (*tawazun*), and the public good (*maslahah ‘ammah*).²⁹

Consequently, from the perspective of the four schools of Islamic jurisprudence and the core values of Islamic economics, the practice of levying fees by unauthorised parties without a sound legal basis in the town of Sigli constitutes an unlawful act under Sharia law. The local government must reform its policies and engage religious authorities to ensure that the management of street vendors’ stalls complies with both positive law and Islamic law. The lack of regulation regarding the collection of fees by unofficial parties in Sigli may be due to a weak monitoring system, a lack of inter-agency coordination, and the absence of effective reporting mechanisms. Furthermore, this practice is often regarded as part of a social custom that is tolerated without adequate legal scrutiny. Ambiguity regarding authority and the weak enforcement of regulations have led to the toleration of practices that contradict the principles of Islamic economic law, such as justice, transparency and the public interest. Therefore, a reformulation of policy is required, involving religious authorities and public participation, to ensure that the fee collection system operates legally, fairly and in accordance with the *maqashid al-sharia*.

A Comparison between Local Government Regulations and Practices on the Ground

Banda Aceh City Qanun No. 3 of 2007 on the Regulation and Supervision of Street Vendors is a local legal instrument aimed at regulating and supervising street vendors so that they operate within a system that is orderly, lawful and in the public interest. This Qanun covers a number of important aspects, ranging from business licensing, the designation of trading locations and environmental hygiene to the collection of official levies, which are supervised by the local government.³⁰

However, when compared with practices on the ground—particularly in the town of Sigli—various irregularities have been identified. The practice of collecting fees does not fully comply with the provisions set out in the qanun. In reality, the levies are collected not by official staff, but by members of the local community, such as parking attendants, who have informally taken on the role of stall managers. Yet, according to legal provisions, such collection is administratively invalid and violates the principle of legality in

²⁹ Amir Syarifuddin, *Principles of Islamic Economics in Public Financial Management* (Medan: IAIN Press, 2021), 55

³⁰ Banda Aceh City Government, *Banda Aceh City Qanun No. 3 of 2007 on the Regulation and Supervision of Street Vendors* (Banda Aceh: Banda Aceh City Government, 2007).

the collection of market fees.³¹ This results in revenue from the market fee sector not being officially recorded, leading to a lack of transparency and accountability in local financial management.

The Sigli City Local Government Transport Department itself has stated that it only collects fees from terminals or official car parks at a fixed monthly rate of Rp600,000.00, and does not collect directly from street vendors. Meanwhile, on the ground, traders are still required to pay a daily fee of between Rp3,000.00 and Rp5,000.00 to unofficial parties who claim to be in charge of the stalls.³² This discrepancy highlights a mismatch between regulation and implementation, which can create legal uncertainty for street traders.

Table 2. Vendors' Level of Understanding of the Qanun

No	Understanding Qanun No. 3 of 2007	Number of Traders	Percentage (%)
1	Aware of and understand	1	20
2	General knowledge	2	40%
3	Not at all	2	40%
	Total	5	100%

From the table above, it can be seen that only 20 per cent of traders fully understand the contents of the qanun, whilst a further 40 per cent are not even aware of its existence, which highlights the need for further public awareness campaigns by the local government. From a legal perspective, this non-compliance reflects weak oversight of the implementation of established regulations. The government should not only issue policies but also ensure that they are implemented consistently and fairly. In the context of the principles of *good governance*, there should be transparency, clarity regarding roles and powers, and effective oversight in the process of implementing public policy.³³

Furthermore, from the perspective of Islamic economic law, such practices may involve elements of *gharar* (uncertainty) and *dzulm* (injustice), and contravene the principles of justice and the public interest. In the Islamic system, the legality of a transaction is largely determined by the clarity of the contract, the authority of the collector, and the validity of the rights over the

³¹ Teuku Yunus, *Law and Public Policy: A Study of Local Government Governance* (Banda Aceh: Syiah Kuala University Press, 2019), 67.

³² M. Amin Nasution, *Public Administration and Local Government Policy* (Medan: Pustaka Rakyat, 2020), 83.

³³ M. Ridwan Lubis, *Good Governance: Concepts, Principles and Implementation in Public Administration* (Jakarta: Rajawali Pers, 2018), 92.

subject matter of the transaction. When the practice of levying fees fails to meet these criteria, it not only gives rise to economic injustice but may also be classified as an act inconsistent with the maqashid of Sharia.³⁴

Socio-Economic Impact on Street Vendors

The policy of levying fees on street vendors in Sigli City has a significant socio-economic impact on the livelihoods and business sustainability of these vendors. Street vendors' perceptions of this policy generally fall into two categories: firstly, those who accept the fees as an obligation for using public facilities; and secondly, those who regard the levies as an unfair and non-transparent burden. Many traders feel that, although they pay a daily fee, there has been no significant improvement in services, such as adequate security or cleanliness of their stalls. This has led to dissatisfaction and a negative perception of the local government.³⁵

Although the fees charged may appear small in nominal terms (ranging from Rp3,000 to Rp5,000 per day), in the long term they place an additional burden on street vendors' operating costs. Vendors with low turnover feel the impact most acutely, as their daily expenditure becomes disproportionate to their income, particularly when public purchasing power is declining.³⁶ The sustainability of street vendors' businesses is under threat, particularly in an uncertain economic climate. In some cases, vendors have been forced to reduce the quantity of goods on offer or even close their businesses because the cost burden is disproportionate to their income.³⁷

The implications of this policy for economic justice have also come under scrutiny. In the context of Islamic microeconomics, levies should be based on the principles of justice (*al-'adl*), transparency (*al-shafafiyah*) and the public interest (*al-maslahah*). If levies are collected without a clear basis, without reciprocal services, or even by parties lacking legitimate authority, this may be regarded as a form of injustice (*dzulm*).³⁸ Many traders have also stated that they were never involved in the formulation of the policy, thereby reinforcing the impression that this regulation is unilateral and fails to reflect their aspirations. The imbalance between the obligation to pay and the right

³⁴ Zainuddin Ali, *Sharia Economic Law* (Jakarta: Sinar Grafika, 2014), 109

³⁵ Zulfikar, *The Impact of Licensing Fee Policy on the Income of Street Vendors in Sigli* (Banda Aceh: Faculty of Islamic Economics and Business, UIN Ar-Raniry, 2023), 37.

³⁶ Rina Nurdiana, *Microeconomics and MSMEs: Challenges and Opportunities* (Jakarta: RajaGrafindo Persada, 2019), 75.

³⁷ Wulandari, Dwi. *The Socio-Economic Dynamics of Street Vendors: A Study in Traditional Markets* (Yogyakarta: Deepublish, 2020), 122.

³⁸ Zainuddin Ali, *Sharia Economic Law* (Jakarta: Sinar Grafika, 2014), 113.

to receive protection or facilities indicates a violation of the principles of economic justice.³⁹

In Aceh, apart from Sigli, the city of Banda Aceh has implemented a street vendor fee system that is more in line with Sharia principles. For example, the Kampung Baru area (formerly the Garuda Cinema) applies an official fee of Rp 5,000 per stall per day, collected by authorised officials from the Department of Cooperatives, SMEs and Trade / BLUD UPTD Pasar, complete with a receipt as proof of payment. This practice prevents unauthorised levies without proof or authority, making it more transparent, fair and in line with the principles of the ijarah contract (clarity of the object, price and authority).⁴⁰ Furthermore, a study by Maura Anindita and Andriansyah demonstrates the implementation of Qanun No. 3/2007 in Banda Aceh's tourist areas and main thoroughfares, which already encompasses the registration, guidance and supervision of street vendors, although its effectiveness still needs to be improved. This model can serve as an example of Sharia-compliant practice in the management of street vendors: it offers clear legal standing, is accountable, and takes into account the interests of both traders and the community.⁴¹

Overall, the policy on fees for street vendors in Sigli City still presents various challenges in terms of social justice, the sustainability of the micro-economy, and community participation in public policy. A participatory policy evaluation and a more humanistic approach are required so that the socio-economic impact on vendors can be minimised and local economic development can proceed in a more inclusive manner.

An Analysis of Maslahah and Maqashid al-Shari'ah in the Practice of Street Vendor Licence Fees

From the perspective of Islamic economic law, an economic policy or practice must be in line with the principle of maslahah and the fundamental objectives of Sharia, known as the maqashid al-Sharia. Maslahah is a key concept in the development of Islamic law, meaning the public interest or

³⁹ Ridwan Lubis, *Public Policy and Community Participation in Local Government* (Medan: Pustaka Rakyat, 2020), 88.

⁴⁰ Banda Aceh City Financial Management Agency, *Banda Aceh City APBK Qanun 2022*, accessed 4 July 2025, <https://bpbk.bandaacehkota.go.id/laporan-keuangan/perda-apbd/qanun-apbk/>.

⁴¹ Maura Anindita and Andriansyah, *Implementation of Qanun No. 3 of 2007 on the Regulation and Supervision of Street Vendors in the City of Banda Aceh* (Undergraduate Thesis, Ar-Raniry State Islamic University, Banda Aceh, 2021), 34–35, <https://repository.ar-raniry.ac.id/id/eprint/20571/>.

general benefit which serves as the benchmark for determining whether an action is lawful or not under Islamic law, provided it does not contradict a *qath'i* (unequivocal) text. The practice of levying fees on street vendors in the town of Sigli must be viewed within this framework to assess the extent to which it fulfils the element of public benefit and does not cause harm (*madharat*).

In theory, *maslahah mursalah*—or the public interest not explicitly mentioned in the *nash* (the Qur'an and Hadith), yet necessary for socio-economic life—can form the basis for fiscal policies such as fees. In this context, levies on street vendors are intended to help maintain the cleanliness, safety and order of public spaces. However, in practice, if such levies are collected without clarity regarding the authority responsible, a valid legal basis, and transparency regarding the use of funds, this will lead to injustice and contravene the principle of *maslahah*.⁴²

From the perspective of the *maqashid al-shari'ah*, economic practices such as levies should support the preservation of the five main aspects of life: *hifz al-din* (preserving religion), *hifz al-nafs* (preserving life), *hifz al-'aql* (preserving reason), *hifz al-nasl* (preserving the next generation), and *hifz al-mal* (preserving wealth). In the context of collecting fees from street vendors, the most relevant aspect is *hifz al-mal*, namely the protection of traders' wealth. If fees are collected without fair procedures and at disproportionate rates, this will constitute a violation of this principle as it places economic pressure on small traders.⁴³ Furthermore, *hifz al-nafs*, or the preservation of life, is also compromised if the viability of street vendors' businesses is threatened by the burden of unlawful levies.

In this regard, the ideal Sharia-compliant approach is to establish a fair, transparent fee system with a clear legal basis. Fees should not be collected by parties lacking legal authority (such as informal parking attendants), and the amounts should be determined through consultation, taking into account the economic circumstances of street vendors, with the proceeds reinvested to improve facilities and the comfort of trading. A solution that can be offered to improve the street vendor levy system in Sigli City is to design policies based on the principles of participation and fairness, through the active involvement of the local government, religious scholars, and trader representatives in the drafting of regulations that are legally valid and in accordance with Sharia principles. This policy must include clear provisions regarding the collecting authority, the level of levy rates that are proportionate to the vendors' economic capacity, and transparency in the

⁴² M. Quraish Shihab, *Insights into the Qur'an: Thematic Exegesis on Various Issues Facing the Ummah*, (Bandung: Mizan, 2007), p. 212.

⁴³ Ahmad Rofiq, *Fiqh Muamalah*, (Jakarta: PT RajaGrafindo Persada, 2013), p. 104.

management and use of levy funds. With this approach, the levy system not only fulfils the principle of formal legality but also reflects the values of justice (al- ‘adl) and the public interest (al-maslahah al-‘ammah), as affirmed in the maqashid of Sharia.⁴⁴

In developing the governance of street vendor fees, reference should be made to the principles of *taswiyah* (equity), *shura* (consultation) and *amanah* (accountability), so that the system implemented is not only legally valid under state law but also compliant with Islamic law and acceptable to all parties as a form of distributive justice. Consequently, an analysis of *maslahah* and the maqashid al-shari’ah is essential in assessing and redesigning street vendor levy policies to ensure they are sustainable and do not result in *dzalim* (injustice) towards vulnerable groups within the local economic structure.

From a local economic perspective, the implementation of a fee system that fails to meet the principles of fairness and transparency has the potential to hinder the growth of the micro-enterprise sector in the long term. Legal uncertainty and disproportionate fee burdens can weaken the competitiveness of street vendors, reduce the sustainability of their businesses, and create inequalities in the distribution of economic benefits within the community. This will ultimately reduce the effectiveness of the informal sector’s contribution to local revenue and weaken the people-centred economic structure. Conversely, the management of levies based on the principles of distributive justice, accountability and public participation has the potential to create a stable business climate, strengthen trust between traders and local government, and promote inclusive and sustainable local economic growth.

⁴⁴ Muhammad, *Principles of Islamic Economics: A Contemporary Approach*, (Yogyakarta: UII Press, 2015), 87.

Conclusion

In practice, there are still several discrepancies between the collection of fees from street vendors and the regulations of the local government and the teachings of Islamic Sharia law. In principle, the presence of street vendors is regulated by Banda Aceh City Qanun No. 3 of 2007, which emphasises the importance of legality, cleanliness, order, and social and economic protection for vendors. However, in reality, many fees are collected by parties without official authority, such as parking attendants or local residents, without a clear legal basis and without a valid agreement under Sharia law. Such practices raise doubts from the perspective of the *ijarah* contract due to the failure to fulfil the essential elements and conditions, such as clarity regarding the object of the lease, the nominal price, and the authority of the landowner. Furthermore, from the perspective of Islamic economic law, this fee system also does not fully reflect the *maqashid al-sharia*, particularly in the aspects of the protection of property (*hifz al-mal*) and life (*hifz al-nafs*). Elements of uncertainty (*gharar*), unilateral exploitation (*dzalim*), and a lack of transparency in the payment process serve as indicators of the weak application of the values of justice and transparency in the microeconomic governance of the community.

This study has limitations due to its narrow scope, as it focuses solely on a single location—Sigli City Market—with a limited number of informants; consequently, the findings cannot yet be generalised to other areas. Furthermore, the qualitative approach employed is unable to illustrate the quantitative impact of the levy system on the welfare of street vendors more broadly. Consequently, street vendors face legal uncertainty, economic pressure and potential social inequality, which hinder the sustainability of their businesses. Therefore, improvements to the levy system are required—one that not only complies with local regulations but also fulfils the principles of social justice and *maslahah* in Islam. Proposed solutions include the need for consultation between local government authorities, trader representatives and religious institutions in formulating new policies that are Sharia-compliant, legally sound and sustainable. For further study, it is recommended that research cover a wider area using a mixed-methods approach, whilst also involving local religious institutions to enrich the analysis of Islamic economic law and formulate a levy system that is fairer, more transparent and in the public interest.

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