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Islamic Law Analysis of the Practice of Monopoly and Modern Market Oligopoly: Efforts to Realize Distribution Justice in Indonesia

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ABSTRACT

Market concentration in Indonesia's energy, food, transportation, and digital economy sectors has intensified the dominance of large actors, generating risks of artificial scarcity, unfair pricing, and the exclusion of small business participants. This study aims to examine the implications of monopoly and oligopoly practices for distribution and consumption justice by integrating competition law analysis with Islamic legal principles. Using a qualitative normative-empirical approach, the research analyzes official KPPU reports, national regulations, and empirical studies published between 2020 and 2025, complemented by doctrinal analysis of fiqh muʿāmalah and the maqāṣid al-syarīʿah framework. The findings indicate that cartel behavior, supply control, and data-driven digital monopolies contradict the Islamic prohibitions of iḥtikār, ghabān fāḥish, tadlīs, and talāʿub bi al-asʿār when they cause public harm. Applying maqāṣid al-syarīʿah particularly ḥifẓ al-māl and distributive justice this study argues that monopoly practices are normatively acceptable only when they demonstrably produce public benefit and prevent mafsadah. The novelty of this research lies in its development of a normative-empirical evaluation framework that links Islamic legal principles with competition policy and regulatory practice. Practically, the findings support the strengthening of competition governance, regulation of state-owned enterprises and digital platforms, and the application of modern hisbah principles to promote inclusive and welfare-oriented market structures. This study is limited to secondary data and sectoral policy analysis, suggesting future research using firm-level or quantitative evidence.

Keywords: *Market, Monopoly-Oligopoly, Islamic Law, Islamic Economic Justice*

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INTRODUCTION

The structure of the Indonesian market in the last two decades shows an increasing level of concentration in many strategic sectors, ranging from energy, food, transportation, to digital services. The report (KPPU, 2022) and (KPPU, 2023a) identify market dominance patterns by a handful of actors through vertical integration, production capacity mastery, and price regulation that creates distortions in the market mechanism. This phenomenon has an impact on price stability, availability of basic goods, and the competitiveness of small and medium businesses. At the regulatory level, the 1945 Constitution and Law No. 5 of 1999 strictly prohibits practices that hinder competition, but the implementation challenge is still significant, especially in sectors with natural monopoly status or established oligopoly (Undang-Undang Nomor 5 Tahun 1999). This shows the need for an evaluation framework that is not only legalistic but also oriented towards distribution justice.

From the perspective of Islamic law, monopoly and oligopoly are normatively significant because they directly affect public welfare and distributive justice. This study employs fiqh muʿāmalah to identify prohibited market practices, including iḥtikār (hoarding and artificial scarcity), *ghabān fāḥish* (excessive mark-ups), tadlīs (information asymmetry), and *talaʿub bi al-asʿār* (price manipulation), as condemned in Prophetic traditions such as "*lā yaḥtakiru illā khāṭi'*" (Muslim) and the prohibition of najsh (Bukhārī). These norms are further evaluated through the lens of *maqāṣid al-syarīʿah*, particularly *ḥifẓ al-māl* and distributive justice, to assess whether modern market dominance generates *maṣlaḥah* or *mafsadah*. Contemporary Islamic economic thought strengthens this framework: Chapra emphasizes public interest and market justice, Siddiqi highlights fair pricing and competitive openness, and Kahf focuses on structural dominance and information asymmetry in modern and digital markets. Together, these perspectives provide an integrated analytical basis for assessing monopoly and oligopoly practices in light of the Qur'anic principle in QS. al-Ḥasyr [59]:7, which rejects the concentration of wealth "*among a limited elite*". The framework of *maqāṣid al-syarīʿah* al-Syāṭibī, which is reinforced by contemporary analysis M. Umer Chapra, emphasized that market activity must be maintained in harmony with *hifẓ al-māl, hifẓ al-nafs*, and social justice (Kusnan et al., 2022). Similarly, Nejatullah Siddiqi emphasizes the concept of fair prices and healthy competition as market moral requirements (Basri, 2023), while Monzer Kahf highlights the dangers of structural dominance and information asymmetry in modern and digital markets (Kahf, 1998).

This study aims to examine monopoly and oligopoly practices in Indonesia's strategic sectors by integrating empirical evidence on market competition with the normative framework of *fiqh muʿāmalah* and *maqāṣid al-syarīʿah*. Addressing the limited integration between competition law studies largely focused on positive law and economic efficiency and Islamic legal analysis, this research situates empirical findings within principles of public welfare and distributive justice. By combining national business competition regulations with *maqāṣid*-based evaluation and contemporary

Islamic economic thought (Chapra, Siddiqi, and Kahf), this study bridges a critical gap in existing scholarship, which often treats competition law and Islamic ethics as separate analytical domains. This integrated framework constitutes the study's novelty, enabling a comprehensive assessment of modern market dominance not only in terms of legal compliance but also in evaluating whether monopoly and oligopoly practices generate maṣlaḥah or instead constitute mafsadah that contradicts the objectives of *Sharīʿah* and Islamic distributive ethics. Through this approach, the research seeks to contribute both theoretically and practically by offering a normative analytical model relevant for regulators, academics, and business actors in formulating fairer and more inclusive market policies.

RESEARCH METHODOLOGY

This study adopts a qualitative normative–empirical legal approach to analyze monopoly and oligopoly practices in Indonesia's economic sectors. This approach is employed because it allows empirical market data and institutional practices to be systematically assessed through the normative framework of Islamic law and *maqāṣid al-syarīʿah*, particularly in evaluating public welfare and distributive justice. Positive legal sources that have been examined include the 1945 Constitution, Law No. 5 Year 1999, KPPU annual report, and institutional policy reports such as Transparency International Indonesia, OECD, and various industry publications. At the same time, the research examines the primary references of Islamic law such as Al-Qur'an verses, hadiths, classical fiqh books, as well as contemporary literature from Islamic economic thinkers such as M. Umer Chapra, Nejatullah Siddiqi, and Monzer Kahf. Data collection techniques are carried out through literature studies that select national and international scientific journals, proceedings, research reports, and relevant publications in 2020–2025 to ensure the actuality of the findings.

Data analysis is conducted using content analysis and comparative analysis to integrate positive law, empirical market data, and Islamic distributive ethics. Empirical findings on market dominance and pricing behavior are assessed against *maqāṣid al-syarīʿah*–based indicators of *maṣlaḥah* and *mafsadah*, particularly distributive justice, market accessibility, and consumer welfare. Market practices that generate artificial scarcity or exclusionary effects are categorized as mafsadah, while regulated dominance that ensures supply stability and public benefit is assessed as maṣlaḥah. The content analysis model is applied to identify Islamic legal concepts such as *ihtikār*, *ghabān fāḥish*, *tadlīs*, and *tala'ub bi al-as'ār* in cases of monopoly and oligopoly found. Meanwhile, comparative analysis is used to assess the suitability between the actual market structure (BUMN, non-BUMN, and digital) with the principle of distribution justice in *maqāṣid al-syarī'ah* according to al-Syāṭibī. The empirical data of the economic sector was then mapped with maslahah-mafsadah indicators from Islamic economic literature, thus producing normative conclusions regarding the legal status of modern monopoly-oligopoly practices as well as policy recommendations based on maqāṣid. This approach allows research to compile an integrative argumentation between positive law, economic theory, and Islamic distribution ethics comprehensively.

RESULT AND DISCUSSION

Market Practice and Monopoly-Oligopoly Structure in Indonesia

In the study of modern economics, the market structure is divided into several forms such as monopolistic competition, oligopoly, and monopoly, each of which has different implications on price behavior, competition, and business strategy. Monopolistic competition is characterized by many sellers with differentiated products but limited price power, while oligopoly appears when only a few large companies control a significant part of the market so that price decisions always consider the reaction of competitors. As for monopoly occurs when only one dominant seller controls the supply of goods or services with a high barrier of entry so that it has significant control over prices. Understanding this market structure becomes an important foundation in reading contemporary monopoly and oligopoly patterns in Indonesia, especially when these structures cause price distortion and distribution inequality (Jackson, 2025).

The structure of market dominance in Indonesia can be read through three main categories: monopoly/sual-monopoly by state-owned enterprises (SOE), non-BUMN oligopoly controlled by large corporations, and new monopolies in the digital sector based on data and algorithms. At the BUMN level, state control over strategic commodities such as subsidized fertilizers, rice, and energy normally aims to maintain price stability and ensure fair access. However, a number of reports show that the effectiveness of BUMN in managing monopoly authority is highly dependent on internal governance; multi-level distribution and weak supervision processes can cause rent-seeking and target inaccuracy so that the public market is weakened(Kurnia & Leon, 2023). This is in line with the analysis of food policy studies and subsidized distribution in Indonesia which identifies the importance of supply chain transparency (Simanjuntak et al., 2025).

In the non-BUMN sector, oligopolistic structures are prevalent in capital-intensive industries such as cooking oil, sugar, cement, and air transportation, with clear implications for distributive justice and consumer welfare. The 2021–2023 cooking oil crisis demonstrates how market concentration and vertical integration enabled restrictive distribution practices, the Indonesian Competition Commission (KPPU), in Decision No. 15/KPPU-I/2022, imposed fines exceeding IDR 71 billion for limiting the circulation of packaged cooking oil (KPPU, 2023b). During this period, retail prices rose from approximately IDR 14,000 per liter in 2020 to IDR 25,000–27,000 in early 2022 despite adequate raw material supply, indicating artificial scarcity (Transparency International, 2023b). A similarly concentrated structure characterizes the cement industry, where the four largest producers control more than 80% of market share (CR4 > 80%) (KPPU, 2021). In sugar and air transportation, assessments likewise point to structural dominance and high entry barriers, limiting competition and consumer choice

(KPPU, 2021) (OECD, 2022). From a *maqāṣid al-syarīʿah* perspective, these conditions constitute mafsadah by undermining *ḥifẓ al-māl* and distributive justice through inflated prices and restricted access, reflecting iḥtikār jamāʿī that contradicts the objective of fair wealth circulation.

In the digital realm, monopoly is no longer physical, but lies in the control of data, algorithms, and market access, which gives birth to new forms of domination through market foreclosure, self-preferencing, and unbalanced commissions. Large platforms have the ability to reduce the visibility of certain products, control sales traffic, and determine the cost structure that limits small actors. The study (Dewi et al., 2025) which discusses the regulation of digital platforms in Indonesia shows that algorithmic dominance has an impact that is as serious as conventional monopolies, especially on MSMEs that are highly dependent on the digital ecosystem. Therefore, digital dominance is understood as a form of new generation monopoly that requires special regulation and supervision.

Based on the mapping of the market structure in the energy, food, transportation, and digital sectors, it can be seen that the dominance of certain actors has a different distribution impact. To clarify the empirical findings, the following table summarizes the key sectors along with market dominance patterns, the impact on the distribution of goods/services, and their evaluation in the perspective of *fiqh muamalah* and *maqāṣid al-syarī'ah*.

Table 1. Perspective of fiqh muamalah and maqāṣid al-syarī'ah.

Main Sector	Market Structure Form	Data Findings (2020–2024)	Distribution Impact	Fiqh Muamalah Evaluation
Energy & Infrastructure (PLN, Pertamina, PGN, KAI)	BUMN Monopoly (natural monopoly)	Full control of the network, tariffs are regulated by the government	Stable but prone to inefficiency & service asymmetry	**Conditional Maslahah:** allowed if maintaining public benefit; haram if mafsadah (corruption, exploitation) occurs
Food commodities (rice, sugar, cooking oil)	Dominant oligopoly + vertical integration	KPPU: cooking oil price cartel, supply coordination	Artificial scarcity, price increase, distribution control	**Haram:** contains ihtikār and tala'ub bi al-as'ār
Telecommunication & Aviation	Oligopoly → price leadership	Data rates & flight tickets are not elastic; parallel pricing	Consumers bear the constant high price	**Makruh** goes to **haram** if there is ihtikār jamā'ī (collective domination)
E-commerce & Digital Platform	Digital monopoly (data monopoly)	Algorithm to take sides, market foreclosure, UMKM left out	Distortion of market access & asymmetric information	**Depends on maqāṣid:** haram if there is tadlīs & exploitation

Subsidized Fertilizer	Distribution monopoly by BUMN + certain networks	There is often a shortage of farmers	Distribution inefficiency	**Mubah, but becomes haram** if the supply is intentional detention

The summary tabel 1 shows that market dominance patterns are not only different between sectors but also show a strong correlation with distribution distortion and price injustice. This finding becomes an important basis to examine the factors that cause the emergence of monopoly-oligopoly structures in Indonesia.

Factors Causing the Occurrence of Monopoly and Oligopoly Markets in Indonesia

Empirical analysis identifies several main factors that cause market concentration in Indonesia. *First*, the concentration of ownership and vertical integration in certain commodities (a package of palm plantation ownership → factory → distribution) strengthens the ability of major players to control supply and price; palm oil governance reports and analysis of the cooking oil crisis show a complex corporate-state power relationship (Transparency International, 2023b).

Second, public policies that are out of sync - for example the implementation of the Highest Retail Price (HET) without logistics/distribution support encourages hoarding and market distortion. Policy studies and evaluations of the post-cooking oil crisis emphasize that a single price policy without an effective surveillance and distribution mechanism can worsen scarcity (Transparency International, 2023a).

Third, entry barriers (barriers to entry) in the form of large capital needs, complex licensing regulations, and economies of scale cause sectors such as cement, energy, and aviation to remain oligopolistic. *Fourth*, the dominance of technology and data - digital platforms collect network effects (network effects) so that the early winner can become a market master that is difficult to match. Academic studies and policy briefs suggest updating the definition of market dominance in the digital era (Dewi et al., 2025).

Fifth, information asymmetry: large actors have access to market information, logistics capacity, and bargaining power that is far superior to small actors, which means that this combination makes it easier to practice tacit collusion and price coordination (Astrid Ayu Nastiti et al., 2024). All of these factors are combinatorial not just as one cause, so the handling policy must be multi-dimensional (regulation, supervision, supply chain reform, and accountability).

Prohibition of Monopoly and Oligopoly Practices in Islam

During 2021–2023, competition authority reports documented restrictive distribution, artificial scarcity, and opaque pricing across several strategic commodities in Indonesia, including cooking oil, cement, sugar, and air transportation (KPPU, 2021) (OECD, 2022) (KPPU, 2023b). These market practices generated uncertainty (*gharar*) and distributive injustice, particularly for consumers, as access to essential goods became dependent on concentrated market control rather than fair exchange mechanisms. In Islamic commercial jurisprudence, such monopoly and oligopoly are included in the category of *iḥtikār* according to the view (az-Zuhaili, 1984), he stated that "*Al-iḥtikār: ma'nāhu: al-iḥtikār huwa al-iddikhār li al-bay', wa ṭalab ar-ribḥ bi-taqallub al-aswāq, ammā al-iddikhār li al-qūt fa-laysa mina al-iḥtikār.*" The majority of *Fuqoha'* argues that the law of *iḥtikār* is haram. Ulama' Malikiyah stated that the prohibition of iḥtikār is not solely because of the activity of storing the goods itself, but based on the motive and purpose behind it, in order to be able to reap big profits (al-Andalusī, 1994) (Al-Kalbi, 2006). This opinion was confirmed by the ulama' Syafi'iyah that *iḥtikār* is forbidden when someone buys an item when the price is rising (*ghalā'*), then holds it to be resold at a higher price when the community needs it more. However, if the goods are purchased at a stable or cheap price period, come from their own crops, or stored only for family consumption, then the practice is not considered a prohibited monopoly (As-Syirbini, 2022) (ash-Shan'ani, 2023). The point is clear, the (haram) of monopoly (*iḥtikār*) is not solely due to the act of storing goods, but the motive of hoarding (read: greed) which will have an impact on the suffering of the community massively and structured.

The prohibition of monopoly and oligopoly practices in Indonesian national law is rooted in the principle of economic justice that protects the public interest. Constitutionally, this principle is reflected in Pasal 33 UUD 1945 constitution which states that the branches of production that are important for the lives of the people must be controlled by the state to avoid domination by certain groups. The technical regulations are regulated through UU No. 5 of 1999 concerning the Prohibition of Monopoly Practices and Unhealthy Business Competition, as well as enforced through the Business Competition Supervisory Commission (KPPU) which serves to prevent market domination that harms consumers and other business actors. Legal studies show that there is a difference between monopoly positions allowed by the state and prohibited monopoly practices because they hinder competition and create price distortion (Zakiyah et al., 2019). (Asyur, 2004) in *Maqashid Syariah al-Islamiyah* states "*Wa ta'addadat ṣuwar al-iḥtikār fī al-'aṣr al-ḥāḍir fī ad-duwal ar-ra'samāliyyah, wa bi-hādhā intashara al-ḥaif wa azh-zhulm fī aqṭār al-arḍ, wa ṣāra min samāti al-aswāq al-'ālamiyyah.*" Therefore the diversity of modern monopoly practices such as stock control, merger, holding company, or multiple-unit monopoly must be evaluated based on its potential damage to the public benefit and fair distribution of wealth, as prohibited in QS. al-Ḥasyr [59]:7, "*kay lā yakūna dūlatan baina al-agniyā'i minkum.*" It means that it has been a long time since Sharia rejected all forms of concentration of economic power which resulted in the circulation of wealth only rotating among the rich groups and provided a strong basis to reject monopolies that hindered public access to basic goods.

On the other side QS. Al-Muthaffifin [83]: 1 "*Waylun lil-muṭaffifīn*", QS. al-Baqarah [2]:279 "*lā taẓlimūna wa lā tuẓlamūn*" and QS. an-Nisa [4]:7 "*Yā ayyuhalladzīna āmanū, lā ta'kulū amwālakum baynakum bil-bāṭil*" emphasizes the prohibition against any practice that undermines the market structure. (Al-Bantani, 1996) in *Maroh Labid*, states that the verse emphasizes that a person should not take other people's property in an illegal way. Islam requires that every transaction is carried out through the right way, namely trade based on the will of both parties. (Shihab, 2002) in *Tafsir Al-Misbah* added that all forms of fraud in human relationships both in trade and in social life will end with fatal consequences for the perpetrator. It means that the mufassirs place these verses as the foundation of the prohibition of monopoly (*ihtikār*), withholding supply and price manipulation especially on strategic food commodities. And the Hadiths of the Prophet SAW as a source of law after the Al-Qur'an gave a more explicit normative legitimacy such as the hadith, "*lā yaḥtakiru illā khāṭi'*" (HR. Muslim) prohibition of the practice of ihtikār, "*nahā Rasūlullāh... 'ani an-najsh*" (HR. Bukhari) prohibition of price engineering, and "*man ghashshanā fa-laysa minnā*" (HR. Muslim) transparency and prevention of information asymmetry.

Contemporary research reinforces this view, such as studies on cooking oil hoarding and price gouging (Aulia et al., 2024) (Fahrurrozi et al., 2024), research on *tadlīs* practices in traditional markets (Syahputri et al., 2023), as well as studies on price manipulation and oligopolis behavior that utilize artificial scarcity (Candrawati & Robbani, 2025) (Chaiechi & Wood, 2022). In general, these findings show that modern monopoly and oligopoly practices replicate forms of economic injustice that have long been banned in the fiqh muamalah tradition such as the practice of *ihtikār* (hoarding), *ghabān fān fāḥisy* (excessive mark-up), *tadlīs* (non-transparency), and *tala'ub bi al-as'ār* (price manipulation) is an act that undermines the market order. Ibn Taimiyyah in al-Ḥisbah emphasized that in modern times like today, the state is obliged to intervene when there is a price distortion or artificial scarcity (Zakiyah et al., 2019), a principle that is in line with the modern function of the KPPU.

Thus, the synergy between Indonesian positive law (UUD 1945, UU No. 5/1999, and the role of KPPU), the principle of hisbah as a sharia-based market supervision within the framework of *maqāṣid al-syarīʿah* provides a strong conceptual framework to reject monopoly and oligopoly practices that undermine distribution justice. All normative sources - Al-Qur'an, Hadith, *maqāṣid*, and the opinions of scholars consistently direct that market distortion that results in scarcity, price exploitation, or market domination by a few actors is a form of economic injustice that must be prevented by the state and society.

Analysis of Islamic Law towards Modern Monopoly Practices

The normative assessment of modern monopoly in this study will be drawn directly within the framework of *maqāṣid sharia*, so that in this framework monopoly is not automatically prohibited because the legitimacy of monopoly depends on evidence that the practice produces public benefits (availability, affordability, stability) without causing distributive damage, corruption that erodes public functions or vice versa.

Monopoly by the state or BUMN that controls the strategic infrastructure (PLN—electricity; Pertamina—oil; PGN/gas; KAI—train) is often seen as a natural monopoly that can be justified if implemented for the *maslahah 'āmmah*. Chapra and its reading of *maqāṣid*, the justification of public monopoly is valid if: (a) guaranteeing universal service (*hifẓ al-nafs*), (b) protecting public property rights and price stability (*hifẓ al-māl*), and (c) preventing distribution inequality. However, empirical literature notes the substantial risk that the BUMN monopoly turns into a source of *mafsadah* if governance is weak, low accountability, or captured regulation occurs, a phenomenon that causes inefficiency and misuse of resources (rent-seeking). Cases of large corporations show

how the weakness of governance can reduce the expected social benefits. Therefore, the shar'i assessment of the BUMN monopoly must be conditional, meaning that if the governance is transparent and the public performance is measurable, then it can be said to be *maslahah*, but if not, then it will be a *mafsadah* that must be corrected (Kusnan et al., 2022).

Monopoly controlled by private entities in food commodities triggers distribution and access problems that directly touch *maqāṣid*: staples are necessities *ḍarūriyāt* so that hoarding or supply control causes serious mafsadah (threat to *hifẓ al-nafs* and *hifẓ al-māl*). The 2021–2023 cooking oil case shows how vertical integration, price coordination, and HET policy failure contribute to artificial scarcity, a phenomenon that by fiqh tradition is categorized as prohibited ihtikār and tala'ub. Nejatullah Siddiqi emphasized that the market mechanism must maintain distribution justice; if the market structure facilitates exclusion and exploitation, then sharia-based intervention (*hisbah*/state) can be justified. Therefore, non-BUMN monopolies on staple commodities generally cannot be justified unless there is real evidence of corrective action that restores the public good (KPPU, 2022) (Transparency International, 2023a).

The new generation of data and algorithm-based monopolies poses a new normative challenge: it is no longer about physical stock control but access control, visibility, and information. Monzer Kahf and contemporary studies show that platform dominance creates information asymmetry, self-preferencing, and market foreclosure that harms MSMEs and consumers as a practice that goes against the principle of *maqāṣid* if it results in economic exclusion. In the framework of sharia, digital monopolies that manipulate market access and extract economic surplus are considered to undermine *hifẓ al-māl* and distributive justice; regulatory intervention based on algorithmic transparency, interoperability obligations, and protection of MSME access is a step in accordance with *maqāṣid* (Kahf, 1998) (OECD, 2025).

Based on the synthesis of *maqāṣid* and Indonesian empirical evidence, potential violations of sharia arise when monopoly results in: (i) hoarding and scarcity (*ihtikār*), (ii) excessive mark-up (*ghabān fāḥish* / price gouging), (iii) information manipulation (*tadlīs*) and algorithmic, and (iv) exclusion of economic access for vulnerable groups.

Analysis of Islamic Law towards Modern Oligopoly Practice

The oligopoly market structure characterized by a high concentration on several main actors creates a competitive dynamic that is vulnerable to collusion, price coordination, and supply control. In the perspective of *maqāṣid al-syarīʿah*, the practice of oligopoly must be evaluated based on its impact on *hifẓ al-māl*, *hifẓ al-nafs*, and distribution justice as outlined by al-Syāṭibī. Although it is not automatically prohibited, the oligopolistic structure is very easy to turn into a *mafsadah* if it produces unreasonable high prices, the exclusion of small actors, and a lame distribution of benefits. Contemporary Islamic economic thinkers such as M. Umer Chapra, Nejatullah Siddiqi, and Monzer Kahf assert that market stability and price fairness are the moral goals of the Islamic economy; therefore any form of coordinated control that harms the wider community must be seen as a deviation from the *maqāṣid* (Kusnan et al., 2022) (Basri, 2023) (Kahf, 1998).

Telecommunication, Aviation, Automotive, Cement, and Cigarette Industries

Real oligopoly in Indonesia is found in the telecommunication industry (Indosat–Telkomsel–XL), aviation (Garuda–Lion–Batik Group), automotive (Astra Group), cement (SIG–Indocement), and cigarette industry. This market structure often shows the characteristics of price leadership, high entry barriers, and distribution chain control. In the case of telecommunications and aviation, business competition reports show a pattern of price coordination, especially when demand is inelastic. Air ticket prices that remain high throughout 2022 show symptoms of collective dominance, a condition that in Islamic economic ethics can approach ihtikār jamā'ī or supply retention and collective price regulation without explicit violations but impact on consumers (KPPU, 2022) (KPPU, 2023a).

In the cement and automotive industry, the high concentration in the hands of two or three groups of companies shows a significant market power pattern. In Islamic economic logic as explained by Monzer Kahf, excessive market power can lead to price exploitation and distribution inefficiency, thus requiring control through public regulation and modern *hisbah* mechanisms such as price transparency, cost audit, and distribution supervision. Oligopoly in the cigarette industry also raises further moral problems because the commodity is classified as maḍarrat, so the shar'i supervision is actually stricter - not only related to the market structure but also the benefits of the goods (Kahf, 1998).

Oligopolis Pricing, Does It Include Ihtikār Jamā'ī?

In fiqh muamalah, *ihtikār* is associated with hoarding or supply control to increase prices. However, contemporary scholars expand their meaning to all forms of market dominance that deliberately create scarcity or unreasonable prices (Rosyidi, 2018). In the oligopoly structure, *ihtikār jamā'ī* can occur without physical hoarding, but through parallel actions such as: a. synchronous production capacity restriction, b. price adjustment following market leaders (tacit collusion), c. utilization of demand data to optimize the extraction of consumer surplus.

Nejatullah Siddiqi stated that fair price (fair price) in Islam is determined by healthy market interaction, not by dominant control that minimizes consumer choice. If pricing in oligopoly causes consumers to pay above the competitive price level systematically, then the practice falls into the *ghabān fāḥish* (excessive mark-up) category, and if there is an element of price coordination or access restrictions, the practice can be classified as *tala'ub bi al-as'ār* (price manipulation), which is clearly prohibited (Basri, 2023) (Fahrurrozi et al., 2024).

Potential Violation

The oligopolistic structure has the potential to violate the maqāṣid principle if it shows the following characteristics: a. Distribution damage — high prices in the aviation and telecommunications sectors weaken public access to strategic needs such as mobility and communication, as opposed to *hifẓ al-nafs* and *hifẓ al-māl*. b. The exclusion of MSMEs - the dominance of certain marketplaces and logistics providers can reduce product diversity and increase dependence on large platforms, which according to Monzer Kahf is a form of market foreclosure that threatens market fairness. c. Information manipulation - the mastery of consumer data and algorithms causes information asymmetry which is categorized by scholars in the realm of *tadlīs*; very relevant in the digital and teleco mmunications sectors. d. The lack of contestability the very high barrier to entry in the cement, automotive, and aviation sectors causes the market to be not contestable, a condition that Siddiqi rejects because it violates the competitive market principles needed to achieve fair prices.

In the Indonesian context, concrete indicators of *mafsadah* arising from oligopolistic practices can be observed in several strategic sectors, including telecommunications, air transportation, and cement industries, where high market concentration has resulted in price rigidity, limited consumer alternatives, and restricted access. These empirical conditions indicate that oligopoly may operate as collective market power that undermines distributive justice. To address these risks, Islamic law implies a sequential governance approach: *first*, early detection of harmful oligopolies through competition indicators such as market concentration ratios and pricing behavior; *second*, preventive regulatory intervention to restrict coordinated pricing and exclusionary conduct before consumer harm materializes; *third*, ethical oversight inspired by the principle of hisbah to ensure transparency and fairness in market operations; and *finally*, periodic evaluation based on *maqāṣid al-syarīʿah* to assess whether existing market structures continue to generate maṣlaḥah or instead produce systemic harm. In light of these empirical indicators and governance requirements, the modern oligopoly structure can be classified as mafsadah iqtisādiyyah when it generates price and access distortions that contradict *maqāṣid al-syarīʿah*. This conclusion is consistent with Chapra's view that economic justice constitutes the fundamental objective of Islamic law, and that every market institution must be evaluated based on its impact on collective welfare rather than its formal legality alone (Zakiyah et al., 2019).

Efforts to Realize Distribution and Consumption Fairness according to Sharia

Efforts to realize distribution and consumption justice are not impossible when normative Islamic principles are translated into concrete and enforceable market governance mechanisms. This normative imperative is reinforced by empirical evidence of competition policy implementation in Indonesia, where the KPPU has actively enforced regulations to correct market distortions that restrict fair access to goods and services. According to (KPPU, 2024), total administrative fines reached approximately Rp 695 billion for price-fixing, bid-rigging, and unfair vertical practices in strategic sectors such as food commodities, retail, and construction materials, reflecting intensified efforts to restore market contestability and protect UMKM participation in distribution chains. The distributive implications of weak competition are further confirmed by official data from (Badan Pusat Statistik, 2024), which show that regions with limited market competition and distribution alternatives experienced retail price deviations of up to 8–11 percent above the national average for essential goods and energy-related services, directly reducing household purchasing power and consumption access. These official findings demonstrate that distribution and consumption justice central to *maqāṣid al-syarīʿah*, particularly *ḥifẓ al-māl* and *ḥifẓ al-nafs* must be realized through evidence-based competition governance, transparent market oversight, and policies that prevent the concentration of distribution power among dominant actors.

M. Umer Chapra in (Chapra, 1995) emphasized that a fair economic system is only possible to be realized if the state intervenes in market distortions that harm the public, including monopolies and oligopolies that cause artificial scarcity, unreasonable prices, and exclusion of weak actors . The distribution policy in accordance with *maqāṣid* requires the state to strengthen market supervision, increase the transparency of the supply chain, and ensure that basic necessities circulate evenly without the domination of certain groups. This principle is in line with the mandate of the Indonesian constitution and the framework (Undang-Undang Nomor 5 Tahun 1999, 1999), which rejects all forms of market dominance that undermines healthy competition and public access (Kusnan et al., 2022)

In the context of market regulation, the *hisbah* model can be revitalized as a modern monitoring instrument that emphasizes transparency, information honesty, and consumer protection. Monzer Kahf emphasizes that in the contemporary economy, surveillance is not enough only on physical transactions, but must include price algorithms, data control, and cost structures that large companies hide. Therefore, the modern hisbah mechanism can be realized through price disclosure regulation (price disclosure), digital platform algorithm audit, self-preference practice restrictions, and supervision that ensures that there is no *tala'ub bi al-as'ār* (price manipulation) or tadlīs (non-transparence). This strategy is consistent with Siddiqi's view on the importance of maintaining a competitive market mechanism in order to achieve a fair price (Kahf, 1998) (Basri, 2023).

Policy recommendations for governments and large business actors include three main pillars: (1) strengthening KPPU capacity and integration of maqāṣid principles in the preparation of competitive policies, especially in vulnerable sectors such as food, energy, transportation, and digital economy; (2) governance reform of BUMN and large businesses to ensure accountability, prevention of rent-seeking, and protection of public benefits; and (3) facilitation of inclusive ecosystems for MSMEs through reducing barriers to entry, data disclosure, and enforcement of anti-collusion rules. In the framework of *maqāṣid*, the policy is not only an economic strategy, but the moral obligation of the state to maintain the benefit and prevent the concentration of wealth that circulates "*only among the rich*" (QS. al-Ḥasyr:7). The synergy of competition policy, *hisbah* principle, and Islamic distribution ethics is expected to encourage a fairer market structure and oriented towards collective welfare (KPPU 2023).

CONCLUSION

This study demonstrates that monopoly and oligopoly practices in Indonesia whether conducted by state-owned enterprises (BUMN), large private corporations, or digital platforms have direct and systemic implications for distribution stability and economic justice. Concentrated market structures increase the risks of artificial scarcity, unreasonable pricing, and the exclusion of small business actors, as evidenced in strategic sectors such as energy, food, air transportation, telecommunications, and digital ecosystems. Empirical findings from KPPU reports, policy analyses, and recent academic studies consistently confirm that such market distortions harm consumers, weaken fair access to goods and services, and threaten the sustainability of the national economy.

From the perspective of Islamic law, monopolistic and oligopolistic practices that cause public harm clearly contradict the principles of the Qur'an, Hadith, and fiqh muʿāmalah, particularly the prohibitions of *iḥtikār*, *ghabān fāḥish*, *tadlīs*, and *talāʿub bi al-asʿār*. The framework of *maqāṣid al-syarīʿah* as articulated by al-Syāṭibī reinforced by contemporary Islamic economic thinkers such as Chapra, Siddiqi, and Kahf affirms that market structures are legitimate only when they generate public benefit, ensure fair access, and protect society from domination by a few actors. Accordingly, market dominance that produces distributional and access inequality falls outside the ethical and normative boundaries of Sharia and undermines the objectives of *ḥifẓ al-māl*, *ḥifẓ al-nafs*, and social justice.

Therefore, the improvement of national economic governance must be directed toward a synergy between positive legal policies and the ethical values of maqāṣid al-syarīʿah. Strengthening the authority and effectiveness of KPPU, reforming BUMN governance, and regulating digital platforms are essential legal-policy steps to reduce artificial scarcity and unfair pricing. The application of modern hisbah principles—through market supervision, transparency of prices and algorithms, and inclusive access for MSMEs—provides practical guidance for policymakers and regulators in ensuring fair and welfare-oriented distribution. Future research is encouraged to examine sector-specific enforcement outcomes, develop measurable indicators of *maqāṣid*-based economic justice, and explore the use of digital monitoring tools to enhance competition governance in increasingly complex market structures.

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