

ILLEGAL HALAL PRODUCTS AND LEGAL PROTECTION OF MSME CONSUMERS IN KARANGANYAR



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Abstract

The practice of including halal labels without official certification is still common, which has the potential to mislead consumers. This study aims to analyze the practice of including illegal halal labels by MSMEs and examines the form of legal protection for affected consumers. The uniqueness of this study lies in the focus of the survey of MSMEs in local public spaces and consumer responses to illegal labeling. The method was qualitative field research, with data collection techniques through observation, interviews, and documentation. Data analysis used an interactive model, which includes data reduction, data presentation, and concluding. The results of the study showed that many MSMEs include halal labels illegally, and consumer responses vary between supporting and rejecting. Legal protection for consumers is regulated in Law No. 8 of 1999, Law No. 33 of 2014, and PP No. 42 of 2024, with administrative sanctions for business actors who violate. The theoretical implication of this study lies in its contribution to the discourse on legal awareness and informal regulatory practices, while practically it provides targeted insights for local authorities to improve enforcement in MSME-dominated public areas; the primary distinction of this paper is its localized focus on consumer protection in grassroots halal governance.

Abstrak

Praktik pencantuman label halal tanpa sertifikasi resmi masih banyak terjadi, yang berpotensi merugikan konsumen. Penelitian ini bertujuan untuk menganalisis praktik pencantuman label halal ilegal oleh pelaku UMKM serta menelaah bentuk perlindungan hukum bagi konsumen yang terdampak. Keunikan penelitian ini terletak pada fokus kajian terhadap pelaku UMKM di ruang publik lokal serta respons konsumen terhadap labelisasi ilegal. Metode yang digunakan adalah penelitian kualitatif lapangan dengan teknik pengumpulan data melalui observasi, wawancara, dan dokumentasi. Data diperoleh dari Kemenag Karanganyar, Diskutrans ESDM, pelaku UMKM, dan konsumen, serta didukung data sekunder dari literatur dan peraturan perundang-undangan. Analisis data menggunakan model interaktif yang mencakup reduksi data, penyajian data, dan penarikan kesimpulan. Hasil penelitian menunjukkan bahwa banyak pelaku UMKM mencantumkan label halal secara ilegal, dan tanggapan konsumen beragam antara mendukung dan menolak. Perlindungan hukum terhadap konsumen diatur dalam UU No. 8 Tahun 1999, UU No. 33 Tahun 2014, dan PP No. 42 Tahun 2024, dengan sanksi administratif bagi pelaku

usaha yang melanggar. Implikasi teoretis dari penelitian ini terletak pada kontribusinya terhadap wacana kesadaran hukum dan praktik regulasi informal, sementara secara praktis memberikan rekomendasi konkret bagi otoritas lokal dalam meningkatkan pengawasan di area publik yang didominasi oleh UMKM; distingsi utama penelitian ini terletak pada fokus lokalnya terhadap perlindungan konsumen dalam tata kelola halal di tingkat akar rumput.

Background

In the environment or life of society, humans cannot be separated from the law. Law is a rule that applies and aims to solve all problems that occur in society. In the community environment, issues or disputes cannot be eliminated. However, to regulate life in society, rules are still needed in various ways to solve problems that occur in society.¹ Indonesia is law-based, as stated in Article 1 paragraph (3) of the 1945 Constitution. The legal state referred to in this article is a country that maintains legitimate power. In addition, it is also explained in Paragraph IV of the Opening of the 1945 Constitution that the Government of the Republic of Indonesia protects all Indonesian people, advances public welfare, and educates the nation's life. The embodiment of this paragraph is described in Article 28C paragraph (91) of the 1945 Constitution of the Republic of Indonesia which states that: "Everyone has the right to develop themselves through the fulfillment of their basic needs, has the right to receive education and obtain benefits from science and technology, art and culture, which aims to improve the quality of life and for the welfare of humanity. "Fulfilling basic human needs, especially food, is critical in maintaining quality of life and welfare. Food needs can be met through various means, such as agriculture, fisheries, livestock, and others, that must be managed efficiently to ensure sustainable food availability. In the era of globalization, technological progress, and national and international trade play a crucial role in fulfilling food needs.

Based on data from the Central Statistics Agency in 2022, Indonesia was a country with a population of 275,773.8 million people, which is the fourth largest population in the world, and the country with the largest Muslim population in the world, which was around 237.56 million people according to the report of *The Royal Islamic Strategic Studies Center (RISC)*. Therefore, as the world's largest Muslim country, Indonesia must include all products entering, circulating, and trading in

¹ Murdoko and Shafira Septyastuti, "Implementasi Sertifikasi Dan Labelisasi Halal Pada Produk Pangan Olahan Dan Hasil Pertanian Impor Serta Kaitannya Dalam Perdagangan Internasional," *The Juris* 6, no. 2 (December 30, 2022): 632 – 45, <https://doi.org/10.56301/juris.v6i2.657>.

Indonesia, including a halal label. The obligation to include a halal label legally from the authorized government has been regulated in Article 4 of Law Number 33 of 2014 concerning Halal Product Guarantee states that " *Products entering, circulating and traded in the territory of Indonesia must be halal certified*". In addition, in the current era, the halal food marketing movement has not been able to take over the capital market. Trends in the halal industry are a hot topic in the international business world today.² In addition to being a trend in the halal industry, it is also a factor in economic growth. Economic growth is one of the pillars of economic development in the Sustainable Development Goals (SDGs) on Goal 8. The Micro, Small, and Medium Enterprises (MSMEs) group plays a vital role in the national economy because the existence of MSMEs is quite dominant in the economy in Indonesia, and the number of MSMEs is large and exists in every economic sector. In addition, MSMEs also have great potential in absorbing labor and impact the formation of the Gross Domestic Product (GDP).

The concept of halal labeling is essential in Islam as it assures Muslims that the products they consume comply with Shariah law. It promotes transparency, protects consumers from doubtful or haram elements, and reinforces ethical and spiritual well-being. Therefore, halal certification is not only a matter of food safety but also a religious obligation that strengthens trust in daily consumption.³

Seeing MSMEs playing a vital role in the economy, it is appropriate for the government to provide legal protection against problems faced by MSMEs, including in halal certification, both by the central government and local governments. However, in practice, it is difficult for food producers, especially MSMEs, to authorize their products. Society is always related to MSME actors whose products should be based on Law Number 33 of 2014 concerning Halal Product Guarantee.

The most crucial point to note is regarding products that are not halal certified but have illegally included halal labels in them that are freely circulated in society and consumed unconsciously by Muslims.⁴ Food products are an essential factor for Muslims in determining their acts of worship because when the product is

² Andi Rachman Salasa, "Paradigma Dan Dimensi Strategi Ketahanan Pangan Indonesia," *Jejaring Administrasi Publik* 13, no. 1 (September 6, 2021): 35–48, <https://doi.org/10.20473/jap.v13i1.29357>.

³ M.M. Chaudry and M.N. Riaz, "Safety of Food and Beverages: Halal Food Requirements," in *Encyclopedia of Food Safety*, ed. Yasmine Motarjemi (Elsevier, 2014), 486–91, <https://doi.org/10.1016/B978-0-12-378612-8.00400-5>.

⁴ Dwi Nur Fadlilatul Laili and Fajar Fajar, "Analisis Problematika Pelaksanaan Sertifikasi Halal Bagi Pelaku UMKM Di Bangkalan," *Masyrif: Jurnal Ekonomi, Bisnis Dan Manajemen* 3, no. 2 (December 16, 2022): 147–55, <https://doi.org/10.28944/masyrif.v3i2.789>.

consumed, it will be blood and flesh that will shape a person's character; if the product consumed is prohibited from a medical perspective will also cause health problems and damage a person's mental and character.⁵ Halal is a practice that must be implemented and practiced by all Muslims. Halal food products are food or drinks that have met Islamic law regarding raw materials, additional materials used, and production methods so Muslims can consume them. The two most essential things in halal products are interrelated: the halal certificate and the halal label.

Halal certification is a statement and recognition of a product's halalness organized by the Halal Product Guarantee Organizing Agency (BPJPH), which has the right to issue halal certificates based on the fatwa of the MUI (Indonesian Ulema Council). Meanwhile, the halal label is the authority of the Directorate General of POM (Directorate General of Drug and Food Supervision) of the Ministry of Health of the Republic of Indonesia to include on the packaging of food products.⁶ Halal auditors who are competent in their fields are tasked with setting regulations, receiving and verifying applications for certified halal products from business actors or product owners, and then determining the product's halal status through a halal certificate and a halal label. In terms of halal certification and the inclusion of this halal label, problems often occur in society, one of which is from MSME products that are not halal certified but include fake or illegal halal labels on the products they sell. Halal certification is currently essential and is one of the requirements for producers if they want to sell their products by the laws and regulations in force today. In addition to the halal certificate, the label on the food product must contain all the basic information stipulated in the applicable laws and regulations and be included or attached to the packaging or product.

People consume food for sustenance and cultural, religious, and social purposes, with Islam emphasizing cleanliness in both spirit and food. Halal, derived from the Qur'an, Hadith, Ijma, and Qiyas, represents a comprehensive Islamic lifestyle encompassing diet, behavior, and ethics. However, trust and traceability remain key challenges in the halal market, especially for Muslim communities like

⁵ David M Driesen, *The Economic Dynamics of Law* (Cambridge: Cambridge University Press, 2012), <https://doi.org/10.1017/CBO9780511792465>.

⁶ Aslikhah and Moh. Mukhsinin Syu'aibi, "Fenomenologi Self Declare Sertifikasi Halal Bagi Pelaku UMKM Produk Makanan Dan Minuman Untuk Peningkatan Awareness Sertifikasi Halal Di Kabupaten Pasuruan," *Jurnal Mu'allim* 5, no. 1 (January 11, 2023): 68–83, <https://doi.org/10.35891/muallim.v5i1.3424>.

Somalis, Syrians, Pakistanis, and Afghanis in Canada, highlighting the need for stronger policies to ensure authenticity and strengthen the halal value chain.⁷

Consumers are a vulnerable group to be exploited by business actors, so legal regulations are needed to protect these consumers.⁸ On April 20, 1999, the Indonesian government issued Law Number 8 of 1999 concerning Consumer Protection, referred to as UUPK. The purpose of this UUPK can be seen in the considerations, especially in points b and c, which state the following: 1) national economic development in the era of globalization must be able to support the growth of the business world to produce a variety of goods and/or services with technological content that can improve the welfare of the community while obtaining certainty over goods and/or services obtained from trade without causing consumer harm, 2) that the increasingly open national market as a result of the economic globalization process must continue to ensure enhanced public welfare and certainty over the quality, quantity, and safety of goods and/or services received in the market. Providing correct and real information listed in the halal certificate and halal label will positively impact consumers, so that consumers can select food products that will be consumed and not cause losses to consumers. Halal certification and the legal inclusion of halal labels on MSME food products aim to ensure that people who buy these products receive correct and precise information about each other packaged food products, regarding the origin of the ingredients, manufacturing process, packaging, quality, nutritional content, and other information used before deciding to buy or consume the MSME products being traded.

Previous studies have shown that the issue of halal certification for MSMEs has been widely studied, but it remains relevant to discuss further due to its diverse contexts and approaches. Research by Santi Nopita Sari⁹ emphasized the awareness of MSMEs in Bogor regarding halal certification, which was considered relatively high and became a strong motivation to carry out certification, with a quantitative approach. Meanwhile, research by Sitti Nurfaika examined the obligation to register halal certification through the *Maqashid al-Syariah* approach. It highlighted the importance of the role of BPJPH in ensuring consumer safety and comfort. Both

⁷ Bamidele Adekunle and Glen Filson, "Understanding Halal Food Market: Resolving Asymmetric Information," *Food Ethics* 5, no. 1–2 (November 15, 2020): 13, <https://doi.org/10.1007/s41055-020-00072-7>.

⁸ Munir Fuady, *Pengantar Hukum Bisnis: Menata Bisnis Modern Di Era Global*, 3rd ed. (Bandung: Refika Aditama, 2008).

⁹ Grace Putri Hastino et al., "Problems of Halal Certification for MSMEs in Pekiringan Village," *Jurnal Abdisci* 1, no. 10 (August 2, 2024): 359–67, <https://doi.org/10.62885/abdisci.v1i10.404>.

of these studies discuss the importance of halal certification and the involvement of MSMEs. Still, they differ from the author's research, which focuses more on legal protection for consumers due to the use of illegal halal labels. Research by Amaliatus Sholihah and Firman Setiawan¹⁰ used the Theory of Planned Behavior approach to analyze the factors that influence MSMEs in Blitar in implementing halal certification, showing that there are still many business actors who have not been certified even though the law requires it. On the other hand, research by Cunia Wulan Sari and Didah Durrotunnafisah¹¹ highlighted the practice of illegal halal labeling in the UIN Bandung campus environment from the perspective of Islamic economic law, emphasizing the influence of halal labels on consumer purchasing interest. Both studies have similarities in discussing halal awareness and labeling, but different approaches, where the author's research focuses on aspects of consumer legal protection based on Law No. 8 of 1999 and Law No. 33 of 2014. Halal label, UMKM, consumer protection, halal certification, consumer protection law, Karanganyar Square.

Previous studies have shown that while the issue of halal certification among MSMEs (Micro, Small, and Medium Enterprises) has been extensively discussed, it remains a relevant and evolving topic due to varying contexts and methodological approaches. Santi Nopita Sari's quantitative study in Bogor revealed a high awareness and motivation among MSMEs to pursue halal certification. At the same time, Sitti Nurfaika's research employed the Maqashid al-Shariah framework to emphasize BPJPH's critical role in ensuring consumer safety and comfort. In contrast, Amaliatus Sholihah and Firman Setiawan, using the Theory of Planned Behavior, found that many MSMEs in Blitar remain uncertified despite legal mandates. Cunia Wulan Sari and Didah Durrotunnafisah analyzed the use of illegal halal labels at UIN Bandung through Islamic economic law, highlighting its influence on consumer purchasing interest. While these studies collectively emphasize the significance of halal certification and awareness, the present research diverges by focusing on legal protection for consumers against the misuse of halal labels, particularly under Indonesian Law No. 8 of 1999 on Consumer

¹⁰ Amaliatus Sholihah and Firman Setiawan, "Pendekatan Theory of Planned Behavior Dalam Melakukan Sertifikasi Halal Bagi Pelaku UMKM Sektor Halal Food Di Kabupaten Bangkalan," *JURNAL MANEKSI* 11, no. 2 (December 1, 2022): 427–39, <https://doi.org/10.31959/jm.v11i2.1231>.

¹¹ Cunia Wulan Sari and Didah Durrotun Nafisah, "Labelisasi Halal Illegal Pada Praktik Jual Beli Produk Pangan Di Lingkungan Kampus UIN Bandung Serta Relevansi Pandangan Hukum Ekonomi Syariah," *Al-Muamalat: Jurnal Ekonomi Syariah* 6, no. 1 (2019): 57–68, <https://doi.org/10.15575/am.v6i1.9639>.

Protection and Law No. 33 of 2014 on Halal Product Assurance, using the Karanganyar Square as a case study.¹²

The description above shows that the regulation and determination of halal certification and halal labeling have been regulated in Positive Law, namely that they have met the requirements of safety, quality, and nutrition for human health, and the creation of good and honest trade in food products. However, the lack of concern of micro, small, and medium enterprises (MSMEs) in terms of halal certification and halal labeling legally and the lack of direct socialization of the law regarding halal product guarantees has resulted in the proliferation of food product business actors who are lazy and even prefer to include fake halal labels because they are practical and attractive to consumers, especially Muslims who choose and seek halal products. Law Number 33 of 2014 concerning Halal Product Guarantee (UUJPH) states that all products marketed in Indonesia must be halal certified. This law shows that MSMEs should know and understand the prohibition of goods trading that do not follow Islamic law and must be responsible for the products traded.¹³ However, in reality, currently, there are still many MSME products that do not have or falsify halal certificates and even include fake or illegal halal labels.

This study used an empirical legal approach,¹⁴ an approach that examined the application of positive law in society and the social realities that accompany it. The location of the study focused on the MSME area in Alun-Alun Karanganyar regency, which is the center of economic activity in the community and has a variety of food products that are claimed to be halal. Data showed that Karanganyar held a unique position in the context of halal products due to its thriving MSME sector and growing consumer awareness of halal standards. However, this positive development was challenged by the persistence of illegal practices, such as the unauthorized use of halal labels by businesses seeking to exploit consumer trust. These actions highlighted the urgent need for stricter enforcement and legal protection to preserve the integrity of halal certification in the region. The data collection techniques were done through direct observation, and in-depth

¹² Santi Nopita Sari, Rully Trihantana, and Bayu Purnama, "Pengaruh Kesadaran Halal Usaha Mikro, Kecil Dan Menengah (UMKM) Di Pamijahan Dan Cibungbulang Kabupaten Bogor Terhadap Motivasi Sertifikasi Halal," *SAHID BUSINESS JOURNAL* 1, no. 01 (October 19, 2021): 92 – 103, <https://doi.org/10.56406/sahidbusinessjournal.v1i01.31>.

¹³ Galuh Widitya Qomaro and Indria Mawaddah, "Product Liability Dan Perlindungan Konsumen Terhadap Produk Berlabel Halal Palsu," *Jurnal Pamator: Jurnal Ilmiah Universitas Trunojoyo* 12, no. 2 (2019): 78 – 83, <https://doi.org/https://doi.org/10.21107/pamator.v12i2.6275>.

¹⁴ Zainuddin Ali, *Metode Penelitian Hukum*, ed. Leny Wulandari (Jakarta: Sinar Grafika, 2021), 5; Jonaedi Efendi and Johnny Ibrahim, *Metode Penelitian Hukum: Normatif Dan Empiris* (Depok: Prenadamedia Group, 2016), 8.

interviews with MSME actors, consumers, law enforcement officers, and related agencies such as the Health Service, the Cooperative and MSME Service, and the local Indonesian Ulema Council (MUI). In addition, a document study was conducted on regulations related to consumer protection and halal certification. The data obtained were analyzed qualitatively to understand the extent of MSME actors' legal awareness in legally including halal labels, as well as what form of legal protection is provided to consumers if a violation occurs. The analysis was done by interpreting data based on consumer protection theory, halal certification law, and the principle of justice in business transactions. The results of this study are expected to provide legal and policy recommendations to local governments and MSME actors in creating a safe, healthy business ecosystem that is by the principles of consumer protection.

The urgency of this research lies in addressing the increasing misuse of halal labels by some MSMEs, which misleads consumers and undermines the credibility of halal certification systems. As consumer trust in halal authenticity is crucial for spiritual and legal assurance, the study emphasizes robust legal frameworks and enforcement, particularly under Law No. 8 of 1999 on Consumer Protection and Law No. 33 of 2014 on Halal Product Assurance. The theoretical contribution of this research is to bridge the gap between Islamic legal principles and positive law in protecting consumer rights, while enriching discourse on the ethical responsibilities of MSMEs within the halal ecosystem. Furthermore, it contextualizes Karanganyar as a representative case for similar regions facing challenges in halal compliance and label misuse.

The increasing phenomenon of illegal halal products in Indonesia, including in Karanganyar, has raised serious concerns regarding consumer protection and the integrity of halal certification, especially for Micro, Small, and Medium Enterprises (MSMEs). According to data from the Indonesian Council of Ulama (MUI) and the Halal Product Assurance Agency (BPJPH), there were over 11,000 unregistered halal-labeled products reported between 2019 and 2023, many of which were distributed through informal MSME channels. The lack of regulatory awareness among MSME actors and weak law enforcement contribute to the proliferation of these illegal labels, jeopardizing both consumer rights and religious compliance. Despite existing legal frameworks such as Law No. 33 of 2014 on Halal Product Guarantee, implementation remains inconsistent at the regional level. This study offered a novel perspective by focusing on the intersection of consumer legal protection and MSME accountability in the Karanganyar that had received limited

scholarly attention—highlighting the urgent need for localized regulatory oversight and targeted education for MSMEs as a preventive strategy.¹⁵

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The Practice of Illegal Halal Labeling Among MSMEs in Karanganyar

Halal certification for MSMEs is essential because, in this case, MSMEs or Muslim producers are responsible for declaring that the products they make and sell can be made and distributed with halal materials to obtain halal certification, in addition to national security. Law No. 8 of 1999 concerning Consumer Protection states that "consumers have the responsibility to obtain clear, accurate, and honest information regarding the condition of goods or services". Consumers will feel more at ease if the certified product is consumed and deemed safe and suitable. In addition, products made from halal materials must have halal certification. Products excluded are not required to have or register halal certification, but these products must include a non-halal label. Products made from prohibited materials do not have to have a halal certification, but require certification that the product contains non-halal materials. The Halal Product Guarantee Implementing Agency is a halal product guarantee implementing agency, also known as BPJPH. Law Number 33 of 2014 concerning Halal Product Assurance regulates the authority of BPJPH in carrying out its functions. Article 34 of the JPH Law explains the procedures for issuing halal certificates, which states that the halal fatwa session determines the halalness of the product requested by the business actor and becomes the basis or support for BPJPH to issue halal certificates. BPJPH can issue halal certificates after the halal fatwa session conducted by the MUI and is carried out no later than 1

¹⁵ Badan Penyelenggara Jaminan Produk Halal, "BPJPH: UMK Harus Segera Bersertifikat Halal Agar Tak Tertinggal," <https://bpjph.halal.go.id/>, 2023, <https://bpjph.halal.go.id/detail/bpjph-umk-harus-segera-bersertifikat-halal-agar-tak-tertinggal>.

(one) working day after receiving the MUI decision regarding the halalness of the product. Halal certificates that business actors have received have a validity period of 4 (four) years.

In the implementation of the halal certification application for MSMEs or traders in the Karanganyar square, they use the *self-declare route*, where, in this case, business actors or MSMEs are assisted by local Halal Product Companions (PPH) who already have a PPH certificate. In this case, the PPH of Karanganyar Regency, under the auspices of the Halal Task Force of the Karanganyar Regency Ministry of Religion, organizes or assists MSMEs in Karanganyar Regency and MSME actors in the Karanganyar Square area in particular. In addition, before going into the field, the PPHs receive socialization and further training by the Karanganyar Regency Ministry of Religion halal task force so that they are more mature and there are no mistakes in carrying out their duties to assist these MSMEs. Before assisting, the halal task force also interacted with MSMEs in the Karanganyar Square area regarding the halal certification.¹⁶ In addition to the presence of new traders, business actors, or MSMEs whose merchandise is made from chicken have not registered and have a halal certificate, this is due to the raw material factor made from chicken, which makes it difficult to prove its halalness.

However, the application for halal certification for MSMEs in the Karanganyar Regency square has not been fully distributed, this is because many new traders do not yet know the regulations related to halal certification that the officers socialize. As a result, many MSME actors have not registered for halal certification.¹⁷ In addition to the uneven socialization delivered to MSME actors in the Karanganyar square area, traders feel that the files used to register for halal certification are pretty complicated. In contrast, traders spend their time selling. Many sells from morning to night, so finding and completing halal certification registration files is limited.¹⁸

In addition to the assumption of the traders, some traders think that the registration of halal certification is easy because it is assisted by the PPH on duty, who helps from creating an account to issuing a halal certificate. Traders or UMKM actors feel it is easy because the required requirements are ready and only submitted to the PPH, and starting from raw materials, equipment, and production sites is relatively easy and not made from chicken. Traders also think that if they already have a halal certificate, they feel safe, because they are free to include halal labels or logos anywhere, including on their carts and packaging. In addition,

¹⁶ Dewi Supriyanti, Secretary of the Halal Task Force of the Ministry of Religion of Karanganyar Regency, *Interview*, January 07, 2025, 10.00-11.30 AM

¹⁷ Suratno, MSME Actor, *Interview*, January 07, 2025, 03.00-03.45 PM.

¹⁸ Eko, MSME Actor, *Interview*, January 07, 2025, 01.00-02.00 PM.

traders feel secure if there are checks and so on by officers or related agencies.¹⁹ Some PPH (Halal Product Process) officers are motivated by economic gain and weak oversight, leading them to issue or approve halal labels without proper certification illegally. On the side of business actors, limited knowledge, high certification costs, and market pressure to appear religiously compliant drive them to misuse halal labels. These factors collectively highlight the urgent need for stricter legal supervision and educational outreach to ensure consumer protection and uphold the integrity of halal assurance systems.²⁰

The ESDM Diskutrans of Karanganyar Regency is one of the agencies related to MSMEs in Karanganyar Regency and especially in the Karanganyar town square area, explaining that business actors or MSMEs who trade or sell in the Karanganyar town square must register with the Diskutrans so that their existence is legal, including business actors who register for halal certification. Diskutrans supervises MSME actors who sell in the Karanganyar town square area. Still, regarding halal certification, Diskutrans has not fully supervised MSME actors who have not been halal certified. In this case, many business actors have not registered a halal certificate but have included a product label or logo.²¹ It is often found that business actors do not have halal certification but have included a halal label or logo on the products they sell. Most of the halal label's inclusion is on the MSME actors' carts. Even the halal logo included on the product is an unofficial halal logo, such as that issued by the MUI. The following is an example of including illegal halal labels or logos on MSME actors in the Karanganyar Regency Square.

The halal label is a halal label or logo issued by the Food, Drug, and Cosmetics Assessment Institute (LPPOM-MUI), which is listed on the packaging of food or beverage products that already have halal certificates. In this study, the halal label or logo is one of the goals or main points for consumers in purchasing food or beverage products sold by MSMEs in the Karanganyar Square area. Illegal halal labels or logos affect buyers' interest in buying these food products because consumers believe in the products sold. And, in Islam, it is also explained that products that are traded must meet requirements such as goods must be pure, useful, owned by the seller or business actor, and the goods traded must be clear.

However, due to the many diverse consumer needs and demands, producers compete to sell their products to flourish in the market, starting from unique names, appearance, and halal logos or labels are also included, but do not see the bad side. Halal certification is a guarantee of safety for Muslims to consume a

¹⁹ Harni, MSME Actor, *Interview*, January 07, 2025, 02.00-03.00 PM.

²⁰ Suratno, MSME Actor, *Interview*, January 07, 2025, 03.00-03.45 PM.

²¹ Any Widyastuti, Entrepreneurship Facilitator, ESDM Transmigration Office, Karanganyar Regency, *Interview*, January 10, 2025, 10.30-11.45 AM.

product. In terms of this, halal certification is proven by the halal logo or label on the products being traded. In general, this halal approach is included in the marketing process of a product and can neutralize the negative *image* that consumers associate with a product. An authorized institution issues the halal label listed on the product packaging if it has registered for a halal certificate and obtained it. Consumer responses regarding the inclusion of illegal halal labels for UMKM actors in the Karanganyar Regency Square have received a lot of reactions, including some who are *pro* or agree, and many who are *against* or disagree. Consumers consider that business actors with a halal label or logo on their products mean that the products they sell or distribute are officially halal-certified. However, in this case, many consumers also disagree regarding the illegal inclusion of halal labels on the product packaging, even though it has not been certified, as it can harm other consumers. After all, they have deceived or provided incorrect information.

However, on the other hand, not all consumers who buy food or beverage products at UMKM in Alun-Alun Karanganyar Regency pay attention to the halal logo or label. Because there are still many consumers who are not familiar with halal certification, which is currently rampant. So, there are two different responses from consumers regarding this illegal halal labeling. And, in reality, in the field, traders or UMKM business actors have registered for halal certification to attract consumers and follow other traders so that the goods being traded are considered halal and already have halal certificates. This happens because many consumers currently prefer food or drinks that are purchased that are already halal certified, as has been socialized by the government to the public or consumers.

Legal Protection Mechanisms for Consumers Affected by Illegal Halal Products

Legal protection for consumers is all efforts that guarantee legal certainty, which aims to provide legal protection. With this, everything that violates the rules, endangers, and harms consumers needs to be followed up, and consumers have the right to receive such protection. The many violations in the world of trade, especially in MSME business actors, are related to halal certification and illegal halal labeling. Halal certification is a process to obtain a halal certificate by going through several inspection stages to prove that a company or trader's raw materials, production process, and halal product assurance system meet the established standards. Certification is carried out by conducting a series of inspections by competent auditors in their fields to determine its halal status, so that a written

fatwa is created stating the halalness of the product in the form of a halal certificate.²²

In addition to halal certification, halal labels or logos must also be considered. The halal labeling aims to provide protection and legal certainty in consumer rights against products that are not halal or not certified. However, in reality, this halal labeling is misused, specifically the existence of business actors or MSME actors who do not yet have halal certificates but have included halal labels or logos on their products. Business actors, especially MSMEs, need to know the purpose and urgency of halal certification in business or trade. Halal certification and labeling are vital for MSME business actors in the Karanganyar square because, with a halal label on the products being traded, market opportunities will open up and attract customers. MSME actors who carry out halal certification for their products aim to improve the quality of their products. In addition, it also provides benefits for both business actors and consumers because it becomes a consideration before buying a product. The rampant cases of halal label forgery by MSME actors in Karanganyar Square are detrimental to consumers. This is also explained in Article 4 Paragraph (3) of Law Number 8 of 1999: consumers have the right to correct, transparent, and honest information regarding the condition and guarantee of goods and/or services obtained from traders, producers, and others. In this case, the inclusion of a halal label is a consequence and obligation for business actors who have halal certification and are prohibited from including a halal label for business actors who do not yet have a halal certificate, because it is one of the consumer rights as explained in Article 4 of the UUPK.²³

Therefore, the inclusion of halal labels must be open, transparent, legitimate, and honest regarding the condition and guarantee of goods or services, and explain users, repairs, and maintenance in terms of halal certification proven by the halal

²² KN Sofyan Hasan, "Kepastian Hukum Sertifikasi Dan Labelisasi Halal Produk Pangan," *Jurnal Dinamika Hukum* 14, no. 2 (May 25, 2014): 227–38, <https://doi.org/10.20884/1.jdh.2014.14.2.292>.

²³ Muhammad Khozin Ahyar and Agung Abdullah, "Membangun Bisnis Dengan Ekosistem Halal," *Jurnal Pasar Modal Dan Bisnis* 2, no. 2 (August 31, 2020): 167–82, <https://doi.org/10.37194/jpmb.v2i2.46>; Muhamad Wildan Fawaid, "Pesantren Dan Ekosistem Halal Value Chain," *Jurnal At-Tamwil: Kajian Ekonomi Syariah* 4, no. 2 (September 30, 2022): 166–84, <https://doi.org/10.33367/at.v4i2.1471>; Muhammad Hafeez Zakaria et al., "Penyelidikan Dan Pembangunan Ekosistem Halal Dalam Meningkatkan Daya Saing Industri Halal Malaysia," *Malaysian Journal of Social Sciences and Humanities (MJSSH)* 7, no. 10 (October 30, 2022): 1–8, <https://doi.org/10.47405/mjssh.v7i10.1826>; Mohd Azemi Mohd Noor and Muhammad Nusran, "Ekosistem Halal, Sebuah Alternatif Dan Platform Pengembangan Halal Berkelanjutan," in *Manajemen Industri Produk Halal Dalam Perspektif Ekosistem Halal*, ed. Nurlaila Abdullah and Ardi (Banten: Desanta Muliavisitama, 2021), 13–21.

certificate owned by the business actor. Like business actors, consumers must pay attention to information about the products or food they intend to consume. So the decision to consume a particular product is not solely because it is attractive and low cost, but also an adequate and accurate information. Consumer protection for food products that are not yet halal certified but have included a halal label is regulated in Article 45 of the Consumer Protection Law, namely that every consumer who is harmed by the product they consume, the consumer has the right to file a lawsuit against the business actor because this is regulated in Article 3 to Article 7 of Law Number 8 of 1999 concerning Consumer Protection, which regulates the rights and obligations of consumers and business actors. With this legislation, consumers can be protected in their rights to comfort, security, and safety in consuming a product, so business actors who want to distribute their products must fulfill their obligations, namely registering halal certification to guarantee that the product is halal and safe for consumption.

In Law Number 8 of 1999 concerning Consumer Protection in Article 2, there are five principles regarding consumer protection, namely, *first*, the Principle of Benefit, which means that all consumer protection efforts must provide the most significant possible benefits for the interests of consumers and business actors as a whole. *Second*, the Principle of Justice means that all community participation can be maximized and provide broad opportunities for consumers and business actors to obtain their rights and carry out their obligations reasonably. *Third*, the Principle of Balance, which means providing an even balance between consumers, business actors, and the government. *Fourth*, the Principle of Security and Safety means providing a guarantee of safety and security to consumers in the use and utilization of goods and/or services. *Fifth*, is the Principle of Legal Certainty, which means that business actors and consumers obey the rules and obtain justice in consumer protection, and the state guarantees legal certainty.²⁴

In addition to Law Number 8 of 1999 concerning Consumer Protection, legal protection for consumers of illegal halal-labeled MSME products was also explained in Law Number 33 of 2014 concerning the Halal Product Guarantee. The Halal Product Guarantee Law regulates the provisions of halal certification up to

²⁴ Ahyar and Abdullah, "Membangun Bisnis Dengan Ekosistem Halal"; Siti Nur Azizah, *Politik Hukum Produk Halal Di Indonesia*, ed. Abdul Rofiq (Surabaya: Jakad Media Publishing, 2021); Nazahah Rahim and Syuhaida Idha Abd Rahim, "Bridging Halal Product Acceptance Models for Muslim and Non-Muslim Consumers," in *Global Halal Perspectives: Past, Present and Future*, ed. Risyawati Mohamed Ismail (Kedah: UUM Press, 2020), 56 – 69; Indonesia Sharia Economic Festival, "Halal Certification to Improve Competitiveness," <https://isef.co.id/>, 2021, <https://isef.co.id/en/cat-article/halal-certification-to-improve-competitiveness/>.

halal labeling on products. UUJPH also regulates that business actors who wish to trade their products in the territory of Indonesia must be halal certified. Then, after obtaining a halal certificate, business actors have the right and obligation to include an official halal label or logo issued by BBPJPH. However, business actors who have not obtained halal certification are prohibited from including a halal logo or label on their products because this violates Article 24 of the Halal Product Guarantee Law concerning information on product packaging.

In addition to Law Number 33 of 2014 concerning Halal Product Assurance, there are Government Regulations that regulate the implementation of Law Number 33 of 2014 concerning Halal Product Assurance, namely in Government Regulation Number 39 of 2019 which was amended to Government Regulation Number 42 of 2024 concerning the Implementation of the Halal Product Assurance Sector, and more precisely regulated in Articles 2 and 3. Article 2 contains, *First*, products that enter, circulate, and are traded in the territory of Indonesia must be halal certified. *Second*, products made from prohibited materials are exempted from the obligation to be halal certified. *Second*, products referred to in paragraph (2) must state that they are not halal.²⁵

Meanwhile, Article 3 contains a halal certificate, referred to in Article 2 paragraph (1), which is given to products made from halal materials and meets PPH. With this, the Government Regulation orders business actors to comply with the regulations for their products that have been halal certified because products circulating in Indonesia must be halal certified. In addition, rules regarding the inclusion of halal labels are also regulated in Article 106: "products that have been halal certified must be labeled halal." Still, in practice in the field, many business actors falsify the halal label to attract consumers. This violation is regulated in Article 170 paragraph (2) of PP No. 42 of 2024, sanctions in the form of written warnings, administrative fines, revocation of halal certificates, and withdrawal of goods from circulation. A product's halalness is regulated not only in the Law but also in the Qur'an and hadith; consumers must consume halal products, especially Muslim consumers. Suppose consumers, especially Muslim consumers, suffer losses not only as a result of the law received by businesses, but also because of the product's risks that cause consumer losses. In that case, the business actors must provide compensation and restitution for products consumed. Therefore, business actors who have registered for halal certification must continue to maintain the halalness of the product to ensure product quality and avoid risks. MSME business

²⁵ Budi Harsanto et al., "Sustainable Halal Value Chain Performance for MSMEs: The Roles of Digital Technology, R&D, Financing, and Regulation as Antecedents," *Cogent Business & Management* 11, no. 1 (December 31, 2024): 1–14, <https://doi.org/10.1080/23311975.2024.2397071>.

actors who have not registered for halal certification should immediately register, especially if they have included a halal label on the product, because this will have fatal consequences. According to the researcher's analysis, legal protection for consumers of MSME products labeled as illegal halal is appropriate and needs to be implemented optimally to protect consumers fully, and consumers need to be careful in consuming products purchased to avoid information conveyed by MSME business actors that is not true. In addition, MSME business actors must also pay attention to the applicable regulations and provide clear and correct information to avoid making mistakes in their acting.

The findings of this reveal that both PPH officers and business actors are engaged in unauthorized halal labeling due to inadequate regulatory enforcement, financial incentives, and low public awareness. Unlike previous studies, such as those by Sholihah and Setiawan, which focused on MSMEs' motivation and behavior regarding halal certification, this research highlights direct violations of halal law and the implications for consumer trust. Additionally, in contrast to Sari and Durrotunnafisah's study that addressed illegal labeling in academic settings, this research offers field-based evidence from Karanganyar's local economy, showing that misusing halal labels is more systemic and involves multi-actor complicity. The analysis underscores the urgent need for policy reform and stronger consumer legal protection based on Law No. 8 of 1999 and Law No. 33 of 2014.

Conclusion

Attaching halal labels to MSMEs in Karanganyar Regency Square has two steps. The first step is for traders or MSME actors to register or have an official halal certificate, which is accompanied by the Halal Product Process Assistant (PPH) of Karanganyar in registration. Once a halal certificate is obtained, business actors attach a logo or label to the product. The second way is that traders or MSME actors have not registered or do not have a halal certificate, but have attached a halal logo to the product. With this, there are two consumer responses to this: consumers pay attention to the inclusion of the halal logo, and some are indifferent or do not pay attention to the halal logo when buying food or beverage products.

Consumer protection for food products that are not yet halal certified but have included a halal label is regulated in Article 45 of the Consumer Protection Law, namely that every consumer who is harmed by the product they consume, the consumer has the right to file a lawsuit against the business actor because this is regulated in Article 3 to Article 7 of Law Number 8 of 1999 concerning Consumer Protection, which regulates the rights and obligations of consumers and business

actors. For business actors against food products that are not yet halal certified but have included a halal label on the product, namely in Article 102 paragraph 2 of PP Number 42 of 2024 concerning the Implementation of the Halal Product Guarantee Sector, namely violations for business actors are subject to administrative sanctions in the form of written warnings, administrative fines, and revocation of halal certificates for those who already have halal certificates and withdrawal of goods from circulation. With this legislation, consumers can be protected in their rights to comfort, security, and safety in consuming a product, so business actors who want to distribute their products must fulfill their obligations, namely registering halal certification to assure that the product is halal and safe for consumption. The findings suggest that business actors must receive accessible education and support to obtain official halal certification, reducing reliance on illegal shortcuts. For PPH officers, stricter monitoring, ethical training, and accountability mechanisms are essential to prevent abuse of authority. These practical steps can help restore consumer trust and ensure compliance with halal regulations, protecting businesses and the public.

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