

Revitalization of 16 Ilir Market: A Study of Government Policy from an Urban Economic Perspective

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Abstract

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The revitalization of Pasar 16 Ilir plays a strategic role in maintaining the competitiveness of traditional markets amidst the expansion of modern retail and the digitization of commerce. This study employs a qualitative descriptive approach with thematic analysis to explore the challenges, benefits, and revitalization strategies based on the rational model. The findings indicate that revitalization contributes to economic competitiveness, social sustainability, and improved market governance. The rational model was chosen to ensure that policy decisions are evidence-based and aligned with the Maximum Social Gain principle. The implementation of revitalization is currently in the phase of infrastructure improvements and governance reforms. This study recommends synergy between the government, market managers, and traders to ensure the sustainability of a competitive and inclusive trading ecosystem.

INTRODUCTION

Traditional markets play a strategic role in supporting the local economy and preserving the socio-cultural character of the community. Generally, markets are centers of economic activity, enabling direct interaction between sellers and buyers. Markets serve not only as venues for the exchange of goods and services but also as part of an economic ecosystem that drives the trade, agriculture, and small-scale industries. Furthermore, traditional markets often hold historical and cultural significance that reflects local identity.

However, the existence of traditional markets in various regions faces significant challenges due to modernization and the development of digital technology. Competition with modern retail, the rise of e-commerce, and changes in consumer consumption patterns have shifted consumer preferences from traditional markets to more modern and organized shopping centers. As a result, traditional markets have experienced a decline in the number of visitors, which has impacted the sustainability of small traders' businesses. To address this challenge, the government has issued various regulations to protect and foster traditional markets, including Law No. 7 of 2014 concerning Trade, which emphasizes a balance between traditional and modern markets, and Presidential Regulation No. 112 of 2007, which provides guidelines for structuring traditional markets so they can compete with modern shopping centers. Furthermore, Minister of Trade Regulation No. 56 of 2014 also regulates restrictions on the establishment of minimarkets and supermarkets to maintain the sustainability of traditional markets.

Pasar 16 Ilir is one of the largest and oldest traditional markets in Palembang, South Sumatra. Pasar 16 Ilir has a long history closely linked to the development of Palembang. According to several historical references, Pasar 16 Ilir first appeared in 1552. Initially, Pasar 16 Ilir was a

residential area that later developed into a trading center due to its strategic location on the banks of the Musi River. During the Palembang Darussalam Sultanate, around 1659, the center of power was moved from 1 Ilir, which was burned down by the VOC, to Kuto Cerancang. After the Dutch conquered the sultanate in 1821, the economic potential of the area became a major focus, and development began with plans that were modified to reflect the original conditions.

This market plays a vital role in the local economy as a trading center serving the needs of the community, both in Palembang City and the surrounding areas. Strategically located near the Musi River, Pasar 16 Ilir serves as a distribution center for a variety of commodities, from basic necessities and textiles to wholesale goods. As a major hub of economic activity in Palembang, Pasar 16 Ilir faces complex challenges that threaten its continued existence.

The first challenge to be addressed is the market's declining physical condition. Inadequate public facilities, poor drainage systems, and irregular spatial planning impact trade efficiency and visitor comfort. Many stalls are in disrepair, with leaking roofs and slippery and uneven floors, increasing the risk of accidents for both vendors and shoppers. Poor sanitation, coupled with ineffective waste disposal systems, leads to unpleasant odors and increases the risk of disease, making the market environment less hygienic. In this context, government regulations, such as Regional Regulations governing the management and revitalization of traditional markets, are crucial to ensure the market environment remains suitable and supportive of trade.

Traffic conditions around the market also pose a challenge. Lack of traffic management and illegal parking cause congestion, hindering market accessibility. Furthermore, inadequate market security has led to increased crime rates, such as pickpocketing and fraud, discouraging people from shopping there.

On the other hand, changes in consumer behavior due to the expansion of modern retail and digital-based commerce also pose significant pressure. The growing public preference for shopping at modern shopping centers and e-commerce platforms requires traditional markets to innovate to maintain their competitiveness. Without an effective revitalization strategy, Pasar 16 Ilir risks a decline in the number of traders and consumers, ultimately impacting the local economic ecosystem as a whole.

To address these challenges, policy formulation is needed that is not only oriented towards physical development but also encompasses the transformation of the governance system based on the principles of sustainability and competitiveness. The Rational Model, known as a comprehensive rational approach, provides a systematic framework for public policy formulation by emphasizing evidence-based analysis and a thorough evaluation of various policy alternatives. The Maximum Social Gain principle serves as the basis for selecting policies that produce optimal benefits for the community, both economically, socially, and environmentally. By implementing this model, the revitalization of Pasar 16 Ilir is expected to integrate physical, managerial, and technological aspects to create a market ecosystem that is more adaptive to changing times and remains relevant in modern trade structures.

METHODS

This research uses a qualitative descriptive method to deeply understand the conditions of Pasar 16 Ilir and describe the process of formulating its revitalization policy. According to Creswell (2014), qualitative research focuses on in-depth exploration of social phenomena while considering

the existing context and dynamics. In the context of this research, the qualitative descriptive method allows researchers to comprehensively uncover various factors influencing market revitalization policy, including stakeholder perspectives.

The data sources for this study were obtained through digital observation, which included analysis of policy documents, government reports, scientific publications, and public discourse on social media and online news portals related to the revitalization of Pasar 16 Ilir. Digital observation provided access to a variety of relevant information and helped understand the challenges and opportunities faced in the revitalization process.

Data analysis was conducted using a thematic approach, as proposed by Braun & Clarke (2006), which allows for the identification of key patterns and themes within the collected data. Data were analyzed by grouping information into specific categories, such as infrastructure conditions, market governance, and revitalization policies that have been and are currently being implemented. Data triangulation was also applied to increase the validity of the research results by comparing various sources of information obtained. With this approach, this research is expected to produce evidence-based policy recommendations and support the sustainability of Pasar 16 Ilir in facing the challenges of changing times.

RESULTS AND DISCUSSION

The revitalization of the 16 Ilir Market in Palembang is planned with a total budget of approximately Rp100 billion. This project is a collaboration between the Palembang City Government through Perumda Pasar Palembang Jaya and PT Bima Citra Realty (BCR) as a private investor. Under this scheme, PT BCR provides investment funds for market revitalization, while the local government provides support in the form of permits and regulations. Additionally, vendors occupying kiosks in the market will contribute through a predetermined financing scheme, such as installment payments for kiosk ownership over a specified period.

Benefits of Revitalizing the 16 Ilir Market

The revitalization of 16 Ilir Market has significant strategic implications for local economic dynamics, social sustainability, and environmental balance. From an economic perspective, the revitalization contributes to increasing the competitiveness of traditional markets in the face of the expansion of modern retail and e-commerce, while simultaneously encouraging the growth of the micro, small, and medium enterprise (MSME) sector. From a social perspective, the revitalization aims to create a more inclusive, safe, and hygienic trading ecosystem, which can improve the welfare of traders and the comfort of consumers. Meanwhile, from an environmental perspective, the revitalization is directed at optimizing the drainage system, sustainable waste management, and more efficient spatial planning to mitigate negative impacts on the urban ecosystem.

Strategic Issues in the Revitalization of 16 Ilir Market

Some fundamental issues that are the main challenges in the revitalization of Pasar 16 Ilir include:

1. **Infrastructure Limitations:** Degradation of market facilities, inadequate drainage systems, and poorly organized spatial planning have implications for trade efficiency and visitor comfort.
2. **Accessibility and Mobility:** Congestion due to lack of traffic regulations and the presence of illegal parking limits access for traders and consumers.
3. **Security and Order:** Low supervision of criminal activities such as pickpocketing and a weak consumer protection system have an impact on the public's negative perception of the market.
4. **Disruption by Modern Retail and E-Commerce:** The shift in consumer preferences to modern shopping centers and digital platforms affects transaction volumes in traditional markets.
5. **Market Governance Deficit:** Weaknesses in the coordination mechanism between the government, market managers, and traders hamper the effectiveness of the implementation of revitalization policies.

Justification for the Selection of Rational Models in Policy Formulation

The rational model was chosen as the analytical approach in designing the revitalization policy for the 16 Ilir Market due to its ability to provide an evidence-based decision-making structure and comprehensive analysis. This model adopts the Maximum Social Gain principle, which ensures that decisions generated optimal benefits for the community as a whole. With this approach, various policy alternatives are systematically evaluated based on economic, social, and environmental indicators to ensure the sustainability of the market revitalization.

Stages of the 16 Ilir Market Revitalization Process

The revitalization process of Pasar 16 Ilir is designed in several strategic stages:

1. **Problem Identification and Diagnostics:** Analysis of market conditions through literature reviews, field surveys, and in-depth interviews with stakeholders.
2. **Alternative Policy Design:** Preparation of revitalization scenarios based on comparative studies with traditional markets that have been successfully revitalized in other regions.
3. **Impact Evaluation and Policy Selection:** Comparative analysis of various alternatives taking into account economic, social and environmental sustainability indicators.
4. **Initial Implementation:** Focus on improving basic infrastructure, such as improving the quality of drainage, sanitation systems, and rehabilitating public facilities to increase market attractiveness.
5. **Governance Reform and Digitalization:** Implementation of good governance-based governance policies and exploration of market digitalization to increase competitiveness in the modern trade ecosystem.

Current Status of 16 Ilir Market Revitalization

Currently, the revitalization of Pasar 16 Ilir has entered the initial implementation phase which includes:

1. **Basic Infrastructure Improvement:** Renovation of a number of market areas, optimization of the drainage system, and improvement of the waste management system.
2. **Socialization and Stakeholder Involvement:** The local government actively engages in dialogue with the trading community to ensure collective participation in the revitalization process.

3. Implementation of New Governance Policies: Preparation of more professional and sustainability-based market regulations.
4. Market Digitalization Exploration: Initiate a program to encourage traders to adopt digital platforms as an adaptation strategy to shifts in people's consumption patterns.

CONCLUSION

The revitalization of 16 Ilir Market is a transformational step in strengthening the competitiveness of traditional markets amidst the modernization and digitalization of trade. Using a rational modeling approach, the revitalization policy is formulated based on evidence-based analysis that prioritizes the principle of Maximum Social Gain. The revitalization process, which includes infrastructure improvements, strengthened governance, and the implementation of digitalization, is expected to create a more adaptive, competitive, and sustainable market ecosystem. The success of this revitalization depends heavily on the synergy between the government, market managers, traders, and the community to ensure that 16 Ilir Market remains a key pillar of the Palembang City economy.

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