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Compensation Inconsistencies in Land Acquisition for Public Interest in Indonesia

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ABSTRACT

Land acquisition for public purposes constitutes a critical instrument supporting Indonesia's national development, yet persistent inconsistencies in compensation determination undermine property rights protection and social justice objectives. This normative legal research examines the regulatory framework governing compensation and analyzes implementation gaps through detailed case study of Surabaya District Court Decision Number 1090/Pdt.G/2023/PN Sby. Employing statutory, conceptual, and analytical approaches, the study investigates how Law Number 2 of 2012 and Presidential Regulation Number 19 of 2021 translate into practice. Findings reveal that implementation suffers from formalistic interpretation prioritizing administrative documentation over substantive rights recognition. Four interconnected factors drive compensation inconsistencies: divergent legal interpretation in determining eligible recipients, inadequate transparency in appraisal procedures, structural misalignment between formal requirements and informal land transaction realities, and insufficient oversight coupled with limited public legal awareness. These deficiencies generate horizontal conflicts between registered owners and actual possessors, vertical tensions between communities and government authorities, development project delays, and perpetuation of displacement-induced poverty. Analysis demonstrates compensation disputes arise not solely from valuation disagreements but from fundamental questions regarding legitimate stakeholder identification and meaningful participation in deliberation processes. The study concludes that effective reform requires legislative clarification of ambiguous provisions, institutional capacity development for implementing authorities, transformation of deliberation mechanisms into genuine participatory forums, establishment of independent oversight bodies, and acceleration of systematic land registration programs to prevent future tenure conflicts.

Keywords: Eminent Domain, Fair Compensation, Land Acquisition, Legal Framework, Public Interest

INTRODUCTION

Land acquisition for public purposes constitutes a fundamental mechanism through which governments facilitate national development initiatives.¹ In Indonesia, this process is governed by a comprehensive legal framework, particularly Law Number 2 of 2012 concerning Land Acquisition for Development in the Public Interest, which replaced the previous Presidential Decree Number 55 of 1993.² The constitutional foundation for state intervention in land matters derives from Article 33(3) of the 1945 Constitution, which stipulates that land, water, and natural resources shall be controlled by the state and utilized for the maximum prosperity of the people. This constitutional mandate provides the legal basis for the state to acquire privately held land when necessary for development projects that serve the public interest.³ However, the implementation of land acquisition procedures, particularly regarding compensation mechanisms, has consistently generated significant challenges that impede both the realization of development objectives and the protection of landowners' rights.⁴

The issue of compensation adequacy and fairness represents one of the most contentious aspects of land acquisition processes in Indonesia. Despite the existence of detailed regulatory frameworks, substantial discrepancies persist between legal provisions and actual implementation practices. Research conducted by Pattra, Ismail, and Wibowo (2025) demonstrates that compensation issues remain among the primary factors inhibiting infrastructure development in Indonesia, with affected communities frequently expressing dissatisfaction regarding the compensation values determined for their land.⁵ Similarly, Rakhmatullah et al. (2025) identified significant gaps in landowner participation during the compensation valuation process, noting that the final and binding nature of appraisal team assessments effectively prevents meaningful negotiation between landowners and government authorities⁶. These implementation challenges

¹ Ida Ayu Mas Ratu and Ida Bagus Agung Putra Santika, "IMPLEMENTATION OF THE GRANTING OF LAND OWNERSHIP RIGHTS BY THE STATE FOR FOREIGN CITIZENS UNDER ARTICLE 21 PARAGRAPH 3 OF THE BASIC AGRARIAN LAW," *Journal of Court and Justice* 3, no. 2 (June 14, 2024): 76–85, <https://journal.jfpublisher.com/index.php/jcj/article/view/546>.

² Pemerintahan Republik Indonesia, *UU No. 2 Tahun 2012 Tentang Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum*, Sekretariat Negara, 2012.

³ Adelia Safitri and Dr. Sugiharto, "ANALYSIS OF THE SOCIAL FUNCTION OF LAND RIGHTS FOR PUBLIC INTEREST," *Journal of Court and Justice* 3, no. 3 (August 23, 2024): 104–114, <https://journal.jfpublisher.com/index.php/jcj/article/view/634>.

⁴ Amelia Marchela Putri Riduan and Atik Winanti, "The Land Acquisition Compensation Process for Public Interest Based on Law No. 2 of 2012," *Jurnal Daulat Hukum* 7, no. 4 (December 24, 2024): 391, <https://jurnal.unissula.ac.id/index.php/RH/article/view/41595>.

⁵ Lerri Pattra, Nurhasan Ismail, and Richo Andi Wibowo, "National Strategic Projects and Compensation Issues in Land Acquisition in Indonesia," *Jurnal Hukum dan Peradilan* 14, no. 1 (March 31, 2025): 1–28, <https://www.jurnalhukumdanperadilan.org/jurnalhukumperadilan/article/view/1126>.

⁶ Bhaiq Roza Rakhmatullah et al., "Gaps in Landowner Participation in Land Acquisition Compensation Valuation in Indonesia," *International Journal of Law* 11, no. 2 (2025): 59–61.

manifest in various forms, including lack of transparency in land valuation procedures, insufficient recognition of informal land rights, and inadequate consideration of non-economic values attached to land by affected communities.

The complexity of compensation determination processes stems from multiple intersecting factors. First, the interpretation of what constitutes "fair and appropriate compensation" remains ambiguous within existing legislation, leading to inconsistent application across different regions and projects.⁷ Second, the reliance on formalistic administrative procedures often fails to account for the social reality of land ownership in Indonesia, where many transactions occur informally without proper registration at the National Land Agency (BPN). Third, the limited transparency in land valuation methodologies generates mistrust and dissatisfaction among affected landowners who perceive the process as unilateral and imposed rather than participatory.⁸ Fourth, the pressure to accelerate infrastructure development, particularly for National Strategic Projects, creates incentives for rapid land acquisition that may compromise thorough stakeholder consultation and equitable compensation determination.⁹

Recent scholarship highlights significant challenges in Indonesia's land acquisition processes. Meckelburg and Wardana (2024) demonstrate through political economy analysis how redefinition of public interest under the Jokowi presidency escalated land conflicts, revealing that state-sponsored development primarily serves politico-business elite interests rather than genuine public welfare.¹⁰ Their research shows the Indonesian state has become the country's largest and most powerful land procurer for capital investment, often at the expense of marginalized communities. Similarly, De Maria et al. (2023) examine fair compensation in large-scale land acquisitions across multiple countries, finding that compensation mechanisms frequently fail to address the full spectrum of losses experienced by affected populations, including livelihood disruption, cultural displacement, and social network disintegration.¹¹

The inconsistency problem manifests in multiple dimensions. Ginting et al. (2024) identify critical gaps between Pancasila-based ideal models of land procurement and actual implementation, noting that compensation assessments

⁷ Saniah Saniah, "Legal Review of Legal Protection for Communities Affected by Land Acquisition for Public Interest under Law No. 2 of 2012 on Land Acquisition for Development in the Public Interest," *International Journal of Sociology and Law* 2, no. 3 (July 15, 2025): 32–39, <https://international.appihi.or.id/index.php/IJSL/article/view/710>.

⁸ Haris Subesar et al., "Between Investment and Social Justice: Legal Challenges of Land Acquisition for National Strategic Projects in Indonesia," *Substantive Justice International Journal of Law* 8, no. 1 (July 29, 2025): 1–12, <https://substantivejustice.id/index.php/sucila/article/view/372>.

⁹ Rebecca Meckelburg and Agung Wardana, "The Political Economy of Land Acquisition for Development in the Public Interest: The Case of Indonesia," *Land Use Policy* 137 (February 2024): 107017, <https://linkinghub.elsevier.com/retrieve/pii/S0264837723004830>.

¹⁰ Ibid.

¹¹ Marcello De Maria, Elizabeth J.Z. Robinson, and Giacomo Zanello, "Fair Compensation in Large-Scale Land Acquisitions: Fair or Fail?," *World Development* 170 (October 2023): 106338, <https://linkinghub.elsevier.com/retrieve/pii/S0305750X23001560>.

often disregard social, cultural, and spiritual values attached to land by Indonesian communities.¹² Yasim et al. (2025) observe that while legal principles governing land acquisition for national strategic projects appear theoretically sound, practical application reveals significant divergence from intended outcomes, generating disputes that delay infrastructure development and erode public trust in government institutions.¹³

Despite the substantial body of existing research, several critical gaps remain in the academic literature. First, there is limited analysis of how formal versus substantive ownership recognition affects compensation entitlement, particularly in cases where land has been transferred through informal mechanisms that lack legal documentation but involve long-term possession and cultivation. Second, insufficient attention has been paid to the role of judicial interpretation in resolving compensation disputes and establishing precedents that could guide more equitable administrative practices. Third, the relationship between regulatory ambiguity and implementation inconsistency requires more systematic examination to identify specific legal provisions that generate conflicting interpretations among different stakeholders. This study addresses these gaps by analyzing both the normative legal framework and its practical implementation through examination of specific case law.

The research objectives are twofold: first, to analyze the normative concept of fair and appropriate compensation for land ownership rights in land acquisition for public purposes; and second, to evaluate the implementation of compensation provisions through examination of judicial decisions that reveal discrepancies between legal requirements and administrative practices. The novelty of this research lies in its integration of doctrinal legal analysis with empirical examination of court cases to demonstrate how judicial interpretation can bridge the gap between formal legal provisions and substantive justice for affected landowners. This research therefore seeks to contribute to the development of more equitable land acquisition practices by identifying specific sources of inconsistency in compensation determination and proposing regulatory and institutional reforms

RESEARCH METHODOLOGY

This study employs normative legal research methodology, which focuses on examining legal norms, statutes, and doctrinal principles within the Indonesian

¹² Darwin Ginting, Netty SR Naiborhu, and Nanda Vico, "The Ideal Model of Land Procurement and Compensation for Infrastructure Development (Public Interest) Based on Pancasila," *Journal of Law and Sustainable Development* 12, no. 1 (January 30, 2024): e1908, <https://ojs.journalsdg.org/jlss/article/view/1908>.

¹³ Sulastris Yasim et al., "Land Acquisition for Public Interest Development: Legal and Regulatory Perspectives in Indonesia," *Journal of Scientific Research, Education, and Technology (JSRET)* 4, no. 1 (March 7, 2025): 434–445, <https://jsret.knpub.com/index.php/jrest/article/view/711>.

legal system.¹⁴ Normative legal research, widely recognized in Indonesian legal scholarship, analyzes the legal framework as a system of norms governing social conduct and providing solutions to legal issues. As Negara (2023) articulates, normative legal research in Indonesia primarily investigates statutory provisions, constitutional frameworks, and judicial decisions to identify gaps, inconsistencies, and areas requiring legal reform.¹⁵ This approach is particularly appropriate for examining compensation inconsistencies, as it enables systematic analysis of the normative framework established under Law Number 2 of 2012, alongside implementing regulations and related jurisprudence.

The research utilizes multiple analytical approaches to ensure comprehensive examination. First, the statutory approach examines the hierarchy and interrelation of laws governing land acquisition, including the 1945 Constitution, Law Number 5 of 1960, Law Number 2 of 2012, and Presidential Regulation Number 19 of 2021.¹⁶¹⁷¹⁸ Second, the conceptual approach explores fundamental legal concepts such as fair compensation, public interest, and property rights through established legal doctrines and scholarly literature. Third, the case study approach analyzes Surabaya District Court Decision Number 1090/Pdt.G/2023/PN Sby to illustrate practical application and implementation gaps.²⁰ Finally, the comparative analytical approach examines how different legal interpretations and enforcement mechanisms contribute to compensation inconsistencies across various projects. This methodological framework aligns with contemporary Indonesian legal research standards as discussed by Disemadi (2022) in examining legal research methodologies.²¹

Primary legal materials consist of constitutional provisions, statutory regulations, presidential decrees, and court decisions directly related to land acquisition and compensation. Secondary legal materials include scholarly books, peer-reviewed journal articles, legal commentaries, and doctrinal writings

¹⁴ Dr. Suyanto Suyanto, *Metode Penelitian Hukum Pengantar Penelitian Normatif, Empiris Dan Gabungan* (Gresik: Unigress Press, 2022).

¹⁵ Tunggul Ansari Setia Negara, "Normative Legal Research in Indonesia: Its Originis and Approaches," *Audito Comparative Law Journal (ACLJ)* 4, no. 1 (February 2, 2023): 1–9, <https://ejournal.umm.ac.id/index.php/audito/article/view/24855>.

¹⁶ The Constitutional Court, *The 1945 Constitution of the Republic of Indonesia* (The Office of the Registrar and the Secretariat General Of the Constitutional Court of the Republic of Indonesia, 2015), accessed February 12, 2026, www.mahkamahkonstitusi.go.id.

¹⁷ Pemerintahan Republik Indonesia, *UU No. 2 Tahun 2012 Tentang Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum*.

¹⁸ Pemerintahan Republik Indonesia, *UU No. 5 Tahun 1960 Tentang Peraturan Dasar Pokok-Pokok Agraria, Sekretariat Negara*, 1960.

¹⁹ Pemerintahan Republik Indonesia, "PP No. 19 Tahun 2021 Tentang Penyelenggaraan Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum," *Sekretariat Negara*.

²⁰ Gunawan Tri Budiono et al., *Putusan Pengadilan Negeri Surabaya Nomor 1090/Pdt.G/2021/Pn Sby*, 2022.

²¹ Hari Sutra Disemadi, "Lenses of Legal Research: A Descriptive Essay on Legal Research Methodologies," *Journal of Judicial Review* 24, no. 2 (November 30, 2022): 289–304, <https://journal.uib.ac.id/index.php/jjr/article/view/7280>.

providing theoretical frameworks and analytical perspectives. Tertiary legal materials comprise legal dictionaries and official government reports supporting definitional clarity. The data analysis employs qualitative descriptive methods, systematically interpreting legal provisions, identifying normative inconsistencies, and constructing legal arguments to address research questions. This analytical technique involves critical examination of legal texts, synthesis of judicial reasoning, and normative evaluation of compensation mechanisms to determine compliance with fairness and justice principles.

RESULT AND DISCUSSION

Normative Framework of Compensation

The legal framework governing land acquisition establishes a comprehensive normative foundation for compensation determination.²² Article 33(3) of the 1945 Constitution provides the constitutional basis, stating that land, water, and natural resources are controlled by the state and used for the greatest prosperity of the people. This mandate is operationalized through Law Number 5 of 1960 and Law Number 2 of 2012. Article 1(10) of Law Number 2 of 2012 defines compensation as fair and appropriate replacement for parties with rights in the land acquisition process. Article 33 specifies that compensation encompasses land, above-ground and underground space, buildings, plants, objects related to land, and other legally assessable losses.

Presidential Regulation Number 19 of 2021 provides detailed procedural mechanisms. The regulation establishes that compensation valuation must be conducted by licensed public appraisers following Indonesian Valuation Standards. However, Widiyono and Khan (2023) observe that ambiguities in defining fair and appropriate compensation create interpretative inconsistencies across different regions and projects.²³ The normative framework recognizes multiple compensation forms beyond monetary payment, including replacement land, resettlement, shares in development companies, or other mutually agreed arrangements. Nevertheless, monetary compensation remains predominant due to implementation challenges associated with alternative mechanisms.

The deliberation process mandated under Article 37 of Law Number 2 of 2012 is intended to ensure participatory decision-making between government authorities and affected landowners. Yet empirical evidence suggests this process frequently becomes procedural formality rather than genuine negotiation platform,

²² Armalia Berlinda Irawan, Rahayu Subekti, and Bobur Baxtishodovich Sobirov, "Legal Protection in Land Acquisition for Public Interest: A Dilemma Between State Regulation and Social Welfare," *Journal of Sustainable Development and Regulatory Issues (JSDERI)* 2, no. 2 (May 31, 2024): 148–168, <https://journal.contrariusactus.com/index.php/JSDERI/article/view/38>.

²³ Try Widiyono and Md Zubair Kasem Khan, "Legal Certainty in Land Rights Acquisition in Indonesia's National Land Law," *LAW REFORM* 19, no. 1 (August 9, 2023): 128–147, <https://ejournal.undip.ac.id/index.php/lawreform/article/view/48393>.

particularly when substantial power asymmetries exist between parties. This disconnect between normative provisions and implementation patterns forms the central problem requiring investigation and reform.

Implementation Gaps: Analysis of Surabaya District Court Case

Surabaya District Court Decision Number 1090/Pdt.G/2023/PN Sby provides concrete illustration of disconnects between normative provisions and practical implementation. The case involved compensation rights following land acquisition for the Kandangan Pump House development project implemented by Balai Besar Wilayah Sungai Brantas. The plaintiff had purchased land and buildings through informal transaction in 1985, received the original certificate, and maintained physical control for nearly four decades. However, because the transaction was conducted privately without formal deed execution by authorized Land Deed Official and without transfer registration at the National Land Agency, the certificate remained registered in the seller's name.²⁴

When land was subjected to acquisition in 2023, implementing authority issued compensation determination to the formally registered owner rather than actual possessor. This created horizontal conflict between formal titleholder and substantive rights holder. The court ultimately ruled in favor of plaintiff, recognizing transaction validity and ordering compensation transfer. However, the case exposed critical systemic weaknesses. First, the land acquisition committee relied exclusively on administrative records without conducting field verification to identify actual possession. Second, deliberation process failed to include plaintiff despite clear property interest. Third, no mechanism existed to reconcile discrepancies between formal registration and factual ownership status.

This case exemplifies broader patterns identified in recent research. The formalistic interpretation of legal provisions, without consideration of social realities and equitable principles, perpetuates injustice and generates prolonged litigation delaying development objectives. As Rokhman and Mashdurohatun (2024) observe, inadequate procedures for managing compensation custody in land acquisition processes contribute to uncertainty and dissatisfaction among affected parties.

Factors Contributing to Compensation Inconsistency

Analysis reveals four interconnected factors driving inconsistent compensation practices. The first factor involves interpretative divergence in determining eligible compensation recipients. While Law Number 2 of 2012 refers to parties with rights, implementing authorities frequently interpret this phrase narrowly to mean only individuals whose names appear on formal land certificates. This formalistic approach disregards the substantial body of customary and informal land transactions characterizing Indonesian property practices,

²⁴ Budiono et al., *Putusan Pengadilan Negeri Surabaya Nomor 1090/Pdt.G/2021/Pn Sby*.

particularly in rural and peri-urban areas. Meckelburg and Wardana (2024) confirm that gaps between formal legal requirements and social practices create systematic exclusion of legitimate stakeholders from compensation processes.²⁵

The second factor concerns transparency deficiencies in property valuation. Although Presidential Regulation Number 19 of 2021 mandates independent appraisal by licensed professionals, valuation methodology and supporting data are rarely disclosed to affected landowners prior to deliberation sessions. This opacity generates suspicion regarding objectivity and accuracy, particularly when assessed values fall significantly below market prices in the same locality. The problem is compounded by regional variations in appraisal standards and absence of standardized protocols for assessing intangible losses such as emotional attachment, cultural significance, and livelihood disruption.

The third factor involves structural misalignment between legal frameworks and socioeconomic realities. Many Indonesian communities, especially in less developed regions, conduct land transactions through traditional mechanisms recognized by local customs but lacking formal legal documentation. These transactions may be witnessed by village officials or community leaders and accompanied by customary ceremonies, yet they do not produce notarial deeds and registration entries required by positive law. When land acquisition occurs, holders of such informal rights find themselves legally invisible despite having invested resources, built improvements, and derived livelihoods from land for extended periods.

The fourth factor relates to inadequate oversight and limited public awareness of legal rights and procedures. The absence of independent monitoring bodies enables procedural irregularities and arbitrary decisions to occur without detection or accountability. Simultaneously, insufficient socialization of land acquisition regulations leaves affected communities uninformed about entitlements, available remedies, and procedural safeguards. This information asymmetry exacerbates existing power imbalances between state authorities and individual landowners, rendering mandatory deliberation process ineffective as a mechanism for ensuring fair outcomes.

Inconsistent compensation practices generate multiple adverse consequences. At individual level, perceived unfairness produces widespread dissatisfaction and distrust toward government institutions. When landowners observe compensation amounts substantially below market rates or learn neighboring parcels received differential treatment, they question the integrity and legitimacy of acquisition processes. This erosion of public confidence undermines social cohesion and complicates future land acquisition initiatives, as communities become increasingly resistant to relinquishing property rights.

²⁵ Meckelburg and Wardana, "The Political Economy of Land Acquisition for Development in the Public Interest: The Case of Indonesia."

At community level, compensation inconsistencies frequently trigger horizontal conflicts between formal titleholders and actual possessors, as demonstrated in the Surabaya case. These disputes can escalate into prolonged family disagreements, neighborhood tensions, and even violence when competing claimants assert rights over the same compensation payment. Additionally, vertical conflicts emerge between affected communities and government authorities, manifesting as protests, project site blockades, and media campaigns challenging fairness and legality of acquisition processes. Subesar et al. (2025) document how such conflicts undermine both investment climate and social justice objectives in national strategic infrastructure projects, creating uncertainty for private sector participants and delaying anticipated economic benefits.²⁶

At systemic level, compensation disputes significantly delay infrastructure development timelines and inflate project costs. When communities reject proposed compensation or contest valuation determinations, projects must await resolution through administrative appeals or judicial proceedings. These delays not only postpone intended public benefits but also increase financial burdens through cost escalation and opportunity costs. Furthermore, inconsistent compensation practices perpetuate cycles of poverty and marginalization for vulnerable populations lacking resources to pursue legal remedies or alternative livelihood options following displacement.

These findings substantially corroborate and extend previous scholarship. The research confirms observations by Ginting et al. (2024) regarding gaps between ideal models and actual implementation, while providing additional empirical evidence through detailed case analysis of how compensation disputes arise from intersection of legal ambiguity, administrative practices, and social contexts.²⁷ The Surabaya case illustrates specific mechanisms through which general compensation problems manifest in concrete situations, showing how conflicts emerge not merely from valuation disagreements but from fundamental questions about who constitutes legitimate rights holder entitled to participate in and benefit from compensation processes.

Similarly, this study supports findings by Pattra et al. (2025) regarding compensation as a primary obstacle to development progress, while extending their justice theory analysis by demonstrating concrete mechanisms through which theoretical injustices translate into practical outcomes affecting individual landowners.²⁸ Rakhmatullah et al. (2025) identified critical gaps in landowner participation within compensation valuation processes. This research confirms those observations through examination of the Surabaya case and further

²⁶ Subesar et al., "Between Investment and Social Justice: Legal Challenges of Land Acquisition for National Strategic Projects in Indonesia."

²⁷ Ginting, Naiborhu, and Vico, "The Ideal Model of Land Procurement and Compensation for Infrastructure Development (Public Interest) Based on Pancasila."

²⁸ Pattra, Ismail, and Wibowo, "National Strategic Projects and Compensation Issues in Land Acquisition in Indonesia."

demonstrates how procedural exclusions reflect broader patterns of formalistic legal interpretation prioritizing administrative convenience over substantive justice.²⁹

The study also reveals findings that partially contradict certain assumptions in earlier literature. While Presidential Regulation Number 19 of 2021 introduced important procedural refinements, including clearer timelines and expanded participation of private surveyors, the Surabaya case and broader implementation patterns indicate that fundamental problems persist.³⁰ Formal legal improvements have not translated into substantive changes in how implementing authorities identify entitled parties, conduct valuations, or facilitate meaningful deliberation. This gap between legal text and administrative practice suggests that Indonesia's land acquisition challenges are not primarily legislative in nature but rather reflect deeper institutional, cultural, and political economy factors resistant to resolution through statutory amendments alone.

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The research findings complement political economy analyses by Meckelburg and Wardana (2024), who examined how power relations and institutional arrangements shape land acquisition outcomes.³¹ This study provides supporting evidence for their argument that asymmetrical power dynamics between state authorities and individual landowners fundamentally structure compensation processes, often overriding formal legal protections. By integrating doctrinal legal analysis with empirical case examination, this research demonstrates how legal ambiguities create spaces for discretionary decision-making that systematically disadvantages less powerful actors in land acquisition processes.

²⁹ Rakhmatullah et al., "Gaps in Landowner Participation in Land Acquisition Compensation Valuation in Indonesia."

³⁰ Pemerintahan Republik Indonesia, "PP No. 19 Tahun 2021 Tentang Penyelenggaraan Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum."

³¹ Meckelburg and Wardana, "The Political Economy of Land Acquisition for Development in the Public Interest: The Case of Indonesia."

CONCLUSION

This study reveals significant inconsistencies between normative legal frameworks and practical implementation of compensation in land acquisition for public interest in Indonesia. While Law Number 2 of 2012 and its implementing regulations provide comprehensive protection mechanisms, actual implementation suffers from formalistic interpretation that prioritizes administrative records over substantive rights recognition. The Surabaya District Court case illustrates how compensation processes systematically exclude actual possessors lacking formal registration, creating horizontal conflicts between formal titleholders and substantive rights holders. These findings demonstrate specific mechanisms through which general compensation problems manifest in concrete situations.

Four interconnected factors drive compensation inconsistencies: interpretative divergence in determining eligible recipients, transparency deficiencies in property valuation, structural misalignment between legal frameworks and socioeconomic realities, and inadequate oversight coupled with limited public awareness. These factors generate adverse consequences affecting individual landowners, community cohesion, and national development objectives. Affected communities experience dissatisfaction and distrust toward government institutions when compensation amounts substantially deviate from market rates or when neighboring parcels receive differential treatment. Compensation disputes delay infrastructure development timelines, inflate project costs, and perpetuate poverty cycles for vulnerable populations.

Addressing these systemic problems requires comprehensive reforms spanning regulatory, institutional, and procedural dimensions. Legislative amendments must clarify definitional ambiguities regarding eligible compensation recipients and establish explicit recognition of substantive rights holders with appropriate evidentiary requirements. Institutional capacity building should enhance professional competence of implementing authorities in balancing formal legal requirements with substantive justice principles. Procedural reforms must transform deliberation mechanisms from administrative formalities into genuine participatory platforms through mandatory disclosure of valuation methodologies, inclusion of all affected stakeholders, and establishment of independent oversight bodies. Future research should examine comparative effectiveness of different compensation models, assess long-term socioeconomic impacts on displaced communities, and evaluate pilot programs implementing collaborative governance approaches in land acquisition processes.

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