

## Legal Analysis of Legal Protection for Landowner Farmers Against Investor Domination in Agrarian Policy in Indonesia

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### Abstract

*The issue of legal protection for landowner farmers in their interactions with investors and government bias is a critical topic in economic development and land management in Indonesia. This study aims to analyze existing legal protections for landowner farmers against investors and to evaluate how government bias is reflected in current agrarian policies. This research uses a qualitative approach, drawing on literature and analyzing relevant laws, regulations, and secondary data. The results show that although Indonesia has a legal framework, such as the Basic Agrarian Law (UUPA) No. 5 of 1960, to ensure fair land distribution, its implementation is often ineffective due to economic inequality and limited legal knowledge among farmers. The imbalance of power and lack of transparency in land agreements make farmers highly vulnerable to disadvantageous contracts and land conversion, demonstrating that economic interests often override agrarian rights. This study provides a novel scientific contribution by integrating regulatory analysis with an evaluation of power imbalances, offering an inclusive policy model. Based on these findings, it is recommended that the government strengthen agrarian reform mechanisms through stricter supervision, better data validation, and simplified administrative procedures. Furthermore, providing preventive legal education and assistance to farmers is essential to raise their legal awareness and protect their constitutional rights.*

**Keywords:** Agrarian Policy; Legal Protection; Landowner Farmers; Investor Domination.

### A. Introduction

The agricultural sector in Indonesia plays a crucial role not only as the backbone of the national economy, but also as the main source of livelihood for the majority of the population in rural areas<sup>1</sup>. However, the urgency of the problem arises when landowner farmers are often in a weak bargaining position when dealing with large investors who

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<sup>1</sup> Nur Syahara Febriana and Hendra Riofita, "Evaluasi Kinerja Sektor Pertanian Dalam Kontribusinya Terhadap Pendapatan Nasional Dengan Pendekatan Metode Produksi," *Jurnal Publikasi Sistem Informasi dan Manajemen Bisnis* 4, no. 2 (May 31, 2025): 365-373.

need large areas of land for industrial or agribusiness development<sup>2;3;4</sup>. Although Indonesia has an agrarian legal framework, economic inequality and limited legal knowledge often result in unfair land use agreements<sup>5</sup>. The phenomenon of land acquisition and conversion without protection of farmers' basic rights indicates a significant problem in the enforcement of agrarian laws that protect the common people<sup>6;7</sup>.

The specific issue this study focuses on is the extent to which existing legal protections shield landowner farmers from the dominance of investor interests in Indonesia's agrarian policy schemes. This study thoroughly examines the obstacles to implementing regulations, which are often ineffective in practice due to economic disparities and an imbalance of bargaining power. The object of study includes an analysis of the interaction between farmers, investors, and the role of the government as a regulator that should ensure a balance between economic growth targets and the protection of citizens' constitutional rights to their land.

A review of previous literature and research shows that the Basic Agrarian Law (UUPA) No. 5 of 1960 has established the principle of social justice. Still, in reality, it is often distorted by the interests of big capital. Research by Hutagaol and Simamora<sup>8</sup> and Maulana et al<sup>9</sup> highlights the lack of transparency in land agreements, while an evaluation by the Sajogyo Institute (2017) shows that the Agrarian Reform program is still hampered by massive bureaucratic obstacles<sup>10;11</sup>. The *research gap* identified is the lack of studies offering integrated solutions that combine strengthening technical regulations on land conversion with preventive legal education for farmer communities who own land<sup>12;13;14</sup>. The majority of previous studies, such as those by<sup>15</sup> used very rigid normative methods or case studies

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<sup>2</sup> Citra Darminto et al., "Land Conflicts: Mapping Obstacles and Sustainable Solutions," *Jurnal Ilmu Lingkungan* 23, no. 4 (July 5, 2025): 980-987.

<sup>3</sup> Muh.Afif Mahfud and Naufal Hasanuddin Djohan, "The Expansion of Investor Access to Cultivation Rights: A Socio-Legal Analysis on Agrarian Injustice in Indonesia," *Al-Risalah: Forum Kajian Hukum dan Sosial Kemasyarakatan* 24, no. 2 (December 30, 2024): 55-67.

<sup>4</sup> 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.

<sup>5</sup> Natasya Aulia Putri et al., "Bridging the Gap by Exploring Inequalities in Access to Land and Disparities in Agrarian Law in Indonesia," *Jurnal Ilmu Kenotariatan* 5, no. 1 (May 12, 2024): 1-1.

<sup>6</sup> Mirza Megananda and Akhmad Safik, "Case of Land Ownership Encroachment Reviewed from Agrarian Law Aspects: A Case Study of Verdict No: 255 K/TUN/2021," *Daengku: Journal of Humanities and Social Sciences Innovation* 4, no. 4 (June 26, 2024): 656-666.

<sup>7</sup> Amanda, Arrie Budhiartie, and Iskandar Zulkarnain, "Implementasi Dan Tantangan Hukum Agraria Dalam Sistem Hukum Nasional: Analisis Komprehensif Terhadap Aspek Regulasi, Administrasi, Dan Sosial-Ekonomi," *Intellektika Jurnal Ilmiah Mahasiswa* 2, no. 6 (November 28, 2024): 99-105.

<sup>8</sup> Delvia Sawita Lestari Br Hutagaol and Janpatar Simamora, "Legal Protection of Buyers in the Sale and Purchase Agreement of Uncertified Pangkalan Mansyur Land," *Golden Ratio of Data in Summary* 5, no. 2 (February 17, 2025): 192-198.

<sup>9</sup> Iqbal Maulana et al., "Pengaturan Jangka Waktu Yang Berkeadilan Atas Perjanjian Kerjasama Kepada Pihak Ketiga Hak Pengelolaan Diatas Tanah Ulayat," *Tunas Agraria* 7, no. 3 (September 2, 2024): 285-302.

<sup>10</sup> Leny Novianti, "Multisectoral Challenges in the Implementation of Land Redistribution," *Jurnal Ilmiah Teunuleh* 5, no. 3 (September 26, 2024): 162-178.

<sup>11</sup> Alfian Zainul, "Implementasi PERPRES 86/2018 Tentang Reforma Agraria Di Desa Purworejo Kecamatan Donomulyo Kabupaten Malang," *Jurnal Ilmiah Administrasi Publik* 8, no. 3 (December 1, 2022): 276-281.

<sup>12</sup> Mohamad Nasir, Laurens Bakker, and Toon van Meijl, "Environmental Management of Coal Mining Areas in Indonesia: The Complexity of Supervision," *Society & Natural Resources* (February 27, 2023): 1-20.

<sup>13</sup> Weny A Dunga et al., "Discourse on Regulation and Implementation of Labor Supervision in Indonesia," *International Journal of Environmental Sustainability and Social Science* 4, no. 3 (June 4, 2023): 744-755.

<sup>14</sup> Rohmat, Milda Istiqomah, and Nurini Apriandi, "An Integrated Policy Model for Supervisory Punishment under Indonesia's New Criminal Code," *Jurnal Penelitian Hukum De Jure* 25, no. 3 (August 27, 2025): 151-170.

<sup>15</sup> M Faiz Muttaqin, Indry Septiarani, and Rouli Anita Velentina, "The Formation of Danantara: Between Efficiency and the Threat of Moral Hazard for State Investments," *Walisongo Law Review (Walrev)* 7, no. 1 (April 30, 2025): 67-80.

that were too local. While these studies demonstrate strong doctrinal analysis, they often lack an emphasis on government impartiality and fail to dissect the complexity of supervision at the policy implementation level.

To clearly establish the position of this research compared to previous literature, this study provides a novel contribution by integrating the analysis of agrarian regulations with an evaluation of the power imbalance between farmers and investors. Furthermore, it offers a more inclusive agrarian policy strengthening model through a legal education approach for farmers and the strengthening of state supervisory mechanisms over investment in the agrarian sector. This evaluative and critical approach justifies the importance of reformulating agrarian policies to be more favorable to marginalized groups, ensuring that economic development does not override the constitutional rights of the people.

The strength of these studies lies in the sharpness of their doctrinal analysis. Still, their weakness is the lack of emphasis on government impartiality, which should be reflected in strict oversight of investors. This study aims to improve on previous research by combining an analysis of the latest regulatory literature with an evaluative approach to the effectiveness of government oversight functions to justify the importance of reformulating agrarian policies more favorable to marginalized groups.

To address these problems, this study proposes a model to strengthen agrarian policy, supported by *state-of-the-art* data on transparent, accountable land redistribution mechanisms. The proposed solutions include stricter spatial planning regulations to prevent arbitrary land exploitation and the provision of ongoing legal assistance programs for farmers. The main objective of this study is to formulate policy recommendations that balance investment interests with the protection of farmers' rights, thereby creating true social justice in Indonesia's land sector.

## B. Research Method

This study uses normative legal research that focuses on the inventory and synchronization of legislation<sup>16</sup>. The approach used is qualitative, utilizing both a statutory and a conceptual approach. The data sources or legal materials consist of primary legal materials, such as UUPA No. 5 of 1960 and related implementing regulations, as well as secondary legal materials, including books, scientific journals, and previous research reports relevant to the issue of farmer protection. The technique for obtaining legal materials involves library research, which includes systematically collecting, classifying, and recording information on agrarian policy and the interactions between farmers and investors.

Furthermore, to deeply examine the implementation of agrarian policies, the legal analysis method employed in this study is evaluative and prescriptive. The analysis is conducted systematically through three main stages: first, an interpretative analysis of the existing agrarian legal framework to understand the regulatory foundation of land distribution and investment; second, an evaluative analysis to assess the reality of agrarian policy implementation, specifically highlighting the power imbalance between farmers and

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<sup>16</sup> Siti Chadijah and Abdul Hadi, "Analisis Kewenangan Presiden Dalam Pembentukan Peraturan Pemerintah Pengganti Undang-Undang (PERPPU) Berdasarkan Perspektif Konstitusi Dan Teori Perundang-Undangan: Studi Kasus UU No. 6 Tahun 2023 Tentang Penetapan PERPPU No. 2 Tahun 2022," *Journal of Contemporary Law Studies* 1, no. 4 (July 27, 2024): 237-250.

investors as well as the government's supervisory role; and third, a prescriptive analysis to formulate recommendations and a model for strengthening agrarian policy based on social justice and preventive legal education for farmers. The entire analysis process is systematically processed to find concrete solutions to the imbalance in legal protection for landowner farmers without neglecting the social justice dimension in agrarian law.

## C. Results and Discussion

### 1. Legal Framework of Agrarian Policy in Indonesia

The study's results show that the main legal framework for land management in Indonesia is the Basic Agrarian Law (UUPA) No. 5 of 1960. The main objective of this regulation is to ensure fair land distribution and to ensure that land management is carried out entirely for the welfare of the people. To support spatial control, the government also issued regulations such as the Minister of Agrarian Affairs Regulation No. 13 of 2017 on Spatial Planning. However, critically speaking, the existence of these legal frameworks is often limited to a normative level. In practice, the protection of farmers' rights is frequently disrupted by the dominance of large investors, who have greater access to resources and can influence policy. The conversion of agricultural land to non-agricultural or commercial uses often occurs without careful consideration of the fate of farmers who depend on it, demonstrating a gap between regulatory ideals and implementation realities

### 2. Power Imbalance between Farmers and Investors

An imbalance of bargaining power is a key finding in interactions between farmers and investors. Landowner farmers are often trapped in unfair agreements due to their limited legal knowledge and high economic dependence. This finding is reinforced by data showing that many land agreements involving farmers are neither transparent nor adequately protect their basic rights. The relationship between investment policies and the protection of agrarian rights is highly disproportionate; economic interests to secure large-scale land consistently override the basic constitutional rights of the farmers. Consequently, this inequality structurally places farmers at a disadvantage during negotiations, leading to exploitative land use contracts.

### 3. Evaluation of Agrarian Reform Implementation in Protecting Farmers

To address these inequalities, the government launched the Agrarian Reform program in 2015 to redistribute land. However, this evaluation reveals that the program faces significant bureaucratic obstacles. The complex process of land administration often creates loopholes for disputes. Many farmers have lost their rights due to unclear land status or administrative complexities that prevent them from obtaining legal ownership. This administrative burden heavily restricts small farmers, in stark contrast to the quick and simplified access enjoyed by large corporations. Data on this inequality is summarized in the following table:

**Table 1.** Comparative Analysis of Legal Protection and Field Facts

Aspect of Protection	Legal Basis	Implementation Reality
Land Distribution	Law No. 5 of 1960	Hindered by bureaucracy and administrative obstacles
Land Use Change	Ministerial Regulation No. 13/2017	Often occurs without adequate compensation for farmers

Aspect of Protection	Legal Basis	Implementation Reality
Bargaining power	Principle of social justice	Investor dominance in non-transparent agreements
Investment Licensing	Capital Regulations	Investment Easy licensing often disregards local agrarian rights

#### 4. Analysis of the Government's Role in Supervising Agrarian Investment

Further analysis shows that government bias in current agrarian policy is heavily influenced by macroeconomic and investment interests. The government tends to prioritize ease of licensing for investors in the industrial sector, which systematically leads to the conversion of productive agricultural land. An empirical example of this can be seen in the extensive licensing facilities provided for large investors in the palm oil plantation sector, which has had a direct, concrete negative impact on local farmers' land. Without effective state oversight, protective regulations simply become a "paper tiger" with no enforcement power. The state's absence in providing strict supervision over investment practices shows that current policies contradict the spirit of equitable land control

#### 5. Social Justice-Based Agrarian Policy Strengthening Model

The fundamental difference between the findings in this study and previous publications lies in the identification of more specific solutions regarding preventive legal education. The failure of legal protection lies not only in regulatory loopholes but also in the lack of legal assistance from the pre-contract stage. Therefore, this study proposes a social justice-based model that prioritizes legal education for farmers. Increased agrarian awareness will enable farmers to avoid exploitative agreements and understand how to defend their property rights. Furthermore, inclusive policies must involve farmers' active participation in the spatial planning process, moving away from current top-down approaches. The integration of regulatory strengthening, administrative transparency in agrarian reform, and continuous public participation is a concrete step to ensure that economic development does not sacrifice the farmers' constitutional rights.

#### D. Conclusion and Recommendations

Based on the analysis, it is concluded that while existing legal instruments such as Law No. 5 of 1960 are normatively adequate, they structurally fail to protect landowner farmers in reality. This failure is driven by severe economic inequality, power imbalances, and systemic bureaucratic complexities within agrarian reform programs. The primary policy implication of these findings is that administrative frameworks alone are insufficient without the state's active intervention. Optimal legal protection can only be achieved if the government fundamentally shifts its paradigm from an investment-centric approach to balanced regulatory enforcement that strictly guarantees farmers' constitutional rights to their land.

To address these systemic issues, this study offers several concrete policy recommendations. First, the government must immediately reformulate agrarian policy by enacting stricter, legally binding regulations to control land conversion and mandating

comprehensive state supervision over agrarian investments. Second, there must be a definitive simplification of bureaucratic procedures in land redistribution mechanisms to ensure transparency, accountability, and the prevention of future agrarian disputes. Third, the state must institutionalize inclusive legal assistance and preventive education programs for farming communities to enhance their bargaining power before entering into any land agreements.

Furthermore, to enrich the academic perspective on agrarian law, future research should expand this analysis by employing an empirical approach to evaluate the direct socio-economic impacts of agrarian policies on farmers' daily lives. A comparative study examining farmer protection policies in various other countries is also highly recommended to provide broader insights for formulating better national agrarian laws

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