Samudra Justicia Law Journal
Volume 1, Number 1, (December, 2025)

A Civil Law Review of the Principles of Justice and Reasonableness in the Determination of Compensation for Land Acquisition for Public Interest

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ABSTRACT: Land acquisition for public interest is a constitutional mechanism through which the state fulfills its obligation to promote public welfare. Nevertheless, the exercise of state authority over land must be balanced with the protection of civil rights, particularly through the application of the principles of justice and reasonableness in determining compensation. This study examines land acquisition for public interest from a civil law perspective, focusing on the fairness and reasonableness of compensation. This research employs a normative juridical approach supported by empirical analysis, using Law Number 2 of 2012 on Land Acquisition for Development in the Public Interest as the primary legal framework. A case study involving land acquisition between the Government of Langsa City and PT Perkebunan Nusantara I is analyzed to assess the practical implementation of these principles. The findings indicate that land acquisition constitutes a civil legal act requiring compliance with the principles of consensualism, good faith, and proportionality. Compensation must be based on objective and professional valuation to ensure justice and reasonableness. However, the examined case demonstrates a significant disparity between government-proposed compensation and independent valuation, reflecting inadequate implementation of these principles. This study concludes that justice and reasonableness in compensation determination are essential to ensuring legal certainty and fairness in land acquisition for public interest.

KEYWORDS: Land Acquisition, Public Interest, Compensation, Justice, Reasonableness, Civil Law.

I. INTRODUCTION

The national legal order recognizes the position of the State in controlling natural resources for the purpose of realizing the objectives of the State. This principle is grounded in Article 33 paragraph (3) of the 1945 Constitution of the Republic of Indonesia, which stipulates that land, water, and natural resources contained therein are controlled by the State and utilized to the greatest extent for the prosperity of the people. Such state control implies that the State is vested with the authority to:(Sumiati & Rahman, 2024)

1. Regulate and administer the allocation, use, supply, and maintenance of land, water, and natural resources;
2. Determine and establish rights that may be held over land, water, and airspace in accordance

with applicable laws and regulations;
3. Regulate and establish legal institutions governing land, water, and airspace.

This authority serves as the legal basis for the State, *c.q.* the Government, to formulate policies aimed at utilizing available resources. Land subsequently becomes an object that is commonly and concretely utilized to support the realization of state objectives. This guideline is further reinforced by Article 6 of Law Number 5 of 1960 concerning Basic Agrarian Principles (hereinafter referred to as the Basic Agrarian Law/UUPA), which essentially provides that land is inherently subject to a social function. Consequently, the utilization of land must be aligned with the nature and characteristics of the rights attached to such land.

Article 18 of the UUPA more explicitly stipulates that for the public interest, including the interests of the nation and the State as well as the collective interests of the people, rights over land may be revoked, provided that proper compensation is granted in accordance with procedures regulated by law. This provision implies that holders of land rights may, at any time, be required to relinquish such rights when mandated by statutory provisions, particularly within the context of public interest.(Irawan et al., 2024)

The acquisition of land by the State for public interest purposes may be carried out through three methods:(M. Hosen, 2019)

1. Ordinary means, namely through sale and purchase, exchange, or other mutually agreed arrangements;
2. Land acquisition procedures;
3. Compulsory means, through the institution of revocation of land rights.

In the context of equitable development, the term “land acquisition for public interest” was first formally introduced through Presidential Decree Number 55 of 1993 concerning Land Acquisition for Development in the Public Interest. Under the current regulatory framework, Article 1 point 2 of Law Number 2 of 2012 on Land Acquisition for Development in the Public Interest (hereinafter referred to as the Land Acquisition Law) defines land acquisition as “activities to provide land by granting proper and fair compensation to the entitled parties.”

Article 5 of the Land Acquisition Law further stipulates that holders of land rights are obligated to relinquish land under their control after receiving compensation or based on a court decision that has obtained permanent legal force. In order to ensure legal certainty in legal acts, the implementation of land acquisition for public interest must observe a balance between development interests and community interests. Accordingly, land acquisition for public interest should be carried out by granting compensation that is both fair and reasonable.

To implement these provisions, the Government issued Government

Regulation Number 19 of 2021 on the Implementation of Land Acquisition for Development in the Public Interest (hereinafter referred to as GR 19/2021), which was subsequently amended by Government Regulation Number 39 of 2023 concerning Amendments to Government Regulation Number 19 of 2021 (hereinafter referred to as GR 39/2023).

These regulations technically regulate the procedures for determining compensation for land subject to acquisition for public interest. The determination of compensation value, as a form of agreement, is conducted by an appraisal service appointed by the agency requiring the land. The amount of compensation thus determined serves as the basis for deliberation (*musyawarah*) to establish the form of compensation.

From the perspective of civil law, land acquisition constitutes a civil legal act (*acta civilia*). Although the State holds the position of a public legal entity, land acquisition often occurs through mechanisms such as sale and purchase, exchange, or other mutually agreed arrangements between the State and landowners. Consequently, such legal acts are subject to the principle of freedom of contract and the law of agreements, which fundamentally requires the existence of mutual consent.

In contract law, five fundamental principles are recognized within civil law doctrine, namely: the principle of freedom of contract, the principle of consensualism, the principle of legal certainty (*pacta sunt servanda*), the principle of good faith, and the principle of personality. The principle of consensualism, which requires agreement between the parties, constitutes a fundamental basis for the Government in conducting land acquisition. This implies that land acquisition for public interest must prioritize justice for all parties involved. Any agreement reached must reflect genuine consent in accordance with civil law principles, whereby both parties mutually agree on the compensation to be provided. Such agreement confirms that compensation is not a unilateral decision by the Government, but rather the result of negotiation and mutual consent.

In practice, however, the determination of compensation values often gives rise to differing perceptions between the Government and landowners, particularly in plantation areas where economic value is not solely derived from the physical characteristics of the land, but also from its production potential and inherent social value. From a civil law perspective, the legal relationship between the State, *c.q.* the Land Acquisition Committee, and landowners (the entitled parties) may be construed as a civil legal relationship that gives rise to an obligation to perform in the form of fair and reasonable compensation, as stipulated in Article 1338 paragraph (3) of the Indonesian Civil Code, which mandates that agreements must be performed in good faith. Accordingly, the process of determining compensation should reflect

a balance between public interest and the protection of citizens' private rights.

The land acquisition case involving PT Perkebunan Nusantara I (PTPN I) and the Government of Langsa City in 2018 constitutes a concrete example of a significant disparity in the determination of compensation for plantation land converted for the expansion of Green Open Space (*Ruang Terbuka Hijau/RTH*). The Government of Langsa City proposed compensation amounting to IDR 3,060,128,824, based on an assessment that valued the land at only IDR 5,000 per square meter. However, a professional valuation conducted by a Public Appraisal Services Office (*Kantor Jasa Penilai Publik/KJPP*) revealed substantially different findings, indicating that the fair value of the land should have reached IDR 290,050 per square meter. Consequently, the total compensation reasonably due for the 31.04 hectares of land amounted to IDR 90,031,520,000, or at the very least should have followed the Tax Object Sale Value (*NJOP*) of IDR 11,500 per square meter.

This stark disparity in valuation not only reflects procedural inconsistencies in the land acquisition mechanism, but also raises serious concerns regarding the application of the principles of justice, reasonableness, and good faith as fundamental tenets of civil law. Based on these conditions, a comprehensive study is required to examine the application of the principles of justice and reasonableness in determining compensation for land acquisition for public interest from a civil law perspective. This issue is therefore examined in a study entitled **"A Civil Law Review of the Principles of Justice and Reasonableness in Determining Compensation for Land Acquisition for the Public Interest.**

II. RESEARCH METHOD

The type of research employed in this study is normative juridical research supported by empirical juridical research. Normative juridical legal research is a legal research method that examines law as a normative system and analyzes how law operates through a literature-based approach. This method is applied because the study focuses on examining the implementation of the principles of justice and fairness in land acquisition for public interest purposes, which is primarily based on a review of legal literature. The findings of the literature study are then further developed to construct legal arguments and formulate conceptual frameworks regarding land acquisition. Accordingly, this research may be categorized as legal research that is derived from factual conditions existing within society, legal entities, or governmental institutions.(Iqbal et al., 2025)

The data sources used in this research consist of primary data and secondary **data**. Primary data in this study are obtained through document studies in the form of library materials. Secondary data consist of

primary legal materials, secondary legal materials, and tertiary legal materials. The sources of legal materials used in this research are as follows:

a. Primary Legal Materials, including:

   1. Law Number 2 of 2012 concerning Land Acquisition for Development in the Public Interest;
   2. Law Number 30 of 2014 concerning Government Administration;
   3. Law Number 40 of 2007 concerning Limited Liability Companies;
   4. Law Number 16 of 2025 concerning the Fourth Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises;
   5. Government Regulation Number 39 of 2023 concerning Amendments to Government Regulation Number 19 of 2021 on the Implementation of Land Acquisition for Development in the Public Interest;
   6. Regulation of the Minister of State-Owned Enterprises Number PER-03/MBU/03/2021 concerning the Third Amendment to the Regulation of the Minister of State-Owned Enterprises Number PER-02/MBU/2010 on the Procedures for Write-Off and Transfer of Fixed Assets of State-Owned Enterprises; and
   7. Other laws and regulations relevant to this research.

b. Secondary Legal Materials, namely materials that provide explanations or commentary on primary legal materials, such as legal textbooks, proceedings of seminars or scientific meetings, legal journals, personal documents, and opinions of legal scholars that are relevant to the object of the research.
c. Tertiary Legal Materials, namely legal materials that support primary and secondary legal materials, including legal dictionaries and legal magazines, insofar as they are relevant to the object of the research.
d. Supporting materials derived from primary data, obtained through interview

III. RESULT & DISCUSSION

A. The Principles of Justice and Reasonableness in Land Acquisition for the Public Interest

Land acquisition for development in the public interest constitutes a strategic legal instrument for realizing the objectives of the state as mandated in the Preamble of the 1945 Constitution of the Republic of Indonesia, particularly in achieving public welfare and social justice. Nevertheless, land acquisition should not be understood merely as an administrative process for providing land for development, but rather as a legal mechanism that directly engages with human rights, especially the rights to land ownership and control. Therefore, the regulation of land acquisition must be grounded in the principles of justice and reasonableness in order to prevent imbalances in the relationship between the state and its citizens.

Law Number 2 of 2012 on Land Acquisition for Development in the Public Interest explicitly positions the principles of justice and humanity as the normative foundation for the implementation of land acquisition. This is reflected in the considerans letter (b), which emphasizes that land acquisition must be carried out by prioritizing the principles of humanity, democracy, and justice. Such regulation demonstrates that the state may not exercise its authority over land arbitrarily, but must instead maintain a balance between development interests and the protection of the rights of parties entitled to the land.

The principle of justice in land acquisition, as stipulated in Article 2 letter (b) of Law Number 2 of 2012, is interpreted as the provision of guarantees for adequate compensation to entitled parties so that they are afforded the opportunity to sustain and improve their standard of living. This concept of justice aligns with the doctrine of distributive justice in civil law and legal philosophy, which requires a proportional distribution of benefits and burdens between the state and citizens. In the context of land acquisition, justice is not measured solely by formal procedural compliance, but also by substantive considerations, particularly the adequacy and reasonableness of the compensation received by parties whose land rights are relinquished. (Sendow, 2023)

Furthermore, the principle of reasonableness in land acquisition is closely related to the rationality and proportionality of the compensation value provided. Article 9 paragraph (2) of Law Number 2 of 2012 affirms that land acquisition shall be carried out through the provision of compensation that is both fair and adequate. The adequacy and reasonableness of compensation cannot be separated from the socio-economic conditions of the entitled parties, the economic value of the land, and the social impacts arising from the land acquisition process. Accordingly, reasonable compensation must be understood as an effort to restore the social and economic position of entitled parties so that they do not experience a decline in their quality of life as a consequence of relinquishing their land rights.

From the perspective of civil law, fair and reasonable compensation serves a restorative function, namely to return the injured party, as far as possible, to their original condition. This principle is reflected in Article 33 of Law Number 2 of 2012, which stipulates that compensation assessment must be conducted comprehensively, covering land, buildings, plants, objects related to land, as well as other assessable losses. Such a comprehensive assessment indicates the legislature's intention to ensure that compensation is not merely nominal in nature, but instead reflects the real value of the land acquisition object along with its socio-economic implications.(Suntoro, 2018)

The existence of independent and professional Land Appraisers, as

regulated in Articles 31 and 32 of Law Number 2 of 2012, constitutes an important instrument for guaranteeing the principle of reasonableness. Appraisers are not only tasked with calculating the economic value of land, but are also legally accountable for the outcomes of their assessments. This demonstrates the state's effort to establish an objective mechanism to prevent structural injustice in the determination of compensation.

In addition, the principles of justice and reasonableness are also manifested in the deliberative mechanism for determining compensation, as regulated in Article 37 of Law Number 2 of 2012. Deliberation serves as a means of realizing the principles of consensus and democracy, whereby entitled parties are given the opportunity to express objections and views regarding the form and amount of compensation. In the event that no agreement is reached, the law provides a mechanism for legal objections through the district court up to the Supreme Court, thereby ensuring legal protection for entitled parties.(Sutedi, 2020)

Accordingly, the principles of justice and reasonableness in land acquisition for the public interest are not merely declarative norms, but constitute operational guidelines that must be realized at every stage of the land acquisition process. The implementation of these principles serves as a measure of the legitimacy of state actions in exercising its authority for public purposes, while simultaneously functioning as a legal protection mechanism to prevent land acquisition from devolving into an act of expropriation that contradicts the values of justice and humanity

B. Compensation for Land Acquisition between the Government of Langsa City and PT Perkebunan Nusantara I

Land acquisition for development in the public interest essentially represents the realization of the social function of land rights as mandated by Article 33 paragraph (3) of the 1945 Constitution of the Republic of Indonesia and further elaborated in Law Number 2 of 2012 on Land Acquisition for Development in the Public Interest. Nevertheless, the implementation of this social function does not eliminate the obligation of the state to guarantee legal protection, justice, and reasonableness for parties whose land rights are relinquished. This obligation becomes particularly crucial when land acquisition involves land under the control of state-owned enterprises, as demonstrated in the case of land acquisition between the Government of Langsa City and PT Perkebunan Nusantara I.(Sulistyaningsih, 2021)

The land requested by the Government of Langsa City, *cq.* the Office of Youth, Sports, Culture, and Tourism of Langsa City, is part of Cultivation Rights (Hak Guna Usaha/HGU) Number 123 located in Timbang Langsa Village, registered in

the name of PT Perkebunan Nusantara I, with an approximate area of 31.04 hectares. Juridically, Cultivation Rights constitute land rights granted by the state to legal entities for agricultural or plantation activities for a specified period, as regulated under Law Number 5 of 1960 concerning Basic Agrarian Principles. Accordingly, the HGU held by PTPN I constitutes a lawful and legally protected right, and any relinquishment thereof must comply with the mechanisms and principles of land acquisition as stipulated in Law Number 2 of 2012.

The land acquisition request submitted by the Government of Langsa City proposed compensation in the amount of IDR 3,060,128,824.00. In practice, this compensation value gave rise to legal issues, as it was not accompanied by clear, measurable, and legally or economically accountable considerations. The absence of a transparent basis for determining compensation contravenes the principles of legal certainty and transparency as set forth in Article 2 letters (d) and (e) of Law Number 2 of 2012, which require that every land acquisition process be conducted in an open and comprehensible manner for entitled parties.(Sendow, 2023)

PT Perkebunan Nusantara I, as the holder of the land rights, explicitly rejected the compensation value proposed by the Government of Langsa City. This rejection was not without basis, given that an independent valuation had previously been conducted by the Independent Public Appraiser Abdullah Fitriantoro and Partners, which assessed the land value at IDR 290,050.00 per square meter, resulting in a total compensation value of IDR 990,031,520,000.00. The substantial disparity between the value proposed by the Government of Langsa City and the independent appraisal demonstrates a serious imbalance in the application of the principles of justice and reasonableness.

Under Law Number 2 of 2012, the determination of compensation must be carried out by independent and professional Land Appraisers, as regulated in Articles 31 and 32. Appraisers are responsible for assessing all objects of land acquisition comprehensively, including land, buildings, plants, objects related to land, and other assessable losses, as stipulated in Article 33. Accordingly, the determination of compensation that is not based on professional appraisal results constitutes a violation of the principle of legality and the principle of justice in land acquisition.

Furthermore, the principles governing land acquisition as formulated in Article 2 of Law Number 2 of 2012 must be understood as an integrated and inseparable framework. The principle of humanity requires respect for the dignity of entitled parties; the principle of justice demands adequate compensation; the principle of utility ensures that development genuinely benefits the broader community; the principle of legal certainty provides legal guarantees

for all parties; the principle of transparency ensures access to information; the principle of agreement emphasizes deliberation as the primary mechanism; the principle of participation opens space for public involvement; the principle of welfare guarantees improvements in quality of life; the principle of sustainability ensures continuity of development; and the principle of harmony requires balance between state interests and societal interests.

In the context of the dispute between the Government of Langsa City and PTPN I, the application of the principles of justice and reasonableness becomes a critical issue. The principle of justice, as explained in the elucidation of Article 2 letter (b) of Law Number 2 of 2012, implies that compensation must provide entitled parties with the opportunity to sustain and improve their standard of living. For PTPN I as a state-owned enterprise, HGU land is not merely a static asset, but rather an integral component of the company's production system and revenue source. Therefore, compensation that fails to reflect the real economic value of the land has the potential to disrupt business continuity and contradict the principles of welfare and sustainability.(Sutedi, 2020)

The principle of reasonableness in land acquisition is closely linked to the rationality of valuation and proportionality between compensation value and the value of the land acquisition object. Reasonableness requires that compensation be determined based on objective approaches, including market value, the economic potential of the land, and the impacts arising from the relinquishment of land rights. In this regard, the valuation conducted by the Independent Appraiser, which set the value at IDR 290,050.00 per square meter, reflects a professional and objective approach and is therefore normatively more consistent with Article 34 of Law Number 2 of 2012, which stipulates that compensation value shall be determined based on the value at the time of the announcement of the development location.

Conversely, the determination of compensation amounting to IDR 3,060,128,824.00 without a clear valuation basis potentially violates the principles of reasonableness and legal certainty. This amount is not only significantly lower than the independent appraisal result, but also fails to reflect the principle of distributive justice, which requires a balance between the burdens borne by entitled parties and the benefits obtained by the state or local government. In this context, the state, through the Government of Langsa City, risks acting disproportionately in exercising its authority, thereby giving rise to structural injustice.(Suntoro, 2018)

Law Number 2 of 2012 further provides deliberative and dispute resolution mechanisms as manifestations of the principles of agreement and legal certainty. Article 37 stipulates that

deliberations on compensation determination must be conducted based on appraisal results, while Article 38 grants entitled parties the right to file objections with the district court if no agreement is reached. These mechanisms demonstrate that the law provides corrective avenues to ensure that the principles of justice and reasonableness are effectively realized in practice.

Accordingly, in the case of land acquisition between the Government of Langsa City and PT Perkebunan Nusantara I, it can be concluded that the principles of justice and reasonableness have not been optimally implemented. The significant disparity in compensation values, the absence of transparent valuation bases, and the disregard of independent appraisal results indicate deviations from the land acquisition principles as regulated under Law Number 2 of 2012. This condition underscores the importance of consistent application of land acquisition principles to ensure that the state's authority in providing land for the public interest does not result in violations of rights or injustice toward entitled parties.

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III. CONCLUSION

This research concludes that land acquisition for public interest, although constitutionally justified under Article 33 paragraph (3) of the 1945 Constitution of the Republic of Indonesia, must be implemented in strict compliance with the principles of justice and reasonableness as fundamental safeguards for the civil rights of landholders. Law Number 2 of 2012 on Land Acquisition for Development in the Public Interest explicitly positions fair and proper compensation as the core element of land acquisition, reflecting the balance between state authority and private legal protection.

From a civil law perspective, land acquisition constitutes a civil legal act (acta civilia) that gives rise to reciprocal rights and obligations between the state and the entitled party. Consequently, the determination of compensation must adhere to the principles of consensualism, good faith, legal certainty, and proportionality. Compensation is not a unilateral administrative decision, but rather the outcome of a deliberative process grounded in objective valuation and mutual agreement, as mandated by Articles 37 and 38 of Law Number 2 of 2012.

The case of land acquisition between the Government of Langsa City and PT Perkebunan Nusantara I demonstrates a significant deviation from these principles. The proposed compensation value of Rp3,060,128,824 was not supported by transparent, objective, and professional valuation considerations, thereby failing to meet the standards of fairness and reasonableness. In contrast, the independent appraisal conducted by a licensed public appraisal office, which assessed the land value at Rp290,050 per

square meter, more accurately reflected the economic value and productive potential of the land, in accordance with Articles 31–34 of Law Number 2 of 2012.

The substantial disparity between the proposed compensation and the independently assessed value indicates a failure to implement the principles of justice, reasonableness, legal certainty, and good faith. Such deviation risks undermining the legitimacy of land acquisition processes and may lead to structural injustice, particularly when the state exercises its authority without proportional consideration of the rights and economic interests of the entitled party.

Therefore, this study affirms that the effective implementation of justice and reasonableness in determining compensation is essential to ensuring that land acquisition for public interest remains constitutionally valid, legally sound, and socially equitable. The consistent application of professional valuation standards, transparent deliberation, and genuine consensus is indispensable to maintaining a fair balance between development objectives and the protection of civil rights within Indonesia's land law system..

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