

Legal Analysis of the Transfer of Land Use Rights into Industrial Areas

Imelda Arthameisia Manullang¹; Taupiqqurahman².

Faculty of Law, National Development University "Veteran" Jakarta, Indonesia.

Jl. R.S Fatmawati Raya, Pondok Labu, Cilandak, South Jakarta 12450

E-mail: correspondence2210611138@mahasiswa.upnvj.ac.id

Manuscripts received : 20/10/2025, Revision and Review : 29/11/2025, Approved 21/12/2025

Abstract

Land is an agrarian resource with strategic importance for national development and public welfare. One form of land tenure regulated under the Basic Agrarian Law is the Right to Cultivate. Economic growth and the rising demand for industrial land have driven the conversion of Right to Cultivate land into industrial areas. This study analyzes the process and legal consequences of such conversion under Indonesian law. Using a normative juridical method with statutory and literature approaches, the research finds that the process involves relinquishment of rights, spatial plan revision, fulfillment of Spatial Utilization Suitability, and issuance of an Industrial Estate Business License. Legally, this conversion may give rise to juridical implications concerning land-use changes, spatial conformity, and environmental management obligations. Land conversion policies must uphold the principles of land's social function and sustainable development to ensure legal certainty and public welfare.

Keyword : Right to Cultivate, Industrial Area, Legal Certainty.

A. Introduction

In development in Indonesia, land is an agrarian resource that has a strategic role in the national development sector.¹ In addition, soil plays an important role in determining the welfare of the people²'s lives Land is part of the earth called the earth's surface. In this case, the land regulated by agrarian law is not land in its various aspects, but land from its juridical aspect that is directly related to the right to land that is part of the earth's surface.³ Therefore, the control, utilization, and management of land must be regulated in a fair and sustainable manner in order to be able to provide the greatest benefit to the prosperity of the people as stipulated in Article 33 paragraph (3) of the 1945 Constitution.⁴ Land rights

¹ Desfiandri & Zulkipli. "Analysis of Economic Equity Discourse in the National Development of the Capital City of the Archipelago". *Al-Kharaja: Journal of Sharia Financial and Business Economics*, Vol. 6, no. 5 (2024).

² Atik Winanti, Taupiqqurahman, & Rosalia Dika. "Increasing the Status of Building Use Rights to Property". *Journal of Indonesian Community Service*, Vol. 3, no. 2 (2020)

³ Boedi Harsono. *Indonesian Agrarian Law: History of the Establishment of the Basic Agrarian Law, Contents, and Implementation Volume 1*. Jakarta: Trisakti University Publishers, 2016

⁴ Constitution of 1945

granted by the state to individuals or legal entities are juridical evidence of the control of land rights.⁵ One form of land tenure in Indonesia is regulated in Article 28 of the Basic Agrarian Law (UUPA) No. 5 of 1960, including the Right to Use Business which is granted to individuals or legal entities to manage land for the benefit of agricultural, plantation, fishery or livestock businesses, for a maximum period of 35 years and can be extended for 25 years.⁶ In principle, the land of the Right to Use is used to support the agrarian sector as the main foundation of national economic development. However, along with the change in the direction of national development towards industrialization, there has been a shift in the direction of national development to the industrial sector, in line with government policies in increasing investment and creating jobs. Indonesia is currently in a phase of economic transformation. This shift certainly has an impact on increasing land needs for the development of industrial estates. The limited availability of land in areas that have strategic value has resulted in the phenomenon of land conversion from Right to Business to industrial estate.

This problem is not only related to land limitations, but also aspects of land allocation suitability (*spatial compliance*) and spatial planning. In practice, conflicts occur between the holder of the Right to Use the Business with the local government and the community because the transfer of land functions is carried out without paying attention to the applicable regional spatial plan (RTRW). Article 27 of Government Regulation Number 18 of 2021 explains that holders of Business Use Rights are only allowed to use land in accordance with their designation.⁷

Therefore, to avoid conflicts and legal uncertainties, any attempt to transfer the function of the Right to Use the Business Right must comply with the provisions of the applicable law. One of the mechanisms regulated is the need to release land rights for Business Use Rights so that the land can be diverted for its use. The release of this right is a form of returning land to the state so that its status returns to state land as stipulated in Article 17 paragraph (2) of Government Regulation No. 40 of 1996. In Article 17 paragraph (1) of Government Regulation No. 40 of 1996 it is explained that the Right to Use Business can end for several reasons, including:⁸

1. the expiration of the period as stipulated in the decision to grant or extend it;
2. revoked by the authorized official before the end of his term;
3. voluntarily released by the holder of his rights before the end of his term;
4. revoked based on Law Number 20 of 1991;
5. abandoned;
6. the land was destroyed;

⁵ Sangap Andrian Simanjuntak, Rizal Nugroho, *et al.* "Juridical Review of Land Title Certificates Based on Law Number 5 of 1960 concerning Basic Regulations on Agrarian Principles". *Journal of Constitutional Studies*, Vol. 2, no. 1 (2022).

⁶ Law Number 5 of 1960 concerning Basic Regulations on the Principles of Agrarian Law

⁷ Government Regulation Number 18 of 2021 concerning Management Rights, Land Rights, Flats Units, and Land Registration

⁸ Government Regulation No. 40 of 1996 concerning Business Use Rights, Building Rights, and Land Rights

So in this case, if the Right to Use land wants to be converted into an industrial area, then the land must first be returned to the state through the process of release of rights. After the return of rights to the state, the next process is the granting of new rights in accordance with the allocations that have been set out in the Regional Spatial Plan (RTRW). This is to ensure legal certainty, prevent abuse of authority and maintain harmony between development policies and regional spatial planning.⁹ Article 61 of Law Number 26 of 2007 concerning Spatial Planning explains that everyone is obliged to obey the spatial plan that has been determined.¹⁰ If the use of the land is not in accordance with the spatial plan that has been set, it can have legal consequences. Article 70 of Law Number 26 of 2007 concerning Spatial Planning explains that any person who uses space that is not in accordance with the space utilization permit from the authorized official as referred to in Article 61 can be sentenced to a maximum of 3 (three) years in prison and a fine up to an additional penalty in the form of revocation of a business license and/or revocation of legal entity status.

The determination of Industrial Estate as a national strategic area must be in accordance with the provisions of laws and regulations.¹¹ The development of Industrial Estates must be carried out in accordance with the technical guidelines for the development of Industrial Estates, at least containing: a). location selection; b) licensing; c) land acquisition; d) soil ripening; e) infrastructure development; and f) management. Therefore, it is important to understand the normative and procedural aspects of land use change to ensure legal certainty and integration in regional development planning. Based on this background, this study aims to analyze the arrangement of the allocation of Land Use Rights in accordance with the provisions of the Basic Agrarian Law (UUPA) and examine the procedure for the conversion of the land use of Right to Business into an industrial area in accordance with applicable laws and regulations. Thus, the formulation of the problem in this study can be formulated as follows: 1) How is the process of converting the land from the Right to Use into an industrial estate in accordance with the provisions of the law in Indonesia. 2) The juridical impact of the process of transitioning the Right to Use into an industrial estate.

B. Research Methods

Metode penelitian yang digunakan dalam penelitian ini adalah yuridis normatif yang bertujuan untuk menelaah norma hukum positif terkait alih fungsi lahan Hak Guna Usaha menjadi kawasan industri. Penelitian ini menggunakan pendekatan interpretasi sistematis yaitu dengan menafsirkan ketentuan perundang-undangan yang saling berkaitan untuk menilai konsistensi dan efektivitas norma hukum dalam pengaturan alih fungsi lahan tersebut. Data Primer dalam penelitian ini berupa peraturan perundang-undangan, antara lain UUPA Nomor 5 Tahun 1960, Undang-Undang Nomor 26 Tahun 2007 dan Peraturan

⁹ Rachaman Maulana Kafrawi, Bambang Ariyanto, and Nikmah Mentari. "Liability for Abuse of Business Use Rights on Plantation Land". *Journal of Law IUS QUIA IUSTUM (Islamic University of Indonesia)*, Vol. 29, no. 3 (2021).

¹⁰ Law Number 26 of 2007 concerning Spatial Planning

¹¹ Djoni Sumardi. *Principles of Industrial Law in Indonesia*. Yogyakarta: UII Press, 2020. p. 337.

Pemerintah No. 40 Tahun 1996 tentang Hak Guna Usaha, Hak Guna Bangunan, dan Hak Pakai yang menjadi landasan yuridis utama dalam pengaturan pemanfaatan dan peralihan hak atas tanah di Indonesia. Data sekunder diperoleh dari literatur hukum berupa buku, jurnal ilmiah, artikel akademik, serta sumber media massa yang kredibel. Teknik Pengumpulan data dilakukan melalui studi kepustakaan (*library research*) sedangkan teknik analisis yang digunakan adalah analisis normatif kualitatif untuk menilai kesesuaian antara norma hukum yang berlaku dengan penerapannya dalam praktik sehingga dapat memberikan kepastian hukum dan memperhatikan keadilan sosial bagi masyarakat terdampak.

C. Results and Discussion

a. Procedure for Land Use Rights Transfer to Industrial Estate

The development of industrial estate development will certainly not be separated from various problems. The provision of land until the process of transferring land rights at the location of the industrial estate is quite a significant problem.¹² The conversion of the land from the Right to Use into an industrial area is not only a technical administrative issue, but this can be a legal, social, economic and environmental issue. In practice, the process of conversion is often a source of conflict because it concerns the interests of the state, investors, and affected communities.¹³ According to the Director of Industrial Facility Development Region 1 of the Ministry of Industry, I Gusti Putu Suryawirawan said that the main problem that is often faced in the development of industrial estates is land (land).¹⁴

The land that must be provided by industrial estate companies as stipulated in Article 10 paragraph (1) of Government Regulation Number 24 of 2009 concerning Industrial Estates amounts to at least 50 hectares in one expanse.¹⁵ Furthermore, in Article 18 paragraph (1) of Government Regulation Number 24 of 2009 it also explains the rights granted by the government to industrial estate companies in the form of Building Rights (HGB). The granting of Building Rights (HGB) is intended so that industrial estates have a legal basis to erect buildings and manage industrial estates in a sustainable manner. The Right to Use Building is granted through the decision of the authorized official, namely the Minister of Agrarian and Spatial Planning/Head of the National Land Agency (Minister of ATR/BPN) after the previous release of land rights, including if the land comes from the transfer of the land from the transfer of the Right to Use Business.

In Article 163 of the Regulation of the Minister of ATR/Head of the National Land Agency Number 18 of 2021, it is explained that regarding the change of the Right to Use

¹² Inspiration. "A Juridical Review of Corporate Land Rights in Industrial Estates in Indonesia". *De Lega Lata*, Vol. 1, no. 2 (2016)

¹³ Hery Listyawati. "Failure to Control Land Conversion in the Perspective of Land Management in Indonesia". *Pulpit Law*, Vol. 22, no. 1 (2010) : 77-78.]

¹⁴ <https://www.antaranews.com/berita/489834/lahan-jadi-masalah-pengembangan-kawasan-industri> (Retrieved September 30, 2025)

¹⁵ Government Regulation Number 24 of 2009 concerning Industrial Estates

Business to the Right to Use Building, the change can occur if the land of the Right to Use Business is used to erect buildings that support business activities and there is a revision of the Spatial Plan (RTR).¹⁶ In this case, the holder of the Right to Use Business is obliged to hand over at least 20% of the changed land area to the state before being granted new rights according to its designation as stipulated in Article 165 of the Regulation of the Minister of ATR/Head of the National Land Agency Number 18 of 2021.

The requirements for applying for the change of the Business Use Rights to Building Rights are basically regulated in Articles 166-168 which include:

1. Identity of the Applicant, or the identity of the Applicant and his or her attorney and power of attorney if authorized
2. Deed of establishment and ratification from the authorized agency along with its amendments (if any) or regulations of establishment, Business Identification Number (NIB) from OSS or Company Registration Certificate (TDP) if the applicant is a legal entity
3. The requested Business Use Rights Certificate is to be changed to Building Use Rights (HGB)
4. Proof of payment of taxes related to the land applied for (if any)
5. Proof of payment of Non-Tax State Revenue (PNBP) according to the provisions
6. Checking the completeness and correctness of physical data and juridical data by the Land Office, including the possibility of re-measurement if there is a change in conditions in the field, before the registration of the Building Use Rights (HGB) is issued with a period according to the rest of the Business Use Rights, a maximum of 30 years.

The most important stage in this process is the change of the Spatial Plan (RTR) in the area concerned so that land with the status of Business Use Rights can be allowed for industrial use. If the Spatial Plan has been revised or has been updated to support industrial estates and the land of the Business Use Rights is located in an area that is categorized as an industrial zone or will be developed as an industrial area, then the process of changing the Business Use Rights to the Building Rights (HGB) can be continued to the next stage. However, before that, all space utilization activities, including activities that lead to the revision of the Spatial Plan (RTR), must first obtain the Suitability of Space Utilization Activities (KKPR) as stipulated in Article 2 of the Regulation of the Minister of Agrarian and Spatial Planning/Head of the National Land Agency (Permen ATR/BPN) Number 13 of 2021.¹⁷ This is because the Suitability of Space Utilization Activities (KKPR) has a very strategic role in spatial planning and regional development. Through the Suitability of Space Utilization Activities (KKPR), the

¹⁶ Regulation of the Minister of Agrarian and Spatial Planning/Head of the National Land Agency Number 18 of 2021 concerning Procedures for the Determination of Management Rights and Land Rights

¹⁷ Regulation of the Minister of Agrarian and Spatial Planning/Head of the National Land Agency (Permen ATR/BPN) Number 13 of 2021

government can ensure that the use of space is carried out according to its intended purpose and in line with the interests of the community and environmental sustainability. Therefore, the suitability of Space Utilization Activities (KKPR) can be one of the factors considered before the revision is carried out

In its development, the enactment of Law Number 11 of 2020 on Job Creation and its implementation regulations, including Government Regulation (PP) Number 21 of 2021 concerning the Implementation of Spatial Planning, has brought significant changes to the space utilization licensing system. The licensing mechanism that previously used the Land Use Designation Permit (IPPT) was simplified and replaced with a more integrated and efficient Space Utilization Activity Suitability (KKPR).

In establishing an industrial estate, environmental approval is a legal instrument that ensures that industrial estate development activities are in accordance with the carrying capacity and carrying capacity of the environment, so that they do not cause damage or pollution that is detrimental to the surrounding community.¹⁸ Based on Article 3 paragraph (1) of Government Regulation Number 22 of 2021, it is explained that environmental approval must be owned by every business and/or activity that has an important impact on the environment or not.¹⁹ The requirements that must be met by business actors are by compiling an EIA and feasibility test; or the preparation of the UKL-UPL form and the examination of the UKL-UPL form as stipulated in Article 3 paragraph (4). The implementation of risk analysis is carried out by the Central Government as stipulated in Article 8 of Government Regulation Number 5 of 2021 by by: 1) identifying business activities; 2) provide an assessment of the level of danger; 3) assessing the potential for danger; 4) determining the level of risk and business scale rating; and 5) provide a determination of the type of Business License.

From these provisions to find out the criteria for risk level and business scale rating, it can be described as follows:

Table 1.1 Risk Assessment Criteria and Business Scale Rating

| Risk Level | Characteristics of Business Activities | Business Licensing Requirements |
|------------|---|---|
| Low Risk | Potential hazards to safety, environmental health are relatively small Example of Business Activities: Grocery Stalls or small basic necessities | Only requires a Business Identification Number (NIB) as business legality (Article 12 PP No. 5 of 2021) |

¹⁸ Zulkifli Lahabu, Risno Mina, *et al.* "The Position of Environmental Approval on Business Licensing in Environmental Protection and Management". *Journal of Justice*, Vol. 6, no. 1 (2022)

¹⁹ Government Regulation Number 22 of 2021 concerning the Implementation of Environmental Protection and Management

| | | |
|-------------|--|---|
| Medium Risk | <p>It has a significant potential for danger, but it can be controlled with technical standards</p> <ol style="list-style-type: none"> 1. Examples of Small and Medium Business Activities: Small Printing, Small Scale Culinary Business 2. High Medium : Motor vehicle workshops, medium scale warehousing | <p>Requires a Business Identification Number (NIB) and a Standard Certificate, which can be in the form of:</p> <ol style="list-style-type: none"> 1. Independent Statement (for Lower Middle) Ps. 13 PP No. 5 of 2021 2. Government Verification (for High Middle) Ps. 14 PP No, 5 of 2021 |
| High Risk | <p>It has the potential to have a major impact on safety, environmental health and requires strict control by the government</p> <p>Example of Business Activities: Large-scale industrial estate</p> | <p>Requires a Business Identification Number (NIB) and a Permit issued by the relevant ministries (Article 15 of Government Regulation No. 5 of 2021)</p> |

In the preparation of the EIA, the compiler or person in charge of activities involves the affected community through public announcements and consultations as stipulated in Article 28 of Government Regulation Number 22 of 2021. The period for assessing the substance of the EIA and RKL-RPL documents and the Environmental feasibility test is carried out for a maximum of 50 working days. As a result of the recommendations from the Feasibility Test Team, then the Minister, Governor, Regent/Mayor will make an environmental feasibility decision letter

After the Suitability of Space Utilization Activities (KKPR) and Environmental Approval have been verified, business entities can continue registration through the Online Single Submission (OSS) system to obtain a Business Identification Number (NIB).²⁰ For the establishment of industrial estates, the KBLI used is KBLI 68130, which is an industrial estate land acquisition activity with a certain area equipped with supporting infrastructure and infrastructure. After the Business Identification Number (NIB) is issued, business entities can obtain an Industrial Estate Business License (IUKI) issued first in the form of a commitment-based IUKI. Based on Article 5 of the Regulation

²⁰ M. Budi Mulyadi. *Licensing Law: Theory and Practice in Indonesia*. Jakarta: PT. Indonesian Adab, pp.40-51, 2025.

of the Minister of Industry Number 45 of 2019 explains that every industrial estate business is required to have an Industrial Estate Business License (IUKI).²¹ In Article 10 paragraph (1) to obtain IUKI, business entities are required to fulfill their commitments through SIINas (National Industrial Information System) in the form of location permits, environmental permits and field inspections have been carried out. Field inspections as per Article 13 of the Regulation of the Minister of Industry Number 45 of 2019 are mandatory; 1) convey data on the progress of Industrial Estate development; 2) Owning and/or controlling land in a stretch of at least 50 hectares or at least 5 hectares for industrial estates intended for medium and small industrial areas; 3) have an industrial estate regulation; 4) building a management building; and 4) build some basic infrastructure within the industrial estate.

The construction of part of the infrastructure in Article 20 paragraph (1) includes: raw water management installations, drainage channels and road networks. If the business entity does not submit an application for a field inspection through the SIINas system within 3 years since the IUKI is issued by OSS, then the fulfillment of the commitment is declared a failure and the IUKI cannot be effective. After the Industrial Estate Business Permit (IUKI) and commitments are met, industrial estate managers are obliged to encourage the acceleration of factory building in industrial estates. This is regulated in Article 17 paragraph (3) letter e industrial e, industrial e, is required to build a factory within a maximum period of 4 years from the time the industrial estate operates and can be extended for 1 year. This is to ensure that the built industrial estates can function optimally as an integrated industrial activity center so that it can encourage economic growth.

The submission of Industrial Estate Data, as stipulated in Article 12 of the Industrial Government Regulation Number 13 of 2025, explains that each industrial estate company is required to submit data periodically through the National Industrial Information System (SIINas).²² The data includes information on the development of industrial estates, the availability of infrastructure outside and within the area, facilities and labor and environmental readiness. The data must be reported quarterly, for the period from January to March it must be submitted in April, the period from April to June is submitted in July and so on as stipulated in Article 11 paragraph (1) of Government Regulation Number 13 of 2025. This aims to enable the government to carry out periodic supervision of the management of industrial estates.

b. The Juridical Impact of the Process of Transitioning Business Use Rights into Regions Industry

Land problems in Indonesia are a complex issue because they are influenced by rapid

²¹ Regulation of the Minister of Industry Number 45 of 2019 concerning Procedures for Granting Industrial Estate Business Licenses in the Framework of Electronically Integrated Business Licensing Services

²² Industrial Government Regulation Number 13 of 2025 concerning Procedures for Submitting Industrial Data, Industrial Estate Data, Other Data, Industrial Information and Other Information through the National Industrial Information System

population growth and urbanization, as well as poorly planned land use policies. This land issue is a fundamental problem because it concerns the fulfillment of the people's basic rights to land.²³

The process of changing land allocation from the agricultural sector to the industrial sector not only changes its economic value and utilization, but also has direct implications for the legal aspects of spatial planning and the environment. These impacts arise because changes in land function basically change the legal relationship between subjects, objects, and land use purposes as regulated in the national agrarian law system. In the Right to Use, land is given to a legal entity or individual to be cultivated in the field of agriculture, plantations, or livestock, so that the orientation is agrarian. However, when the land is converted into an industrial area, its social function and spatial allocation change completely, where from agricultural production land to commercial and industrial land. This change in function then causes various juridical impacts, including potential violations of the regional spatial plan (RTRW).

The non-conformity of the area to the spatial plan that has been determined can cause spatial planning violations that have direct implications for the validity of industrial activities on the land. The Regional Spatial Plan (RTRW) is a legal instrument that determines the direction, function, and designation of land use in an area.²⁴ Every form of space utilization, including the development of industrial estates, must refer to the zoning provisions that have been stipulated in the RTRW.

Normatively, the provisions in Government Regulation Number 18 of 2021 still cause overlap with the Basic Law on Agriculture (UUPA) and the Spatial Planning Law. The regulation clarifies the mechanism for changing the Business Use Rights (HGU) to Building Rights (HGB) and leaves most of the authority to the Business Use Rights holders to propose a change of designation. However, Government Regulation Number 18 of 2021 does not explicitly regulate the compensation mechanism for affected communities, even though the Basic Agrarian Law (UUPA) emphasizes the social function of land and the principle of people's prosperity. From the perspective of agrarian justice, the change of the function of the Right to Use Business into an industrial area must consider the rights of the community who depend on the land for their livelihood. Without protection for the affected communities, land conversion policies risk deepening agrarian inequality. In addition to having an impact on aspects of agrarian justice, changes in land use without complying with spatial planning provisions can also have serious legal consequences.

If land with the status of Business Use Rights that was originally designated as an agricultural or plantation zone in the RTRW is converted into an industrial area without going through the process of changing or revising the RTRW, then the use of the land is

²³ Muhammad Fakhurrozi, *et al.* "Constitutional Law Study on the Protection of Land Rights in the Context of Law Number 5 of 1960". *Morality: Journal of Legal Science*, Vol. 11, no. 1 (2025)

²⁴ Vernanda Yuniar Ulenaung. "Implementation of Spatial Planning in Regional Regulation of Regional Spatial Planning (RTRW) according to Law Number 26 of 2007". *Lex Administratum*, Vol. 7, no. 2 (2019)

legally not in accordance with the legal allocation of space.²⁵ This is contrary to Article 61 letter a of Law Number 26 of 2007 concerning Spatial Planning, which requires everyone to comply with the spatial plan that has been set by the government. So in Article 69 it is explained that any person who does not comply with the spatial plan that has been determined that results in a change in the function of the space can be punished with a maximum prison sentence of 3 (three) years and a maximum fine of Rp 500,000,000 (five hundred million rupiah). In addition to criminal threats, violations of spatial planning provisions can also be subject to administrative sanctions as stipulated in Article 63 in the form of written warnings, temporary suspension of activities, to the closure of the location and revocation of permits.

The conversion of plantation land into an industrial area in such an area is very unfortunate because it not only violates spatial planning provisions, but also ignores the ecological and socio-economic functions of the surrounding community. Spatial plans are often not followed consistently due to the economic and investment interests of several parties involved in the formulation and implementation of spatial policies. As a result, local communities, especially farmers or plantation workers, are often the most disadvantaged. Many of them have lost their livelihoods due to the conversion of productive land to industrial areas.²⁶ This condition has the potential to trigger increased unemployment, economic inequality, and social problems in the region.

The development process that does not pay attention to the class of land ability will have adverse consequences for the environment. Therefore, any change in land use that has a significant impact on the ecosystem must be accompanied by a strategic environmental assessment (KLHS) and an Environmental Impact Analysis (EIA) as stipulated in Law Number 32 of 2009 concerning Environmental Protection and Management.²⁷ Industrial activities that stand on the land of the Business Use Rights that are converted without a valid basis for environmental law can be declared unlawful. In article 76, it is explained that activities if violations of environmental permits are found in the supervision of environmental permits, they can be subject to administrative sanctions in the form of written warnings to freezing permits or revocation of environmental permits. In addition, in Article 87, every person in charge of business is obliged to pay compensation and carry out environmental restoration. This right shows that legal liability in environmental violations is not only administrative, but also includes a civil aspect that demands the recovery of damages and compensation to the affected communities

If the land conversion is not accompanied by adequate environmental governance,

²⁵ Rosita Pebwiranda, Nurhikmah & Hilyatun Nida Fitriah. "Prevention of Land Conversion and Spatial Planning in the Context of Realizing Sustainable Development". *Supreme Lex*, Vol.7, no. 2 (2025)

²⁶ I was born with a large son . "Loss of Protected Rice Fields (LSD) Due to Land Conversion on Land Rights". *Acta Comitas: Journal of Notary Law*, Vol. 10, no. 2 (2025).

²⁷ Aditia Syapriallah. *Textbook of Environmental Law Courses*. Jakarta: CV. Budi Utama, pp. 68-70, 2018.

the potential for environmental damage and degradation will be greater.²⁸ The forms of damage that can be done are air pollution due to factory emissions, water pollution that occurs due to liquid waste dumped into the river, and soil pollution due to industrial chemical residues. In addition, the conversion of agricultural land into industrial areas can eliminate natural vegetation that previously functioned as an ecosystem buffer.

D. Conclusions and Recommendations

Based on the description above, it can be concluded that the conversion of land from Right to Business into an industrial estate is a strategic policy that must be carried out in a planned, gradual, and law-based manner. This process is not only administrative, but also related to legal, economic, and environmental aspects. Therefore, every stage starting from the revision of the Spatial Plan (RTR), the fulfillment of the Suitability of Space Utilization Activities (KKPR), to the issuance of environmental permits and Industrial Estate Permits (IUKI) must be in accordance with laws and regulations to ensure legal certainty and prevent conflicts of interest. However, in practice, it has various juridical, social, and environmental impacts. Legally, changes in land use without revision of the Regional Spatial Plan (RTRW) and without environmental approval can cause spatial planning violations and administrative and criminal sanctions. In addition, the social impact in the form of loss of productive land and community livelihoods as well as the potential for environmental damage shows the need for a balance between economic, legal, and environmental sustainability aspects in every land conversion policy.

The government needs to tighten supervision of land conversion to be in accordance with the Regional Spatial Plan (RTRW) and the principles of sustainable development. The change of the Right to Use Business into an industrial estate must go through clear legal procedures. To support this, an integrated supervision model based on a national spatial information system involving the National Land Agency (BPN) and the Ministry of Industry is needed. Through this system, any changes in the function of the Right to Use land can be monitored based on spatial maps and space use permits, so that potential deviations can be immediately known and handled quickly. In addition, community involvement needs to be increased to prevent social conflicts and ensure that the development of industrial estates continues to pay attention to environmental sustainability.

²⁸ Fopy Sonyinderawan. "The impact of the conversion of rice fields to non-agricultural land results in the threat of environmental degradation. *Swarnabhumi: Journal of Geography and Geography Learning*, Vol. 5, no. 2 (2020).

References

A. Law Act

- Indonesia. *Law No. 5 of 1960 concerning Basic Regulations on Agrarian Principles*
- Indonesia. *Government Regulation Number 18 of 2021 concerning the Rights to Management of Land Rights, Flats and Land Registration*
- Indonesia. *Law Number 26 of 2007 concerning Spatial Planning*
- Indonesia. *Government Regulation Number 24 of 2009 concerning Industrial Estates*
- Indonesia. *Regulation of the Minister of Agrarian and Spatial Planning/Head of the National Land Agency Number 18 of 2021 concerning Procedures for the Determination of Management Rights and Land Rights*
- Indonesia. *Regulation of the Minister of Agrarian and Spatial Planning/Head of the National Land Agency Number 13 of 2021*
- Indonesia. *Government Regulation Number 22 of 2021 concerning the Implementation of Environmental Protection and Management*
- Indonesia. *Industrial Government Regulation Number 45 of 2019 concerning Procedures for Granting Industrial Estate Business Licenses in the Framework of Electronically Integrated Business Licensing Services*
- Indonesia. *Industrial Government Regulation Number 13 of 2025 concerning Procedures for Submitting Industrial Data, Industrial Estate Data, Other Data, Industrial Information and Other Industries through the National Industrial Information System*

B. Journal

- Desfiandri & Zulkipli. "Analysis of Economic Equity Discourse in the National Development of the Capital City of the Archipelago". *Al-Kharaja: Journal of Sharia Financial and Business Economics*, Vol. 6, no. 5 (2024).
- Winanti, A., Taupiqqurahman, & Dika, R. "Increasing the Status of Building Use Rights to Property Rights". *Journal of Indonesian Community Service*, Vol. 3, no. 2 (2020)
- Simanjuntak, S.A., Nugroho, R., *et al.* "Juridical Review of Land Title Certificates Based on Law Number 5 of 1960 concerning Basic Regulations on Agrarian Principles". *Journal of Constitutional Studies*, Vol. 2, no 1. (2022).
- Taupiqqurahman & Rizqila, R.A.S. "Optimization of Agrarian Reform through the Establishment of Special Land Courts". Vol. 7, No 1 (2024)
- Kafrawi, R.M., Ariyanto, B., & Mentari, N. "Liability for the Abuse of Business Use Rights on Plantation Land". *Legal Journal of IUS QUIA IUSTUM (Islamic University of Indonesia)*, Vol. 29, no. 3 (2021).
- Lahabu, Z. Mina, R., *et al.* "The Position of Environmental Approval on Business Licensing in Environmental Protection and Management". *Journal of Justice*, Vol. 6, no. 1 (2022)
- Fakhrurrozi, M., *et al.* "Constitutional Law Study on the Protection of Land Rights in the

- Context of Law Number 5 of 1960". *Morality: Journal of Legal Science*, Vol. 11, no. 1 (2025)
- Setiawan, A. B. "Inclusive Development and Industrialization in Indonesia: Its Impact on Welfare". *Journal of Indonesian Economics and Development*, Vol. 24, no. 2 (2025)
- Cakranegara, P. A. "Analysis of the Opening and Development of Industrial Estates in Indonesia". *El-Riyasah Journal*, Vol. 13, no. 1 (2022)
- Sonyinderawan, F. "The Impact of Changing the Function of Rice Fields to Non-Agricultural Land Resulting in the Threat of Environmental Degradation. *Swarnabhumi Journal: Journal of Geography and Geography Learning*, Vol. 5, no. 2 (2020).
- Desmawan, D., et al. "The Impact of the Transfer of Agricultural Land Functions to Residential and Industrial Land in the Bekasi Regency Area". *Exchange: Journal of Economics and Business*, Vol. 3, no. 3 (2024)
- Ulenaung, V. Y. "Implementation of Spatial Planning in Regional Regulations on Regional Spatial Planning (RTRW) According to Law Number 26 of 2007". *Lex Administratum*, Vol. 7, no. 2 (2019)
- Pebwiranda, R., Nurhikmah & Fitriah, H. N. "Prevention of Land Conversion and Spatial Planning in the Context of Realizing Sustainable Development". *Supreme Lex*, Vol. 7, no. 2 (2025)
- Wibawa, G. P.P. "Loss of Protected Rice Fields (LSD) Due to Land Conversion on Land Rights". *Acta Comitas: Journal of Notary Law*, Vol. 10, no. 2 (2025).
- Runtulalo, P. M. "Juridical Review of Licensing of Land Use Rights for Oil Palm Plantations in Indonesia". *Lex Privatum*, Vol. 11, no. 2 (2023)
- Fatikawati, Y.N., & Mukhtali, M. "The Effect of the Existence of the Blora Sugar Industry on Land Use, Socio-Economic and Environmental Changes in Tinapan Village and Kedungwungu Village". *PWK Engineering Journal* Vol. 4, no. 3 (2015)

C. Books

- Asshiddiqie., Jimly. *Introduction to Constitutional Law*. Jakarta: RajaGrafindo Persada, 2013.
- Harson, B. *Indonesian Agrarian Law: History of the Establishment of the Basic Agrarian Law, Contents, and Implementation Volume 1*. Jakarta: Trisakti University Publishers, 2016
- O'Neill, B. *Legal Research in Practice*. Jakarta: Sinar Grafika, 2002.
- Sumardi, D. *Principles of Industrial Law in Indonesia*. Yogyakarta: UII Press, 2020. p. 337.
- Mulyadi, M. B. *Licensing Law: Theory and Practice in Indonesia*. Jakarta: PT. Indonesian Adab, pp.40-51, 2025.
- Rahman. S. *Building agriculture and food to realize food sovereignty*. Jakarta: CV Budi Utama, 2018.
- Mustofa & Suratman. *Use of land rights for industry*. Jakarta: Sinar Grafika, 2018
- Syapriallah. A. *Textbook of Environmental Law Courses*. Jakarta: CV. Budi Utama, pp. 68-70, 2018.