

## The effectiveness of station market development on state land managed by pt. Kereta api Indonesia

A eficácia do desenvolvimento do mercado de estações em terrenos estatais geridos pela pt. Kereta api Indonésia

La eficacia del desarrollo del mercado de estaciones en terrenos estatales administrados por pt. Kereta api Indonesia

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### Abstract

The land used for the construction of the railway infrastructure is state land under the management control of the Indonesian Railways Company or known as P.T. Kereta Api Indonesia (PT. KAI). If the land is not used based on its function, the government will take over to manage the land for development. The effectiveness of this development will have a positive impact in the future, which is better than before. An important issue, in this case, is related to the construction of a station market by the Regency Governments on state land managed by PT. KAI and creates discrepancies with the tenants as third parties. This study used the legal research method to analyze the problems with the black letter law paradigm. Data collection techniques in this study used library research by collecting legal materials. Legal materials were analyzed deductively using interpretation methods (hermeneutics). The results found that it is possible to take legal actions by transferring the fixed assets of PT. KAI in the form of land to the Ponorogo Regency Government. The legal action can later be made based on the agreement between the tenants as a third party, PT. KAI, and the Ponorogo Regency Government. The effectiveness of the construction of the station market can be achieved with the support of all parties, especially the management of the market and merchants as actors in economic activities in the market.

**Keywords:** Effectiveness; State Land; The Indonesian Railways Company (PT.KAI).

### Resumo

Os terrenos utilizados para a construção da infraestrutura ferroviária são terrenos estatais sob o controle de gestão da Indonesian Railways Company ou conhecidos como P.T. Kereta Api Indonésia (PT. KAI). Se a terra não for usada com base em sua função, o governo assumirá a gestão da terra para o desenvolvimento. A eficácia deste desenvolvimento terá um impacto positivo no futuro, que é melhor do que antes. Uma questão importante, neste caso, está relacionada à construção de um mercado de estações pelos Governos da Regência em terrenos estaduais administrados pelo PT. KAI e cria discrepâncias com os inquilinos como terceiros. Este estudo utilizou o método de pesquisa jurídica para analisar os problemas com o paradigma do direito da letra preta. As técnicas de coleta de dados neste estudo utilizaram a pesquisa em bibliotecas por meio da coleta de materiais jurídicos. Os materiais jurídicos foram analisados dedutivamente usando métodos de interpretação (hermenêutica). Os resultados constataram que é possível intentar ações judiciais por meio da transferência do ativo imobilizado da PT. KAI na forma de terra para o Governo da Regência de Ponorogo. A ação judicial pode ser feita posteriormente com base no acordo entre os inquilinos como terceiro, PT. KAI e o Governo da Regência de Ponorogo. A eficácia da construção do mercado da estação pode ser alcançada com o apoio de todas as partes, principalmente da gestão do mercado e dos comerciantes como atores das atividades econômicas do mercado.

**Palavras-chave:** Eficácia; Terra do Estado; A Companhia Ferroviária da Indonésia (PT.KAI).

## Resumen

El terreno utilizado para la construcción de la infraestructura ferroviaria es terreno estatal bajo el control de gestión de Indonesian Railways Company o conocido como P.T. Kereta Api Indonesia (PT. KAI). Si la tierra no se utiliza en función de su función, el gobierno asumirá la gestión de la tierra para el desarrollo. La efectividad de este desarrollo tendrá un impacto positivo en el futuro, que es mejor que antes. Una cuestión importante, en este caso, está relacionada con la construcción de un mercado de estaciones por parte de los Gobiernos de Regencia en terrenos estatales administrados por PT. KAI y crea discrepancias con los inquilinos como terceros. Este estudio utilizó el método de investigación legal para analizar los problemas con el paradigma de la ley de letra negra. Las técnicas de recopilación de datos en este estudio utilizaron la investigación bibliotecaria mediante la recopilación de materiales legales. Los materiales legales se analizaron deductivamente utilizando métodos de interpretación (hermenéutica). Los resultados encontraron que es posible emprender acciones legales mediante la transferencia de los activos fijos de PT. KAI en forma de tierra al Gobierno de la Regencia de Ponorogo. La acción legal se puede realizar posteriormente con base en el acuerdo entre los inquilinos como un tercero, PT. KAI, y el Gobierno de Regencia Ponorogo. La eficacia de la construcción del mercado de la estación se puede lograr con el apoyo de todas las partes, especialmente la gestión del mercado y los comerciantes como actores de las actividades económicas en el mercado.

**Palabras clave:** Eficacia; Tierras del Estado; La Compañía de Ferrocarriles de Indonesia (PT.KAI).

## 1. Introduction

Land is a natural resource as a gift from God Almighty that humans use to fulfill the needs in their lives, such as farming or housing (Elza Syarief, 2012: 4). Land also plays an essential role in human life because it has dual functions, including social and capital assets. As a social asset, land is a means of binding in unity among the Indonesian people living in society, nation, and state. As a capital asset, land is a capital factor in the development, and land must be used and utilized as much as possible for the welfare of the people fairly and equally and must be preserved (Ahmad Rubaie, 2007: 1).

Black's Law Dictionary defines land into two:

- a. An immovable and indestructible three-dimensional area consisting of a portion of the earth's surface, the space above and below the surface, and everything growing on or permanently affixed to it.
- b. An estate or interest in real property (a housing or benefits from the ownership of land and buildings) (Bryan A. Garner, 1999:67).

Article 2 paragraph (1) of the Basic Agrarian Principles (Law Number 5 of 1960 concerning Basic Regulations on Agrarian Principles, State Gazette 1960 Number 104 Supplement to the State Gazette Number 2043) states that: "The earth, water, and space, including the natural resources contained therein are controlled by the state as people's power organization and used as much as possible for the prosperity of the people." Therefore, as the highest power organization that is given the authority, the state must be able and responsible for realizing the welfare of its people (H.M. Arba, 2017: 15).

Government Regulation (PP.) Number 28 of 2020 in lieu of Government Regulation Number 27 of 2014 on the Management of State/Regional Property using the term State property for State assets. State property (BMN) refers to all goods purchased or obtained at the expense of the State revenue and expenditure budget or from other legitimate acquisitions.

In this regard, considering the times and the pace of development and the increasing population growth, the economic value of land is also getting higher, causing inequality in land tenure. More and more people need land for development purposes, while the land area is relatively the same. Hence, it can give rise to potential land disputes to happen. The conditions that have been mentioned above are one of the primary factors that cause the rising case of land disputes and conflicts, both in quantity and quality.

Knowing the origin of the land is one of the keys to resolving land disputes and conflicts one by one. It is necessary to know the origin of the land to determine where the land rights owned by individuals, legal entities, or land controlled by the government come from. If the origin of the land rights owned is clear, it can show the true owner of the land if problems are arising over the land in the future.

The land that used as a place for the establishment of railway infrastructure buildings such as railway lines, stations, bridges and tunnels, crossings, and other facilities (hereinafter referred to as PT. Kereta Api Indonesia lands), is an asset of the Ministry of Transportation, which management is submitted to PT. Kereta Api Indonesia.

The development of PT. Kereta Api Indonesia (hereinafter referred to as PT. KAI) cannot be separated from various problems, especially in the land sector (Rizky Yulia Chandra, 2017: 5). Land disputes and conflicts often occur between PT. KAI and the City Government. For example, is a problem with the station in Ponorogo Regency, which has been disused for a very long time. In fact, the station is used as a market (Station Market) now. At first, the member of Commission V of The House of Representatives of the Republic of Indonesia (DPR RI), Sri Wahyuni, thought that the Madiun-Ponorogo and Ponorogo-Trenggalek railways line were disused. Thus, she asked PT. KAI that it is better if they hand over the management of the Ponorogo Station to the Ponorogo Regency Government so that it is well arranged and prevents traffic jams from happening due to the station market (Eno, 2020).

The Ponorogo Regency Government has asked PT. KAI to willingly give their assets to the Regency Government to be managed properly because according to the Ponorogo Regency Government, they know for sure about the needs in Ponorogo. However, PT. KAI doesn't want to give away its assets until now. Therefore, until this day, PT. KAI is the one who still manages the assets, and the Regency Government cannot move freely to limit the market quota, which causes traffic jams. The Regency Government plans to use the station as a city park to be used for family recreation for the people of Ponorogo and its surroundings. So far, disused train stations have been leased to be transformed into markets, such as the train station in front of Pasar Legi. However, over time, people did not abide by the rules of the Regency Government. This resulted in friction between the Regency Government and the tenants of the disused train station in Ponorogo. The market building, which the tenants of PT. KAI land established is not in accordance with the regional spatial plan (RTRW), where the land allotment is emplacement transportation (Radar Madiun, 2018).

Since the beginning, the Regency Government has warned that the building is not in accordance with the regional spatial plan (RTRW). However, the land tenants ignore it. In fact, when the building permit (IMB) was not issued, the land tenants held demonstrations. Therefore, it is not the government's fault for demolishing the building.

For this reason, this article discusses the issue regarding the possibility of taking legal action by transferring the fixed assets of PT. Kereta Api Indonesia to the City Government and regarding the effectiveness of the station market development on State land managed by PT. Kereta Api Indonesia.

## **2. Methodology**

This article is compiled from the results of legal research (doctrinal research). The nature of this research is prescriptive research. This study uses a qualitative research approach. Data sources used are library materials in the field of law, including primary legal materials, secondary legal materials, and tertiary legal materials. Data collection techniques in this study used an inventory of legal materials through library research. Legal materials are analyzed deductively and using interpretation methods (hermeneutics).

## **3. Results and Discussion**

### **3.1 Possibility of legal action and transfer of fixed assets by PT. Kereta Api Indonesia to the City Government**

From the total land of PT. Kereta Api Indonesia (Persero), which reaches a total of 270 m<sup>2</sup>, 70 million m<sup>2</sup> is still used for railway tracks. The remaining 200 million m<sup>2</sup> are lands and buildings that third parties use through a lease, and a third party controls some (PT. Kereta Api Indonesia (Persero)).

According to the State treasury law provisions, the land assets of PT. Kereta Api Indonesia (Persero), both certified and uncertified, may not be released to third parties without prior permission from the Minister of Finance. However, PT. Kereta Api Indonesia (Persero) has a different opinion with these provisions. PT. Kereta Api Indonesia (Persero) states that they have the right to lease the land under their control to other parties because the regulation only prohibits releasing land to other parties, not prohibiting them from leasing the land. Land assets of PT. Kereta Api Indonesia (Persero), which is located in the Ponorogo Station Market, is state-owned land, but its management control is under PT. Kereta Api Indonesia (Persero) to support railway facilities, and when the land is disused, it returns to the State. The case occurred in all disused land assets of PT. Kereta Api Indonesia (Persero) that serves as railway support, which is currently being leased to the community by PT. Kereta Api Indonesia (Persero) to be transformed into markets (Station Market).

According to the provisions of Article 44 paragraph (1) of the Basic Regulations of Agrarian Principles (UUPA), it states that a person or a legal entity has the right to lease land if he has the right to use land owned by another person for building purposes, by paying the owner a sum of money as rent. Meanwhile, Iman Soetikno (1982: 82) stated that according to Article 44, the only land that can be leased is property rights. Government agencies do not have ownership rights to land, so the land cannot be leased to other parties. Furthermore, Article 49 paragraph (3) of Law no. 1 of 2004 concerning the State Treasury states that the land and buildings owned by the state/region, which is not utilized for the purpose of the implementation of main duties and functions of the related institution shall be submitted to the Minister of Finance/Governor/Regent/Mayor for the purpose of the implementation of the state/regional government's duties.

Based on the above description, if it follows the provisions of Article 44 of the Basic Regulations of Agrarian Principles (UUPA), then PT. Kereta Api Indonesia (Persero) cannot lease its land assets because the ownership rights to the land assets are in government ownership. PT. Kereta Api Indonesia (Persero) is a state-owned legal entity with no ownership rights over its assets. On the other hand, PT. Kereta Api Indonesia (Persero) states that they have the right to lease the land under their controls to other parties on the legal basis of Government Regulation Number 28 of 2020 in lieu of Government Regulation Number 27 of 2014 on the Management of State/Regional Property Article 6 paragraph (1), which states that the Minister/Leaders of Institutions as leaders of Ministries/Institutions are Users of State Property.

PT. Kereta Api Indonesia (Persero) (PT. KAI) in accordance with the Attachment to the Letter of the Head of the National Land Agency No. 500-1255 dated May 4, 1992, is included in the definition of a Government agency that controls and manages State land. This is because of PT. KAI is a State-Owned Enterprise (BUMN) that is allowed to carry out the business of leasing land assets according to the agreement, which has been regulated in the Minister of State-Owned Enterprises Regulation No.PER-04/MBU/08/2017 on Guidelines for State-Owned Enterprises Cooperation in the context of utilizing assets if they meet the cooperation terms and conditions. In addition, in order to carry out the implementation of cooperation in the utilization of assets, PT KAI refers to the Decree of the Board of Directors of PT KAI (Persero) No.KEP.U/KL.104/V/1/KA-2017 on the Implementation Guidelines for the Utilization of Long-Term Fixed Assets and Decisions of the Directors of PT KAI (Persero) No.KEP.U/KA.102/IV/1/KA-2016 on Instructions for Implementing Company Fixed Assets for five years period time. The regulation is stipulated based on the Regulation of the State-Owned Enterprises No. PER- 04/MBU/08/2017.

The choice of how to utilize the fixed assets of the State-Owned Enterprises is carried out based on the characteristics of the use/utilization of fixed assets by partners. The characteristics of the use/utilization of fixed assets require a long time (long-term). The utilization of fixed assets is carried out through Build Operate Transfer (BOT), Build Transfer Operate (BTO), Joint Operation (JO), or Busines Cooperative (BC), unless it fulfills certain conditions as regulated in the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/08/2017 on the Guidelines for State-Owned Enterprises Cooperation, which can be carried out with long-term leases. Cooperation in the use of fixed assets in ways other than the

above, the procedures and approvals must refer to the Regulation of the Minister of State-Owned Enterprises No.PER-04/MBU/08/2017 in accordance with the characteristics of the cooperation in question.

Apart from the characteristics of the use of State-Owned Enterprise's assets as described above, PT. KAI, as one of the State-Owned Enterprises in carrying out its business activities, has fixed assets in the form of stations, grounds (emplacement), warehouses, workshops, employee housing, and others. Specifically, PT. KAI Operational Area (KAI Daop) 7 Madiun, in the form of a station in Ponorogo, in carrying out its business activities, has fixed assets that were previously less productive and have not been utilized or their utilization is not optimal. PT. KAI Operational Area (KAI Daop) 7 Madiun has some fixed assets at the disused Ponorogo Station, which previously was completely unused or unproductive and is now being leased to the public to be used as a market (Station Market).

The provisions that have been explained before serving as guidelines for PT. Kereta Api Indonesia (Persero) for leasing to the public, while for its own use is adjusted to the Regional Spatial Plan (RTRW) of Ponorogo Regency in regional regulation (Perda) 1/2012. PT. Kereta Api Indonesia (Persero) has a policy towards the disused Ponorogo Station. PT. Kereta Api Indonesia (Persero) doesn't mind if the disused station is being used as a market as long as the community does not apply for a certificate. However, they require the community to make land lease payments. But in this case, it becomes a problem because, in reality, all the provisions do not abide by the rules of the Regency Government. This resulted in friction between the Regency Government and the land tenants of the asset location of the disused train station in Ponorogo. The market building, which the tenants of PT KAI land established, is not in accordance with the regional spatial plan (RTRW), where the land allotment is emplacement transportation. This causes traffic jams around the disused train station that have been transformed into markets (Radar Mdiun, 2018).

In researchers' opinion, the land of PT. Kereta Api Indonesia (Persero), which is located at Ponorogo Station, is now *de facto* under the control of the community and *de jure* under the State. The land is still state-owned land managed by PT. Kereta Api Indonesia (Persero). However, its utilization is still not optimal because it is not in accordance with the function, and its utilization deviates from the railway activities.

According to the Decree of the Minister of Finance Number 740/KMK.00/1989, PT. KAI, as a State-Owned Enterprise, may diversify its business by utilizing its land by means of collaborating with third parties to support its main business. PT. KAI utilizes its land, either in the form of land that is outside the main infrastructure or land that is in the main infrastructure, in carrying out cooperation with third parties. This means that the land use by PT KAI is the use of land to support its business activities and the use of land outside of business activities.

Implementation of granting the land-use assets of PT. KAI for activities outside the railway is conducted in the context of business diversification with third parties to support its main business. The land use by means of lease arises after the agreement, which regulates the position of the parties and the actions taken by PT. KAI as the authority or management of the land against third parties as tenants. This means that the legal relationship (lease) between PT. KAI and third parties happen due to the agreement between the parties, which is stated in the standard rental agreement that PT. KAI has set.

The indicators used in analyzing the validity of legal actions in providing the utilization of land assets of PT. KAI for activities outside the railway system is the Basic Regulations of Agrarian Principles (UUPA), Minister of State-Owned Enterprises Regulation No.PER-04/MBU/08/2017 on the Guidelines for State-Owned Enterprises Cooperation and PT. KAI (Persero) Board of Directors Regulation No.KEP.U/KL.104/V/1/KA-2017. It's also based on the agreement for the use of land assets of PT. KAI by a third party. The results on the granting land use assets of PT. KAI for activities outside the railway system is based on the Regulation of the Minister of State-Owned Enterprises and the internal rules of PT. KAI, which regulates the utilization of its land assets, including land assets used for railway activities and land assets for activities outside the railway.

According to PT. KAI, the company has the right to lease the land under its control to other parties, including land used for operational support and land leased for activities outside the railway. This has been regulated in the Decree of the Board of Directors of PT. KAI No. Kep.U/OT.003/VII/1/KA.2011. This regulation also becomes a reference for leasing the land assets of PT. KAI, including lands of disused railway tracks that have not been used. According to Article 44 of the Basic Regulations of Agrarian Principles (UUPA), the actions taken by PT. KAI, who leases land assets to third parties, cannot be justified because it is contrary to the provisions of Article 44 of the Basic Regulations of Agrarian Principles (UUPA). According to Article 44 of the Basic Regulations of Agrarian Principles (UUPA), it states firmly that the State cannot lease land. However, in this case, PT. KAI continues to lease land for activities outside the railway to third parties with the aim of optimizing all existing assets and so that PT. KAI gets benefits and income from the land leased. Besides, PT. KAI does not bear the burden of tax costs and maintenance and security costs.

This means that the land leased to third parties is not or has not been utilized by PT. KAI to support its business activities. Meanwhile, Article 49 paragraph (3) of Law Number 1 of 2004 on the State Treasury states that the land and buildings owned by the state/region, which is not utilized for the purpose of the implementation of main duties and functions of the related institution shall be submitted to the Minister of Finance/governor/regent/mayor for the purpose of the implementation of the state/regional government's duties. In principle, the regulations issued by the Minister of Finance and the Minister of State-Owned Enterprises have allowed State-Owned Enterprises to lease land under their control, but this is in contrast to the principle of State Controlling Rights, where the State/Region is not the owner of the land.

It can be concluded that the utilization of land assets of PT. KAI outside the railway activities is not in accordance with the provisions stipulated in the Basic Regulations of Agrarian Principles (UUPA). The provision of leases or other uses to third parties is contrary to Article 44 of the Basic Regulations of Agrarian Principles (UUPA), which states that the State/Region is not the land owner. Hence, the State cannot lease the land. It is also not in line with the Regulation of the Board of Directors of PT. Kereta Api Indonesia (Persero) No: 023-VII/KAI/Dir-II/2002, dated July 23, 2002, on Governance and Management System of PT. Kereta Api Indonesia (Persero) which reads that all land resources that can provide economic benefits for the company and are controlled by PT. KAI aims to support the implementation of railway activities. From the legal aspect, the use of land assets of PT. KAI by other parties has conflicted with the applicable laws and regulations. Thus, a legal act that is contrary to the laws and regulations is annulled and void so that it is considered to have never existed.

According to PT. KAI, the normative provisions on the management rights of land use, is in accordance with the provisions of the existing laws and regulations. However, the implementation in the research site shows deviations that are not in accordance with the utilization on management rights of land use by PT. KAI, which is located in the disused Ponorogo station and is in the jurisdiction of the Ponorogo Regency Government, which is currently used for the Market (Station Market). The parties should allocate the land used for the market according to its designation and time period. It can be concluded that in accordance with the above regulations and the reality of the given situation that the fixed assets of PT KAI, which is located at the disused Ponorogo station, are not in accordance with its use, management, and time period. Thus, it can be seen that it is possible to take legal action by transferring fixed assets managed by PT KAI in the form of land to the Ponorogo Regency Government to be managed properly and in accordance with the regional spatial plan (RTRW) of the Ponorogo Regency Government. The legal action can be in the form of an agreement between the land tenants as a third party, PT KAI, and the Ponorogo Regency Government. It is because the land and buildings owned by the state/region, which is not utilized for the purpose of the implementation of main duties and functions of the related institution shall be submitted to the Minister of Finance/Governor/Regent/Mayor for the purpose of the implementation of the state/regional government's duties. It is clear that the disused train stations that are currently being leased to be transformed into markets land have not been used for a long time, which is not in accordance with the railways. However, the land is leased for trading activities for markets, and the Regency Government feels that the area is not well organized and slum.

Thus, in researchers' opinion, the most appropriate solution to resolve the problem over PT. KAI's land, which is controlled by the community, is the parties involved in this dispute, namely the community involved, PT. KAI and the Regional Government (PEMDA) conduct dialogue and deliberation to find the solution for the problem. This is intended so that between the parties concerned, including the community or PT. KAI can get justice and assurance and legal protection of rights to the land.

### **3.2 The Effectiveness of Station Market Development on State land Managed by PT. Kereta Api Indonesia**

State land dispute managed by PT. KAI started with the problem of the disused Ponorogo Station, which had been inactive for a long time. The station was transformed into a station market. The Ponorogo Regency Government asked PT. KAI to hand over the land to the Ponorogo Regency Government. The Ponorogo Regency Government plans to transform the disused station for public or private purposes. They also plan to build a city park.

The Regency Government provides a solution for the merchants at the station market to relocate to Pasar Legi, which is located not far from the current market when it is completed. The relocation is a dilemmatic effort for the Ponorogo Regency Government. On the one hand, the Regency Government wants the city to be clean and well-organized. On the other hand, the merchants want the offered substitute place to be adequate. For this reason, relocation must use a well-prepared concept by considering all aspects that affect the government, the general public, and merchants.

The factors that will occur if the land of the disused station is handed over to management and developed by the Regency Governments and relocation is carried out are:

#### *a. Facilities and Infrastructure*

The existing facilities and infrastructure in the disused station that has been transformed into a market consist of parking lots, prayer rooms, toilets, bathrooms, field offices, lighting, sewers, trash bin or waste disposal, and stalls. However, the facilities and infrastructure of the station market are inadequate and cause traffic jams around the disused train station that have been transformed into markets. If the merchants are relocated to a new place, the Regency Government must provide adequate facilities to them so that they will be more comfortable later on in the new place.

#### *b. Infrastructure*

The market relocation infrastructure will be adequate. The government will make the place well-organized for the community's welfare so that they can trade properly.

#### *c. Market Location*

After the relocation, the location of the market is not far from the station market. It is an important factor in planning the relocation because it greatly determines the ease of access to business sites, social networks, jobs, business fields, credit, and great opportunities. Pasar Legi was chosen as the location for the market relocation because it has a large area of land that can accommodate the merchants. The location of the market is not far from the old market. Therefore, it can be said that the market location is appropriate because basically, the market will be crowded if it is located in the middle of the city, and people can reach the location easily.

#### *d. Social Conditions*

At first, the merchants and the government were not good in a relationship because they complained that their income would decrease later and they would lose their old customers if they were relocated.

*e. Community Conditions*

The community at first was not happy with this relocation. However, over time, the community begins to understand because it could indirectly improve and revive the surrounding community's economy and open shop businesses around the market. This will have a positive impact on the condition of the community. The market relocation can revive the community's business.

The expected result of the relocation process is that the conditions of the relocated people will be better than before. These better conditions should last for a very long time. Therefore, the merchants can feel comfortable in the new place. These improved conditions include income level, diversity of income sources, status and security in the new location, and access to basic infrastructure services.

In order to measure the effectiveness of the construction of the Station Market, the variables in measuring effectiveness are based on the theory of legal effectiveness from Bronislaw Malinowski, who suggests that the theory of the effectiveness of social control or law in society is analyzed and divided into two: modern society and primitive society. Modern society is a society whose economy is based on a very broad market, specialization in industry, and the use of advanced technology. In modern society, laws are made and enforced by authorized officials (H.S. Salim, 2013).

Another view on legal effectiveness by Clarence J Dias states that:

An effective legal system may be described as one in which a high degree of congruence exists between legal rule and human conduct. This effective legal system will be characterized by minimal disparity between the formal legal system and the operative legal system is secured by:

1. The intelligibility of its legal system.
2. High-level public knowledge of the content of the legal rules
3. Efficient and effective mobilization of legal rules:
  - a) A committed administration and.
  - b) Citizen involvement and participation in the mobilization process
4. Dispute settlement mechanisms that are both easily accessible to the public and effective in their resolution of disputes, and,
5. A widely shared perception by individuals of the effectiveness of the legal rules and institutions (Clarence J. Dias, 1975: 150).

This opinion is explained by Clarence J Dias in Marcus Priyo Guntarto as follows; there are 5 (five) conditions for the effectiveness of a legal system, including:

- a) It is easy or not for the meaning of the contents of the legal rules to be understood.
- b) The extent to which people in the community know the contents of the relevant legal rules.
- c) Efficient and effective mobilization of the legal rules is achieved with the help of administrative officials who are aware of involving themselves in such mobilization efforts and community members who feel involved and feel they have to participate in the process of legal mobilization.
- d) The existence of a dispute settlement mechanism that is easily accessible to the public and must be effective enough to resolve disputes.
- e) There is a widely shared perception and recognition among the community members of the effectiveness of the legal rules and institutions (Marcus Priyo Gunarto, 2011: 71).



From the description of the effectiveness theory above, it can be concluded that the effectiveness of the construction of the station market on state land managed by PT. KAI can be achieved if there is support from all parties, especially the management of the market and merchants as actors in economic activities in the market. Improvements in clean and comfortable physical conditions and good and professional management with qualified and professional market management of human resources are expected to be able to have a direct impact on increasing the merchants' income. The city layout is also well organized and does not cause traffic jams around the station market. The Ponorogo Regency Government must make the relocation site accessible to the public and resolve disputes effectively.

#### 4. Conclusions

It is possible to take legal action with the transfer of fixed assets by PT KAI in the form of land that was given to the Ponorogo Regency Government to be managed properly and in accordance with the regional spatial plan (RTRW) of the Ponorogo Regency Government. The legal action can later be made based on the agreement between the tenants as a third party, PT KAI, and the Ponorogo Regency Government. This is due to the utilization and use of land assets of PT KAI outside the railway activities is not in accordance with the provisions stipulated in the Basic Regulations of Agrarian Principles (UUPA).

Based on the theory of legal effectiveness, the effectiveness of the construction of the station market on state land is managed by PT KAI can be achieved if there is support from all parties, especially the management of the market and merchants as actors in economic activities in the market. Improvements in clean and comfortable physical conditions and good and professional management with qualified and professional market management of human resources are expected to be able to have a direct impact on increasing the merchants' income. The city layout is also well organized and does not cause traffic jams around the station market.

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