

Legal Protection for Banks as Warehouse Receipt Holders of Bankrupt Agricultural Products

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Abstract. *This research is entitled "Legal Protection for Banks as Holders of Warehouse Receipts for Bankrupt Agricultural Products." The background of this research stems from the problem of farmers' limited access to capital, which has led to the emergence of the warehouse receipt system as an agricultural-based financing instrument. Warehouse receipts can be used as collateral for credit at banks, but they give rise to legal issues when the debtor goes bankrupt. Banks, as holders of warehouse receipts, face legal, economic, and institutional risks in their efforts to obtain repayment of receivables. The research problem is formulated in three main points: (1) what is the legal force of agricultural warehouse receipts in bankruptcy; (2) what form of legal protection is available for banks as holders of agricultural warehouse receipts that are bankrupt; and (3) what obstacles do banks face in obtaining this legal protection. The research method used was empirical with a descriptive analytical approach. Primary data was obtained through interviews with banking institutions and the Warehouse Receipt Guarantee Institution, while secondary data was obtained through a review of relevant laws and regulations, doctrine, and literature. The analysis was conducted qualitatively and normatively, connecting legal theory with implementation practice. The results of the study indicate that warehouse receipts have legal force as securities that can be used as collateral for debt, and in bankruptcy their position is equal to material collateral, thus placing banks as separatist creditors. Legal protection for banks is provided through the provisions of Law No. 9 of 2011 concerning Warehouse Receipts and Law No. 37 of 2004 concerning Bankruptcy and PKPU, which allow banks to execute collateral objects before they are distributed to other creditors. However, there are obstacles in the form of limited economic value of agricultural products, lack of understanding of warehouse receipts among law enforcement officials and banks, convoluted bureaucracy, and the weak role of the Warehouse Receipt Guarantee Institution.*

In conclusion, legal protection for banks as holders of agricultural warehouse receipts in bankruptcy is already stipulated in legislation, but its implementation still faces various normative and practical obstacles. Therefore, regulatory strengthening, capacity building of financial institutions and law enforcement, and optimization of the role of the Warehouse Receipt Guarantee Institution are needed to ensure that warehouse receipts can function effectively as credit collateral.

Keywords: Agricultural; Bankruptcy; Legal; Protection.

1. Introduction

A developed and resilient agricultural sector will help strengthen national food security. This is crucial to ensuring sufficient and affordable food availability for all. The agricultural sector in Indonesia is the backbone of the economy, yet farmers often face various challenges. One major obstacle is limited access to capital. Farmers are often forced to sell their crops immediately after harvest at low prices due to the need for cash to meet daily needs. This situation leaves farmers vulnerable to market price fluctuations and makes it difficult to plan long-term production.¹To address these issues, the Indonesian government then designed and enacted a warehouse receipt system in 2006 through Law Number 9 of 2006 concerning the Warehouse Receipt System (Warehouse Receipt Law), which was later amended by Law of the Republic of Indonesia Number 9 of 2011 concerning Amendments to Law Number 9 of 2006 concerning Warehouse Receipts. This system allows farmers to store their crops in designated warehouses and receive a receipt or warehouse receipt. This warehouse receipt can then be used as collateral to obtain loans from banks. With this system, farmers no longer need to sell their crops immediately after harvest, but can wait for a better price.²

A warehouse receipt is a receipt issued by a warehouse owner as proof of ownership of goods deposited/placed in the warehouse to the person depositing/owner of the goods. Based on the various characteristics surrounding a warehouse receipt, a warehouse receipt can be categorized as a security. The division of warehouse receipts under the name and warehouse receipts under orders (Article 3 paragraph (1) of the Warehouse Receipt Law) also strengthens the idea that a warehouse receipt is a type of security. The definition of both can be seen in Article 3 paragraph (2) in conjunction with paragraph (3) of the

¹Savitri Islamiana Putri. 2023, Review of Warehouses as Guarantee Institutions, Dharmasisya Vol 2 No 3. Pg 1480.

²Ersya Maulina, Listyowati Sumanto, 2023. Implementation of Warehouse Receipt System Guarantee at Indonesian Credit Guarantee Limited Liability Company. Trisakti Legal Reform Journal Vol 5 No 4. Pg 1507.

Warehouse Receipt Law. As a security, a warehouse receipt can be transferred, used as collateral for debt, or as a document for the delivery of goods (Article 4 paragraph (1) of the Warehouse Receipt Law). This allows a warehouse receipt to be handed over to a third party such as a bank to obtain working capital.³ According to Article 1 of the Warehouse Receipt Law, the warehouse receipt system is a document of title for goods that can be used as collateral because the warehouse receipt is secured by certain commodities under the supervision of an accredited warehouse manager. Warehouse receipts are also a financial instrument that can be traded and exchanged, and in derivatives trading, they can be accepted as a means of settling futures contracts maturing on a futures exchange.⁴

Minister of Trade Regulation No. 26/M-DAG/PER/6/2007 plays a crucial role in the warehouse receipt system by determining the types of agricultural commodities that can be stored in warehouses. This regulation provides legal certainty regarding the types of commodities that can be used as collateral for loans. Meanwhile, Bank Indonesia Regulation No. 9/6/PBI/2007 regulates the assessment of bank asset quality, including the assessment of collateral in the form of warehouse receipts. This regulation ensures that banks carefully assess warehouse receipts before granting loans, thereby minimizing credit risk.

The role of banks in the warehouse receipt system is crucial. Banks act as financial institutions that provide loans to farmers using warehouse receipts as collateral. In this way, banks help farmers gain access to the capital needed to expand their businesses. Furthermore, banks can act as institutions that connect farmers with wider markets, enabling them to sell their crops at better prices. Collaboration between the government, farmers, and banks in the warehouse receipt system is expected to improve farmer welfare and strengthen the agricultural sector in Indonesia. These warehouse receipts can then be used as collateral to obtain loans from banks. This allows farmers to delay the sale of their crops until market prices improve, while also gaining access to the capital needed to expand their businesses.⁵

Problems arise when the warehouse receipt holder goes bankrupt. Bankruptcy issues always present complexities, including in situations where a bank acts as the holder of a warehouse receipt for agricultural products. A warehouse receipt

³Secretariat General of the Indonesian House of Representatives. 2023. COMPILATION of Law Number 9 of 2006 concerning the Warehouse Receipt System, along with Amendments and Implementing Regulations. Jakarta: Center for Monitoring the Implementation of Laws, Expertise Body of the Indonesian House of Representatives. Page 9

⁴Titing Sugiarti, Henri Christian Pattinaja. 2022. The Encumbrance of Warehouse Receipt Guarantee Rights According to Law No. 9 of 2011 and Legal Protection for Warehouse Receipt Guarantee Rights Recipients, *Jurnal Legal Reasoning* Vol 5 No 1, Pg 73

⁵Puja Putri Neland, Legal Protection for Warehouse Receipt Holders and Warehouse Receipt Guarantee Rights Recipients against Bankrupt Warehouse Managers, *Zaaken* Vol 3 No 3. Pg 505

is a legal document that serves as proof of ownership and guarantee for agricultural products stored in a warehouse. Banks often accept warehouse receipts as collateral for loans granted to farmers or agricultural entrepreneurs.

A debtor's bankruptcy does not automatically terminate the bank's rights to the agricultural products secured by warehouse receipts. The bank retains the right to demand repayment of the loan from the sale of the agricultural products. The sale of agricultural products secured by warehouse receipts in bankruptcy is regulated by Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU). The bank may submit a request to the curator to sell the agricultural products.⁶

The proceeds from the sale of agricultural products secured by warehouse receipts will be used to repay bank loans first, before being distributed to other creditors. This gives banks priority in obtaining loan repayment. Furthermore, the Warehouse Receipt Guarantee Institution (LJG) plays a role in providing guarantees to banks for warehouse receipts used as loan collateral. LJG will compensate the bank in the event of default by the debtor. However, bankruptcy is a complex issue, where the bankruptcy of agricultural entrepreneurs who pledge warehouse receipts to banks presents a complex dilemma. On the one hand, the bank has the right to demand loan repayment from the proceeds from the sale of the collateralized agricultural products. On the other hand, bankruptcy can result in the loss of assets and livelihoods for entrepreneurs.

Problems also arise when entrepreneurs' failure to repay their loans can result in losses for the bank. The value of the collateralized agricultural produce may not be sufficient to cover the entire loan. This can worsen the bank's financial condition and increase the risk of non-performing loans. Bankruptcy can result in entrepreneurs losing their assets, including the agricultural produce pledged to the bank. This can have fatal consequences for the continuity of their businesses and their livelihoods. The bankruptcy process is lengthy and fraught with uncertainty, and is also associated with high costs, for both the bank and the entrepreneur. Based on this background, the researcher is interested in conducting research aimed at analyzing the legal force of bankrupt agricultural warehouse receipts and the legal protections for banks as holders of bankrupt agricultural warehouse receipts.

2. Research Methods

The type of research in this writing is descriptive analytical.⁷ The approach used in this research is an empirical method by reviewing laws and regulations related to

⁶Dwita Putri Ramadhani, Bangun Patrianto, Karim, 2021. Legal Protection for Creditors in Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations. *Jurnal Judiciary*, Vol 1 No 1, Pg 25

⁷Ibid. Page 10

the issues to be discussed, and also conducting a field approach to obtain information as supporting material. Specifically, it analyzes the legal force of warehouse receipts for bankrupt agricultural products, legal protection for banks as holders of warehouse receipts for bankrupt agricultural products, and obstacles to legal protection for banks as holders of warehouse receipts for bankrupt agricultural products.⁸

3. Results and Discussion

3.1. Legal force of bankrupt agricultural warehouse receipts

A warehouse receipt is a document that proves ownership of commodities stored in an official warehouse and has legal force as a document of title based on Law No. 9 of 2006 in conjunction with Law No. 9 of 2011 concerning the Warehouse Receipt System (SRG). This document can be transferred, used as collateral for debt, and traded. It is recognized by financial institutions such as BRI as a valid credit guarantee, although its use in practice is still limited.

For farmers, SRG offers a financing alternative without selling fixed assets, but still faces challenges with fluctuating collateral values and weak warehouse infrastructure. Banks, as the receipt holders, often struggle to enforce collateral when goods are damaged, their value decreases, or the warehouse fails to meet standards. This demonstrates a gap between the legal framework and its actual effectiveness on the ground.

In a debtor's bankruptcy situation, the bank has the status of a separatist creditor that has the right to execute collateral based on Articles 55 and 56 of Law No. 37 of 2004 concerning Bankruptcy and PKPU, as well as Article 16 of the SRG Law which provides the right of *parate executie* (execution without trial). Normatively, legal protection for banks is very strong, but its implementation is often hampered by fluctuations in commodity prices, weak warehouse management, execution bureaucracy, and low legal literacy of the actors.

3.2. Protectionlaw for banks as holders of warehouse receipts for bankrupt agricultural products bankrupt

Within the legal framework, banks that accept warehouse receipts as collateral for financing have the status of separatist creditors, in accordance with Article 55 of Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU). Based on Article 55 paragraph (1) of Law Number 37 of 2004 concerning Bankruptcy and PKPU, separatist creditors have the right to execute their collateral as if bankruptcy had not occurred. This is the main basis for legal protection for banks. Separatist creditors have the right to execute collateral outside the debtor's bankruptcy process. This provides a strong legal

⁸ Ibid, p. 8.

basis for banks to maintain their rights to collateral bound by warehouse receipts.⁹

Under Indonesian positive law, banks that accept warehouse receipts as collateral for credit have a special status as secured creditors. This status is clearly stipulated in Article 55 of Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU). Secured creditors have the right to directly execute their collateral, even if the debtor is declared bankrupt. This regulation reflects the principle of legal protection for parties who have bound themselves through material collateral. In the case of warehouse receipts, banks have the right to execute the collateralized agricultural products without having to wait for the verification process or the distribution of bankruptcy assets by the curator. Thus, normatively, the protection of the bank's rights as collateral holders is legally guaranteed. This demonstrates that the law has provided a strong foundation for legal certainty for creditors. However, this legal norm cannot be immediately realized smoothly in practice.¹⁰

Ideal legal protection requires the active involvement of supporting institutions, such as the Warehouse Receipt Guarantee Agency (LJRG) and the Commodity Futures Trading Regulatory Agency (BAPPEBTI). Unfortunately, according to banks, the presence of these institutions has not been significantly felt at the operational level, particularly when banks face default or bankruptcy. This indicates a gap between existing legal norms and the institutional support needed to ensure optimal legal protection.

The results of this study conclude that legal protection for banks as holders of warehouse receipts for bankrupt agricultural products has been guaranteed normatively, primarily through the bank's position as a secured creditor under the Bankruptcy Law and the existence of a warehouse receipt system as collateral. However, the effectiveness of this protection in practice remains limited, influenced by technical factors such as the physical condition of the commodity, weaknesses in the supervisory system, and the lack of active participation of supporting institutions.

3.3. Protectionlaw for banks as holders of warehouse receipts for bankrupt agricultural products bankrupt

Law No. 9 of 2011 concerning the Warehouse Receipt System and Law No. 37 of 2004 concerning Bankruptcy have provided normative legal protection to banks as secured creditors. In practice, this protection has not been effective. Obstacles arise in various aspects—technical, administrative, legal, economic, and institutional. However, in practice, the implementation of these rights is often

⁹Sabila Absharina Ferayanti, BRI Credit Analyst Staff, Interview, Semarang, May 8, 2025 at 10:00 AM

¹⁰Sunarmi, Bankruptcy Law, PT. Soefmedia, 2020, p. 1.

hampered by various technical and institutional factors. The legal force guaranteed by law cannot be implemented without obstacles in the field. Effective legal protection requires synergy between written regulations and the readiness of the implementation system.

The biggest obstacle often encountered in legal protection for banks as warehouse receipt holders is the fluctuation in collateral value. Agricultural commodities, as objects of warehouse receipts, are highly susceptible to depreciation due to seasonal factors, damage, and storage conditions. Goods that initially have high economic value can experience drastic depreciation within a short period of time if not properly managed in the warehouse. In such situations, the bank's right of execution becomes ineffective because the collateral value is insufficient to cover the debtor's debt. This creates an imbalance between strong legal rights and weak economic realization. Legal protection is less than optimal without a value guarantee system or commodity insurance. In the event of default or bankruptcy, the bank still bears the risk of losing the collateralized assets even though its rights are legally regulated. Therefore, additional instruments are needed to ensure the stability of the collateral value so that legal protection can truly protect creditors.

Besides value risk, another issue that weakens legal protection is the condition of warehouse infrastructure. Not all accredited warehouses meet optimal storage standards, such as temperature, humidity, and physical security. If collateral is damaged due to negligence on the part of the warehouse manager, the claims process often cannot be implemented effectively. The warehouse manager's unpreparedness to handle disputes or enforce claims results in banks experiencing obstacles in realizing their rights. Existing regulations do not provide sanctions or strict liability for warehouse managers for damage to stored goods. This weakens legal protection for banks from the aspect of third-party liability. Ideal protection should include a joint and several liability scheme between the debtor, the warehouse manager, and the guarantor. A reliable storage system is key to the success of legal protection for warehouse receipts as collateral.¹¹

Legal protection also depends heavily on clear execution procedures and alignment between institutions. In practice, the implementation of secured creditors' rights does not always proceed smoothly due to the involvement of curators and judicial institutions. The process of validating warehouse receipts as collateral is often complicated and time-consuming, especially if there are differing interpretations between financial institutions and law enforcement. Although regulations govern banks' rights, enforcement in court is often hampered by bureaucracy and a lack of understanding of the warehouse receipt system. This situation creates legal uncertainty, which actually weakens

¹¹Subekti. 2005. Contract Law. PT Intermasa. Jakarta. P. 2

creditors' positions. Legal protection is only effective if supported by a swift, clear, and firm execution process. Harmonization between banks, warehouses, and law enforcement is essential to creating an effective legal system. Without it, legal guarantees for warehouse receipts will continue to face a gap between norms and practices.

Weak coordination between supporting institutions also impacts the effectiveness of legal protection for banks. Institutions such as the Warehouse Receipt Guarantee Agency (LJRG) and BAPPEBTI (Indonesian Commodity Futures Trading Regulatory Agency) have not fully implemented their protection functions in cases of problematic warehouse receipts. The lack of active involvement of these institutions forces banks to resolve collateral disputes independently, without technical or legal support. Ideally, the LJRG acts as a guarantor if the goods in the warehouse receipt are damaged or cannot be executed. However, in reality, the claims mechanism is rarely used due to inoperable procedures. As a result, the burden of risk rests entirely with the banks, even though it should be systematically shared. The government needs to encourage the optimization of the function of guarantee institutions so that the warehouse receipt system becomes not only a normative tool but also a real protection. By strengthening these institutions, legal protection for banks will be more assured in the event of bankruptcy.

The effectiveness of legal protection is inseparable from legal literacy and the parties' awareness of their rights and obligations within the warehouse receipt system. Differing perceptions often arise between farmers, warehouse managers, and banks regarding the legal consequences of using warehouse receipts as collateral. This creates potential conflict and obstacles in resolving problem loans. Minimal knowledge of the legal status of warehouse receipts often leads to disputes or failure to comply with regulations. Therefore, legal training is necessary for all parties involved in the warehouse receipt system. This training should include an understanding of creditor rights, debtor obligations, and legal procedures in the event of a dispute. High legal literacy will foster legal certainty in the use of warehouse receipts as collateral. In the long term, this will strengthen the legal foundation and increase trust in the warehouse receipt system.¹²

From a legal perspective, the legal protection afforded to banks as warehouse receipt holders is actually quite comprehensive. The Warehouse Receipt System Law, the Bankruptcy Law, and other derivative regulations clearly define the rights and obligations of each party. However, institutional, technical, and administrative factors remain obstacles to their implementation. Many regulations lack detailed and integrated implementation procedures. For

¹²Afifah and Paruntu, "Legal Protection of Citizens' Health Rights Based on Law Number 24 of 2011 Concerning Social Security Administration Agencies."

example, there is no integrated mechanism for digital verification of warehouse receipts by banks or a receipt information system linked to financing records. This lack of synchronization reduces the effectiveness of legal protection, even though regulations are in place. Therefore, strengthening the implementation system is a key step that must be taken immediately. Legal force will only be meaningful if it can be applied consistently and efficiently in practice.

Legal protection for banks as warehouse receipt holders in the event of a debtor's bankruptcy has the potential to be strengthened through regulatory development and improved support systems. One approach is to implement a fast-track execution system for warehouse receipts, as stipulated in credit agreements. Furthermore, granting financial institutions special authority to execute receipts without waiting for a curator's decision would be significantly helpful. This requires regulatory changes that ensure efficiency and legal certainty in the execution process. Furthermore, incentives are also needed for banks to accept warehouse receipts as primary collateral. These incentives could include government risk guarantees or waiver of execution fees in emergency situations. With comprehensive regulatory and technical reforms, legal protection will move from a mere norm to a concrete, effective instrument.¹³

4. Conclusion

Agricultural warehouse receipts have clear and strong legal force as proof of ownership of goods stored in accredited warehouses and can be used as collateral for debt. Based on Law Number 9 of 2011 concerning the Warehouse Receipt System, warehouse receipts are categorized as securities that can be transferred, pledged, and traded, and have equal legal treatment with other material collateral instruments such as mortgages and fiduciary rights. When a debtor goes bankrupt, the position of warehouse receipt holders, such as banks, is protected as separatist creditors who have special rights over the collateral object, including the right to execute the collateral without the need for court proceedings. Legal protection for banks as holders of warehouse receipts for bankrupt agricultural products has been expressly regulated in laws and regulations, particularly through Law Number 9 of 2011 concerning the Warehouse Receipt System and Law Number 37 of 2004 concerning Bankruptcy and PKPU. The position of banks as separatist creditors gives them the right to execute collateral objects without having to wait for the bankruptcy process to be completed, either through public auction or direct sale. This protection is strengthened by the existence of a warehouse receipt registration mechanism and the role of the Warehouse Receipt Guarantee Institution (LJRG) in guaranteeing the rights of banks in the event of debtor failure to fulfill obligations. This normatively ensures legal certainty and protection for the interests of banks as financial institutions. However, legal protection for banks'

¹³Subekti. 2005. Contract Law. PT Intermasa. Jakarta. P. 2

execution rights in the warehouse receipt system has not been optimal despite being regulated within the positive legal framework. The main problems lie in a weak support system, the suboptimal role of supervisory institutions, low legal awareness, and the absence of an adequate mechanism for protecting the value of goods. Obstacles to legal protection for banks as holders of warehouse receipts for bankrupt agricultural products reflect the gap between normative legal force and the reality of implementation in the field. Although legally banks have the status of secured creditors guaranteed by Law Number 9 of 2011 and are given the right to directly execute collateral, in practice, banks still face various obstacles such as unpredictable commodity price fluctuations, a lack of warehouses that meet storage standards, and a suboptimal supervisory system from relevant institutions such as BAPPEBTI and the Warehouse Receipt Guarantee Agency (LJRG). Furthermore, the lack of jurisprudence and the technical ambiguity of collateral execution in the context of bankruptcy are also crucial issues. Furthermore, administrative constraints and a lack of internal banking understanding of the warehouse receipt mechanism as credit collateral also weaken the effectiveness of legal protection. Banks are often reluctant to use this instrument due to the low certainty of value and weak guarantee of execution, especially in the case of bankrupt debtors who require complicated legal processes and are prone to disputes. Therefore, it is necessary to strengthen the legal system more comprehensively and integrated between regulatory, infrastructure, and socialization aspects so that the warehouse receipt system can truly become a financing instrument that is safe, effective, and trusted by financial institutions in supporting the national agricultural sector.

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