

Commercial Court Rulings on PKPU and Bankruptcy: the Ratio Decidendi in Balancing Creditor and Debtor Rights

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Abstract : *The bankruptcy of PT Sri Rejeki Isman Tbk (Sritex), one of Indonesia's largest textile companies, attracted public and legal scrutiny due to its debt burden of approximately IDR 19 trillion. The ruling issued by the Commercial Court in this case reflects the ongoing challenge of balancing the legal interests of creditors and debtors—particularly in determining whether debt restructuring under a Suspension of Debt Payment Obligations (PKPU) is still feasible or whether bankruptcy constitutes the only legal recourse. This article examines the ratio decidendi applied by the Commercial Court in Sritex's bankruptcy ruling, identifies the legal reasoning patterns used by judges, and evaluates the implications of such rulings for legal certainty and business practice in Indonesia. A normative juridical method is applied, supported by jurisprudential analysis and comparative assessment of similar bankruptcy cases, including Garuda Indonesia and Duniatex. The results show that the court's decision in the Sritex case prioritizes legal certainty for creditors while leaving unresolved questions about restructuring opportunities for debtors and the continuity of business operations. The findings underscore the urgency of reforming PKPU mechanisms to become more flexible, thereby enabling companies with viable prospects to pursue restructuring prior to bankruptcy declarations.*

Keywords : *Bankruptcy, PKPU, Ratio Decidendi, Commercial Court, Debt Restructuring, Legal Certainty.*

Abstrak : Kepailitan PT Sri Rejeki Isman Tbk (Sritex), salah satu perusahaan tekstil terbesar di Indonesia, mengundang sorotan publik dan hukum karena beban utangnya sekitar Rp 19 triliun. Putusan yang dikeluarkan Pengadilan Niaga dalam kasus ini mencerminkan tantangan yang sedang berlangsung untuk menyeimbangkan kepentingan hukum kreditur dan debitur—terutama dalam menentukan apakah restrukturisasi utang dalam Penundaan Kewajiban Pembayaran Utang (PKPU) masih layak atau apakah kepailitan merupakan satu-satunya jalan hukum. Artikel ini mengkaji ratio decidendi yang diterapkan oleh Pengadilan Niaga dalam putusan pailit Sritex, mengidentifikasi pola penalaran hukum yang digunakan oleh hakim, dan mengevaluasi implikasi dari putusan tersebut terhadap kepastian hukum dan praktik bisnis di Indonesia. Metode yuridis normatif diterapkan, didukung oleh analisis yurisprudensial dan penilaian komparatif dari kasus kepailitan serupa, termasuk Garuda Indonesia dan Duniatex. Hasil penelitian menunjukkan bahwa putusan pengadilan dalam kasus Sritex mengutamakan kepastian hukum bagi kreditur sambil meninggalkan pertanyaan yang belum terselesaikan tentang peluang



restrukturisasi bagi debitur dan kelangsungan operasi bisnis. Temuan ini menggarisbawahi urgensi reformasi mekanisme PKPU agar lebih fleksibel, sehingga memungkinkan perusahaan dengan prospek yang layak untuk melakukan restrukturisasi sebelum pernyataan pailit.

Kata kunci : Kepailitan, PKPU, Ratio Decidendi, Pengadilan Niaga, Restrukturisasi Utang, Kepastian Hukum

I. INTRODUCTION

Bankruptcy and Suspension of Debt Payment Obligations (PKPU) are essential legal instruments within Indonesia's commercial legal framework. These mechanisms are expressly governed by Law Number 37 of 2004 concerning Bankruptcy and PKPU (Law No. 37/2004), which provides a legal avenue for debtors experiencing financial distress, either through debt restructuring or the liquidation of assets via bankruptcy proceedings. In practice, the Commercial Court plays a pivotal role as it holds exclusive jurisdiction to adjudicate PKPU and bankruptcy petitions within the scope of civil commercial law.

However, the practical application of this law often gives rise to legal controversies, particularly concerning the ratio decidendi employed in PKPU and bankruptcy rulings. A notable case that highlights this issue is the bankruptcy of PT Sri Rejeki Isman Tbk (Sritex). In Commercial Court Decision No. 15/Pdt.Sus-PKPU/2021/PN Niaga Smg, the court rejected Sritex's PKPU petition and declared the company bankrupt. This ruling illustrates that the court prioritized creditor protection, reasoning that the debtor's financial condition no longer allowed for viable restructuring [(Yitawati et al., 2023)].

Sritex, one of Indonesia's largest textile companies, had total debt obligations exceeding IDR 19 trillion and submitted a PKPU application with the expectation of restructuring its liabilities to ensure business continuity. However, the Commercial Court ultimately ruled in favor of bankruptcy—an outcome that sparked public and legal debate, particularly for favoring legal certainty for creditors over the potential for debtor recovery [(Megawaty & Pakpahan, 2020)].

A similar disparity in judicial approach can be observed in the cases of PT Garuda Indonesia (Persero) Tbk and PT Duniatex Group. In the Decision of the Central Jakarta Commercial Court No. 425/Pdt.Sus-PKPU/2021/PN Niaga Jkt.Pst, Garuda Indonesia's PKPU application was granted, providing broad space for debt restructuring, including negotiation with international creditors. This decision suggests the court considered both the debtor's economic viability and the systemic impact on national interests, particularly in the aviation sector. Garuda's success in formulating a peace agreement through PKPU facilitated continued operations. In contrast, Duniatex was declared bankrupt after failing to reach agreement with creditors during the PKPU period, thus underlining the inconsistency in legal reasoning across similar cases [(Simaremare et al., 2021)].

Such inconsistencies in rulings have significant implications for the business environment and financial system in Indonesia. They can undermine investor confidence and discourage financial institutions from issuing credit to companies in distress. In several instances, debtors with viable business prospects have been prematurely bankrupted, resulting in job losses and a weakened industrial sector. Conversely, overly

lenient PKPU approvals risk enabling bad-faith debtors to evade obligations, ultimately harming creditor rights [(Johan et al., 2022)].

In a comparative legal context, other jurisdictions offer more structured and flexible approaches. In the United States, for instance, Chapter 11 of the Bankruptcy Code permits corporate debtors to undergo supervised reorganization, allowing extended timeframes and judicial oversight to determine a company's viability. Indonesia's system, by contrast, is often rigid—bankruptcy declarations are frequently based on formal legal criteria without fully evaluating the debtor's business sustainability [(Simaremare et al., 2021); (Toha & Retnaningsih, 2020)].

This study is therefore crucial to address gaps in Indonesian bankruptcy and PKPU jurisprudence, particularly by analyzing patterns in *ratio decidendi* applied by Commercial Court judges. While many prior studies have focused on the normative framework, few have examined the actual legal reasoning used in landmark rulings. This research aims to explore how judicial reasoning reflects a balance between the rights of creditors and debtors, and how these decisions influence business stability and legal certainty in practice [(Rahmawati, 2019)].

Additionally, this study provides constructive input for developing a more flexible and equitable bankruptcy policy framework. By identifying decision-making patterns in bankruptcy rulings, this research is expected to generate policy recommendations that strengthen both legal certainty and the continuity of viable enterprises within Indonesia's economy.

In sum, this study contributes not only to the academic understanding of *ratio decidendi* in bankruptcy decisions, but also to practical policy formation for a fairer and more consistent application of commercial insolvency law.

II. LITERATURE REVIEW

2.1 Theoretical Framework of Ratio Decidendi in Jurisprudence

Definition and Concept of Ratio Decidendi

In legal doctrine, *ratio decidendi* refers to the legal principle or core reasoning that forms the basis of a judge's decision in a court ruling. It is the binding part of a judgment and serves as a precedent for future cases involving similar legal issues [(Yitawati et al., 2023)]. Though the concept originated in common law systems, it is also relevant in civil law jurisdictions, including Indonesia, particularly in the context of Commercial Court decisions.

According to legal theory, *ratio decidendi* must be distinguished from *obiter dicta*, which consists of remarks or opinions by the judge that are not essential to the ruling and thus do not carry binding authority. While *ratio decidendi* ensures consistency and legal certainty, *obiter dicta* serves as persuasive commentary without direct legal effect in subsequent cases [(Johan et al., 2022)].

The Role of Ratio Decidendi in Commercial Court Rulings

Within the framework of Indonesian bankruptcy law, *ratio decidendi* plays a critical role in determining whether a company remains eligible for debt restructuring under the PKPU mechanism or must be declared bankrupt. Judges in Commercial Courts are required to weigh legal, financial, and socio-economic considerations, including the debtor's financial capacity, creditor claims, and broader industrial and employment impacts [(Megawaty & Pakpahan, 2020)].

However, judicial practice reveals inconsistencies in applying *ratio decidendi*. For instance, in the case of PT Sri Rejeki Isman Tbk (Sritex), the court's decision emphasized legal certainty for creditors, whereas in the PT Garuda Indonesia case, the ruling prioritized the potential for business rehabilitation. These differing approaches illustrate that the interpretation of bankruptcy statutes varies across judges, often resulting in legal unpredictability [(Simaremare et al., 2021)].

2.2 Legal Regulation on Bankruptcy and PKPU in Indonesia

Law No. 37 of 2004 on Bankruptcy and PKPU

In Indonesia, the legal framework for bankruptcy and PKPU is governed by Law No. 37 of 2004, which provides a structure for resolving disputes between creditors and debtors through either debt restructuring or liquidation. The law's objective is to ensure equitable distribution of a debtor's assets among creditors [(Toha & Retnaningsih, 2020)].

Notably, since the enactment of Law No. 37/2004, the requirement of an insolvency test is no longer explicitly mandated as a prerequisite for bankruptcy. This absence has raised concerns about potential misuse of bankruptcy petitions, allowing financially viable debtors to be declared bankrupt solely on the basis of one matured unpaid debt. Gede Aditya Pratama (2021) critiques this legal gap, arguing that it enables bankruptcy to function as a coercive debt recovery tool rather than a fair insolvency remedy (Pratama, 2021).

Under this law, debtors who are unable to pay their debts may file for PKPU as a means of restructuring, provided that the majority of creditors agree to a restructuring plan. If no agreement is reached, the debtor may be declared bankrupt. However, Law No. 37/2004 lacks clear guidelines on assessing whether a company is still viable for restructuring, leading to inconsistencies in judicial decisions across cases (Shubhana, 2020).

Key Principles of Bankruptcy Law

1. Indonesian bankruptcy law rests upon three fundamental legal principles:
2. The Principle of Legal Certainty – Creditors are entitled to have their rights enforced in accordance with existing law.
3. The Principle of Balance – The process must consider the rights and obligations of both creditors and debtors.

4. The Principle of Business Continuity – Companies that retain the potential to recover should be allowed to pursue restructuring instead of liquidation (Rahmawati, 2019).

Comparative Insights: Bankruptcy Law in Other Jurisdictions

Compared to Indonesia, other countries have developed more flexible insolvency regimes. In the United States, the Chapter 11 Bankruptcy Code permits financially distressed companies to propose reorganization plans within extended timeframes, subject to court supervision and creditor oversight. In contrast, the Netherlands adopts a debt forgiveness approach, allowing honest but unfortunate debtors to receive discharge after a specified period of good-faith compliance with a repayment schedule (Simaremare et al., 2021).

These comparative models demonstrate the importance of not only legal certainty but also judicial discretion and economic feasibility in bankruptcy adjudication—elements that Indonesia’s system is still evolving to integrate.

III. PRIOR STUDIES ON *RATIO DECIDENDI* IN BANKRUPTCY

3.1 Previous Studies on Bankruptcy Rulings and Their Legal Implications

Prior research has extensively examined the normative aspects of bankruptcy and PKPU proceedings in Indonesia. Several studies have highlighted that Commercial Court rulings tend to favor creditors, often at the expense of debtors’ opportunity to formulate viable restructuring plans (Johan et al., 2022).

3.2 Diverging Legal Interpretations in PKPU and Bankruptcy Cases

Differences in legal interpretation among judges have resulted in inconsistent applications of *ratio decidendi*. In certain cases, courts have permitted debtors to pursue restructuring, while in others, the decision swiftly led to bankruptcy declarations without adequate consideration of the debtor’s business viability (Rahmawati, 2019).

IV. RESEARCH METHODOLOGY

This study adopts a normative juridical approach, which examines bankruptcy and PKPU law based on statutory provisions and applicable jurisprudence. In addition, the study incorporates a jurisprudential analysis, focusing on the decisions of the Commercial Courts and the Indonesian Supreme Court (Mahkamah Agung) in PKPU and bankruptcy cases, with the aim of identifying the *ratio decidendi* applied by the judges (Yitawati et al., 2023).

The data used in this study consist of primary and secondary legal sources. Primary sources include Commercial Court and Supreme Court decisions, as well as Law No. 37 of 2004, which serves as the primary legal foundation for resolving bankruptcy disputes in Indonesia. Among the primary decisions analyzed are:

- *Decision No. 15/Pdt.Sus-PKPU/2021/PN Niaga Smg* (Sritex),
- *Decision No. 425/Pdt.Sus-PKPU/2021/PN Niaga Jkt.Pst* (Garuda Indonesia), and
- rulings involving PT Duniatex Group.

Secondary sources include academic literature, legal journals, and the opinions of insolvency law scholars, which address both theoretical frameworks and the real-world impacts of bankruptcy decisions on business and financial systems (Johan et al., 2022).

The analytical focus of this study is on the *ratio decidendi* employed in Commercial Court decisions, with the goal of identifying judicial reasoning patterns that determine whether a company is still eligible for restructuring under PKPU or should be declared bankrupt [(Toha & Retnaningsih, 2020)]. By comparing outcomes across multiple cases—including those of Sritex, Garuda Indonesia, and Duniatex—the study aims to assess the consistency of legal application, and whether discrepancies in *ratio decidendi* create legal uncertainty for businesses and creditors alike (Simaremare et al., 2021).

In the context of voluntary bankruptcy petitions—those initiated by the debtor—it is important to understand that the ideal legal principle should position bankruptcy as a last-resort solution to financial distress, rather than a strategic tool for corporate dissolution. Napitupulu (2020) emphasizes that the principle of Commercial Exit from Financial Distress should guide judges in evaluating self-initiated bankruptcy filings, in order to ensure integrity and purpose in the use of bankruptcy mechanisms (Napitupulu, 2020).

The findings of this research are expected to contribute to a deeper understanding of the judicial application of bankruptcy law in Indonesia and to serve as a basis for developing more consistent and equitable legal policies in handling PKPU and bankruptcy cases.

V. DISCUSSION

5.1 Analysis of Ratio Decidendi in Commercial Court Decisions on PKPU and Bankruptcy

In Indonesia's bankruptcy system, the *ratio decidendi* constitutes the principal foundation upon which judges base their rulings regarding whether a company should be granted the opportunity for debt restructuring through PKPU or be declared bankrupt. An analysis of various Commercial Court decisions over the past five years reveals that legal reasoning in bankruptcy cases remains inconsistent. This inconsistency is particularly evident when comparing decisions in the cases of PT Sri Rejeki Isman Tbk (Sritex), PT Garuda Indonesia (Persero) Tbk, and PT Duniatex Group, all of which involved similarly large debt burdens and attempts at restructuring (Yitawati et al., 2023).

In *Decision No. 15/Pdt.Sus-PKPU/2021/PN Niaga Smg*, the Semarang Commercial Court rejected Sritex's PKPU petition and ruled the company bankrupt. In contrast, *Decision No. 425/Pdt.Sus-PKPU/2021/PN Niaga Jkt.Pst* by the Central Jakarta Commercial Court granted Garuda Indonesia's PKPU request and allowed restructuring negotiations to proceed through a peace agreement. This contrast illustrates the divergent application of *ratio decidendi* between courts addressing comparable financial complexities.

In the Sritex case, the court's ruling appeared to prioritize creditor protection by immediately declaring bankruptcy despite potential restructuring options. Meanwhile, the Garuda Indonesia decision afforded the debtor a chance to reorganize its obligations under PKPU. These differences raise fundamental questions about the extent to which

the principles of legal certainty and equitable treatment of creditors and debtors are consistently applied by the courts (Megawaty & Pakpahan, 2020).

Further examination of rulings indicates a judicial tendency to emphasize formal legal compliance over economic considerations or the debtor's business prospects. This highlights an ongoing gap in Indonesia's bankruptcy legal framework, particularly the absence of clear and objective criteria for evaluating a company's eligibility for restructuring prior to declaring bankruptcy (Johan et al., 2022).

5.2 Comparative Analysis of Commercial Court and Supreme Court Rulings in Bankruptcy Cases

In several cases, Commercial Court rulings were overturned during cassation review by the Supreme Court (Mahkamah Agung). One such instance involves PT Duniatex Group, where the initial Commercial Court decision granted a PKPU petition, but the Supreme Court later annulled that ruling and declared the company bankrupt. This judicial shift underscores the lack of a uniform legal standard to delineate between restructuring and bankruptcy, thereby contributing to legal uncertainty for businesses (Toha & Retnaningsih, 2020).

Differences in interpretation are also evident in other cases, where the Supreme Court appeared to consider the broader economic impact of bankruptcy, whereas Commercial Courts tended to adhere strictly to formal statutory requirements under Law No. 37 of 2004. This inconsistency underscores the urgency for bankruptcy law reform, particularly to establish clear guidance on when PKPU should be granted or bankruptcy imposed as the final legal remedy for debtors (Simaremare et al., 2021).

5.3 Impact of Judicial Decisions on Business Practice and Creditor Confidence

The inconsistency of rulings in PKPU and bankruptcy cases has significant consequences for business operations and the financial system in Indonesia. Court decisions that are overly creditor-oriented may result in the liquidation of companies that, in fact, still possess the potential for recovery, leading to job losses, supply chain disruptions, and declining investment in affected sectors. Conversely, overly lenient PKPU approvals—without rigorous feasibility analysis—can harm creditors through ineffective restructuring processes and ultimately reduce the willingness of financial institutions to extend credit to distressed businesses (Rahmawati, 2019).

Moreover, inconsistent bankruptcy rulings undermine the overall investment climate. Investors are generally reluctant to enter jurisdictions where bankruptcy proceedings are unpredictable and legal certainty is lacking. For this reason, harmonization of bankruptcy law application is essential to ensure that court decisions provide greater clarity and predictability, which in turn supports a more stable economic environment and encourages long-term investment (Shubhana, 2020).

5.4 Ratio Decidendi in Indonesian Commercial Bankruptcy: The Need for Standardization

From the analyses conducted, it is evident that Indonesia's bankruptcy system still requires significant improvements in both its regulatory structure and judicial

implementation. The absence of standardized parameters for determining the eligibility of debt restructuring and the threshold for bankruptcy underscores the need for clearer legal guidelines to ensure the protection of all parties—both creditors and debtors.

In the Indonesian bankruptcy legal framework, *ratio decidendi* plays a vital role in determining whether a corporate debtor retains the potential for rehabilitation under PKPU or should be declared bankrupt. However, the application of *ratio decidendi* remains inconsistent and unpredictable across various Commercial Court rulings, particularly in high-profile insolvency cases.

The case of PT Sri Rejeki Isman Tbk (Sritex) is a prominent example. As one of the largest textile manufacturers in Indonesia, Sritex applied for PKPU in hopes of restructuring debts amounting to approximately IDR 19 trillion. Nevertheless, in Decision No. 15/Pdt.Sus-PKPU/2021/PN Niaga Smg, the Commercial Court declared the company bankrupt, reasoning that the debtor lacked sufficient business prospects to emerge from its financial crisis. The ruling prioritized creditor certainty over long-term restructuring potential (Yitawati et al., 2023).

Compared to the case of PT Garuda Indonesia, the Sritex ruling illustrates a clear inconsistency in judicial reasoning. In Garuda's case, despite facing similarly massive debt and a plausible threat of bankruptcy, the court granted PKPU, citing the company's viable business model and state support. This decision emphasized the importance of business continuity and broader economic considerations, reflecting a legal reasoning based more on utility and justice. The divergence in these two cases underscores the absence of a consistent legal standard for deciding when PKPU should be permitted and when bankruptcy should be imposed (Megawaty & Pakpahan, 2020).

In many other cases, no formal mechanism exists to evaluate the viability of a proposed debt restructuring. Judges often rely on short-term creditor-debtor interests without applying clear evaluative criteria to determine whether a proposed restructuring is genuinely feasible. This opens the door for debtors to misuse PKPU as a delay tactic, rather than as a good-faith restructuring effort. The lack of consistency and predictability reinforces the need for a more structured legal reform to prevent subjective and contradictory rulings (Johan et al., 2022).

5.5 Contrasting Decisions Between Commercial Courts and the Supreme Court

In addition to the inconsistent application of *ratio decidendi* at the Commercial Court level, the Supreme Court (Mahkamah Agung) frequently modifies decisions made by lower courts. In some cases, the Commercial Court grants PKPU, only for the Supreme Court to reverse the ruling and impose bankruptcy—and vice versa.

A clear illustration of this is the PT Duniatex Group case. The Commercial Court initially approved the company's PKPU petition as a route to debt restructuring. However, upon cassation by creditors, the Supreme Court overturned the ruling and declared Duniatex bankrupt. This reversal reflects the lack of a unified legal standard between judicial levels in defining the threshold between restructuring and insolvency, thereby creating legal uncertainty for market actors (Toha & Retnaningsih, 2020).

Such disparities are rarely observed in more developed bankruptcy systems. For instance, under the Chapter 11 Bankruptcy Code in the United States, restructuring petitions are supported by a more flexible timeframe and rigorous judicial oversight to determine the true solvency and recovery potential of a company. In contrast, Indonesian courts—both at the trial and appellate levels—frequently rely on judicial interpretation without uniform guidelines, leading to unpredictable and inconsistent outcomes (Simaremare et al., 2021).

5.6 Implications of Judicial Rulings on Business Practice and Creditor Confidence

The legal uncertainty stemming from inconsistent *ratio decidendi* directly impacts Indonesia's business climate and financial system. Inconsistent rulings undermine investor confidence, as the legal risks surrounding corporate insolvency remain difficult to assess. Credit institutions, in turn, may become more conservative in extending credit to companies experiencing liquidity challenges, which can hinder economic growth.

Furthermore, hasty or misguided bankruptcy declarations can lead to mass layoffs, disruption of industrial supply chains, and reduced competitiveness of Indonesian firms in global markets. Foreign investors are particularly reluctant to invest in jurisdictions with an unreliable bankruptcy regime, due to elevated legal and financial risks. Thus, legal reform is urgently needed to ensure that Indonesia's bankruptcy framework becomes more transparent, consistent, and investor-friendly, thereby promoting a more stable and robust economy (Rahmawati, 2019).

The results of this analysis indicate that the Indonesian bankruptcy system still suffers from major deficiencies in the application of *ratio decidendi*, contributing to inconsistent rulings by both the Commercial Court and the Supreme Court. Substantive legal reform is necessary to strike an appropriate balance between creditor protection and debtor rehabilitation, while enhancing legal certainty for businesses and investors operating in the Indonesian economy.

VI. CONCLUSION

Based on the analysis of bankruptcy and PKPU decisions within the Indonesian legal system, this study finds that the *ratio decidendi* applied by the Commercial Court in bankruptcy rulings still reflects inconsistencies. The divergent legal reasoning seen in the cases of PT Sri Rejeki Isman Tbk (Sritex), PT Garuda Indonesia, and PT Duniatex Group exemplifies how the courts apply differing standards in assessing the feasibility of debt restructuring. In several rulings, the court tended to side with creditors in favor of legal certainty, whereas in other cases, PKPU was granted despite unclear prospects of business recovery (Yitawati et al., 2023).

Such inconsistency in *ratio decidendi* indicates the absence of clear legal standards guiding judges in determining whether a company should be given the opportunity to restructure or be declared bankrupt. In addition, divergent interpretations between the Commercial Court and the Supreme Court in cassation decisions further suggest the lack of a unified legal framework in Indonesia's bankruptcy proceedings (Megawaty & Pakpahan, 2020).

Inconsistent rulings on PKPU and bankruptcy have significant consequences for business operations and the financial system. On one hand, premature bankruptcy declarations may result in job losses, disruption of industrial supply chains, and declining sectoral investment. On the other hand, granting PKPU without thorough analysis risks harming creditors and weakening financial stability. Therefore, harmonization in the application of bankruptcy law is urgently needed to ensure greater legal certainty for all parties involved (Johan et al., 2022).

This study concludes that Indonesia's bankruptcy regime requires reform, both in terms of regulation and judicial practice. Standardizing the criteria for assessing debt restructuring (PKPU) and bankruptcy eligibility is imperative to ensure that the interests of both creditors and debtors are protected fairly (Simaremare et al., 2021).

VII. RECOMMENDATIONS

In light of the findings of this study, the following recommendations are proposed to enhance the effectiveness of Indonesia's bankruptcy and PKPU legal framework:

1. **Formulation of Specific Guidelines for Judges in Bankruptcy and PKPU Rulings**
The Supreme Court should issue detailed procedural and substantive guidelines to assist judges in determining the feasibility of debt restructuring. Clear standards will help ensure that judges base their decisions on financial, industrial, and business viability criteria, thereby reducing inconsistency in *ratio decidendi* (Toha & Retnaningsih, 2020).
2. **Strengthening Independent Restructuring Feasibility Assessments Prior to Rulings**
Prior to declaring a company bankrupt, an independent entity should assess the debtor's potential for restructuring. This body may collaborate with public accountants, appraisers, financial regulators, and industry supervisors to provide data-based recommendations before a final court decision is made (Shubhana, 2020).
3. **Revision of Law No. 37/2004 for Greater Flexibility and Balance**
The current bankruptcy legislation needs to be updated to accommodate the complexities of the modern economy and global restructuring practices. Comparative insights from the U.S. Chapter 11 Bankruptcy Code and the Dutch Debt Forgiveness System can serve as models for developing a legal regime that is more transparent, flexible, and focused on business continuity (Simaremare et al., 2021).
4. **Improving Transparency in Bankruptcy and PKPU Decision-Making**
To avoid potential abuse of bankruptcy proceedings by either debtors or creditors, stricter transparency requirements should be implemented in restructuring negotiations. Courts must ensure that all proceedings adhere to objective standards and not merely formalistic interpretations of insolvency law (Rahmawati, 2019).
5. **Enhancing the Role of Financial Regulators in Bankruptcy Oversight**
Institutions such as the Financial Services Authority (OJK) and Bank Indonesia

should play a more active role in supervising bankruptcy and PKPU processes, particularly in cases involving companies with systemic impact. Regulatory oversight will help ensure that insolvency proceedings do not adversely affect national financial stability (Johan et al., 2022).

By implementing these recommendations, Indonesia's bankruptcy system is expected to better balance the interests of creditors and debtors, provide legal certainty to the business sector, and prevent inconsistencies in judicial decisions. Legal reform in this area is an essential step toward building a transparent, fair, and economically resilient insolvency framework.

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