



Fair rail business entity in Indonesia: Challenges and current developments

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Abstract

The development of railway transportation has experienced growth, namely with the existence of law concerning Railways. The government encourages the government's contribution and opens up opportunities for business entities to serve the needs of services for rail transportation, which is expected to provide justice for the people who use rail transportation. The research aims to analyze the challenges and developments in the railway business in Indonesia and see whether the railway business entity is fair. The research method is normative legal research, which uses a statute approach. The result shows that the characteristics of railway business entities that are to be involved in railway operations have been regulated in Law (Limited Liability Companies, 2007), especially Article 1 number 10 on Business Entities. This arrangement has ended the monopoly of rail transport providers. This means that engagement opportunities have been opened to participate in the role of all business entities that meet the requirements to serve people in rail transportation mode. In addition, it creates healthy competition in rail transportation. Therefore, fairness can be obtained for the community. This research recommends that it is necessary to create a further explanation and implementation related to the requirements that need to be fulfilled to become a railway operator so there is competition between the existing operator.

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Introduction

Public transportation, part of a traffic system, is one of the basic needs of society. The fulfillment of public transportation needed for the community is contained in Law (Traffic and Road Transportation, 2009) on Traffic and Road Transport, which ensures safety, security, comfort, and affordability, and public transportation is the government's responsibility. A government can involve components of society, including the private sector (Pramyastiwi, 2013). Railways, as one of the modes in the national transportation system, have mass transportation characteristics and advantages. Rail transport needs to be developed and improved in its role as a regional hub, both nationally and internationally. Railways have two functions, namely, for transporting passengers and for transporting goods (Salim, 2012). Railway transportation as mass public transportation has provided increased access to nationality and connectedness between regions to support the equalization and development of the region (Biomantara & Herdiansyah, 2019) and railways are an efficient and effective mode of road-based road transportation (Habibie & Ramdan, 2021).

Transportation is the transfer of people or goods from one place to another using a vehicle driven by a human or machine (Ramadianti & Widyaningsih, 2020). The value of the benefits of an item is created when the goods are transferred from a place/area to a place where the goods have greater benefits or value in the intended place/area, one of the transportation transport by railway (Kadir, 2006). Rail transport infrastructure (including terminals such as local train and rail stations) benefits from low transportation costs, their safety and travel convenience, and their capacity for mass transportation (Polyzos & Tsiotas, 2020). Thus, it can be noted that sustainable transport is not just about introducing environmentally friendly modes and methods of transportation (Li et al., 2014). Evidence suggests that a service market dominated by one railway operator is not effective in mass transportation systems (Chansky & Modica, 2018).

The only company that provides train services in Indonesia is PT. Kereta Api Indonesia, usually referred to as "PT. KAI." The existence of PT. KAI as the only company in railway transportation created the argument among the people that it is a monopolist in the market. The monopoly market has several special characteristics,

namely, that there is only one seller in the market concerned, it does not have substitution goods (similar substitute goods), and there is no possibility of entering the market. At this point, PT. KAI is indeed in a monopoly market structure based on these characteristics. Therefore, PT. KAI can increase the potential and role and function of the railway as one of excellent transportation, not just one operator (Knopman et al., 2015; Kumar & Ganguly, 2018; PT Kereta Api Indonesia, 2009; Samuel & Wijaya, 2009).

Railway services as an important means of transportation for national economic growth need to be improved and maintained because the public increasingly demands rail transportation. Regarding its importance, Indonesia needs more institutions so that PT. KAI does not solely provide the railway transportation system in the country. It is in line with the assumptions about the laws and practices that reflect the kind of thinking from Marret and Mark (Leiboff & Thomas, 2004).

Railways are one of the most important modes of transportation because they are very efficient and environmentally friendly for transporting large numbers of passengers from one location to another (To, 2015). Urban Rail Transit is entering an increasing growth stage due to increased efficiency and output adjustments related to network operating conditions (He et al., 2016). In Indonesia, there has been a significant change, the enactment of the previous Law concerning Railways. The national railways, that are still a monopoly, face various problems including the contribution of railways to national transportation still being low, infrastructure and facilities are not adequate, networks are still limited, financing capabilities are limited, accident rates are still high, and service levels are still far from expectations. Since the new Law (Railways, 2007) on Railways, the monopoly of railway implementation in Indonesia has ended. Due to the growing public need for railways, the railway re-emerged as one of the world's most important man-made physical systems. Hundreds of millions of passengers travel by train within cities (To, 2015). For this reason, the Government encourages Regional and Private Institutions to engage in the implementation of the railways. In the future, business entities will be participating in the railway sector.

The government, as a regulator, will select and evaluate business entities that can be involved in the railway operation, and end the monopoly nature already regulated in the Railway Law (2007). The monopoly that has occurred so far is because it is based on consideration

of the need for massive funding needs for rail operators. The implication is that not many business entities are interested in becoming train operators in Indonesia. As a high-capacity mode of transportation free from surface road congestion, urban rail freight has witnessed significant expansion in many cities over the past few decades despite the huge investment required for its construction and maintenance (Belleflam & Peitz, 2014). Thus, the operation of rail transport requires massive funding, so the precautionary principle is needed to determine the business entity involved.

The application of the precautionary principle in determining benchmarks as a requirement for business entities is a potential barrier to entry. As a result, not all have the will to be part of train operators. Only those who can meet the requirements can become train operators. The problem is whether the railway business entity is fair, and what are the challenges and developments in the railway business in Indonesia?

Methodology

The research methodology combines a normative and empirical method, particularly related to the issue of “Fair Rail Business Entity in Indonesia: Challenges and Current Developments.” Moreover, the research uses a statutory approach. The method of collecting data in this research was carried out through library research by reading, analyzing, and deriving conclusions from related documents. The research uses secondary data that consist of primary and secondary legal material. Primary legal material used in the research is Law (Railways, 2007) concerning the Implementation of Railways. Meanwhile, the secondary legal materials consist of several documents such as scientific journals, books, seminar papers, trusted internet sites, and other related documents. For the empirical research method, the author made an Interviews with the General Director of Railways of the Ministry of Transportation.

Arrangement of the Implementation of Railways

The operation of the railways in the law (Railways, 2007) on Railways in Article 23 paragraph (1) is “The operation of public railway infrastructure as referred to in Article 18 is carried out by business entities as organizers, both individually and through cooperation.” The determination of the implementation of railway

infrastructure has been regulated in the Law (Railways, 2007) on Railways, Government Regulation (Railway Implementation, 2009), including in The Minister of Transportation Regulation (Public Railway Infrastructure Operation Permit, 2013), that the business entities in question are State-Owned Enterprises (SOEs), Regional Owned Enterprises (BUMD) and Indonesian Legal Entities engaged specifically in the field of railways, However, in the law (Railways, 2007) on Railways, they do not regulate the conditions to become a business entity of the train operator, which will be used as a condition to apply for a business license, which ultimately has implications for the establishment of a Business Entity being granted operational rights.

This is different from the Presidential Regulation (Government Cooperation with Business Entities in Infrastructure Provision, 2015), concerning what is meant by business entities other than State-Owned Enterprises (BUMN), Regionally-Owned Enterprises (BUMD), and Indonesian Legal Entities explicitly engaged in the railway sector, also Foreign Companies. Based on the Presidential Regulation, a foreign company can become a railway infrastructure operator.

Business Entity Arrangements

Some business entities are State-Owned Enterprises. Public or government/state-owned enterprises, as stipulated in the Law (State Owned Enterprises, 2003) in Article 1 paragraph (1) are defined as “State-Owned Enterprises, hereinafter referred to as SOEs, are business entities whose all or part of capital is owned by the state through direct participation derived from separate state assets”. In addition to SOEs, there are private business entities incorporated as stipulated in the Limited Liability Company Law (Limited Liability Companies, 2007) defined in Article 1 paragraph (1) as “Limited Liability Company, hereinafter referred to as a company, is a legal entity that is a capital partnership established under the agreement, conducting business activities with official capital that are entirely divided into shares and meet the requirements stipulated in this law and the rules of its implementation.”

Those who can become operators in the operation of the railway are Business Entities, which include:

1. SOEs (state-owned enterprises);
2. BUMD (regionally owned business entity); and
3. Indonesian legal entities established specifically for railway companies.

In essence, there are two state-owned properties: applying benefits and profits in general. This is regulated in the SOE Law, which simplifies the form of SOEs into two types. The form of SOEs, namely Public Companies (Perum) and companies (Persero). The Government established such public company to make efforts to provide certain goods and services to meet the needs of the community.

Article 1 of the Law (State Owned Enterprises, 2003) has the state that owns all or part of its capital through direct participation derived from separate state assets. SOEs are classified as 2 types, namely Perum and Persero. Perum business form, despite having general benefits, as a business entity, such must remain independent and benefit from the sustainability of its business, such as corporate companies established by the Government for profit and fully subject to the provisions of the Law (Limited Liability Companies, 2007). SOEs are limited liability companies whose capital is divided into shares or at least 51 percent owned by the state to seek profit. In the form of Persero, the capital is divided into shares, and the state must have a minimum of 51 percent shareholding to get profits. Business entities or other individuals can have additional shares.

The current railway operator in Indonesia is BUMN Persero, which has an assignment from the government to run railway operations. BUMN Persero is a legal entity, as stipulated in the Law (State Owned Enterprises, 2003), which is regulated in the Article. Article 11 of the SOE Law, which regulates BUMN Persero, is subject to the rules of PT..

The Doctrine of Limited Liability Companies

According to most experts, a doctrine is a scientific opinion or stance that is structured and put forward rationally and can convince others. Some experts also argue that doctrine is a teaching in a particular science/field that is applied in such a way by a person or group of people to another person with a specific purpose. This legal doctrine has an important role because it can influence jurisprudence and can be a method of law; therefore, the Legal Doctrine can be part of the source of positive law. Some legal doctrines are regulated in the PT Law (Haryono, 2020).

1. Piercing the corporate veil

The theory of piercing the corporate veil in corporate law is a doctrine or theory that is interpreted as a process

to burden responsibility to the shoulders of other people or companies for legal actions committed by a company actor (legal entity). However, the act is done by the perpetrator's company. In such a case, the court will ignore the legal entity status of the company, as well as impose liability on the private parties and perpetrators of the company, ignoring the principle of limited liability of the company as a legal entity usually enjoyed by them. The basic and universal criteria for a piercing of the corporate *veil* to be legally imposed are as follows:

- 1) There is a scam.
- 2) There is an injustice.
- 3) There is *oppression*.
- 4) It does not meet the legal element (*illegality*).
- 5) Excessive shareholder dominance.

The meaning of *Piercing the Corporate Veil* contains legal responsibility that can not only be requested from the Company but can also be asked for its responsibility to other parties "who hide" behind the company's veil.

2. Business judgment rule

The *Business Judgment Rule* originated in the common law system, which was born and rooted in the doctrine of *fiduciary duty* or corporate board of directors. The responsibility of the Board of Directors is not limited to dishonesty or mismanagement but also negligence, even if only the error of the *board* of directors in its application prevents courts in America from questioning business decision-making by the Board of Directors taken in good faith in the sense that the board of directors of a company is not responsible for losses arising from a decision-making action if the actions of the directors are based on good faith and careful nature. The Board of Directors decide on how a company can act based on the information it has, in good faith, and in the belief that the actions taken are solely in the interests of the company so that it will provide encouragement for directors in performing their duties, not to be afraid of the threat of personal responsibility, because the Business Judgment Rule can be applied. *The informed perception that unconflicted directors are innately motivated to maximize the benefit of stockholders deeply affects the deferential essence of the rule of business judgment* (Fiegenbaum, 2017). This doctrine is known as the doctrine of legal protection for the Board of Directors and Board of Commissioners, who carry out their duties in good faith and are careful in carrying out their duties for the benefit of limited liability companies, but there are still large losses for the Company.

3. *Ultra vires*

Ultra Vires comes from Latin, and means to exceed the power or authority permitted by law. The Board of Directors in UUPT is an organ that is fully responsible for stewardship in accordance with the purpose and purpose and is authorized to represent the company, both inside and outside, in accordance with the provisions of the articles of association, meaning that the Board of Directors has two functions, namely, the Management function into the company and the exit representation function with third parties.

Legal entities engaged in the field of railway transportation are also expected to be able to carry out the principles in the Limited Liability Company so that running the company can be in accordance with the expected and also in accordance with the Articles of association of each Legal Entity, to be able to minimize the problems that occur. And with the birth of the Law on Railways, there was no longer a monopoly in running railway operations. And in carrying out the business of railway transportation is a very necessary policy from stakeholders involved in the implementation of infrastructure and railway facilities that include the following:

1) The government and local government greatly influence the licensing process for the implementation of infrastructure and public railway facilities. The magnitude of this influence is due to the government's large interest in ensuring the running of railway services. The Railway Law mandates that if no business entity organizes railway services, the Government or Local Government shall organize railway services whose implementation is assigned to the business entity formed to provide railway services;

2) The Business Entity of The Infrastructure and Railway Facilities has an important role in providing railway services in accordance with established service standards. A business entity is formed for commercial purposes so that profit becomes the main consideration of infrastructure operation and railway facilities business.

3) The large need for railway infrastructure investment financing requires the availability of *lender* or creditor support to finance CAPEX and OPEX during the project. The orientation of these lenders is bankable projects, so they will choose the projects that offer the best return. One attempt to encourage lender involvement is to enable them to join the consortium.

Thus the service of railway transportation modes must also be based on justice.

Justice

1. *"Justice" based on Pancasila*

In a state in which legal life has consequences, Yos Johan Utama, said that the consequences of state law, *mutatis mutandis*, raise an obligation for the country to implement the principle of fairness and justice in the rule of law and try to get a middle point between two interests. On the one hand, benefits provide the opportunity for the state to run the government with its power, but on the other hand, the community must get protection for their rights through the principle of legal justice. Steven Vago; "The normative life of the state and its citizens." The behavior of law or norms should be based on values.

Behavior in-laws or norms should be based on values. Mc Cracken defines value as: "Value is an aspect of fact or experience in virtue that is seen as containing the nature or essence of reason sufficient for its existence such as a fact or experience being determined or an adequate basis to be considered the end to practice or contemplation (McCracken, 1950).

The value in the life of the nation in our country is Pancasila, so the positive legal norms that apply in Indonesia must be based on Pancasila as the source of all legitimate sources. Arief Hidayat also gives an overview of the rule of law, where democracy cannot be discussed separately or without linking it to the concept of a state of law, as it is one of the characteristics of democracy, and democracy is the safest way to maintain control over state law. The basic idea of the rule of law is that the state should implement such appropriately (in the sense that it is in accordance with what the legal community expects) and fair (since that is the main purpose of the law itself) (Hidayat, 2010).

Justice in Pancasila is the source of all legal sources in the Republic of Indonesia having a place. The second precept is "Just and civilized humanity." That is strong evidence that the state wants justice for everyone from the beginning. On the other hand, Pancasila is a guideline of national life, where a system of values that is then sustainable is the norm of life.

Pancasila has the function of testing whether a law in Indonesia is fair or (Saleh, 1996) constituency, Pancasila that determines that without a legal mind, the law will lose its meaning as law.

According to Ferry Irawan Febriansyah (Febriansyah, 2017) the principle of justice in Pancasila must certainly be spelled out in the form of legal norms that are free from personal and group interests. The realization of the

truth of Pancasila becomes the legal norm. Of course, Pancasila can provide its own value about justice in realizing legal justice for the Indonesian nation. Legal justice derived from Pancasila is expected to provide an understanding of the true meaning of the truth of justice, which comes from our own country, not the heritage of foreign nations.

Justice based on Pancasila must be realized, spelled out, and learned in Indonesian legal norms to realize justice that protects the rights and obligations of all Indonesian people through laws and regulations.

The essence of justice in Pancasila must be explained in the form of legal norms free from personal or group interests. The realization of the truth of Pancasila into the rule of law, of course, can give value to justice in realizing legal justice for the Indonesian nation. Legal justice derived from Pancasila is expected to provide an understanding of the meaning of the truth of justice, which comes from our government, not the heritage of a foreign country. Justice based on Pancasila must be realized, elaborated, and realized into Indonesian legal norms to achieve justice that protects the rights and obligations of all Indonesian people through laws and regulations (Febriansyah, 2017).

2. “Justice” according to Aristotle

Justice is a part of ethics that can provide ideal ethical foundations applied in various aspects of society. Thus, one can act reasonably to others with the provisions applicable in society. Justice is the main character because all ethical values are embedded in it. Aristotle once hinted at this (Cracken, 1950).

Justice and values like Aristotle’s began to be intertwined. Justice is at the core of ethical values that apply in society. Injustice in social relationships leads to negative social upheavals such as endless discrimination and greed.

In general, justice is equality in a middle position between interests. However, like every general rule of justice, it extends to any form of government or society; To that end, it is to a certain legal order to decide who is equal before the law. Equal rights, as postulated in principle, expand individual rights for all citizens other than privileged minorities (Hidayat, 2010).

Aristotle once said, “Justice is a perfect virtue and not personal because it relates to many people. Essential justice can form noble personalities and harmonious social behaviors between walks of life. True justice in a sense is based position” (Friedman, 1971).

3. “Justice” by John Rawls

John Rawls illustrates justice as justice, which is to generalize and elevate the traditional concept of the social contract to a higher level, justice as the primary policy in social institutions analogous to truth in the system of thought, i.e. theory, however elegant and economical, must be rejected/revised if it is not true, as well as laws and institutions, how efficient and tidy, must be reformed or eliminated (rule-breaking).

Rawls emphasized efforts to formulate principles governing the distribution of rights and obligations at different walks of life. The issue of rights and obligations, which is based on the concept of justice for social cooperation, shows that Rawls’ theory of justice focuses on how to distribute rights and obligations harmoniously in society so that everyone has the opportunity to benefit from them in real terms and bear the burden of the same problems.

Fair rail transport can keep pace with the changing times, with the regulation and modernization of the era. And it needs to be done in a law that can support it. Ministerial regulations are one solution that can be used as a handle in the field.

Results and Discussions

Transportation is a means of transportation that is generally divided into 3, namely, land, sea, and air transportation. Transportation plays an important role in socio-economic aspects as a means of transporting goods and people. With this means of transportation, the movement of goods and people becomes more accessible and faster. Moving from private vehicles to mass public transportation could be an ideal solution to reduce congestion and pollution, be environmentally friendly, and reduce consumption (Zulkarnain, 2018). Achieving the goal of fast movement of goods and people is not enough, but must be safe. The most important thing is that transportation can be used by all Indonesian people and with social justice as stipulated in Article 33 paragraph (4) of (Constitution of the Unitary State of the Republic of Indonesia, 1945), which reads “The national economy is organized based on economic democracy with the principles of togetherness, efficiency, justice, sustainability, environmental insight, independence, and by maintaining the balance of progress and national economic unity.

The national economic system is regulated in Article 33 of (Constitution of the Unitary State of the Republic of Indonesia, 1945), where all forms of national economic law arrangements and various government policies governing economic life, in general, must be returned to the soul and purpose of Article 33 of (Constitution of the Unitary State of the Republic of Indonesia, 1945), which is a fundamental foundation for the national economic system. Article 33 paragraph (2) of (Constitution of the Unitary State of the Republic of Indonesia, 1945) determines the branches of production that are important to the state and that control the lives of many people controlled by the state. In a broad sense, the term controlled by the state includes the notion of ownership in the public and civil sense including the power in controlling and managing these business areas directly by the government or government apparatus burdened with special duties (Asshiddiqie, 2010).

For modes of transportation, the main condition of transportation integration is that each mode runs according to the nature (excellence) of each, or in other words, each mode does not defeat each other (substitution) but complements each other (complement), including for rail transportation that can be used as a solution to road transportation problems, so that a truly professional business entity is needed in carrying out its role. The principle of business owners must be the government so that the company's running can be controlled and managed by the government apparatus. In its development, the company's shares can be sold directly or through the capital market but in such an amount that the control of the company remains in the hands of the government. This means that although some of the shares are not owned by the government, but the government still controls the company, it can also happen to the company. Some legal doctrines are regulated in the Limited Liability Company such as piercing the corporate veil, business judgment rule, and ultra vires. This legal doctrine must be considered by the business owners when conducting a business. Therefore, it can create a healthy competition between the company in order to give the best services to the community.

Transportation, a sub-process of logistics, has an important role in international trade and commerce. Transportation activities are carried out by different partners. Partners take on different roles in different stages of transportation. Partners in transportation activities are categorized as: state companies, private companies, and state authorities. As the number of

partners and the complexity of operations increases; The need for information system applications for transportation management is becoming increasingly important. Because government agencies are important partners in transportation applications, e-government, and e-transportation applications also have an important role in effective and efficient transportation management.

Historically rail operations have been a natural monopoly. This natural monopoly is based on consideration of massive funding needs for rail operators. The implication is that not many business entities are interested and interested in becoming a train operator in Indonesia. However, the implementation of the railway requires massive funding so that the principle of prudence is needed to determine the business entity of the train operator. One of the aspects of the spirit of regulation in Law (Railways, 2007) is the end of the monopoly on railway implementation in Indonesia. To that end, the Government encourages the contribution of local and private governments to be involved in the implementation of railways so that in the future there will be many business entities participating in the railway sector. The government as a regulator will select and evaluate business entities that can be involved in the operation of railways so that social justice for railway services can be realized and felt by all users of railway services in Indonesia.

Based on Government Regulation Number: 57 of 1990 concerning the Transfer of The Form of The Railway Bureau (Perjan) to Perum Perum Perum Railway, PJKA changed its name to General Railway Company (Perumka). On the basis of these rules, some things that can be disclosed are as follows: Article 2 paragraph 1 states that the Railway Service Bureau (Perjan) was formed based on Government Regulation (The Transfer of Business Forms of State Railway Companies to Business Bureaus (Perjan), which was transferred to Public Companies (Perum) Government Regulation, 1971), changed into Public Companies (Perum) as referred to in Article 2 paragraph 2 of Law (the Establishment of Government Regulations in Lieu of Law No. 1 (1969), 1969) (State Gazette of 1969 16; Additional State Gazette No. 2890) regarding the Forms of SOEs into Law, under the name of The General Enterprise (Perum) of railways and continuing further efforts based on the provisions in this Government Regulation.

Law (Railways, 2007) has opened opportunities for business entities to be able to join in order to be ready to

serve the needs of rail transportation services, that are expected to provide justice for the community using rail transportation so that mass transportation can be felt by all communities in the territory of Indonesia. Meanwhile, in the explanation of Law (Railways, 2007) in its description in article 2 Letter b, what is meant by the “principle of justice”, is that the railway must be able to provide services to all levels of society at an affordable cost and provide equal opportunities for business and protection to all parties involved in the railway. Based on his explanation, the rule contains the principle of justice, which is included as the basis for making laws and regulations on railways. In the report letter d referred to as the “principle of public interest” is that the railways must prioritize the interests of the wider community rather than the interests of individuals or groups concerning safety, security, comfort, and order, meaning that rail transportation this report must be able to reach the interests of the general public. As a means of transport that aims to serve the public interest in the explanation of Article 13 paragraph (1), what is meant by “controlled by the State” is that the State has the authority to regulate the operation of the railway and the Government or Local Government carries out its implementation.

In law (Railways, 2007) in Article 1 number 10, it has been established that Business Entities are State-Owned Enterprises, Regionally Owned Enterprises, or Legal Entities specifically established for railways, which can run the Railways so that in its service it will be better from now on because there is competition for healthy rail transport businesses so that there is justice in obtaining transportation services. Thus, it can be felt by all people in the territory of Indonesia. In addition, the role of the government in realizing Pancasila-based justice has been contained in Law (Railways, 2007). In the spirit of these regulations, this is the end of the monopoly of railway implementation in Indonesia. Therefore, the Government encourages local and private governments’ contribution to the implementation of railways, as stipulated in Article 23 paragraph (1). “Public railway infrastructure as referred to in Article 18, is carried out by business entities as organizers, both individually and through cooperation.” In this case, the role of the government is needed to look again at policies in the implementation of justice based on Pancasila, because in existing regulations, SOEs aim to pursue profits. In its finances mentioned, wealth must also be able to provide justice to the community so as not only to pursue profits but also think about justice, because the basis of justice based on Pancasila is for the happiness,

benefit, and welfare of the people, considering that rail transportation is currently public transportation that is in demand by the community. Perjan’s form will be more only for the people of Indonesia, compared to PT KAI (in the case of PT KAI), but in terms of implementing a fair business entity based on Pancasila, as explained in the explanation of law (Railways, 2007) on Railways, the government has no arrangement detailing it.

The government’s challenge is to devise appealing guidelines or regulations for investors to participate in the rail transportation business so that KAI will not only participate in rail transportation but will also give birth to other operators who will compete with KAI in carrying out rail transportation so that transportation by train will be a safe, fast and environmentally friendly service creating minimal air pollution.

Conclusion

The characteristics of railway business entities that are allowed to be involved in railway operations have been regulated in Law (Railways, 2007), namely, in the provisions of Article 1 number 10 on Business Entities. This arrangement has ended the monopoly of rail transport providers. This means that engagement opportunities have been opened to participate in the role of all business entities that meet the requirements to serve people in rail transportation mode. Explanation of Article 2 Letter b of Law (Railways, 2007) stated railways must provide services to all people at an affordable cost and equal opportunities and protection to all parties involved in railways. Justice based on Law (Railways, 2007) is justice for rail transportation users based on the facilities that train users want to get, per the ticket prices offered to rail transportation users.

The principle of justice based on Pancasila already exists in the explanation of Law (Railways, 2007) in Article 2 Letter b, namely, that the railway must be able to provide services to all levels of society at an affordable cost and provide equal opportunities for business actors and protection to all parties involved in the railway so that opportunities for business entities have been opened as stipulated in Article 1 number 10, but in this regulation, one of the business entities is a State-Owned company that has the main goal of pursuing profits, so further arrangements are needed to apply the existing principles of justice based on Pancasila that have been in Law (Railways, 2007) so that the principle of justice based on Pancasila can be fully realized.

Conflict of Interest

The authors declare that there is no conflict of interest.

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