

## Legal Analysis of The Non-Processing Revitalization Project of Jungjang Market in Cirebon Regency

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**ABSTRACT**

Following the 2015 fire, Jungjang Market was revitalized through a Bangun Guna Serah (BGS), or Build-Operate-Transfer (BOT), partnership between the Jungjang Village Government and PT Dunia Milik Bersama. However, the project has been stalled since August 2023 due to its unilateral termination by the Jungjang Village Government, resulting in losses for investors and traders. This study aims to analyze the authority of the Village Government in the Jungjang Market revitalization project, assess the project termination from the perspective of abuse of authority, and investigate the forms of accountability and legal remedies available to the injured parties. This research employs a normative-empirical legal approach by examining primary legal materials, including Law Number 6 of 2014, Law Number 25 of 2007, Law Number 30 of 2014, and Law Number 31 of 1999, as well as secondary legal materials. The empirical aspect was conducted through interviews with stakeholders, including the Village Government, investors, traders, and relevant agencies, as well as field observations. The results of the study indicate that the Jungjang Village Government had the authority to carry out the BGS/BOT partnership. However, the unilateral termination of the project fulfilled the elements of abuse of authority because it was carried out without a clear legal basis, exceeded the scope of authority, and disregarded the agreed dispute resolution mechanism. Investors may pursue arbitration, civil lawsuits, or lawsuits before the State Administrative Court (Pengadilan Tata Usaha Negara/PTUN), while traders may file claims for compensation.

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### INTRODUCTION

Markets are important economic infrastructure that play a significant role in supporting trade activities, distributing goods, and increasing community income. The existence of adequate and representative markets not only ensures comfort for traders and consumers but also contributes positively to regional economic growth (Cahya et al., 2025; Haris et al., 2019). Therefore, market revitalization is used as a strategic development tool to improve the quality of public services while simultaneously increasing Village Original Income (Pendapatan Asli Desa/PAD) (Dewelis et al., 2024; Saragih & Meak, 2021; Setianingsih & Khoirunurrofik, 2025).

One revitalization project that has become the focus of attention is the Jungjang Market Revitalization Project, which has been planned and implemented since 2021. This project was initiated in response to the condition of Jungjang Market, which was severely damaged by a fire in 2015. For several years after the fire, traders carried out their trading activities in inadequate conditions, with some even trading on the roadside, which had the potential to cause various social, economic, and public order problems. In response to these conditions, market

revitalization was expected to provide more adequate trading facilities, increase community economic activity, and make a positive contribution to the village government by increasing PAD (Putra, 2015; Wibowo & Istiqomah, 2018; Pratiwi & Rusmiati, 2018; Sari et al., 2021; Widhiawati et al., 2023).

However, these expectations could not be realized according to the initial plan. In August 2023, the Jungjang Market revitalization project was halted and has not been resumed to date. Based on various sources, the project termination is believed to be related to unilateral actions taken by the Jungjang Village Government, including terminating cooperation with investors and locking the construction site. This situation resulted in the suspension of the entire construction process, which had previously been progressing smoothly (Assaad & El-Adaway, 2021; Gao et al., 2020; Meszek et al., 2019).

The termination of the revitalization project has had various legal and economic impacts. From the investor's perspective, the project suspension resulted in material financial losses, as the capital and investment that had been committed could not be optimized according to their initial objectives. Meanwhile, from the perspective of the community, particularly traders, this condition has created uncertainty in conducting business activities, given the current lack of adequate market facilities to support their trading activities. As a consequence, traders continue to conduct business activities in inadequate conditions, potentially reducing their income and welfare (Stoian et al., 2016; Ukanwa et al., 2018).

The problems that arise not only create civil issues related to the cooperative relationship between the village government and investors but also open space for further examination of possible criminal law aspects if actions are found that are contrary to statutory regulations, involve abuse of authority, constitute unlawful acts, or result in losses for certain parties. In this regard, an in-depth study is needed to examine the legal construction of the termination of the Jungjang Market Revitalization Project, including an analysis of the decision-making process carried out by the Jungjang Village Government and the resulting legal consequences.

An important legal issue to examine in this case is the gap between legal norms requiring village governance to be based on the principles of legal certainty, accountability, and community welfare, and the fact that the Jungjang Market Revitalization Project has been halted and has not yet received a clear resolution. On the one hand, the Village Government has the authority to manage development cooperation and investment at the village level. On the other hand, there is no clarity regarding the limits of this authority when project termination results in losses for investors and the community. This condition creates legal uncertainty regarding the forms of legal accountability that may be demanded from the parties responsible for the project termination, whether from the perspectives of administrative law, civil law, or criminal law. This gap provides an important foundation for conducting research to determine the appropriate legal construction for the termination of the Jungjang Market Revitalization Project.

Based on the above discussion, this study aims to analyze the authority of the Village Government in the Jungjang Market revitalization project, assess the project termination from the perspective of abuse of authority, and investigate the forms of accountability and legal remedies available to the injured parties. Theoretically, this research contributes to the development of legal science, particularly in the fields of state administrative law, village governance, and investment law, by providing an in-depth analysis of the application of the

concept of abuse of authority in the context of village government cooperation agreements. Practically, the results of this study are expected to provide legal clarity and protection for investors and traders affected by the project termination, serve as a reference for village governments in formulating and implementing cooperation agreements to prevent similar cases, and provide input for regional governments in carrying out guidance and supervisory functions over village governance.

## **METHOD**

This research employed a normative-empirical legal approach. The normative aspect examined primary legal materials, including Law Number 6 of 2014 concerning Villages, Law Number 25 of 2007 concerning Investment, Law Number 30 of 2014 concerning Government Administration, Law Number 31 of 1999 concerning the Eradication of Corruption, and relevant ministerial regulations. Secondary legal materials included academic books, journal articles, and legal doctrines. The empirical aspect was conducted through interviews with stakeholders, including the Village Government, investors (PT Dunia Milik Bersama), market traders, the Investment Office, the Community and Village Empowerment Office, the Legal Section of the Cirebon Regency Regional Secretariat, and the Cirebon Regency Regional House of Representatives (DPRD). Field observations were also conducted to assess the socio-economic impacts of the project termination.

The study used statutory and sociological approaches. The statutory approach examined legal provisions governing village government authority, village asset management, Build-Operate-Transfer (BOT/BGS) cooperation schemes, and legal accountability of village governments. The sociological approach was carried out through interviews with relevant stakeholders and field observations of the social and economic impacts of the project termination in the community.

Primary legal materials in this study referred to binding statutory regulations that remain in force, including provisions originating from earlier legal frameworks that continue to apply. These regulations formed the legal basis used in this research (Soekanto & Mamudji, 2007).

- a. Law Number 3 of 2024 concerning Villages
- b. Law Number 25 of 2007 Concerning Investment
- c. Law No. 31 of 1999 in conjunction with Law No. 20 of 2001 concerning the Eradication of Criminal Acts of Corruption
- d. Law Number 30 of 2014 concerning Government Administration
- e. Minister of Home Affairs Regulation 20/2018 concerning Village Financial Management
- f. PP 43/2014 & PP 47/2015 concerning Regulations for Implementing the Village Law
- g. Regulation of the Minister of Home Affairs No. 1 of 2016 concerning Village Asset Management

Primary data was obtained directly in the field through interviews with sources who are familiar with the problems of revitalization of the Junjang market and field observations, the sources are, the President Director of PT Dumib, the Village Head of Jungjang Village, the Investment and One-Stop Integrated Service Office, the Community and Village Empowerment Office, the Legal Section of the Cirebon Regency Regional Secretariat, the Cirebon Regency Regional People's Representative Council, and Jungjang Market Traders.

## RESULTS AND DISCUSSION

### **The Authority of the Jungjang Village Government in Implementing Cooperation in the Revitalization of Jungjang Market Based on Statutory Regulations**

Based on ancestral rights and local authority at the village level, the Village Government is the administrative body at the village level authorized to regulate and manage the interests of village communities. This is regulated in Law Number 6 of 2014 concerning Villages as amended by Law Number 3 of 2024 concerning Villages. Strengthening the position of villages as independent development subjects, by reaffirming the right of Village Governments to have the authority to manage village assets in a manner that maximizes Village Original Income (PAD) and benefits the community as a whole. The mechanism for managing village assets involving third-party participation can be realized through the Build Operate Transfer (BGS) scheme. This normatively provides a legal basis for cooperation between Village Governments and private investors (Regulation of the Minister of Home Affairs Number 1 of 2016).

In order to implement this authority, the Jungjang Village Government established a partnership with PT Dunia Milik Bersama through a Cooperation Agreement Number 001A/SPK-PDJ/KW-INV/II/2018 dated February 7, 2018. The construction and renovation of Jungjang Market on 8,536 m<sup>2</sup> of village land is the goal of this partnership agreement. The Build Operate Transfer (BGS) plan is used to realize this collaboration. This scheme allows a third party to use village-owned land and construct buildings and facilities. At the end of the agreement, the third party is required to return the buildings and facilities to the village government. This collaboration is a concrete manifestation of the Village Government's authority in managing assets for the benefit of the community.

From the perspective of state administrative law, the authority of the Village Government in managing village assets is binding (*gebondenbevoegdheid*), meaning that its implementation cannot be separated from the limitations determined by laws and regulations, the General Principles of Good Governance (AUPB), and the purpose of granting the authority itself. Improving community welfare and supporting village economic growth are the main objectives of granting the authority to manage village assets.

Based on the research conducted, it was found that the Jungjang Market Revitalization Project was initially designed to provide more suitable trading facilities for Jungjang Market traders following the 2015 fire, while simultaneously increasing village income in a sustainable manner. Therefore, this project substantially aligns with the objective of granting authority to manage village assets. In this regard, the Village Government's authority within the context of the project should be appropriately utilized to ensure optimal cooperation and protect community interests, which are the primary objectives of the market's development.

The authority of the Village Government is binding (*gebondenbevoegdheid*) and limited by the laws and regulations above it. Therefore, a newly appointed Village Head does not have the authority to unilaterally cancel a cooperation agreement that has been legally made by the village government as an institution (Gunawan, 2021). A legally binding agreement cannot be annulled simply based on a change in officials. This is in line with the principle of institutional continuity inherent in village government as a subject of administrative law that does not stop with the change of officials. Law Number 3 of 2024 concerning Villages emphasizes that the implementation of village governance must be carried out continuously and oriented towards the interests of the community. The authority of the village head in managing village assets is

attributive but is limited by the purpose of granting the authority itself, namely the welfare of the community. Therefore, the village head's action in stopping a project that is actually intended for the welfare of the community is an action contrary to the purpose of granting the authority itself and can therefore be qualified as an abuse of authority (Hadjon, 1987).

### **Analysis of the Actions of the Jungjang Village Government in Terminating the Jungjang Market Revitalization Project from the Perspective of Abuse of Authority**

Based on Law Number 30 of 2014 concerning Government Administration, abuse of authority can be included in several categories, namely actions that exceed authority (detournement depouvoir), mixing authority (confusion of authority), and acting arbitrarily (willekeur). In this regard, to determine whether or not there is abuse of authority in this context, it is necessary to examine the actions taken by the Jungjang Village Government based on these three indicators.

The research results show that after the inauguration of Kasmin Village Head in 2022, the market revitalization process encountered significant obstacles. Chronologically, the Jungjang Village Head ordered a halt to the construction process, blocked a cement mixer truck that had been prepared for casting activities, padlocked the project area, blocked the entry of project vehicles, and closed access to the construction site in August 2023. As a follow-up action, the Jungjang Village Head also canceled the cooperation through a Village Deliberation mechanism held in September 2023 (Investor of the Jungjang Market Revitalization Project, personal communication, 2023).

When linked to the concept of exceeding authority (detournement depouvoir), the act of terminating an ongoing project without a court decision or through the dispute resolution mechanism as stipulated in the agreement raises significant questions regarding the appropriateness and suitability of such action to the authority granted by the legislation. It is important to note that the cooperation agreement has expressly stipulated that dispute resolution between the parties must be carried out through deliberation and arbitration mechanisms. However, in practice, the project termination is carried out first before efforts to resolve the dispute through the mechanisms agreed upon in the agreement are taken.

This action exceeds his authority, considering that the Village Head, as the head of the Village Government, does not have the authority to unilaterally terminate the implementation of an agreement that is still valid and legally binding. Legally, the authority to terminate or cancel an agreement can only be exercised through a mechanism mutually agreed upon in the agreement clause, or based on a court or arbitration decision that has permanent legal force. Based on the statement from the President Director of PT. DUMIB given in an interview for this study, the total investment that has been invested and is threatened with non-recovery is very significant. Thus, the unilateral action taken by the Village Government has caused real material losses for investors.

Furthermore, from the aspect of confusion of authority, it was found that the dispute, which was essentially a contractual dispute between the Village Government and the investor, should have been resolved through the mechanisms agreed upon in the agreement, namely deliberation and arbitration. However, this contractual dispute then escalated into administrative action in the form of closing the project site and halting construction activities. Essentially, contract disputes must be resolved through legal mechanisms agreed upon by the parties.

In addition, the research also found an alleged request for money from investors as stated in the Minutes of the FORKOPIMDA Meeting dated June 14, 2024. Although these findings require further investigation by law enforcement, the evidence suggests an abuse of authority that contradicts the authority granted to the Village Government (Minutes of the FORKOPIMDA Meeting, June 14, 2024).

Based on the foregoing, it appears that the activities of the Head of the Jungjang Village Government can be considered an abuse of authority that violates Law Number 30 of 2014 concerning Government Administration. This is based on signs of exceeding authority, mixing his own power with the power of others, and acting against the Principles of Good Governance (AUPB), particularly the principles of public interest, accuracy, legal certainty, and not abusing positions of power.

The initial cooperation agreement, established in 2018, had several substantial weaknesses. The dispute resolution clause generally stipulated deliberation and arbitration without specifying detailed procedures, including the party authorized to initiate arbitration, the deadline for settlement, and the sanctions applicable if either party violates the clause. Furthermore, the unilateral termination clause was not comprehensively formulated, leaving open the possibility for either party to unilaterally cancel the agreement.

Furthermore, a misunderstanding between the village head, Kasmin, and the CEO of PT Dunia Milik Bersama has led to a prolonged conflict over the Jungjang Market revitalization project. The village head's bias toward the vendors, who had initially opposed the development of Jungjang Market, even staging nine demonstrations, and ignoring a petition signed by 150 vendors supporting the accelerated development of Jungjang Market, further complicates the situation.

Initially, the trader groups that joined the Market Traders Association (Himppas) focused their aspirations on lowering prices. However, after a new price agreement was reached, the group continued to provoke traders to reject the development, citing unclear reasons and demands for a replacement investor. Given that Himppas' policy direction did not align with the aspirations of some traders, some traders ultimately chose to leave Himppas (Jungjang market trader, personal communication, 2024).

### **Forms of Legal Accountability and Legal Actions That Investors and Traders Can Take Due to the Termination of the Jungjang Market Revitalization Project**

The halt to the Jungjang Market revitalization project has had a far-reaching impact on both investors and market vendors. Investors have lost capital invested in the project, while vendors have experienced a significant decline in revenue due to the lack of adequate market facilities. Interviews indicate that vendor revenue has dropped by approximately 90 percent following the demolition of the makeshift market on Jalan Ki Hajar Dewantara (Jungjang Market traders, personal communication, April 25, 2026).

From an administrative law perspective, the Village Government can be held accountable if its actions are proven to be contrary to the policies of applicable laws and regulations or the General Principles of Good Governance (AUPB). This form of accountability can be in the form of administrative sanctions imposed by the Regent through the village government guidance and supervision mechanism in accordance with the provisions stipulated in Law Number 6 of 2014 concerning Villages.

In addition, investors have the right to pursue dispute resolution through the Indonesian National Arbitration Board (BANI), as stipulated in the cooperation contract. Through arbitration, investors can demand a declaration of default, re-enforcement of the agreement, or compensation for losses incurred due to project interruption.

From an administrative legal perspective, investors can also file lawsuits against government actions deemed unlawful and detrimental to their rights. Meanwhile, traders can seek protection from the Cirebon Regency Government, as the agency overseeing village governance, and demand certainty regarding the completion of market construction to ensure the sustainability of their economic activities.

Thus, resolving the Jungjang Market revitalization conflict does not only require a litigation approach through arbitration or courts, but also requires administrative intervention from the Cirebon Regency Government as the supervisor and supervisor of village government so that the goal of developing the market to improve community welfare can be realized immediately.

The efforts that traders can take include several alternatives. First, traders can file a lawsuit against the Jungjang Village Government, considering that the Village Government, as the First Party in the agreement, is responsible for guaranteeing the security and smooth running of the investment. Second, demands for a refund (restitution) can be filed by traders who have paid money to PT. DUMIB, where they have the right to demand a refund if it is proven that PT. DUMIB is unable to complete the construction of the kiosk or stall that has been ordered. Based on the provisions of consumer protection law, business actors are obliged to be responsible for losses experienced by consumers.

Third, mediation facilitated by the Regional Government is the most efficient alternative resolution in terms of time and cost. Mediation that has been conducted several times but has not yet reached an agreement needs to be restructured with a more focused agenda, including: (1) determining the value of real losses for all parties through independent appraisal; (2) determining the status of completed physical construction; (3) determining the financial responsibility of each party; and (4) determining the mechanism for compensation and continuation of construction.

## **CONCLUSION**

Based on the results of the study, it was identified that the Jungjang Village Government had the authority to cooperate in managing village assets for the purpose of realizing the Jungjang Market Revitalization Project. However, the implementation of this authority had to be carried out in accordance with applicable laws and regulations and the General Principles of Good Governance (Asas-Asas Umum Pemerintahan yang Baik/AUPB). The findings indicate that the action taken by the Head of the Jungjang Village Government to halt the project showed indications of abuse of authority under Law Number 30 of 2014 concerning Government Administration. This action had the potential to fulfill the elements of exceeding authority, abuse of power (*détournement de pouvoir*), misuse of authority, and contradiction of the principle of legal certainty as one of the fundamental principles of AUPB. Based on this, investors and traders who suffered losses as a result of these actions have the right to obtain legal protection through various mechanisms, including administrative mechanisms, arbitration, and other legal remedies as regulated under applicable statutory regulations.

Based on the research findings, several recommendations are proposed. The Jungjang Village Government should immediately resume the revitalization project or provide clear compensation to investors and traders, and ensure that future cooperation agreements are formulated comprehensively with clear dispute resolution and termination clauses involving legal experts. The Cirebon Regency Government should actively mediate the dispute, provide guidance to the Village Government, and strengthen its supervisory functions to prevent unilateral actions that harm the community. Investors should pursue legal remedies through arbitration, civil lawsuits, or lawsuits before the State Administrative Court (Pengadilan Tata Usaha Negara/PTUN), while traders may file compensation claims and form a joint forum to strengthen their bargaining position. The central government, particularly the Ministry of Home Affairs and the Ministry of Villages, should formulate detailed technical guidelines on village asset management cooperation to ensure legal certainty for all parties. Future researchers are encouraged to conduct comparative studies on village cooperation governance across regions and examine the effectiveness of arbitration and mediation mechanisms in resolving village government cooperation disputes.

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