



## The Impact of Bankruptcy Law and PKPU on Business Continuity and Indonesia's Economic Recovery

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**Abstract:** The problem of unpaid debts and declining liquidity poses a serious threat to business sustainability in Indonesia. Coupled with global economic uncertainty, companies are trapped in a bankruptcy or PKPU dilemma. This complicated and challenging legal process, if it fails, can trigger a wider collapse, threatening the country's economy. Therefore, the purpose of this study is to analyze the application of bankruptcy and PKPU laws, evaluate their impact on the continuity of corporate business, and measure the effectiveness of the Indonesian legal system in supporting economic recovery and maintaining the stability of the business sector. This research method uses a normative qualitative approach by analyzing laws and legal practices related to bankruptcy and PKPU. Data were collected from laws, court decisions, and literature, then analyzed descriptively, comparatively, and critically to evaluate the impact of the law. The results of this study indicate that the application of bankruptcy and PKPU laws in Indonesia has a significant impact on the continuity of corporate business. Although it provides space for companies in financial difficulty to survive, slow procedures and high costs hinder its effectiveness. The relationship between debtors and creditors plays an important role in debt restructuring, but legal uncertainty threatens a faster economic recovery. For this reason, the Indonesian legal system needs improvement to be more efficient in supporting the economic recovery of companies and economic sectors.

**Keywords:** Bankruptcy, PKPU, Business Continuity, Economic Recovery

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**Abstrak:** Permasalahan utang yang belum terbayar dan likuiditas yang menurun menjadi ancaman serius bagi keberlanjutan bisnis di Indonesia. Ditambah dengan ketidakpastian ekonomi global, perusahaan terjebak dalam dilema kepailitan atau PKPU. Proses hukum yang rumit dan penuh tantangan ini, jika gagal, dapat memicu keruntuhan yang lebih luas, yang mengancam perekonomian negara. Oleh karena itu, tujuan penelitian ini adalah untuk menganalisis penerapan hukum kepailitan dan PKPU, mengevaluasi dampaknya terhadap kelangsungan bisnis perusahaan, dan mengukur efektivitas sistem hukum Indonesia dalam mendukung pemulihan ekonomi dan menjaga stabilitas sektor bisnis. Metode penelitian ini menggunakan pendekatan kualitatif normatif dengan menganalisis undang-undang dan praktik hukum terkait kepailitan dan PKPU. Data dikumpulkan dari undang-undang, putusan pengadilan, dan literatur, kemudian dianalisis secara deskriptif, komparatif, dan kritis untuk mengevaluasi dampak hukum tersebut. Hasil penelitian ini menunjukkan bahwa penerapan hukum kepailitan dan PKPU di Indonesia berdampak signifikan terhadap kelangsungan bisnis perusahaan. Meskipun memberikan ruang bagi perusahaan yang mengalami kesulitan keuangan untuk bertahan, prosedur yang lambat dan biaya yang tinggi menghambat efektivitasnya. Hubungan antara debitur dan kreditur memainkan peran penting dalam restrukturisasi utang, tetapi ketidakpastian hukum mengancam pemulihan ekonomi yang lebih cepat. Oleh karena itu, sistem hukum Indonesia perlu ditingkatkan agar lebih efisien dalam mendukung pemulihan ekonomi perusahaan dan sektor ekonomi

**Kata kunci:** Kepailitan; PKPU; Kelangsungan Usaha; Pemulihan Ekonomi.

## Introduction

In the business world, the problem of unpaid debts and declining liquidity poses a serious threat to the continuity of a company's business. This situation is increasingly complex considering external factors such as market uncertainty and the global economic crisis, as well as internal problems such as poor financial management. In Indonesia, where the business sector includes various types of businesses from MSMEs to large companies, a company's inability to resolve financial problems can have a broad impact, not only on the company itself but also on the economy. To overcome this problem, Indonesia has two important legal instruments, namely Bankruptcy and Suspension of Debt Payment Obligations (PKPU), which are regulated in Law No. 37 of 2004

concerning Bankruptcy and PKPU.<sup>1</sup> As an example, PT Sentul City Tbk (2021) faced a PKPU application filed by PT Prakasaguna Ciptapratama. The Commercial Court granted the application, placing Sentul City in PKPU status. This case illustrates how debt disputes can cause a company to enter the PKPU process.<sup>2</sup>

In this context, Bankruptcy is a situation where a debtor is unable to pay his debts that have matured, which can be proven through a court decision. In the bankruptcy process, the commercial court will liquidate the debtor's assets to pay his debts to the entitled creditors.<sup>3</sup> This process aims to provide a legal solution for companies facing financial difficulties and provide protection for creditors. Meanwhile, PKPU allows companies in financial difficulties to get a delay in debt payments and restructure their debts, with the hope that the company can continue its operations and avoid bankruptcy. However, although these two instruments are expected to provide solutions for companies caught in financial problems, their implementation does not always run smoothly. The bankruptcy and PKPU processes often involve legal challenges, both for debtors and creditors, which can affect the continuity of the company's business. As the country with the largest economy in Southeast Asia, Indonesia is not immune to the challenges of managing corporate debt and resolving debt disputes. Bankruptcy and PKPU have the potential to be a solution, but there are problems in their implementation that can have a significant impact, both for the companies involved and the economy as a whole.<sup>4</sup>

Law No. 37 of 2004 concerning Bankruptcy and PKPU provides a clear legal basis regarding the mechanism for filing for bankruptcy and PKPU, as well as the rights and obligations between debtors and creditors.<sup>5</sup> Despite clear regulations, practices in the field often encounter obstacles, such as delays in

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<sup>1</sup> “Undang-Undang Republik Indonesia Nomor 37 Tahun 2004 Tentang Kepailitan Dan Penundaan Kewajiban Pembayaran Utang”.

<sup>2</sup> Jenny Lim and Ariawan, “Keabsahan Pengesahan Perjanjian Perdamaian Pada Perkara Penundaan Kewajiban Pembayaran Utang (Studi Putusan Nomor: 24/Pdt.Sus-PKPU/2021/PN Niaga Jkt.Pst,” *Jurnal Hukum Adigama* 4, no. 2 (2021): 3344–68.

<sup>3</sup> Ria Sintha Devi et al., “The Bankruptcy Legal Politics in Indonesia Based on Justice Value,” *Jurnal Akta* 9, no. 1 (2022): 67–78, <https://doi.org/10.30659/akta.v9i1.20842>.

<sup>4</sup> Hasanul Mulkan, *Pengantar Hukum Bisnis* (Jakarta Timur: Prenada Media, 2024).

<sup>5</sup> Undang-Undang Republik Indonesia Nomor 37 Tahun 2004 Tentang kepailitan Dan Penundaan Kewajiban Pembayaran Utang.

settlement or inadequate asset management, which can worsen a company's financial condition and slow down its economic recovery. This lengthy and complex legal process can lead to greater bankruptcy and have a negative impact on related sectors and the Indonesian economy as a whole.

The impact of bankruptcy and PKPU on a company's business continuity varies widely. For companies that successfully restructure their debts through PKPU or successfully go through the bankruptcy process, this can provide an opportunity for financial and operational recovery.<sup>6</sup> However, for companies that fail to restructure, bankruptcy can lead to liquidation, affecting workers, creditors, and the wider economy. The success of PKPU is highly dependent on cooperation between debtors and creditors. Without the willingness of creditors to provide leniency, the PKPU process will not be effective, which can ultimately derail the company's economic recovery.

In addition, bankruptcy and PKPU also affect economic recovery at the macro level. An effective process can have a positive impact, allowing companies to return to operating more efficiently and productively<sup>7</sup>. Conversely, failure in this legal process can harm other sectors that depend on the company, as well as affect investment flows, market confidence, and the labor market. Therefore, it is important to examine how this legal process can support a more stable and sustainable economic recovery.

Furthermore, the study of bankruptcy in Indonesia becomes even more relevant when compared with Australian bankruptcy practices, which are known to be more comprehensive and restructuring-oriented. The Australian bankruptcy system, through the Corporations Act 2001, emphasizes voluntary administration mechanisms that allow companies to take swift rescue measures before they fall into a more severe state of insolvency.<sup>8</sup> Unlike Indonesia, which

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<sup>6</sup> Lilik Warsito, "Urgensi Pembuktian Syarat Kepailitan Dan Tes Insolvensi Dalam Permohonan Kepailitan," *Jurnal Usm Law Review* 7, no. 2 (2024): 822-34, <https://doi.org/10.26623/julr.v7i2.9018>.

<sup>7</sup> Bernard Nainggolan, "Exploring Business Opportunities in the Postponement of Debt Payment Obligations (PKPU) under Law No . 37 of 2004 on Bankruptcy," *Jurnal Akta* 9, no. 4 (2022): 552-60.

<sup>8</sup> Jennifer Dickfos and David S Morrison, "Australia's Adoption Of Uncitral's Insolvency Recommendations With Respect To Enterprise Groups: A Critique," *Insolvency Law Journal* 21 (2013): 273-81.

still focuses on simple proof as the entry point for bankruptcy proceedings, Australia prioritizes business feasibility analysis, creditor protection, and business continuity. This approach demonstrates how the modern bankruptcy system serves not only as a liquidation instrument but also as a means to maintain economic stability through more adaptive restructuring mechanisms. This comparison is important to assess the extent to which Indonesia can strengthen its bankruptcy regulations and implementation to align with the needs of an increasingly dynamic business world and the demands of a competitive global economy.<sup>9</sup>

Effective law enforcement is essential to ensure that the bankruptcy and PKPU processes are fair and transparent. With a clearer system, creditors and debtors will have more confidence in resolving their disputes. However, the implementation that still faces challenges, such as delays or lack of transparency in the process, can reduce public trust in this legal system. Therefore, this study aims to analyze in depth the impact of bankruptcy law and PKPU on business continuity and economic recovery in Indonesia.

As explained in a similar study on Business Continuity in the practice of Postponement of Debt Payment Obligations (PKPU) by Damayanti et al. (2023) in the journal *Iuris Studia: Jurnal Kajian Hukum* entitled “Kajian Yuridis Penerapan Asas Keberlangsungan Usaha Dalam Penundaan Kewajiban Pembayaran Utang Untuk Mencegah Pailit,”<sup>10</sup> The main topic of discussion is the application of the Business Continuity Principle in the PKPU process as a step to maintain the business continuity of companies facing financial difficulties. This study reviews the importance of transparency and good communication between companies and creditors, as well as the importance of collaboration with legal and financial experts in designing an effective debt restructuring plan.

However, the journal does not discuss in depth the impact of bankruptcy law and PKPU on economic recovery in Indonesia as a whole, as well as how

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<sup>9</sup> Aurelio Gurrea-Martínez, “Guide on the Treatment of Insolvent Micro and Small Enterprises in Asia,” *International Insolvency Institute and Asian Business Law Institute*, 2022.

<sup>10</sup> Retno Damayanti et al., “Kajian Yuridis Penerapan Asas Keberlangsungan Usaha Dalam Penundaan Kewajiban Pembayaran Utang Untuk Mencegah Pailit,” *Jurnal Restorative Justice* 7, no. 2 (2023): 79–88, <https://doi.org/10.35724/jrj.v7i2.5596>.

the application of this law in Indonesia compares with other countries that have similar legal systems. This is a renewal or novelty in this study, which focuses on the influence of bankruptcy and PKPU on the business continuity of companies in Indonesia and the improvement of the legal system needed to support more effective economic recovery.

This study aims to analyze the application of bankruptcy law and PKPU in Indonesia and its impact on the continuity of the company's business involved in the process, identify and evaluate the impact of bankruptcy law and PKPU on the relationship between debtors and creditors, and how it affects the company's economic recovery, and to evaluate the extent to which the Indonesian legal system governing bankruptcy and PKPU is effective in supporting the economic recovery of companies and the economic sector as a whole.

The identification of the problem in this study is how the application of bankruptcy law and PKPU in Indonesia affects the continuity of the company's business, its impact on the relationship between debtors and creditors, and the extent to which the effectiveness of the Indonesian legal system in supporting the economic recovery of companies and the economic sector.

## **Method**

This study uses a normative qualitative method that aims to analyze the provisions of laws and legal practices related to bankruptcy and PKPU. The approach used is a normative approach by analyzing applicable laws and regulations, as well as a comparative approach to compare the Indonesian legal system with other countries. The data used comes from primary legal materials, namely laws and court decisions, as well as secondary legal materials such as literature and related research. Data collection is carried out through analysis of laws, review of court decisions, and literature studies. The data obtained are then analyzed using qualitative analysis, which includes descriptive, comparative, case, and critical analysis to evaluate the impact of the law on business continuity and economic recovery.

## Result and Discussion

### Implementation of Bankruptcy Law and PKPU and its Impact on the Continuity of Company Business

The application of bankruptcy law and Suspension of Debt Payment Obligations (PKPU) in Indonesia has close relevance to business law, especially in the context of regulating business relations, including in terms of debts and legal solutions provided through bankruptcy and PKPU mechanisms to maintain the continuity of a company's business.<sup>11</sup> Business law views law as an instrument used to create justice, order and efficiency in business relationships, one of which is through regulations governing the process of resolving financial disputes, both those involving debtors and creditors.<sup>12</sup> Business law is also to maintain business continuity, especially when a company is on the verge of bankruptcy or financial difficulties. In this case, bankruptcy and PKPU are present as legal instruments that provide space for companies experiencing financial difficulties to survive or, at least, to settle debt obligations in a manner that is in accordance with applicable legal provisions.<sup>13</sup> Bankruptcy, which often results in the dissolution of the company, and PKPU, which provides an opportunity to restructure debt, both have complementary objectives to maintain the continuity of the business of companies facing financial difficulties, both in the short and long term.

In business law, the relationship between debtors and creditors is an important element that affects the sustainability of the company. Business law focuses on fair debt settlement, not only by considering the interests of creditors but also by giving debtors the opportunity to continue their business.<sup>14</sup> This law is to regulate debt settlement in a way that allows companies to restructure debt and continue to operate, which in turn supports overall economic growth.

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<sup>11</sup> Serlika Aprita, *Penerapan Asas Keseimbangan Dalam Hukum Kepailitan Pada Putusan Pengadilan Niaga* (Makassar: CV. pena indis, 2016).

<sup>12</sup> Agus Wibowo, *Penyelesaian Sengketa Hukum Dan Teknologi*, Penerbit Yayasan Prima Agus Teknik (Semarang: yayasan prima agus teknik, 2023).

<sup>13</sup> Hendra Apriyanto and Desni Raspita, "Application Of The Principles Of Justice To Pkpu Applications By Debtors And Bankruptcy Applications By Creditors," *JILPR: Journal of Indonesia Law & Policy Review* 6, no. 1 (2024): 192-97.

<sup>14</sup> Zelo Bachri et al., "Legal Protection for Debtors in Determining the Application Requirements for Suspension of Debt Payment Obligations," *International Journal of Research in Business and Social Science*; 10, no. 6 (2021): 394-402.

Therefore, the implementation of bankruptcy and PKPU, based on the basis of business law, must be seen as a legal step that offers solutions to the company's financial problems, maintains harmonious business relations between debtors and creditors, and facilitates economic recovery by providing opportunities for companies to survive.

Regarding the legal basis governing bankruptcy and PKPU, Law No. 37 of 2004 concerning Bankruptcy and PKPU is the main legal basis governing these two mechanisms in Indonesia.<sup>15</sup> This law regulates the rights and obligations of debtors and creditors, provides procedural guidelines in filing a bankruptcy or PKPU application, and explains the role of the curator in the bankruptcy process and the supervision carried out during the PKPU process. With a clear legal basis, bankruptcy and PKPU law aims to provide a fair and balanced settlement between debtors and creditors.<sup>16</sup> This law also provides legal certainty which is very important for business actors and the community in general, so that it can avoid uncertainty in business relations. In this study, understanding the application of the provisions in Law No. 37 of 2004 is very important to analyze its impact on the business continuity of companies involved in the bankruptcy and PKPU processes, and how the two mechanisms contribute to economic recovery.

In addition, the Government Regulation and Ministerial Regulation related to bankruptcy and PKPU also provide more detailed guidelines regarding the implementation procedures and their application in practice.<sup>17</sup> This regulation provides clarification on how existing rules can be implemented in a more practical context, including more detailed mechanisms regarding filing for bankruptcy or PKPU, as well as the obligations and rights of each party involved. This creates a clearer and more adequate framework for the implementation of bankruptcy and PKPU in Indonesia, which can ultimately

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<sup>15</sup> Sitta Saraya et al., *Hukum Kepailitan* (sumatra barat: CV. Gita Lentera, 2025).

<sup>16</sup> Lingga Nugraha and Binsar Jon Vic S, "Urgensi Penerapan Insolvency Test Dalam Penyelesaian Kepailitan Dan PKPU Di Indonesia Berdasarkan Undang-Undang Nomor 37 Tahun 2004," *Jurnal Retentum* 7, no. 1 (2025): 399-414.

<sup>17</sup> Aprita, *Penerapan Asas Keseimbangan Dalam Hukum Kepailitan Pada Putusan Pengadilan Niaga*.

have a positive impact on companies facing financial difficulties, as well as facilitate effective business recovery.<sup>18</sup>

On the other hand, the Commercial Court Regulation is an important part in the implementation of bankruptcy and PKPU law. The Commercial Court has the authority to handle cases related to bankruptcy and PKPU, including the settlement of disputes between debtors and creditors.<sup>19</sup> In this case, the regulation on the procedure for settling cases in the Commercial Court provides guidelines on how the legal process should be carried out properly and efficiently. The Commercial Court also has a crucial role in making decisions that not only meet the interests of creditors, but also take into account the possibility of recovery of companies experiencing financial difficulties.<sup>20</sup> A transparent and fair process in court is essential to ensure that bankruptcy and PKPU laws can be implemented properly, and support the achievement of solutions that can restore the economy of affected companies.

Equally important, court decisions related to bankruptcy and PKPU provide real examples of the application of the law in practice. These decisions help illustrate how the courts interpret and apply the provisions of Law No. 37 of 2004, and how these decisions affect the fate of companies involved in the bankruptcy or PKPU process.<sup>21</sup> Analysis of court decisions provides deeper insight into the legal dynamics that occur in debt settlement, as well as the challenges faced by debtors and creditors in the process. These court decisions are also important materials in research to understand the effectiveness of bankruptcy and PKPU laws in supporting corporate business continuity and economic recovery.

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<sup>18</sup> Joko Sriwidodo and Tumanggor, *Kajian Perkembangan Hukum Kepailitan Dan Pkpu Di Indonesia* (yogyakarta: Penerbit Kepel Press, 2024).

<sup>19</sup> Aprita, *Penerapan Asas Keseimbangan Dalam Hukum Kepailitan Pada Putusan Pengadilan Niaga*.

<sup>20</sup> Olusola Joshua Olujobi, "Combating Insolvency and Business Recovery Problems in the Oil Industry: Proposal for Improvement in Nigeria 's Insolvency and Bankruptcy Legal Framework," *Helion* 7, no. 2 (2021): 1-11, <https://doi.org/10.1016/j.helion.2021.e06123>.

<sup>21</sup> Gede Aditya Pratama, Nina Zainab, and Heru Siswanto, "Legal Remedies Against Bankruptcy Decision Following Constitutional Court Decision No. 23/Puu-Xix/2021," *Jurnal Bina Mulia Hukum* 7, no. 2 (2023): 216-30, <https://doi.org/10.23920/jbmh.v7i2.1060>.

In addition to reviewing national laws, international law can also provide new perspectives in comparing bankruptcy and PKPU practices between Indonesia and other countries. This comparison will provide insight into the similarities or differences in the approaches taken by other countries in dealing with companies experiencing financial difficulties.<sup>22</sup> This legal comparison is important to evaluate whether the Indonesian legal system is in accordance with international best practices, as well as to find potential improvements in the Indonesian legal system that can increase the effectiveness of bankruptcy and PKPU in supporting the economic recovery of companies. Therefore, the application of bankruptcy and PKPU laws is not only an important instrument in resolving corporate debt problems, but is also part of a larger legal system that supports business sustainability and economic recovery.<sup>23</sup> Supported by a strong legal basis, including Law No. 37 of 2004 and other regulations, as well as with strict supervision from the Commercial Court, it is hoped that the bankruptcy and PKPU process can be more effective in providing solutions to corporate financial difficulties, while maintaining harmonious relations between debtors and creditors.<sup>24</sup> This research will continue to analyze how these legal provisions are applied in practice and their impact on the continuity of corporate business, to ensure that business law in Indonesia can provide fair and effective solutions in facing economic challenges.

### **The Impact of Bankruptcy Law and PKPU on Debtor-Creditor Relations and Economic Recovery**

In the Indonesian legal system, the application of bankruptcy law and Suspension of Debt Payment Obligations (PKPU) plays a crucial role in the relationship between debtors and creditors, as well as in maintaining the economic stability of companies involved in the legal process.<sup>25</sup> Based on Law No. 37 of 2004 concerning Bankruptcy and PKPU, these two mechanisms are

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<sup>22</sup> Preethi Vijayagopal, Bhawana Jain, and Shyam Ayinippully Viswanathan, "Regulations and Fintech: A Comparative Study of the Developed and Developing Countries," *Journal of Risk and Financial Management* 17, no. 8 (2024): 1-23, <https://doi.org/10.3390/jrfm17080324>.

<sup>23</sup> Gede Aditya Pratama, Elfirda Ade Putri, and Arga Pribadi Imawan, "Indonesian Bankruptcy Law Policy After Political & Monetary Turmoil In 1998," *Jurnal Ilmu Sosial* 23, no. 2 (2025): 64-74.

<sup>24</sup> Aprita, *Penerapan Asas Keseimbangan Dalam Hukum Kepailitan Pada Putusan Pengadilan Niaga*.

<sup>25</sup> Sriwidodo and Tumanggor, *Kajian Perkembangan Hukum Kepailitan Dan Pkpu Di Indonesia*.

systematically regulated to provide justice between debtors experiencing financial difficulties and creditors who have the right to receive debt payments. In the bankruptcy process, the relationship between debtors and creditors is greatly influenced by the decision of the commercial court that determines the company as a bankrupt debtor.<sup>26</sup> In this case, the curator appointed by the court has full authority over the company's assets to be liquidated and distributed to creditors in accordance with the applicable debt priority. For debtors, bankruptcy leads to restrictions on their rights in managing the company, because all decisions regarding the management of the company's assets and liabilities are in the hands of the curator who is supervised by the commercial court.<sup>27</sup> Although in this situation the creditor's rights are more dominant, this legal mechanism seeks to provide justice in the distribution of auction proceeds or liquidation of the bankrupt company's assets. In this case, business law plays a role as a regulator of fair relations in the settlement of debts, with the aim of creating a balance between the interests of debtors and creditors in accordance with the principle of justice reflected in economic law.

On the other hand, in the PKPU mechanism, the relationship between debtors and creditors becomes more collaborative, although it is still marked by intense negotiations. PKPU, to provide debtors with the opportunity to postpone debt payment obligations and restructure their debts, is an important solution for companies that want to avoid bankruptcy. This process begins with the submission of a PKPU application to the commercial court, and if approved, the court gives the debtor time to prepare a debt restructuring plan with the creditor. During the PKPU period, the debtor still has control over the company's operations, but with strict supervision from the court. So the relationship between the debtor and creditor in PKPU is more of a negotiation, where both parties try to reach an agreement that can benefit both.<sup>28</sup> Creditors tend to be more open to negotiation, considering that they can also obtain more guaranteed debt payments, although not entirely as stated in the original agreement. In this case, business law provides a clear basis for resolving debt

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<sup>26</sup> Aprita, *Penerapan Asas Keseimbangan Dalam Hukum Kepailitan Pada Putusan Pengadilan Niaga*.

<sup>27</sup> Maya Tryandari, "Legal Protection For Bankruptcy Curators In The Resolution Of Bankruptcy Cases," *JOURNAL OF LAW & LEGAL REFORM* 2, no. 3 (2021): 421-38.

<sup>28</sup> Sriwidodo and Tumanggor, *Kajian Perkembangan Hukum Kepailitan Dan Pkpu Di Indonesia*.

disputes between debtors and creditors, with the aim that the company can survive and restore its financial position, which ultimately also supports long-term business continuity.

However, the impact of bankruptcy law and PKPU on the economic recovery of companies does not only depend on the relationship between debtors and creditors, but also on the effectiveness of the implementation of the law itself in supporting the restructuring and recovery process. Bankruptcy often results in the closure of companies and the liquidation of their assets, which in turn can damage the continuity of the company's business and reduce its contribution to the economy.<sup>29</sup> However, although the bankruptcy process can lead to the termination of a business, bankruptcy law provides a fair and proportional settlement for creditors who have claims against the company. In this case, the theory of economic law can be applied to explain how bankruptcy law functions as a tool to create economic stability by resolving debts fairly, although the results may not benefit all parties. On the other hand, PKPU can have a positive impact on the company's economic recovery, because it provides an opportunity for companies to continue operating and improve their financial condition.<sup>30</sup> With debt restructuring, companies can gain time to reorganize their business strategies and return to the growth path.

Therefore, the impact of bankruptcy law and PKPU on economic recovery is highly dependent on the type of legal mechanism applied and how effective the legal process is in providing a fair solution for both parties, both debtors and creditors. The application of Business Law provides a deeper understanding of how bankruptcy and PKPU are applied in the context of business relationships between debtors and creditors. In this relationship, the law acts to regulate fair and effective debt settlement, which ultimately maintains the continuity of the company's business. In bankruptcy, although the relationship between debtors and creditors becomes more formal and dominated by creditor claims, business law theory emphasizes the importance of clear and transparent procedures to protect the rights of both parties. On the

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<sup>29</sup> Mbonigaba Celestin and Mugabire Vedaste, "The Impact Of Corporate Bankruptcy Laws On Financial," *Brainae Journal of Business, Sciences and Technology* 8, no. 10 (2024): 516-27.

<sup>30</sup> Joko Sriwidodo, *Hukum Dalam Perspektif Sosiologi Dan Politik Di Indonesia*. (yogyakarta: penerbit kepel press, 2020).

other hand, PKPU provides an opportunity to restructure debts together, which is in line with the principles of business law theory that focuses on regulating mutually beneficial business relationships.<sup>31</sup> This debt restructuring process creates a win-win solution for debtors who want to continue operating and creditors who want to get debt payments. This process also shows how business law theory regulates debt-receivable relationships in the business world, so that companies facing financial difficulties still have the opportunity to recover. In addition, PKPU (Debt Payment Obligation Suspension) provides a strong basis for understanding how this mechanism provides an opportunity for debtors to postpone debt payments and restructure their debt obligations.<sup>32</sup>

This is particularly relevant in the context of corporate economic recovery, as PKPU provides companies with the opportunity to survive and improve their cash flow. During the PKPU period, companies can conduct internal evaluations, reorganize operations, and seek opportunities to increase competitiveness. Thus, the PKPU theory also plays a role in explaining how the law can provide space for companies experiencing difficulties to obtain solutions that allow for business continuity, while accommodating the interests of creditors. This theory emphasizes the importance of flexibility in the legal system to respond to market dynamics and frequently changing economic conditions, as well as to maintain the sustainability of the company's economy.

The impact of the bankruptcy process and PKPU on corporate economic recovery cannot be viewed separately from the legal basis that regulates the two mechanisms. Law No. 37 of 2004 concerning Bankruptcy and PKPU is a very important legal basis in providing a clear framework regarding the rights and obligations of debtors and creditors, as well as the procedures that must be followed in each process.<sup>33</sup> This law provides the necessary guidelines to create a fair settlement in debt-receivables issues, both in bankruptcy and PKPU cases. In addition, related government regulations and ministerial regulations also provide more detailed guidance on the procedures for implementing these two legal mechanisms. A transparent legal process based on clear regulations is a key

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<sup>31</sup> Saraya et al., *Hukum Kepailitan*.

<sup>32</sup> Sriwidodo and Tumanggor, *Kajian Perkembangan Hukum Kepailitan Dan Pkpu Di Indonesia*.

<sup>33</sup> Hendri Jayadi, *Hukum Kepailitan Dan Penundaan Kewajiban Pembayaran Utang* (yogyakarta: Publika Global Media, 2021).

element in creating economic stability, because it provides confidence to business actors and creditors that the debt settlement process will be carried out fairly and in accordance with applicable legal provisions. With a strong legal basis, the economic recovery of companies involved in bankruptcy or PKPU can be more assured, because both parties have clear guidelines regarding their rights and obligations.

Therefore, the application of bankruptcy law and PKPU not only affects the relationship between debtors and creditors, but also plays an important role in supporting the economic recovery of companies facing financial difficulties. Through a deep understanding of the theory of economic law, business law, and PKPU theory, as well as the application of a clear legal basis as regulated in Law No. 37 of 2004, we can see how this legal mechanism provides a balanced and fair solution to restore the company's financial condition.

### **The Effectiveness of the Indonesian Legal System in Supporting the Economic Recovery of Companies and Economic Sectors**

The Indonesian legal system governing bankruptcy and Suspension of Debt Payment Obligations (PKPU) plays an important role in resolving corporate debt problems and creating economic stability.<sup>34</sup> In evaluating this legal system, we can see the advantages and disadvantages that have an impact on the corporate debt settlement process. Law No. 37 of 2004 concerning Bankruptcy and PKPU provides a clear legal basis for the procedures for filing for bankruptcy and PKPU, as well as the rights and obligations of debtors and creditors.<sup>35</sup> However, in practice, this legal system faces challenges related to high costs that often burden the debtor, especially in bankruptcy cases that require a long time to resolve.

This is an obstacle for small and medium-sized companies that are unable to allocate large funds to cover the costs of the legal process. In addition, although this law regulates the procedures in detail, there is still uncertainty in the implementation of the law that can cause delays in debt settlement. The long process and high costs can make it difficult for companies to optimally

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<sup>34</sup> Meha Middylyne Simbolon and Yosef Felix Sitorus, "Ratio Legis of Bankruptcy and Suspension of Debt Payment Obligations to Fulfil Creditors' Rights," *Jurnal Kajian Pembaruan Hukum* 4, no. 1 (2024): 121-50, <https://doi.org/10.19184/jkph.v4i1.46303>.

<sup>35</sup> Simbolon and Sitorus.

utilize this legal process, which ultimately hinders the economic recovery of the companies involved. This illustrates the importance of improving the procedural system in the Indonesian legal system to make it more efficient and affordable for all parties involved.

For example, in the case of PT Sentul City Tbk (2021), the PKPU application filed by PT Prakasaguna Ciptapratama placed the company in PKPU status, but the process was marked by major obstacles, including time-consuming and costly procedures.<sup>36</sup> This shows the importance of procedural efficiency in bankruptcy law and PKPU, so that companies have the opportunity to restructure their debts more quickly and avoid bankruptcy. Slow processes and high costs can worsen the condition of companies, which should get faster and more effective legal solutions for economic recovery.

Compared to other countries, such as the United States, bankruptcy legal systems such as Chapter 11 provide greater flexibility for companies experiencing financial difficulties to restructure their debts and continue operating without having to face immediate liquidation. This process is relatively faster and the costs involved are lower compared to bankruptcy procedures in Indonesia, which often take a long time and involve high costs, especially for small and medium-sized companies. In addition, in countries such as the UK, the PKPU system is more efficient by providing more room for debtors and creditors to negotiate in restructuring debt.

This is different from Indonesia, where although PKPU provides an opportunity for companies to continue operating, the slow process and high costs often prevent companies from taking full advantage of this opportunity. This difference shows that although Indonesia has a clear legal framework, the challenges of slow procedures and high costs hinder the economic recovery of companies, especially for business actors with financial constraints. Therefore, this comparison shows that the Indonesian legal system needs to improve by adopting best practices from other countries, especially in terms of procedural efficiency and cost reduction, to be more effective in supporting the economic recovery of companies and the economic sector as a whole.

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<sup>36</sup> Syahla Pridehan et al., "Wanprestasi Dan PKPU : Kewajiban Sentul City Dalam Sengketa Kepailitan," *Hukum Inovatif: Jurnal Ilmu Hukum Sosial Dan Humaniora* 2, no. 3 (2025): 52-62.

One important factor in the effectiveness of this legal system is the role of the Commercial Court, which has the authority to handle bankruptcy and PKPU cases. The Commercial Court acts as an institution that ensures that both parties, both debtors and creditors, receive fair treatment and in accordance with applicable legal provisions. However, commercial courts in Indonesia often face major challenges in providing fair and transparent decisions. One of the biggest challenges is the increasing caseload, which causes delays in dispute resolution. This often causes uncertainty for debtors and creditors, which hinders the economic recovery efforts of companies that are struggling to get out of financial difficulties. In addition, court decisions that are often protracted can worsen the situation of companies, because the uncertainty prevents companies from planning recovery steps more clearly. Therefore, the role of the Commercial Court must be strengthened with adequate resources and an efficient system to handle cases more quickly and fairly, in order to support better economic recovery. In addition, how effective the Indonesian legal system is in supporting the economic recovery of companies and the economic sector as a whole depends largely on how bankruptcy and PKPU laws are applied in practice.<sup>37</sup> In Economic Law, it is viewed that the legal system must create economic stability by settling debts and financial obligations fairly. In this case, the application of bankruptcy law and PKPU in Indonesia aims to maintain economic stability by ensuring that the debt settlement process is carried out in a manner that does not harm all parties.

However, inconsistent and slow implementation can worsen economic conditions, because companies involved in bankruptcy or PKPU are often unable to immediately return to normal operations. In the case of bankruptcy, companies that are forced to stop their operations can cause major losses, both for employees, suppliers, and the economy in general. On the other hand, PKPU offers an opportunity for companies to restructure their debts and

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<sup>37</sup> Nabila Tiara Deviana and Ariawan Gunadi, "Legal Protection for Creditors in Suspension of Debt Payment Obligations (PKPU): A Critique of the Implementation of Law Number 37 of 2004 on Bankruptcy," *Jurisprudence* 17, no. 1 (2025): 339–53.

continue operating, which has a positive impact on the company's economic recovery and encourages long-term economic stability.<sup>38</sup>

Therefore, it is important to assess the extent to which this legal system can be applied effectively to support the economic recovery of companies and the economic sector as a whole. In this context, Business Law is also very relevant to analyze the application of law in business relationships involving debt-receivable arrangements, which are very important for the continuity of the company's business. Business law functions to create solutions that can maintain a balance between the rights of debtors and creditors, and support the continuity of the company's business. The Indonesian legal system must be able to provide solutions that are not only fair to creditors but also provide opportunities for debtors to survive in running their businesses. PKPU also highlights the importance of legal mechanisms that provide opportunities for debtors to postpone debt payment obligations and restructure their debts, so that companies can survive and resume operations. PKPU is a legal solution that can reduce the negative impact of financial difficulties faced by debtors, so that the company's economic recovery process can run more smoothly. In this case, business law and PKPU complement each other to provide a clearer picture of how the legal system can create better business relationships and enable faster economic recovery.

Given this, case studies can provide further insight into the application of bankruptcy and PKPU in practice in Indonesia. For example, in bankruptcy cases, a company experiencing financial difficulties and unable to fulfill its obligations can end up with a court decision declaring the company bankrupt.<sup>39</sup> This process usually involves the liquidation of the company's assets to pay debts to creditors. The real impact of a bankruptcy decision is the cessation of company operations, which results in layoffs and losses for many parties, including employees, suppliers, and the local economy. On the other hand, in the PKPU case study, there is an example of a company that has successfully

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<sup>38</sup> Hambali and Supot Rattanapun, "Legal Protection for Concurrent Creditors Reviewed from the Principle of Business Continuity and the Principle of Justice," *International Journal of Law, Public Administration and Social Studies* 1, no. 4 (2024): 455-74.

<sup>39</sup> Peter Sosilo et al., "Fair Legal Protection for Bankruptcy Respondent Debtors," *Batulis Civil Law Review Volume* 6, no. 1 (2020): 1-10.

restructured its debt through the PKPU process and managed to get out of financial difficulties. With the opportunity to postpone debt obligations and restructure debt, this company can continue to operate, increase competitiveness, and contribute to the economy again.

The impact is not only felt by the company itself, but also by related sectors that depend on the company's operations. In this case, PKPU has proven to make a significant contribution to the economic recovery of the company and related sectors. Thus, the effectiveness of the Indonesian legal system in supporting the economic recovery of companies and the economic sector as a whole is greatly influenced by the proper and efficient implementation of bankruptcy and PKPU laws. Although this legal system provides a clear basis for debt settlement and economic recovery, there are still challenges in terms of slow procedures, high costs, and limited resources in the Commercial Court. It is therefore important to continue to evaluate and improve this legal system to be more effective in providing fair and efficient solutions for all parties involved. This will greatly affect the continuity of the company's business and the overall economic recovery, which in turn supports the stability of the national economy.

## Conclusion

The implementation of bankruptcy law and PKPU in Indonesia has a significant impact on the continuity of corporate business. Bankruptcy, which focuses on asset liquidation, tends to worsen the condition of the company, while PKPU provides an opportunity for debtors to restructure debts and maintain the company's operations. Although these laws offer solutions for economic recovery, challenges such as lengthy procedures, high costs, and limited court efficiency hinder rapid recovery. Therefore, improvements in the legal system and increased court efficiency are urgently needed to support more effective economic recovery and corporate business continuity.

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