



Opportunities and challenges of implementing the legal policy of the warehouse receipt system in improving farmers welfare and food security

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Abstract

Aim: During the peak of the harvest season, falling prices are a common issue for Indonesian farmers. Farmers had exhausted their ability to store their crops due to insufficient funds and a lack of storage space. In most cases, intermediaries and loan sharks will take advantage of this situation for financial gain. This research defines the novel concept of warehouse receipts as a marketing model for agricultural commodities and examines its potential benefits for farmer income and family nutrition.

Methodology: The investigation used a literature review of various books, statutes, and regulations, as well as a study of judicial decisions and advice from experts in the field. In-depth interviews were also a part of the research team's efforts on the ground. For their field studies, researchers can choose between interviewing government officials or local community members.

Findings: According to the research results, the government's SRG policy, which was developed with the farmers' well-being in mind, had resulted in the farmers receiving legal protection, both in terms of guarantees in banks and other financial institutions and in terms of legal protection for farmers making use of the warehouse receipt system to obtain bank loans backed by guarantees. Transferring warehouse receipts and security in the form of invoices raised is possible; second, the government policy still encounters obstacles in its implementation. Several factors act as roadblocks, including :

- (1) Farmer's lack of awareness regarding the availability of warehouse receipts.
- (2) The large number of middlemen relying on warehouse receipts leads to an overestimated inventory.
- (3) Internal banking regulations limit warehouse receipts as collateral because banks are wary of the potential decline in asset value.

Implications/Novel Contribution: This article looks at the latest developments and discusses their benefits and drawbacks. Food supply chain management is its primary area of expertise, including inventory management, shipping, demand forecasting, and warehouse receiving. Financial institutions would rather have investments in real estate or other tangible assets whose value is stable or expected to rise over the next few years. To better the farmers' lot, it is necessary to have federal and state governments step in and make it so that banks feel safe lending money with warehouse receipt guarantees.

Keywords: Agri policy, Warehouse receipt system, Farmers, Food security, Welfare of farmers

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INTRODUCTION

Invoices, which are essentially contractual securities backed by the underlying stock, play a significant role in the markets and industries of most governments that are responsible for manufacturing (Blue, Trauger, Kurtz, & Dittmer, 2021). The agricultural stock market benefits greatly when farmers and corporations convert their surplus of farm products, intermediate, or finished goods into a readily marketable item. Since warehouse invoices qualify as debt securities, they can be bought, sold, used as collateral for debt, and recognized as payment against other financial instruments. Many developed and developing countries cannot use warehouse invoices due to the social structural flaws listed below.

- Due to government participation in the commodity sector, there are few opportunities to establish commercial buffering.
- Weak enforcement, legislative, and organizational framework to sustain a warehousing invoicing structure
- The government's corporate group, particularly its financial system, has little or no experience with invoices raised.

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The government created a Commodity Auction Market, People's Business Credit, and Warehouse Receipt System (collectively referred to as SRG) to address the issue (Astarini, Pharmawati, Defiani, & Siddique, 2020). Farmers aren't as pressured to sell their harvest right away, thanks to the SRG, because they can still keep their crops in approved storage facilities and use the receipts as collateral to secure bank loans. The farmers can sell their products, pay off their debt, and keep whatever is left over once the market price has increased.

The SRG "makes it simpler for farmers to engage in trade transactions without transporting agricultural products to each new location" by allowing them to use a document known as a Warehouse Receipt. Inventories receipts can be used to make trading decisions, send products to other locations, build credit, and retrieve products from the warehouse (Astuti & Bawono, 2021). Stock exchanges and other markets outside of stock exchanges (the Commodity Auction Market and the Main Market, respectively) facilitate warehouse receipts trading. For the sake of safeguarding transportable goods used in the cultivation of food, plantation, and fishery crops stocks, the Beneficiary Assurance Network has progressed to the point where the Warehouse Receipt Guarantee Method can be implemented (Coulter & Onumah, 2002; Giwanatara & Hendrawan, 2021).

Autonomous guided trucks are just one example of the basic general technology that can be a huge help in warehouse management and the smooth movement of goods (AGV). With AGV implementation, it is possible to increase productivity while decreasing costs associated with labor and materials. Using AGVs to transport goods has many benefits. Still, one of the most important is that they can be directed where to go, allowing for more flexible layouts in production and storage facilities (Jagtap et al., 2021; Raj & Singh, 2020).

Banks, non-bank financial services, and traders searching for derivative products to settle overdue obligations can contribute to agricultural financing through SRG. Because of this, warehouse receipts can be traded more frequently, increasing the volume of trade and financial transactions, which is expected to boost national economic growth and improve farmer welfare (Fanzo & Davis, 2021).

Currently, no legislation allows harvested goods from small farmers to be used as credit collateral. Progress has been made toward resolving these problems since the passage of Law No. 9 of 2006 regarding the Automated Storage and retrieval Program, as amended by Law No. 9, of great impact on students. Modifications to Law No. 9 of 2006 regarding the Invoice Scheme (SRG Act) (Number) are essential in making sure. Most of Indonesia's SRGs are implemented in Java, while only one can be found in Barito Kuala Regency, South Kalimantan Province. This is even though Kalimantan is the largest island in Indonesia (Hendra, 2021).

The province of South Kalimantan is home to 191,022 hectares (ha) of wetlands, primarily in the form of peat swamps; these wetlands are concentrated in the regency of Barito Kuala, which has a total area of 99,234 ha, but only 85% of this land is put to productive use. Internal constraints of tidal wetlands of peat swamps in the form of physical, chemical, and water management characteristics that do not support farming activities account for 15% of the area that is not cultivated on a farm scale; these characteristics include inhibiting physical properties related to shrinkage, thickness, and physical condition of the land (Ferrianta & Fauzi Makki, 2015). Soil acidity and poor soil hygiene are linked to the inhibition of chemical properties in the soil, while inundation variations are linked to the inhibition of water management. Infrastructure readiness, stakeholder coordination in the warehouse receipt system, and commodity selection are just a few factors influencing the SRG's evolution (Hutagalung, 2009).

The SRG is feasible in theory and has the potential to benefit all parties involved, most notably the end users (farmers). However, the growth in the number and value of warehouse receipts issued by warehouse managers during the 2008-2014 period shows that implementation of the SRG was relatively slow, as determined by the results of secondary data tracing. In 2008, when the SRG first began operations, 16 warehouse receipts (RG) were issued with a total value of Rp1.43 billion; in 2014, 596 RG were issued with a total value of Rp124.97 billion (Sofyan & Soedewi, 1980). The amount of GM is negligible compared to the overall volume and value of agricultural commodities. Even though the SRG Law allows for storing a wide variety of commodities, the types of commodities being stored are largely limited to grain, rice, corn, and coffee.

Problem Statement

The main barrier to developing Warehousing invoice processes in Indonesia is the limiting features of the political landscape. The article describes possible solutions to this problem, the most important of which is gaining support for the program from key stakeholders, drawing on lessons learned from recent projects in Indonesia

(Coulter & Onumah, 2002). This article examines how improving the efficiency of farm products in Developing and emerging nations by creating a standardized warehousing invoicing system for small farmers can benefit Indonesia's sustainable economy. It provides theoretical and contextual significance to this study by compelling the need to investigate Indonesia's current warehousing invoices system related to this weird occurrence. The importance of this study cannot be overstated; not only does it represent a major step forward for innovations in the Indonesian agro-business model, but also an important step forward in a regional and developing country context.

LITERATURE REVIEW

A Model Policy for Improving Farmers' Livelihoods in Indonesia Based on a Warehouse Receipt System. Land delivery systems include mechanisms for issuing, distributing, guaranteeing, and compensating for automated storage and retrieval activities (van Delden et al., 2021). On the other hand, a Warehousing Invoice is a document issued by the Logistics Manager to verify ownership of stored goods. All commodity owners who deposit their goods at a warehouse are given Warehousing Receipts. The manager creates a Warehousing Invoice for each storing goods after the owner has dispatched the products (Tsary & Suryono, 2020).

The bank serves as the Conformity Assessment Agency and has been designated as the Warehouse Manager due to its status as an accredited institution with legal incorporation. After harvesting their crops, farmers often keep some of their goods in a warehouse, which a warehouse manager oversees. This manager is a separate legal entity whose responsibility is to ensure that the goods stored in his warehouse are of sufficient quality and in good condition. This Warehouse Manager issues warehouse receipts, which are "documents stating the existence of an item that is stored in actual quantity or quality" (Wall, 2021). After the Adjustment Agency has re-evaluated the certificate or document, it will be returned to the owner of the items stored in the warehouse. The people in this role are responsible for carrying out a series of objectives to determine whether or not certain criteria for products, processes, technologies, or people have been met. In addition to identifying the owner of the goods, the quantity, type, and value of the goods held, the institution will also certify the method used to evaluate the goods and the time period in which they were produced. And it is the responsibility of this department to guarantee that the products are in accordance with the terms of the license (van Delden et al., 2021).

The goods stored in the warehouse are the property of the person holding the warehouse invoice, which can be transferred to another person or entity if necessary (Spiker, Reinhardt, & Bruening, 2020). When moving warehouse invoices, the receipts are used as a reference point. A cession is used to transfer warehouse receipts issued in the name of the warehouse, while an endorsement is used to transfer warehouse receipts issued to fulfill customer orders. It is also required that the transferor notify the Institute for Enrollment whenever a warehouse receipt is transferred (Sofyan & Soedewi, 1980). In this context, "Institute for Enrollment" refers to PT. Kliring Berjangka Indonesia is a legal entity authorized by the Monitoring Agencies to record, store, transfer books, own, impose guarantee rights, report, and provide information systems and networks for warehouse invoices and warehouse receipt derivatives (Persero). Meanwhile, the party that receives the warehouse receipts transfer is responsible for notifying the Institute for Enrollment and Warehousing Manager of the warehouse receipts' binding (Spiker et al., 2020).

If the Warehouse Receipt is misplaced or destroyed, the Warehousing Invoice Holder can ask the Warehouse Manager to issue a replacement invoice by citing the setiyonoregulation (Setiyono, Susanti, Khoidin, & Santoso, 2019). The Warehouse Receipt that was replaced has the same validity as before. A notarized or authentic deed is used to transfer a warehouse invoice for legitimacy reasons (Salim, 2004). At the same time, Warehouse Receipt on Order transfers is completed through the endorsement and submission of Warehouse Receipt documents (Sajimin, Asikin, & Suhartana, 2019).

Because of the liquidation of a corporate organization that was once an automated storage and retrieval holder, such as the owner of products poverty, warehouse receipts may be transferred due to inheritance, grants, purchases, and/or other causes justified by law (Rob & Cattaneo, 2021). Invoices for warehouse services can be used as collateral or compensation for members.

Warehouse Receipt Derivatives include, but are not limited to, futures contracts on Warehouse Receipts, options on Warehouse Receipts, the Warehouse Index, discount securities based on Warehouse Receipts, and any other Financial Instruments that are Derivatives of Warehouse Receipts. Whether on or off the stock market,

Warehouse Receipts and their derivatives can be traded (Sofyan & Soedewi, 1980). On the other hand, warehouses are permanent structures designed to be inaccessible to the general public and used solely for storing goods that can be sold on the open market and that meet the Secretary's other requirements (Putra & Kansil, 2020). To function as a warehouse in a warehouse invoice system, a facility must conform to certain technical standards as a place to keep products safe and secure (Patria, 2020). BUMN-owned (or operated) warehouses (like Bulog warehouses) and private warehouses are both acceptable options.

Most of the time, a good is a portable thing that can be kept for a long time and traded (Nurliristiwa, Azheri, & Razak, 2020). As for what is meant by "mixed goods," these are usually or naturally thought to be the same in trade, have the same unit size, and can be stored together. Most of the warehouse receipt system goods come from farms, fisheries, and plantations (Salim, 2004).

Warehouse receipt holders are people who own the goods or get more transfers from those who own the goods or who get more transfers from those who own the goods or get more transfers. Because warehousing receipts are securities that can be sold and traded often, the person who bought them most recently has the most right to the goods stored in the warehouse (Sajimin et al., 2019).

The warehouse manager is in charge of storing things in their own and other people's warehouses. This person also stores, maintains and manages the things that the owner of the products stores and manages. The warehouse manager can only give out warehouse receipts (Number). The warehouse manager must be a legal organization with permission from the Supervision Agency. State-Owned Enterprises (BUMN) like PT Bhandra Graha Reksa, Perum Bulog, PT Pertani, PT Sang Hyang Sri, PT Indonesian Trading Company, PT Pelindo, and others can be accredited, warehouse managers. The warehouse manager can also be a private company or a cooperative, like PT Bogasari or Wicaksana Distribution Company (Rob & Cattaneo, 2021).

Guarantee rights on warehouse invoices are a form of collateral rights placed on warehouse receipts in exchange for the repayment of the debt, giving the holder of the guarantee rights priority over other lenders (Mardia, Rukmana, Mahyuddin, Fachrie, & Hastuti, 2021). As the payables agreement is the primary agreement, the guarantee rights agreement is an addendum to it (Nugraheni, 2018). Only one debt guarantee per warehouse receipt can be issued. As proof of ownership, warehouse receipts can also be used to secure a loan without the need for additional collateral (Lacroix & Varangis, 1996).

If you want to impose assurance obligations on invoices you raise, you can use a guarantee rights agreement contract (Anitasari, 2015). The guarantee right agreement deed must be made before a notary public to be valid. If the person granting the guarantee rights defaults, the guarantor may resell or resell the guaranteed item under the guarantor's authority (Gunawan, Kuwornu, Datta, & Nguyen, 2019). Selling the collateral for the Guarantee through the Parate Executive is analogous to selling the object of the Guarantee for warehouse receipts on one's power without seeking court fiat.

Subekti claims that Parate Executive is "carrying out" or "taking" his right because he is attempting to sell the goods as collateral without involving a judge (Hanım & Noorman, 2020). Execution by the holder of the security right (pawn and mortgage) without the assistance or interference of the District Court and instead relying solely on the assistance of the State Auction Office (Hidayah, Nasyi'ah, & Jundiani, 2019), as stated by Tartib Parate Executive. Meanwhile, implementation of the Parent Executive is the simplest and least time-consuming way for creditors to recover their debt when the debtor is in default, as stated by Herowati Poesoko (Rabbi, Oláh, Popp, Máté, & Kovács, 2021). This means that in the event of the borrower's failure, the lender can execute the object of the guarantee without first obtaining a fiat from the Head of the District Court, making for a more streamlined and cost-effective process. The term "Parate Executive," derived from the Arabic word "paraat," indicates that the power to sell the collateral in public rests with the creditors, just as if they owned the property outright Hariyani (2017).

The minister oversees trade-related government matters in the warehouse receipt system, also known as the Minister of Trade. The Warehousing Invoice System Supervisory agency is a government-reporting agency with authority to issue orders. Rules and guidelines for receiving goods at a warehouse (Number). The regulatory body responsible for overseeing storage charges is the Commodity Futures Trading Supervisory Agency (Number).

Warehouse invoicing also refers to a term called "Conformity Assessment Agency," which refers to an "officially recognized educational organization" that "conducts a set of actions to assess or show that certain

requirements concerning items, services, and/or personnel have been met" (Rabbi et al., 2021).

The Warehouse Receipt System Supervisory Agency has delegated authority to the Warehousing Invoice Registration Center, a legal entity, to manage the recording, storage, book-entry, ownership, imposition of security rights, reporting, and provision of information systems and networks related to Warehousing invoices and Warehouse Receipt derivatives (Nugraheni, 2018).

As stated in the Explanation of the SRG Law, the goal of the law is to "continue providing clarity, assure and defend the public interest, smooth flow of goods, the efficiency of goods expenses, and the opportunity to produce a more encouraging regional economy at the rate at which the country is developing" (Nurliristiwa et al., 2020).

To accomplish this, it will be necessary for the Commodity Auction Market to work in tandem with the SRG's central administration, local governments, and supporting industries. For the SRG to embody Pancasila and the 1945 Constitution as a pillar of national economic development based on kinship according to the foundations of economic democracy (Nicastro & Carillo, 2021).

The purpose of implementing the SRG is expressed in the preamble to the SRG Law, which reads:

1. Whereas the Warehouse Receipt System, based on Pancasila and the Republic of Indonesia's 1945 Constitution, aspires to increase society's welfare through equality;
2. Whereas to meet the needs of business actors in the Warehouse Receipt System sector, it is necessary to regulate the Warehouse Receipt Guarantee Agency;
3. Although, in light of the factors mentioned in symbols a and b, it is required to establish a Law on Warehousing Invoice Systems;

Farmers, financial institutions (banks and non-banks), the government, rural communities, and investors are all directly positioned to reap benefits from the SRG's implementation beyond its overarching goals and aims. Warehouse receipts (warehouse manager/issuer, Warehouse Receipt Registration Center, Conformity Assessment Agency, and BAPPEBTI), Commodity Futures, and traders in the Commodity Auction Market.

The application of the SRG can also provide the following benefits:

1. Helping small farmers overcome post-harvest cost difficulties;
2. Freeing farmers from loan sharks;
3. Maintain price stability for agricultural/plantation/fishery commodities;
4. Adding types of collateral or credit collateral;
5. Facilitate trading transactions of agribusiness commodities;
6. Increase the value/volume of trade transactions through the sale and purchase of Warehouse Receipt Derivative products through the stock exchange or outside the stock exchange;
7. Simplify and improve the monitoring system for national commodity stocks;
8. Improving the quality of agribusiness commodities for export purposes;
9. Encourage farmers to improve the quality of their harvest according to standards;
10. To promote the rural and people's economy sectors;
11. Empower the micro-business sector, small businesses, and small farmers/fishermen to advance the national economy in general;

The Commodity Futures Trading Supervisory Agency (BAPPEBTI) claims that farmers, businesses, banks, and the government can all benefit from implementing the SRG in Indonesia. Among these advantages are the following: (Serfiyani, Purnomo, & Hariyani, 2021).

1. Commodity price management and consistency. Through a year-long selling capacity, this mechanism helps to stabilize market pricing;
2. Company equity is secured. Owing to monetary organization funding, resource producers have startup capital for long-term development;
3. Banks need to be more flexible when it comes to lending. The development of competition for bank loan administration has improved the bank of the United States. In many jurisdictions, the SRG is regarded as a risk-free credit information tool;
4. Efficiency maintained. Because investment is already guaranteed for farmers/manufacturers, commodity product assurances become more assured;

5. National stock monitoring. Through the SRG's integrated data and information network, this system aids in the development of the administrative ability to track and produce in response stability;

6. Monitoring of product transportation. This approach helps organizations and governments enhance commodity integrity, product safety measures, ecological management, illegal resource trafficking prevention, and so on;

7. Security of industrial raw materials. SRG is an integral part of the industrial marketing system that is developing in the country;

8. In addition to the budget, the state may benefit financially from automated storage and retrieval trades.

Comprehensive, integrated, and accelerated efforts by all stakeholders of the Indonesian economy are necessary to realize the basics of achieving the benefits (a means to an end goal) of implementing the SRG, which is intended to aid in the attainment of the objectives, of the SRG that can optimally promote national development. Building a conducive environmental carrying capacity for agricultural commodities and products; establishing a recognized infection and certification system; developing maximum market functions and mechanisms for trading commodities/agricultural products related to the SRG; achieving legal certainty through statutory regulations, regulations, and institutions that support the creation of an SRG performance guarantee (Mardia et al., 2021).

METHOD

After delivering goods to an authorized warehouse, the farmer will receive a warehousing invoice that can be used as collateral for short-term financing to acquire cash flow. Therefore, farmers can take their time before selling their produce to ensure financial stability (Coulter & Onumah, 2002). However, this option is attractive only if farmers expect consistent price increases, which would make storing food and selling it later economically viable. However, regulated price controls are often constructed in ways that prevent these outcomes from occurring. Instead, states usually preset incentive payments for most of the time among crops, and they are set equally across the state to reduce price increases and "stabilize marketplaces."

Judicial case law analysis was used as an investigative method, complemented by counsel from experts in the field. By reading a bunch of books and looking at some statutes and regulations, you'll have a good start on your literature review. The study also included in-depth interviews conducted by the research team on the ground. During fieldwork, researchers can choose between interviewing government officials or local community members. Results from the study (Zakić, Kovačević, Ivkov, & Mirović, 2014). First, from a legal perspective, the SRG policy enacted by the government for the benefit of farmers has provided legal protection for farmers, both in terms of guarantees in banking institutions and other financial institutions and in terms of legal protection for farmers who use the warehouse receipt system for disbursing bank loans with guarantees. Invoices generated in the warehouse can be used as collateral; Second, there are still difficulties in putting government policy into practice (Jameaba, 2021).

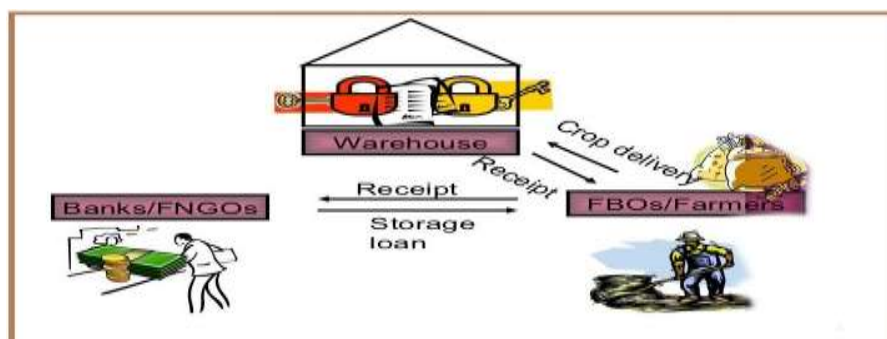


Figure 1. Research results

RESULTS AND DISCUSSION

Warehouse managers, warehouse receipt system supervisory bodies, conformity assessment bodies, and warehouse registration centers are all examples of warehouse receipt institutions. These groups are essential to the

survival of the country and the legitimacy of the warehouse receipt system. In accordance with the SRG Law, the following institutions and individuals have the following responsibilities and roles in the warehousing invoice:

1. Warehouse Manager

A warehousing manager is a person who manages a warehouse firm, whether it is their own or someone else's, and is responsible for the collection, preservation, and monitoring of products are stored by the owner of the goods, and the warehousing supervisor has the authority to give warehousing invoices. (Putra & Kansil, 2020). The warehouse manager must be in the form of a legal entity that has received approval and approval from the supervisory agency. Provisions regarding this warehouse manager are further regulated by government regulations.

2. Conformity Assessment Agency

A conformity institution is defined as "an accredited institution that carries out a series of activities to assess or prove that certain requirements relating to products, processes, systems or personal are met". Accreditation will be carried out by the warehouse receipt supervisory agency. This organization will provide certificates for products that include the following details of production, the identity of the goods' owner, the quantity, kind, and value of product held, and the process of evaluating the items, among other characteristics. This institution is responsible for the conformity between the situation of the products and the conditions printed in the registration, as well as the period of survival of an item.

3. Warehouse Receipt Supervisory Agency.

To oversee the automated storage and retrieval process, the minister has delegated authority to a specialized agency known as the warehouse receipt system supervisory agency (in the future referred to as the "warehouse receipt system supervisor"). Bappebti was in charge of the supervisory body's duties, powers, and responsibilities, before it was established (van Delden et al., 2021).

Institutions such as commercial banks, non-bank financial institutions, and futures traders can apply for certification from the Warehouse Receipt Supervisory Agency in the roles of Warehouse Manager, Conformity Assessment Agency, and Registration Center. Any person or organization that it believes may violate the Law or the rules promulgated to implement the Law can be subjected to examination and investigation at its behest.

4. Warehouse Receipt Registration Center

The Registration Center is a government-sanctioned organization with authority to handle warehouse receipts. The provision of systems and information networks, as well as their recording, storage, transfer, imposition of guarantee rights, reporting, and so on, are also included.

LEGAL PROTECTION FOR FARMERS AGAINST GOVERNMENT POLICY REGARDING WAREHOUSING INVOICE NETWORK AS BANKING CREDIT GUARANTEE

In addition to the SRG Law, Bank Indonesia Regulation (PBI) Number 9/6 / PBI / 2007 concerning the Second Amendment to PBI Number 7/2/2005 concerning Assessment of General Asset Quality effective from April 2, 2007, also governs the use of warehouse invoices as collateral for bank credit.

Farmers can use warehouse receipts alongside real estate and personal property when applying for new loans, thanks to the SRG regulation enshrined in PBI 9/2007. Farmers can apply for working capital loans from financial institutions with the help of warehouse receipt documentation. Collateral in the form of a house or land can take a long time to sell, whereas collateral in the form of a warehouse receipt (such as grain, rice, or corn) can be sold quickly and easily. An additional perk of warehouse receipt collateral is that it is subject to a more stringent legal rule regarding the sale of bad collateral on the power of creditors (guarantee rights recipients) without fiat or court order, otherwise known as the Parate Executive (Navarra & Pellizzoli, 2021).

The SRG Law also says that warehouse invoices can be sent, used as a form of financial protection, or used as a program will improve. This is the legal basis for using warehouse invoices as collateral for debt or credit. It says that warehousing invoices as proof of ownership can cover all debts without any other security. In other words, warehouse receipts can be used as principal collateral.

The Warehouse Receipt Guarantee Rights Agreement comes after a debt agreement, which becomes the main agreement. Also, each warehouse receipt can only be used to guarantee one debt. The person who gets the rights to the warehouse invoices must tell the Registration Center and Warehouse Manager about the Warehouse Receipt binding agreement as a guaranteed right. Guarantee rights must be put on warehouse receipts with a

guarantee rights agreement deed signed before a notary (Legate, Hair Jr, Chretien, & Risher, 2021).

The credit guarantee agreement with warehouse receipts is a follow-up agreement to the main agreement, which is the payable agreement between creditors and debtors or the money lending and borrowing agreement. By law, if the main agreement (the "payable and receivable agreement") ends, so does the "credit guarantee agreement with warehouse receipts." The Banking Law says that one of the ways the prudential banking principle is put into practice is in the way credit is given (Kosali, 2020).

Concerning the debt guarantee, the SRG Law says that debtor customers can use warehousing invoices as security when applying for credit from banks without putting up any other collateral. However, most banks have different ratings and terms for lending money (Self Regulator Banking Principle).

When deciding what land to use as collateral for a loan, banks prefer land whose selling value will go up in the future. As long as the warehouse receipt system works well, there is nothing stopping banks from accepting warehouse receipts as collateral or credit guarantees. This needs the support and trust of everyone involved and the infrastructure to run this warehouse receipt system as collateral or collateral when giving out credit (Lacroix & Varangis, 1996).

Credit backed by the warehouse receipt system is an example of an unsecured loan (Unsecured Loan), which is defined as "the granting of credit without the provision of material collateral (physical collateral)" and is extended only to vetted borrowers who have proven their reliability in financial and commercial dealings. These credit extensions are commonplace in modern banking (Januar, Bakri, Sulistyarini, & Santoso, 2021).

A warehouse receipt system is a material guarantee that takes the form of absolute rights over an item, which anyone can maintain, always follow the object (*droit de suite*), and can be transferred to another party.

Material guarantees may incorporate warehouse receipts. The warehouse receipt holder has the right to the items stored in the warehouse as evidenced by the warehouse invoice they carry and as transferable to another person (Setiyono et al., 2019), and is thus included in the material security. Warehouse receipts are converted to their original form before being transferred. Cessie is used to transfer warehouse invoices issued in the warehouse's name, while endorsement is used to transfer warehouse receipts issued in response to customer orders (Jameaba, 2021).

Material guarantees and warehouse receipt guarantees follow the principle of prioritization, which is written into the SRG Law. This means that there is only one creditor for every warehouse receipt issued and used as collateral for a debt. At the same time, each warehouse receipt can be used as full collateral for a loan without any other collateral. This way, the amount of credit given matches the value of the guarantee. This ensures that no one will ask for the proceeds from the sale of collateral objects through public auctions or direct sales of other collateral objects (Hendra, 2021).

The guaranteed right to warehouse receipts is a guarantee that has been agreed upon or comes from an agreement because of a special agreement. Aside from the guarantee that comes from a contract or agreement, the guaranteed right to warehouse receipts can be considered material security. This is because warehouse invoices, proof that items were stored, are used as collateral.

The right to warehouse receipts has been mentioned as one of the guarantees of materiality. This means that it has to do with property law. This way, the guaranteed right of warehouse receipts can be considered material rights that provide guarantees. This is clear from how the SRG Law is written, which says:

Collateral rights imposed on warehouse receipts for debt repayment, known as security rights or guarantee rights, provide the recipient with priority over other creditors.

Creditors are given priority over other creditors when collecting receivables from an object secured by a warehouse receipt security agreement. This security right is a material right that provides guarantees that occur over objects in the form of warehouse receipts belonging to the debtor for repayment of debts to creditors (Fanzo & Davis, 2021).

There is a connection between the law of property and the guaranteed right of warehouse receipts, which is why it is included in the list of material guarantees. Rights over tangible objects are based on property law principles, codified in the Civil Code. This means that the law theory of material security can be applied to the analysis of warehouse receipts as legal guarantees.

"When the Creditor and Warehouse Receipt Holder have established a reliable working relationship, the Creditor may decide it is unnecessary to retain the Guaranteed Right and release it to the Holder. After this happens, the Warehouse Receipt Holders get the guaranteed Warehouse Receipt back from the Creditor, who no longer has the right to it".

It is clear from this clause that the Creditor will be deemed to have abandoned the guaranteed right, and the warehouse receipt will be canceled if the Creditor returns the warehousing invoice subject to the guarantee rights to the debtor, the warehouse receipt holder. Warehouse receipts as collateral (encumbered with guarantee rights) must be submitted to or under the Creditor's control, as evidenced by this provision and the clarification of the SRG Law. The guaranteed right is nullified if the warehouse receipt is not presented to the Creditor or if it does not receive it (Kosali, 2020).

The wording of these articles makes it clear that the guarantee rights provisions outlined in the SRG Law are absolute and cannot be deviated from. In other words, from the Creditor's perspective, the guaranteed right of warehouse receipts is compelling from the perspectives of both the transfer and guarantee processes.

The guaranteed right of warehouse receipts described above is a guarantee of property under Civil Code provisions and is consistent with the principles of material security. The SRG Law's reference to guarantee rights for warehouse receipts requires attention to the principles of material security rights, including that such rights can only be borne on warehouse receipts and cannot be imposed on objects other than warehouse receipts. The warehouse receipt holder gives guarantee rights for warehouse/debtor receipts to the bank or non-bank financial institution that is the Guarantee rights for warehouse/debtor receipts recipient/creditor. A guarantee rights agreement deed in the form of a warehouse receipt is proof of a guaranteed right.

Collateral rights for warehouse receipts are strengthened when the guarantee rights agreement deed is delivered to the Warehouse Manager and Registration Center.

Both the discharge of the principal debt secured by the guaranteed right and the release of the guarantee right on warehouse receipts by the collateral recipient of warehouse receipts result in the cancellation of the corresponding collateral rights (creditors). After written notice from the guarantor rights of warehouse receipts (creditors) to the guarantor rights for warehouse receipts (debtors), the warehouse receipts are sold at public auction or through direct sales under the authority of the recipient of the guarantee rights (Wall, 2021).

Invoices for storage services can be issued, transferred, guaranteed, and settled using the automated storage and retrieval system (Serfiyani et al., 2021). Warehouse receipts, meanwhile, are official documents issued by the Warehouse Manager attesting to the owner's right to the goods stored there. Government Regulation No. 36 of 2007 (as amended on June 22, 2007) and Regulation of the Minister of Trade No. 26/ M-DAG/PER/6/2007 (relating to goods that can be stored in the Warehouse Receipt System) are still referred to and referenced in the Implementing Regulations. Additionally, as stated in the amended Bank Indonesia Regulation (PBI) No 9/6/PBI-2007, warehouse receipts are accepted as a guarantee for credit by Bank Indonesia (BI). Professional Evaluators of the Quality of Assets as of April 2, 2007.

These days, businesses and retailers store more items than just food. Warehouse receipts are widely used in developed nations such as the United States (for cotton, wheat, soybeans, peanuts), Canada (for grains), the United Kingdom (for tin), the United Arab Emirates (for gold, BBM), South Africa (for maize, wheat), Tanzania (for coffee, cotton), Brazil (for agricultural and livestock goods), India (for cotton, soybeans, coffee), and the Philippines (for grain, maize, coffee), among others.

Since warehouse receipts are securities that can be used as collateral for credit at banks or other financial institutions, it has been confirmed that no other collateral is required when applying for credit at banks in cases involving warehouse receipts by (Salim, 2004) SRG Law.

As a warehouse receipt credit guarantee assures creditors that certain high-quality goods will be available without physical testing or verification, warehouse receipts issued by warehouse receipt managers describe the goods. They include the value of the goods based on the market price when they were put into the warehouse. Also, a certificate will be given for goods or commodities. This certificate will include, among other things, the type and amount of goods, the method of testing the general goods and the quality level and a class of goods, as well as the quality period of the goods. So, the creditor can find out how the goods in the warehouse are doing without the

warehouse manager having to test or prove the condition of the goods (Sajimin et al., 2019).

For binding, warehouse receipts are better than new collateral agencies. In addition to the easy procedure, low cost, and quick time, the execution is also easier, but there are still problems. Having warehouse receipts in the power of creditors gives creditors legal certainty about getting their money back and makes execution easier. So, warehouse receipts have economic and legal value (Nicastro & Carillo, 2021).

When warehouse receipts are used as credit collateral, the guaranteed value is the value written on the warehouse receipt certificate, both on order and behalf if it is in script form and electronically if it is in scruples form. Also, warehouse receipts can be indirectly included in the bank credit guarantee by using the number of loans that creditors give to debtors who pledge warehouse receipts as collateral as a criterion. The Conformity Assessment Agency does verification of warehouse receipts. This accredited institution does several things to check or prove that certain requirements for products, processes, systems, or people are met. Then issue a warehouse receipt certificate (Sofyan & Soedewi, 1980).

Warehouse receipts are very clearly collateral for goods where the object of collateral is commodity goods stored in warehouses by the Warehouse Management Institution according to the warehouse receipt issuance procedure described above when used as credit collateral at banking institutions. You can get a line of credit from a bank by pledging warehouse receipts and proof of ownership for commodities stored in a warehouse and managed by the warehouse manager (Nurliristiwa et al., 2020).

The SRG Law specifies that judicial warehouse receipts are sufficient collateral for obtaining credit without additional collateral (Number). Besides that, warehouse receipts, in terms of their legal position as collateral, are good guarantees in juridical and economic aspects and provide legal certainty for debtors and creditors. The most important thing is that the institution of guarantee rights over warehouse receipts is a new independent guarantee institution. And different from other existing guarantee institutions such as mortgages, liens, fiduciaries, and mortgages. The policy governing the warehouse receipt system should ideally safeguard farmers against a drop in grain price upon harvest arrival.

CONCLUSION

Farmers, businesses, banks, and the government can all benefit from the SRG in Indonesia. To get the most out of the SRG's benefits, which can help national development in the best way, everyone involved in the Indonesian economy needs to work quickly, together, and comprehensively on the basics of getting the benefits (the means to the end goal) of putting the SRG into place. To get the most out of the SRG, it is important to develop maximum market functions and mechanisms for trading SRG-related commodities and agricultural products and create an environment supporting them. So that the goals of implementing the SRG can be met, such as helping small farmers deal with the problem of high costs after harvest, freeing farmers from moneylenders, increasing small farmers' income by letting them sell their crops when market prices are high, and keeping agricultural, plantation, and fishery commodity prices stable.

Internal banking regulations still limit the use of the warehouse receipt system for credit guarantees. This is because warehouse receipt guarantees for several banks have not met the criteria that the bank wanted. However, the SRG Law regulates warehouse receipts and says they can be used as collateral credit without any other collateral. To follow the self-regulatory banking principle when making credit offers, the object used as collateral must meet the criteria that can be seen from the point of view of the interests of both the creditor and the debtor, both from a legal and an economic point of view.

Limitation and Future Research Directions

As a result of its sample size and focus on the agricultural landscape and regulations in Indonesia, this study has limited generalizability. Despite the constraints, it's admirable that they're trying to illuminate a poorly understood but critically important area that could affect the livelihoods of billions of farmers worldwide but has received relatively little attention. One of the most pressing issues in the area of study is food security, and this study sheds important light on the topic. Future researchers may compare Indonesia with these other countries to learn from the experiences of other ASEAN countries and developed countries.

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