

Studies on Chinese Farmland Use Rights Transfer System

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Abstract This is an article involved in risks, right and interest of 642.2 million (China National statistics 2013) Chinese farmers in land transfer process, it describes the use of the way of economic development and reform of rural land under a typical government -driven economic system. Chinese rural land transfer is another one of major changes in rural land system, there exist a number of drawbacks such as a binary power Chinese land system, market access inequality, malpractice premium distortions and unfair distribution of value-added benefits, etc. To get rid of these demerits, the purpose of this article is to explore and lay a foundation before China imminent introduction of the rural land-based unified registration system. Based on changes, and also the status of farm land use right transfer system analysis, a field investigation is conducted and some correlated factors affecting China's land transfer are found by empirical analysis, and also recommendations made to promote the reform and transfer of farm land use rights.

Keywords Farmland Use Rights, Land System Changes, Land Transfer

1. Introduction

A. Framework of the Paper

This article comprises three parts: 1. analysis of changes & current situations of China agricultural land use right transfer system; 2. positive analysis of land use right transfer effects; 3. reform & suggestions for promoting farm land use rights transfer system. The article involves in risks, right and interest of 642.2 million Chinese farmers in land transfer process, it describes the use of the way of economic development and reform of rural land under a typical government -driven economic system. The purpose of this article is to explore and lay a foundation before China imminent introduction of the rural land-based unified registration system. A field investigation is conducted and some correlated factors affecting China's land transfer are found by empirical analysis, and also recommendations made to promote the reform and transfer of farm land use rights. At present, it is of importance for China to promote and regulate the rural land contract management rights

transfer, achieve a modest scale farm business, promote farm restructuring as well as increase farmers' income level.

B. Chinese Farmland Use Rights Transfer System (CFURTS)

1. The Transfer of Land Use Rights

According to the 19th article in the "People's Republic of China Provisional Regulations on Land Use Right Transfer", the transfer of land use rights refers to the land user to transfer land use rights behavior, including the sale, exchange and gift. Without the terms and conditions in the land transfer contract to invest the development of land use, then the land use rights shall not be transferable.

2. The Land Use Right Transfer Tax

The assigning party shall hold responsible for paying the following taxes: sales, city maintenance and construction, education surcharge, land value-added, corporate income, deed and stamp.

3. Why the Government Land Expropriation Is in the Right and Self-confident

As all we know, in the past twenty years, various government land acquisition disputes occurred all over China without interruption. The vast majority of group events, petitions, and villagers' fierce resistance etc. are related to land disputes in China. In 2004, in terms of the 2nd article in the "People's Republic of China Land Management Law", "the country, in need of public interest, can be in accordance with the law conduct land expropriation or requisition and compensation."

That is to say, if a mu (0.067 hectares or 666.67 m²) in the market can be sold at the land price of tens of millions CNY, the highest compensation to farmers made by the government is only tens of thousands CNY. For example, a mu of farmland of annually averaged income worth ¥2,000CNY, the highest compensation calculated according to 30 times, is ¥60,000CNY. But this piece of land in the market can be sold at hundreds of thousands CNY or even tens of millions CNY.

Thus now we can see that even the local governments apply the farmland to factories, residential areas, shopping malls, golf courses and other commercial or recreational uses, can legitimately use the farmer land by means of imposition.

The local governments can abuse imposing land rights to damage the interests of farmers, because we give them the space left in the law.

2. Analysis of Changes & Current Situations of China Agricultural Land Use Right Transfer System

A. Changes of Farm Land Use Right Transfer System in China during the Reform and Opening up Stages

1. 1979-1983 Household Contract Responsibility System Established

In September of 1979, the Chinese Communist Party's Fourth Plenary Session of the Eleventh Congress formally adopted the "Decision on Accelerating Farm Development Issues", In September of the following year, the central government devoted to farm production responsibility system problems. After the 11th CCP congress, the central government issued "Several Issues on Strengthening and Improving the Agricultural Production Responsibility System" to all the lower levels. For the first time in the form of a central document which clarified the nature of the household responsibility system, initially affirmed the household responsibility system. In January of 1983, the central government introduced the "Current Problems of Rural Economic Policy" document "Double Package" consisting mainly of household contract responsibility system, it has been highly praised and theoretically summarized. Afterwards, the household contract responsibility system has been serving as the main form of rapid development in rural areas.[1]

2. 1984-1997 Changes in Farmland Use Right Transfer System

1984-1993 mainly farm land system was as follows: First, to stabilize the land contract period and to consolidate and improve the system innovation outcomes; Second, under the basic institutional framework of the collective ownership of land, and of a family running, it started the innovative types of land use right in terms of institutional arrangements, exerting efforts to unearth and improve land productivity, optimizing the allocation of resources and institutional incentives. On March 28th, 1995, the central government and the State Council approved the Ministry of Agriculture the "On the Further Stability and Improvements of Land Contract Relations Advice" to work on the extension and strengthening of the land contract, and put forward specific requirements for land contract management. On August 27th, 1997, the CPC Central Committee and the State Council issued "On Further Stabilizing and Improving Land Contract Relations in the Countryside," which reaffirms the stable land contract relations policy, stressing that "big stability, small adjustment" principle of contracted land development. [2]

3. 1997 till Now Farmland Use Right Transfer System

Since August 29th, 1998, the new "Land Management Law" stipulates that "the land contract period shall last for 30 years", the policy appeared for the first time in the form of legal provisions. This means that farmers have land use rights to be protected in law. In the 2000 year, implementation of the "Rural Land Contract Law" from a legal perspective reflects the legitimate land contract and management rights for the protection of the family through the land contract and management rights contract, Chinese farmers may according to the law subcontract, lease, exchange, transfer or circulate otherwise their own farm land. On March 16th, 2007, the government promulgated the "Property Law", making the appropriate specifications to China's collective land ownership, land contract and management rights.

Through three stages of rural land system changes, it can be found: At present, China's rural land system, after 30 years of reform, exploration and improvement, has been gradually formed as a system of farm land centered on contractual rights.

B. Analysis of the Status of China Agricultural Land Use Right Transfer

1. Farmland Circulation Faster but the Overall Size Limited

Chinese scholars have engaged in a lot of research on China's farm land transfer status. Mr. Chen Xiwen et al studies show that since the late 1980s, the farmer spontaneous circulation of land use rights remained at 1%-3%, the proportion in some developed coastal areas and peripheral urban areas was slightly higher; national average turnover rate of farm land in 8% -10%, in some counties the flow rate has reached 20% -30%, inland circulation 1% -2%. The national survey data amidst rural fixed observation spots show that: 1984-1992, those who were no transfer of land among the 7012 households surveyed accounted for over 93.8%, those who had executed the transfer of part of the land accounted for 1.99%. Overall, the Chinese farm land transfer scale remains small, but the situation shows a growing trend.[3]

2. A Significant Regional Difference in Agricultural Land Transfer

Due to differences in the economic development and the specific institutional environment all over China, there are more obvious regional characteristics in land transfer. Farmers subcontract farmland In terms of scale, the central regions and the whole China trends to be basically the same, while the eastern and western regions are significantly lower.

3. Positive Analysis of Land Use Right Transfer Effects

In order to effectively investigate farmland use right transfer situation, we chose Yunnan province as a sample of

this research area. In the form of a questionnaire survey, we visited farmers in 60 villages within six townships of three counties in Yunnan province. 1,000 questionnaires were distributed, 629 valid questionnaires were recollected, and effective rate reached 63 %.

A. Analysis of Factors Affecting Farmland Transfer Behavior

Through research and analysis , land transfer factors can be divided into five categories , namely: 1. autographical characteristics of head of a household, e.g., head of household gender, age, level of education , the availability of education and training received , etc. ; 2. household demographic characteristics, e.g., the number of laborers, proportion of dependent family members, number of women in the family , whether or not the cadres in the family, etc.; 3. the farm household economic resources endowments such as land, labor, capital as well as tech resources; 4. the structure of farm household income, e.g., farm income , ratio of farm income to total income , proportion of growing income from total farming income; 5. land uses.

B. The Model Set

Through logistic regression model, the factors affecting the willingness of farmers of land transfer are analyzed, “whether or not does your home lease/transfer the land?” in the questionnaire on which a set of dummy variables are built,

1 expresses willingness to transfer the land out, 2 says willingness to transfer the land in; 3 shows no desire for transferring the land . In this paper, the model is set as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_{12} X_{12} + \mu$$

Variable Description : Y means farmers ever transferred out/into the land , X₁ represents the autographical characteristics of head of a household (if the head of a household mainly pursues agriculture, then X₁ = 1; otherwise X₁ = 0); X₂ represents the education level (if education is primary school or less, X₂ = 1; If education is junior high school , then X₂ = 2; If education is high school , then X₂ = 3; If education is junior college, then X₂ = 4; If education is undergraduate or more, then X₂ = 5); X₃ represents the sex (if sex is male , then X₃ = 1; gender is female , then X₃ = 0); X₄ says the age of farmland transfer head of a household (if under 20 years of age , then X₄ = 1; if 20-35 years of age, X₄ = 2; If 35-50 years of age, X₄ = 3; If 50 years of age or more, X₄ = 4); X₅ represents the per capita arable land ; X₆ says per capita farm income ; X₇ represents the number of farm machinery ; X₈ says the area of tractor and machine farming and sowing; X₉ says the non-farm labor time ; X₁₀ represents the number of household members ; X₁₁ says number of part-time laborers; X₁₂ represents the area of grain crops. SPSS16.0 software for Logistic Regression. (See Exhibit 1) applies to this paper.

Exhibit 1. Factors Affecting Farmland Transfer Willingness & Behavior to Farmers

Variable Step	Variables in the equation	B	Std. Error	Wald	df	Sig.	Exp(B)	95% Confidence Interval for Exp(B)	
Step 1	[Head of a household mainly pursues agriculture =.00]	-.133	.399	.111	1	.739	.875	.401	1.913
	[Head of a household mainly pursues agriculture =1.00]	0(b)	.	.	0
Step 2	Education level	.147	.080	3.412	1	.065	1.159	.991	1.355
Step 3	[Sex=.00]	-.557	.528	1.117	1	.291	.573	.204	1.610
	[Sex=1.00]	0(b)	.	.	0
Step 4	Age (years old)	.032	.015	4.572	1	.033	1.032	1.003	1.062
Step 5	Per capita arable land (mu=0.165 acres)	.258	.771	.112	1	.738	1.294	.285	5.867
Step 6	Farm income (100 CNY)	.002	.001	6.323	1	.012	1.002	1.000	1.003
Step7	Number of farm machinery (set)	.158	.281	.16	1	.574	1.171	.675	2.030
Step 8	Area of tractor and machine farming and sowing (mu=0.165 acres)	.039	.108	.133	1	.716	1.040	.841	1.286
Step 9	non-farm labor time (month)	-.044	.039	1.232	1	.267	.957	.887	1.034
Step 10	Number of household members (persons)	-.396	.444	.796	1	.372	.673	.282	1.607
Step 11	Number of part-time laborers (persons)	.209	.173	1.459	1	.227	1.233	.878	1.730
Step 12	Area of grain crops (mu=0.165 acres)	.825	.095	75.594	1	.000	2.281	1.894	2.748

C. Conclusions

Exhibit 2. Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	788.778	379.836	44	.000
Final	408.942			

By means of significant testing, the results show that a series of factors that affect the land transfer behavior of farm households in the model demonstrate statistically significance in general. According to the parameter estimation results of the correlation between farmers' autographical characteristics and willingness to transfer farmland, it can be concluded as follows:

1. Relations between the Head of a Household Autographical Characteristics & Willingness to Transfer Land

(1) There is a strong positive correlation between the head of a household's age and willingness to transfer land, correlated value is 0.032. And this relationship is very significant, significant level reaches 0.033. The elder the head of a household grows, the fewer his/her employment opportunities for agriculture are, and his/her comparative advantages lie in agriculture operations. Therefore, the older the heads of households grow, the more their families are willing to transfer land

(2) There exists a positive correlation between the head of a household level of education and willingness to transfer land, correlated value arrives at 0.147, significant level is 0.065. The more the schooling years the head of a household receives, the more employment choices he/she makes. Some farmers with higher educational level will choose to operate in agriculture, then they have a higher demand for the amount of land to expand.

(3) The female-headed willingness to transfer land is significantly lower than male-headed, and the willingness to transfer the land in for those farmers mainly engaged in non-farm occupations is significantly lower than that of professional farmers.

2. Relations between Farmers' Land Resource Endowments & Willingness to Transfer Land

(1) It has the strong correlation between the family arable areas and the willingness to transfer land. Findings show that the correlated coefficient between the number of household arable land and willingness to transfer land in is -1.679, its significant coefficient after three decimal points is 0. It follows that the larger the family-owned arable land is, the smaller the willingness to transfer land remains.

(2) It lies a positive correlation between the number of farm machinery and the willingness to transfer land in, namely, the more the farmers possess farm machinery, the more there is a tendency to transfer the land, but there is a significantly correlated big value between them, indicating that this correlation is statistically insignificant.

3. Relations between Framework of Farmer Income &

Willingness to Transfer land into

(1) The farm income of rural households is closely correlated with the willingness to transfer land.

The correlation coefficient between farm income and willingness to transfer land in is 0.002, significantly correlated level reaches 0.012, showing highly significant. In our survey we also found that the actual purpose for the majority of farmers transferring land in is to be able to significantly increase revenue, while the vast majority of farmers with the willingness of land transfer do not actually turn land into, because ideal farm production projects are not available. Therefore, it is deemed that the main reason leading to poor current flow of land is in short of ideal farm production projects as well as comparative advantage in farm production.[4]

(2) The non-farm labor time and the willingness to transfer land show a negative correlation relationship. As for a farm household, the longer it is engaged in non-farm production, the less they will be motivated in transferring land in. If non-farm households have higher incomes, they would not have an incentive to operate more land, such will inevitably reduce the demand for land. Negative correlation here is not statistically significant.

4. Relations between Demographical Structure of Households & Willingness to Transfer Land

(1) The proportion of household population to labor and land transfer willingness have a negative relationship. With the development of urbanization, industrialization, farmer growing choice of employment, as compared to agriculture and other industries, relatively low revenues, operating risks, if the population of rural households face greater pressure, their first choice is to go out looking for job opportunities. Especially those with a higher proportion of family labor, due to the existing land too small to fit such a big family labor, and the opportunity cost of the land into more engaged in agriculture too big, so that a larger number of labor families, engaged in non-farm become rational choice.

(2) The number of households and industry and the willingness of land transfer have positive relationship. In rural areas today, and operators have become a very common phenomenon, the more the number of households and industry amounts to, which is engaged in agriculture, the more the time and labor are spent, the more the people are willing to turn more land. However, the results from the regression model, the relationship between family structure and the land transfer of population whose wishes were not significant.

4. Reform & Suggestions for Promoting Farm Land Use Rights Transfer System

Through a profound analysis of the current farm land use right transfer factors, our studies suggest that the following

aspects should be to promote and regulate the transfer of rural collective land use rights.

A. Improving Supply and Demand Mechanism to Promote the Land Transfer

1. Speeding up the Process of Industrialization to Promote the Separation of Farmers from Land.

As for large rural population, industrialization cannot simply rely on the development of urban industrialization, but it has to expand rural secondary and tertiary industries, expanding farmers' nonfarm employment opportunities.

2. Expediting the Process of Urbanization to Promote Separation of Farmers from Rural Areas.

In view of separation of rural surplus labor in rural areas, there are two options: First is to transfer the surplus rural labor to cities; second is to develop small towns;

B. Accelerating the Legal System to Provide an Institutional Guarantee

1. Strengthening the Protection of Farmers' Land Rights & Clarifying the Executive Power and Administration

To protect the legal relationship of land contracting and management should be to protect the legitimate interests of the parties involved in the contracted management of land as the purpose. It should adhere to the legislation standard based on civil rights so as to achieve protection of land contracting and management of legal relations which might make sure the shift the management standard to civil rights standard. Therefore, we propose to amend the provisions in the "Land Management Law" by following the principle "the land property consistent with civil law property." Amendments should focus on rights protection, resources allocation, resources security, sustainable use, the

institutional arrangements of land ownership, cadastral land, land price, market regulations, etc., particularly the public right to adjust the provisions of the legal relationship, the above-said rules and regulations should be included in the land system as more as possible.[5]

2. Consummating the Basic Farmland Protection Regulations to Improve the Force of Law

"Regulations on the Protection of Basic Farmland" should adapt to the evolving economic situations, gradually rising up to the law so as to improve their legally binding power. Throughout the varied links of the norms of pre-land transfer and supervision, traceability of post-land transfer, it should improve system cost of basic farmland levied so that we may prevent farm land from excessive erosion of industrialization and urbanization.

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