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Study on the Influencing Factors of Land Transfer Price in the Context of Rural Land Reform

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Abstract Agricultural land is the key to large-scale agricultural management, and the transfer price is the key to the success or failure of land transfer. At present, there are many problems in the pricing of rural land transfer in China, such as low price, random pricing, and large price difference, which seriously hinder the development of rural land transfer. Drawing lessons from the research results of domestic and foreign scholars, combined with the actual situation of rural land transfer in China, this paper analyzes the influencing factors of land transfer price in the context of rural land reform. Finally, according to the influence of different factors on the behavior of agricultural land transfer, this paper proposes establishing and perfecting the evaluation system of contracted land, perfecting the evaluation institution of transferred land assets and establishing a unified dynamic monitoring system of land transfer price in the whole country, and then driving the broad masses of farmers to get rich together, which is of great significance to achieving the revitalization of China's rural areas.

Key words Rural land reform, Land transfer, Price

1 Introduction

The problem of rural land is the fundamental problem of rural economic and social development. With the introduction of the policy of "separation of three rights", the original contractual management right is divided into the contract right and the management right, in order to promote the transfer of agricultural land management right. But it also brings the problem of land transfer pricing. If the price of agricultural land transfer is on the low side, it will lead to a shortage of supply in the management right market. On the other hand, if the transfer price is on the high side, and the cost of the new business entity is rising, it will lead to the insufficient demand for the right of management. The supply and demand sides need to re-carry out the price game in order to reach their respective optimal state^[1–2]. Thus it can be seen that among many issues involved in rural land transfer, the determination of land price is the key issue. Therefore, it is of great significance to study the price of rural land transfer and its influencing factors, to scientifically and reasonably evaluate and determine the price of rural land transfer, to develop multi-model new type of agricultural business entity of moderate scale, and to further strengthen the rural collective economy, so as to drive the broad masses of farmers to get rich together, and to realize the revitalization of rural areas in China.

2 Present situation of the price of rural land transfer in China

From the current price of rural land transfer in China, due to the asymmetric information between the two sides of the transfer, land

transfer is in a state of dispersion and disorder, and the transfer price is often arbitrary and blind. Most of the land transfer prices are mainly negotiated by both parties, and the prices do not really reflect their value. As a result, there are many problems in China's rural land transfer, such as low price, random pricing, non-standard land transfer market, and imperfect land transfer mechanism, which seriously affect the process of rural land reform in our country^[3].

2.1 Free transfer is very common In the practice of rural land transfer, the role of its transfer market has not been brought into full play. Farmers spontaneously carry out land transfer, there is not only a lack of corresponding market rules and supervision, but also a lack of clear and complete transfer procedures. As a result, the cost of land transaction is high and the transaction process is lacking in transparency and fairness. Consequently, most of the transfer transactions can only be carried out among a small group of relatives and friends, and it is impossible to realize the optimal allocation and scale management of land resources in larger space. In some areas, there is even a situation in which no one is willing to transfer land without compensation. Most of the free transfer behaviors occur among relatives and friends of farmers, and the form of free ploughing is the most common. This phenomenon has seriously damaged the rights and interests of farmers in land management and use.

2.2 Paid transfer prices are generally on the low side The transfer price of agricultural land management rights should be based on the value of agricultural land, and there is a need for a reasonable price to protect the legitimate rights and interests of farmers. Only when the price is clear can the land transfer be smooth^[4]. However, at present, China's land transfer policies on the transfer price standards and other mechanisms are not perfect.

Rural land transfer has been in a state of spontaneous disorder, the transfer price is often blind and arbitrary. The rural land transfer prices in most cases are determined by self-consultation or coordination of rural grass-roots organizations, lacking in corresponding scientific basis. In recent years, with the acceleration of urbanization, most of the rural young and middle-aged labor forces choose to work in cities. As a result, the aging phenomenon of rural labor force is serious, a large number of agricultural lands are abandoned or idle, and urban migrant workers transfer land to left-behind farmers at a low price, resulting in the phenomenon of low price of agricultural land transfer in our country.

2.3 Location difference of rural land transfer is obvious

According to the latest data released by the Land Transfer Network, the average transfer price of rural land in China in 2016 was about 13 500 yuan/ha. In 2016, the average price of rural land transfer in Shanghai was 48 600 yuan/ha, ranking first, followed by 39 450 yuan/ha in Hainan Province. Beijing ranked third, with 35 565 yuan/ha. The price in the central regions, such as Guizhou Province, was relatively low, only about 5 100 yuan/ha. Even in the same province, due to location factors, the price of land transfer is also very different. Taking Hubei Province as an example, according to the data of Hubei Province in 2017, the average transfer price was about 13 050 yuan/ha in plain area and 3 600 yuan/ha in mountainous area. The data show that different regions have different levels of economic development and agricultural resources conditions, resulting in greater regional differences in rural land transfer prices in China. On the whole, the transfer price in economically developed areas is generally higher than that in areas with backward development level.

2.4 Rural land transfer market and pricing mechanism are not perfect

At present, the agricultural land transfer market in China is not standardized, and the intermediary service agencies of land transfer are short. This directly leads to the inability to determine the transfer price through the market competition and the balance of supply and demand, so that the rural land transfer is generally in a state of disorder. Although some rural areas have long established land transfer intermediary services, not many of them can really play a role. Due to the poor dissemination of price information of rural land transfer, farmers who are willing to transfer land are still looking for transaction objects at random in the most primitive way. In addition, when farmers go out to work or there is a lack of labor, they entrust the land to relatives to farm, and this kind of land transfer is generally free of charge. This way of transfer can only briefly prevent the abandonment of land, and can not improve the efficiency of agricultural production.

3 Influencing factors of rural land transfer

3.1 Natural factors Natural factors usually play a leading role in the process of rural land transfer. Natural factors include land

scale, climate, land soil fertility, land topography and so on. (i) The impact of land size. China has a small land and a large population, and the degree of land fragmentation is not conducive to the development of agricultural mechanization. Therefore, the size of land is an important factor affecting land transfer. (ii) The impact of climate. Different climatic conditions in different areas, such as light, precipitation, monsoon and other factors, will form different land productivity. Different land productivity is also an important factor affecting the price of land transfer. (iii) The impact of soil fertility. This index is used to measure the ability of soil to provide all kinds of nutrients needed for crop growth, and it is an important index to reflect the fertility of soil. It has a direct impact on the output value of land, and also inevitably has an impact on the price of land transfer. (iv) The impact of land topography. Different slope, aspect and shape of land will not only lead to different costs of farming, but also affect the efficiency of farming and the final income of land, and then affect the price of land transfer.

3.2 Economic factors Economic factors can be divided into macro factors and micro factors, which cover a wide range of areas. Macro factors include regional economic development level, price level, transportation, finance and other factors. Micro factors include the proportion of non-agricultural income of rural households. (i) The level of economic development in an area. If a region has a high level of economic development, it will correspondingly increase the demand for all kinds of production materials and means of living, and then correspondingly drive the price of agricultural products to rise, and increase the price of rural land transfer in this area accordingly. On the contrary, if the regional economic situation is not good, the level of development is low, and the development is stagnant, the transfer price will naturally drop^[7]. (ii) The level of prices. The higher the regional price level, the higher the rural land transfer price will be. In the same area, farmers usually refer to the price level of the surrounding farmers when determining the price of agricultural land transfer, so in the rural areas with high price level, the price of agricultural land transfer will also be high. (iii) The level of traffic convenience. Land prices tend to increase with the improvement of transport conditions in agricultural sales and consumer markets and the upgrading of transport facilities^[8]. (iv) Fiscal and financial policy. Since the abolition of agricultural tax in 2006, the cost of operating agricultural land has been significantly reduced, the income of agricultural land has increased significantly, and farmers' willingness to cultivate has been enhanced, thus raising the price of rural land transfer. (v) The influence of the proportion of non-agricultural income of farmers. If the non-agricultural income accounts for a large proportion of the household income, it will reduce the dependence of farmers on land. At this time, even if the price of land transfer is low, farmers may also be willing to trans-

fer the land out.

3.3 Social factors Social factors include the age of the head of household, the educational level of the family, the structure of family members and the farming willingness of farmers. These factors have an impact on the pricing of rural land. Specifically, the older the head of household is, the worse the physical condition is, the more difficult it is to bear heavy farming work physically, and the more help he may get from his children. Therefore, the head of household is more inclined to transfer land contractual management rights, and the transfer price is lower. If there is higher level of education, there will be more non-agricultural employment opportunities, and there will be a higher possibility of obtaining non-agricultural employment benefits. In this case, even if the price of land transfer is low, farmers are willing to transfer their land contractual management rights. In terms of family member structure, specifically, if the number of agricultural labor force within the family is smaller, and there is a lack of agricultural labor force, it will be more difficult for farmers to cultivate household contracted land, and farmers will want to transfer the right to land contractual management, so the transfer price will be lower. The stronger the farmers' willingness to cultivate, the more likely they are to choose to cultivate their own land, and the higher the price of land transfer will be.

4 Policy recommendations

In the current rural land transfer policy, the price of land transfer is summarized as "paid". However, in the specific implementation, due to the lack of operational details, it is inevitable that there will be a non-standard situation. This requires the government to introduce guidance programs to strengthen the guidance of price evaluation. Specific attention should be paid to the following aspects: (i) It is necessary to consider the influencing factors of agricultural land transfer price from many aspects, and attach importance to the important impact of location factors on agricultural land transfer price. (ii) It is necessary to fully consider the differences between different plots and the individual differences among different farmers to improve the flexibility and diversity of farmland transfer pricing. (iii) It is necessary to improve the social security level of rural residents and reduce the security function attached to rural land, so as to lay a foundation for establishing a standardized rural land transfer market and improving the large-scale management level of rural land^[9].

The government guiding price can not only protect the legitimate rights and interests of land exporters, but also standardize the

transfer market and form a good competition pattern. While formulating the guiding price, we should also actively construct a scientific and reasonable land transfer pricing mechanism. First of all, it is necessary to establish and improve the evaluation system of contracted land, and grade the transferred land, so as to provide reference standards for the reasonable determination of the price of agricultural land transfer in the future. Secondly, it is necessary to establish and improve the transferred land assets evaluation institutions, and actively introduce third-party land evaluation institutions to evaluate the value of agricultural land transfer. Thirdly, it is necessary to establish a unified dynamic monitoring system of land transfer price, strengthen the dynamic monitoring of land transfer price, and grasp the changing trend of land transfer price in real time.

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