

# Research on Situation, Problems and Measures of Land Indicator in Rural Implementation

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## Abstract

Through field research of Huimin Subdistrict, Ba'nán District, Chongqing, the paper analyzes collected basic data and describes the exposed problem of land indicator in rural operation: The process of “turn country into city” is slow, government credibility drops; the area before and after surveying is different, which intensifies the contradiction between town government and individuals; peasants expand ancillary facility land of homestead; peasants are too old, so they cannot suit to urban life; land utilization efficiency after reclamation is not high; capital acquired by peasants don't flow into country; the group fund supervision of village is difficult. The paper proposes four suggestions: clarify rural land property right and type and improve degree of accuracy of initial surveying; improve land indicator trade system and promote land indicator landing; look for good rural and agricultural project and vitalize fund; improve supervision system and realize publicity and transparency.

**Key words:** Land indicator; Data analysis; Problem; Suggestion

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## INTRODUCTION

In May 2007, Chongqing was approved as balancing urban and rural comprehensive coordinated reform pilot area by the nation. In August 2008, Ministry of Land

and Resources signed *Work Memos of Promoting Balancing Urban and Rural Comprehensive Coordinated Reform* with Chongqing Municipal Government and listed Chongqing as territorial planning pilot area, incorporated urban construction land increasing and rural construction land reduction link pilot area and supported Chongqing Municipality to explore collective construction land transfer and establish urban and rural unified land exchange. In December 2008, Chongqing Municipality came up with establishing Chongqing Rural Land Exchange (hereinafter called “Land Exchange”) formally. Up to the end of June, 2015, accumulated transaction land indicator reached 158,200 mu and capital reached 31.815 billion yuan. It benefits more than 190,000 households; accumulated transaction land indicator pledge reached 8,077 mu and capital was 1.175 billion yuan.

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## **1. LAND INDICATOR AND ITS INCOME DISTRIBUTION**

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### **1.1 Meaning of “Land Indicator”**

Land indicator is construction land connection indicator. It especially refers to land indicator can be sued for construction after rural collective construction land such as rural homestead, its ancillary facility land, town enterprise land, rural public facility and programs for public good construction land are reclaimed to farmland. Studying the connotation of land indicator in the economical view indicates that “Land Indicator” is not “bill” of “land”, nor “bill” of “rural land contractual management right” or “the right of rural construction land use”, but bill of “indicator”(Huang, 2009).

### **1.2 Operation of Land Indicator Institution**

Overall process of land indicator operation has four procedures: reclamation, inspection, trade and use. The first is reclamation. On the premise of conforming to the specification for planning and reclamation, the voluntariness of land owner and consent of rural collective economic organization, implement specialized reclamation of rural collective construction land such as rural homestead and its ancillary facility land, town enterprise land, rural public facility and program for public good construction land, etc.. The second is inspection. Land Administrative Department checks the farmland produced from reclamation in quantity and quality jointly with Ministry of Agriculture and Water Conservancy. On the basis of leave enough rural development space, Land Administrative Department vacate construction land indicator as source of land indicator. The third is transaction. Land indicator is organized for open transaction by Land Exchange. Various proceedings after transaction belongs to land owner and rural collectivity after deduction of commission charge of 1% in Land Exchange. Rural collective-owned land revenue is mainly used for social security and new rural construction of village collective peasant household. The fourth is used. The subject purchasing land indicator gets

right to use state-owned construction land in planning area in accordance with the regulation.

### **1.3 Land Indicator Proceeds Distribution**

For the case that the land owner applies for reclamation, government prepays land owner at the price of 144 yuan/m<sup>2</sup> and village collectivity at the price of 25.5 yuan/m<sup>2</sup> (17,000 yuan/mu). For land indicator revenue after deducting commission charge collected by Land Exchange, reclamation project engineering cost, reclamation project management cost, reclamation project financing cost and compensation expense at earlier stage, due revenue of village and village collectivity should be distributed according to the proportion of 85:15. Settling the account according to the area of newly added farmland from reclamation, land owner income should not be less than 120,000 yuan/mu and village collectivity income should not be less than 21,000 yuan/mu. Those exceeding the upper limit of district and county, if any, the exceeded part should belong to village collectivity. Other reclamation rural construction lands are mainly collective construction land. After deducting commission expense and various costs of reclamation project, all remaining revenue is allocated to the corresponding village collectivity.

### **1.4 Institutional Innovation of Land Indicator**

Not only does land indicator transaction avoids legal provisions that homestead mustn't be used for non-agricultural construction, but also realizes the potential relation between supply and demand of rural homestead and town construction land through the market mechanism (Shao, 2014). The development of land indicator transaction institution under balancing urban and rural areas indicates that, on one hand, realize rational flow of factors between urban and rural areas through establishing urban and rural uniform market (Yang, Wang, & Ma, 2014); on the other hand, realize harmonious development with urban area driving rural area, industry promoting agriculture and integrity of urban and rural area. That is to say, land indicator institution is a bold attempt of exploring new mode of land transfer (Yang & Ma, 2011).

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## **2. INVESTIGATION AND DATA ANALYSIS**

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### **2.1 Basic Data of Finished Project**

#### **2.1.1 Basic Data of Area**

Two finished land reclamation projects in Huimin Subdistrict of Ba'nán District involve six countries. They are Xiaocun, Longfeng, Furen, Shajing, Shengtian and Xianlin, including 44 communities, 56.10302 m<sup>2</sup> in total and converted into 84.112 mu. Prepayment of gross area of reclamation plot to peasants is according to 144 yuan/m<sup>2</sup>. See the following table for the area and prepaid amount.

**Table 1**  
**Area of Land Reclamation in Each Country and Prepaid Amount**

Name of country	Qty. of community	Parcel area of reclamation				Prepaid amount to peasants (yuan)	Prepaid amount to collectivity (yuan)
		Subtotal	Homestead	Ancillary construction land	Other construction land		
Xiaochun	8	6276.00	1176.20	3099.80	0.00	609012.00	0.00
Longfeng	1	536.00	242.00	294.00	0.00	0.00	0.00
Furen	8	7941.00	2816.00	5125.00	0.00	1237824.00	0.00
Shajing	3	7947.00	1870.70	6076.30	0.00	808408.80	67396.80
Shengtian	5	18359.02	6167.00	12192.02	0.00	1828573.78	55886.58
Xianlin	19	17044.00	5707.90	11336.10	0.00	2159064.00	14132.25
Total	44	56103.02	16979.80	38123.22	0.00	6642882.58	137415.63

### 2.1.2 Basic Data of Land Owner

Farmland owner refers to peasant household and village community collectivity. There are 12, none, 20, 12, 36 and 40 peasant households who apply for reclamation in Xiaochun, Longfeng, Furen, Shajing, Shengtian and Xianlin respectively; there are 1, 1, none, 5, 6 and 4 village community who apply for reclamation in Xiaochun, Longfeng, Furen, Shajing, Shengtian and Xianlin respectively. There are 17 village communities in total who apply for reclamation collectively, accounting for 12.4% of the number of peasants. The area of village collectivity applying for is 7645.73 m<sup>2</sup>, accounting for 13.63% of gross area.

There are 17 village community collectivities applying for reclamation, accounting for 12.4% of number of land owners. The area of land applied by village collectivity is 13.63% m<sup>2</sup> (11.46 mu), accounting for 13.63% (13.30%+0.33%). Among 17 village communities who apply for reclamation, 3 of them are generated from the surplus 1 mu incorporated into village community collectivity because ancillary construction land of peasant household exceeds 1 mu, accounting for 17.6% of total village community collectivities and 2.1% of total land owners; the area is 186 m<sup>2</sup>, accounting for 2.43% of the area of village community collectivity-owned land and 0.33% of total area of land. The area of peasant household accounts for a big proportion.

## 2.2 Basic Data of Inactive Project

### 2.2.1 Basic Macroscopic Data

The acquired five inactive project data are the case that peasants apply for reclamation but no village community collectivity applies for reclamation. There are 106 households applying for transferring household registration and returning

homestead. There are 166 peasants returning homestead and the average of each household who applying for transferring household registration and returning homestead is 1.57 people. The number of involved village community is 44, the same as totally done transaction. Gross area applied for reclamation is 47, 439 m<sup>2</sup>, converted into 71.122 mu. It's 12.99 mu lessened than the total area of done transaction project, with 15.44% of reduction. Prepayment is paid at the price of 144 yuan/m<sup>2</sup> according to the area of homestead owing to the policy of transferring household registration and returning homestead. It's different from the done transaction project. The done transaction project is paid at the price of 144 yuan/m<sup>2</sup> according to the total area of homestead owing to the policy of transferring household registration and returning homestead.

**Table 2**  
**Basic Macroscopic Data of Inactive Project**

Name of village	Approved land returning situation			Area situation of returning farmland (sq.m)			Compensation situation (Yuan)		
	Qty. of village	Household of returning farmland	Population of returning farmland	Subtotal of area	Area of homestead	Area of ancillary facility land	Prepaid amount	Area of homestead	Average
Furen	7	12	17	5041	1922	3119	276768	1922	144
Longfeng	6	12	17	4446	2123	2323	305712	2123	144
Shajing	4	8	10	3643	1276.4	2366.6	183801.6	1276.4	144
Shengtian	4	21	40	10051	3586	6465	516384	3586	144
Xianlin	15	39	64	17999	5582	12417	803808	5582	144
Xiaochun	8	14	18	6259	2100	4159	302400	2100	144
Total	44	106	166	47439	16589.4	30850	2388874	16589.4	144

### 2.2.2 Basic Data of Age

The average age of 106 households of land owners applying for reclamation is 70 years old. There is only one person below 30 years old, two persons from 40 to 49, 3 persons from 50 to 55, one person from 56 to 59, 41 persons from 60 to 69 and 58 persons above 70 years old. Based on this, it can be known that the age of land owners applying for reclamation is elder, and people above 60 years old accounts for 93.40%.

### 2.3 Summary

The above is got from the analysis of acquired data. The number of villages involved in the two projects is six and the number of communities is 44 (the total number is the same, but specific community is different). For the quantity of land owners, there are 120 households of peasants who have finished the transaction

project and 17 village community collectivities have applying for, while only 106 households of peasants apply for inactive project, and there is no village community collectivity applying for land reclamation. The area is decreased from 84.112 mu on the area of done project to 71.122 mu of inactive project. Total area is decreased by 12.99 mu, accounting for 15.44%. Prepayment norm of the two projects is different either. The done transaction project is paid at the price of 144 yuan/m<sup>2</sup> according to the total area of homestead owing to the policy of transferring household registration and returning homestead, while inactive project is paid at the price of 144 yuan/m<sup>2</sup> according to the area of homestead owing to the policy of transferring household registration and returning homestead.

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### **3. MAJOR PROBLEMS IN OPERATION**

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#### **3.1 The Process of “Turn Country Into City” Is Slow, Government Credibility Drops**

After land owners apply for reclamation, the formed “land indicator” takes a long time to make a deal. There are twice land reclamation projects in Huimin Subdistrict, Ba’nan District. The first time was approved in 2012 and succeeded in the transaction on June 30, 2015. It took more than two years and the capital hasn’t been issued; the second time was five projects approved by the end of 2013 and the beginning of 2014. At present, there is no transaction. The time span of the transaction is long. Peasant household choosing registered household transfer is for enjoying urban pension insurance policy. We know that four elders pass away before enjoying the welfare of urban pension insurance. For peasants, they can understand why the government doesn’t give the remaining money to them, but always “delay”. Long time span easily makes land owner reduce trust to government, so credibility of government drops.

#### **3.2 The Area at Earlier Age Is Different From That Upon Completion, Which Intensifies Contradictions Between Government of Town and Individuals**

As is shown in the investigation of Xiaochun Country, 18 of 33 peasants raise that the area reduces at final surveying, the most difference is 177 m<sup>2</sup>. The greater area reduction easily arouses contradictions and disputes. Completion surveying is conducted by the agency, so land owners transfer the contradiction to village community collectivity and the government of (subdistrict) town, which intensifies the contradiction of individuals and government of town.

#### **3.3 Land Owners Expand Ancillary Facility Land of Homestead**

In the process of field operation, land owners have the suspicion of expanding ancillary facility land of the homestead. As is stipulated, the area of ancillary facility

land cannot exceed 1 mu. However, within the range of 1 mu, land owners may expand ancillary facility land and occupy collective facility land to expand ancillary facility land driven by opportunism. Owing to the ambiguous property right, some expanded ancillary facility land boundary is recognized at an earlier stage but cancelled at final completion surveying. It leads to a large quantity of area reduction. Thus, greater reduction of area upon completion surveying appears, and it arouses greater contradiction.

### **3.4 Land Owners Are Too Old, so They Cannot Suit to Urban Life**

The age of the peasant household is too old. For done transaction project, there are 97 above 60 years old, accounting for 80.83%; for an inactive project, there are 99 above 60 years old, accounting for 93.40%; the total number is 196, accounting for 86.73%. The age is too old, and they don't have income source. Not only will live in urban area increase living expenditure and living cost of home, but also they don't suit to the urban life of rapid pace and high building and large mansions because life habit is difficult to change.

### **3.5 Land Utilization Efficiency After Reclamation Is Not High**

Farmland utilization efficiency after reclamation of construction land is low, only 10% of them forming a block with other farmland are farmed, other farmlands are deserted. Owing to historical and economical reason, in Huimin Subdistrict, rural labor is relatively insufficient, more peasants go outside for work and farmland cultivation rate is low; and with the constant progress of "transfer of registered household", some elders have ever engaging in agricultural production leave agriculture and countryside and enter town. The situation of farmland deserted is more serious, not alone newly added farmland utilization efficiency.

### **3.6 Capital Acquired by Peasant Households Don't Flow Into Country**

After applying for homestead reclamation, peasant household can get a sum of prepayment. After the end of land indicator transaction, they can get the remaining fund, so they can get not less than 120,000 yuan/mu finally. It can be found from the investigation that the money flows to neither rural area nor agriculture. Those applying for reclamation are mostly elders. The purpose of them is to gain money and urban pension insurance. They need to buy urban pension insurance, so the money spent on pension insurance will flow to urban area. The remaining money is mostly for housing loan and car loan of children or saved backing. The money will flow to urban area finally by means of various channels. How to make these funds flow to rural area and agriculture is the direction that we need to consider.

### **3.7 The Group Fund Supervision of Village Is Difficult**

In land indicator transaction, village community collectivity can get 15% land indicator revenue through the ownership of the homestead, no less than 21,000 yuan/mu. It is a large sum of fund. We need good project to make the sum of funding become value-added asset, increase the income of peasants and promote economic development in the rural area. The supervision of the village community collectively fund is difficult, so it's necessary to establish good supervision system to guarantee fund turned into assets positively.

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## **4. POLICY SUGGESTIONS**

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### **4.1 Clarify Rural Land Property Right and Type and Improve Degree of Accuracy of Initial Surveying**

The determination of type of rural land is subject to the second time of national investigation. It classifies which land in rural area is agricultural machinery construction land clearly, but there are still some lands whose type cannot be determined. The government of town need integrates history, the judgment methods of intermediary agency and national provision to determine the type of land. Owing to historical problem and long-time forgetting, the attribution of land property in rural areas may be uncertain, so government needs organize personnel to measure so as to guarantee the property attribute of each parcel of land. After clarifying the property and type of rural land, the accuracy rate at initial surveying will be improved. It's conducive to reducing the contradiction and dispute between peasant household and government.

### **4.2 Improve Land Indicator Trade System and Promote Land Indicator Landing**

After reclaimed rural construction land forms land indicator, it takes a long time to complete the transaction of land indicator so as to pay the remaining capital vacancy to peasants and completely transferred land thoroughly. As long as land indicator doesn't complete the transaction for one day, the government of a district may bear one more day of financing risk and interest as well as one more day query of the peasant household. Thus, it needs improving land indicator transaction institution constantly, promotes land indicator implementation and speeds up the speed of capital flowing to the hand of peasants.

### **4.3 Look for Good Rural and Agricultural Project and Vitalize Fund**

A large quantity of capital formed by land indicator is turned into capital in rural area, the government of town should combines local feature, develop good project, apply a large quantity of fund formed by land indicator, promote financial and



economical development of rural area, improve the income of peasant and speed up the modernized change of agriculture.

#### **4.4 Improve Supervision System and Realize Publicity and Transparency**

15% of capital formed by land indicator are owned by village community collectivity. The problem is how to use this sum of capital and how to supervise it. Municipal government should provide basic scheme and use this sum of capital rationally and efficiently according to the specific situation of the country. Finance should be fair, just and open. Except internal publicity in the country, it should notify on the Internet and accept the supervision of people.

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### **5. FURTHER CONSIDERATION**

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For rural area, land indicator institution is the institutional arrangement on rural construction land entering the market; for peasants, it's the institutional arrangement on homestead and ancillary facility land entering the market. After application, one duty of peasants is supervision. Owing to asymmetrical information, they are difficult to supervise it effectively and such part of duty is not enforced well. After application, peasants usually wait for the result at home, sometimes they turn to government to query when the money will be issued. The arrangement of land indicator makes peasants in passive state except application. The peasants don't enter the market in person.

In the view of service-oriented government, besides autonomous decision in applying for reclamation link, peasants should also participate in the formation of land indicator. Government only need provides information, formulates standard and creates conditions to help peasants to enter the market and realize that peasants decide the market entering of homestead indeed. Of course, peasants are weaker in the market, so government should aid and support them, but rather than participate in market operation in place of peasants. In the future, peasants applying for reclamation will tend to younger, so the realization of entering the market of land reclamation applier is more significant than the entering market of rural construction land. This should also be a direction of land indicator institution in the future.

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