

# **Diversifying Large-scale Operations in Agriculture**

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## **Background and main content of policy**

Land is a basic element of agricultural production and the core of large-scale agricultural operations is large-scale land operations. In 2012, The CPC Central Committee's Document No. 1 asked to "guide the transfer of management rights of contracted land, develop various forms of appropriate large-scale operations and promote innovation in agricultural production and marketing models under the principles of conformity to law, voluntary consent and compensation".

Appropriate large-scale land operations would be developed in line with the national conditions and the laws of development of modern agriculture. Development of various forms of appropriate large-scale operations would be actively and steadily promoted with the target of improving the agricultural labor productivity and the land productivity through persisting on the basic system of rural operations and the policy of keeping the dominant position of household management, vigorously cultivating large-scale specialized farmers and family farms, and aggressively developing and pursuing socialized services of agriculture.

## **Implementation of policy and evaluation**

In recent years, with the rural labor force transferring to the secondary and tertiary industries, land transfer obviously accelerated and positive progress was made in large-scale land operations. As of the end of 2012, 18,533.33 million hectares of farmland was transferred nationwide, accounting for more than 20% of the total area of household-contracted farmland with 4 provinces exceeding 40%.

Agricultural authorities at various levels played an important role in promoting the transfer of rural land in a normal and orderly way through earnestly implementing the policies and laws on land contract, improving the management of land transfer, strengthening the system for serving land transfer, and enhancing the development of the workforce for arbitrating disputes. At present, service centers for land transfer have been established in more than 800 counties or 13,000 townships all over the country; land contract arbitration commissions were founded in more than 2,000 counties; and plans for the development of arbitration infrastructure in Western China were implemented in 400 counties. Large-scale operations can be divided into five groups by different subjects of management and land transfer modes.

First, without transfer of rural households' contracted land and non-expansion of scale of

operation, various forms of socialized services were developed so that large-scale operations were realized by dispersed rural households in some links in the production and operation chain.

With the support from service organizations, including cooperatives, leading enterprises and associations, unified services were offered in aspects of supply of goods used in agricultural production and marketing of agricultural products. Specialized, standardized, large-scale production and operations were realized in certain regions, reducing the production costs and raising the land productivity.

As of the end of 2012, the number of operating organizations supplying professional services exceeded 1 million. Based on decentralized operations of rural households, this land of large-scale operations could improve regional large-scale operations but couldn't solve the problems such as small scale, low labor productivity and by-business in individual household's operation.

Second, with rural households' voluntary consent, the problem of land fragmentation was solved by interchange to realize the centralized operation of contracted land.

With improvement of transport and water conservancy infrastructures in rural areas, the difference in soil productivity was reduced. In certain places, especially in some plain regions, farmers combined small and scattered areas into large areas to increase the use of farm machinery and the land utilization rate, reduce the production costs, and promote the growth in agricultural output and efficiency.

As of the end of 2012, 1.2 million hectares of land had been transferred in the form of interchange, accounting for 6.5% of all transferred land. However, popularization of that practice was restricted due to its high requirements in land leveling, similarity in soil productivity and so on.

Third, large-scale specialized farmers and family farms were developed through the transfer of contracted land among rural households to enlarge the scale of household production.

With more and more rural population entering into cities, some rural households have developed into large-scale specialized households and family farms. The adoption of fine seeds with good farming methods reduced the production costs, raised the land productivity, improved the labor productivity, and increased the income made by household production.

As of the end of 2012, the number of large-scale specialized farmers with more than 3.33 hectares of land each exceeded over 2.7 million throughout the county. Over 6,670 family farms have been created in 33 regions designated by the MoA to carry out the pilot programs on standardized management and services for transfer of rights to manage contracted rural land.

Fourth, joint-stock cooperative organizations of agricultural land were founded through rural households' pooling of land as shares to carry out cooperation in agricultural production.

In some regions with high-level transfer of rural labor force, under the guidance and support from local governments, many joint-stock cooperative organizations of agricultural land were created to concentrate, repair and then lease the land to enterprises, large-scale specialized farmers and family farms or operate the land directly in a form of cooperative farm to promote the large-scale land operations. As of the end of 2012, 1.093 33 million hectares of land was transferred nationwide to establish joint-stock cooperative organizations,

accounting for 5.9% of all transferred land.

Fifth, industrial and commercial enterprises leased rural households' contracted land to carry out large-scale land operation directly.

As of the end of 2012, 1.866 67 million hectares of contracted farmland was transferred to industrial and commercial enterprises, accounting for 10.3% of all transferred land, up 48.5% from the previous year. Industrial and commercial enterprises could take their advantages in finance, technology and management to invest in the exploitation of four types of wasteland in rural areas and lease small plots of land contracted by rural households to build demonstration and popularization bases to spur on increases in farmers' earnings. However, problems such as drop of per-hectare output, compressed employment space for rural households, aggravation of "non-grain" and "non-agricultural" operations could be caused by industrial and commercial enterprises' long-term, large-scale leases of rural households' contracted land.

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