



The Reviews of Land Trust Practices and its Guarantee of Agricultural Households Income

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INTRODUCTION

Based on the Chinese basic national conditions about population and farmland, rural household contract management makes the fragmentation of farmlands, which is difficult to achieve economies of scale and promote the farmers' income. As non-agricultural industries can work more practical for a family to survive, the rural labor force poured into the city to work. The left farmlands are farmed by the old men or women, sometimes no one, which causes the shortage of labor and less income in agriculture. In October 2014, the central government announced the "the opinions about guiding the rights of rural land management transfer to develop moderate scale management of agriculture", which puts forward the condition that insisting collective owning system of rural land, realizing the right of ownership, contract, management separated, and form the pattern of land management rights circulation. While in some places, agricultural households prefer land trust rather than land circulation. Land trust is a form of management that some agricultural households are unwilling or unable to cultivate letting professional organizations to manage their farmlands totally or partly. Compared with the land circulation, land trust ensures the peasant household's ability to keep the right of management and profit based on their land. Therefore with higher control and higher profit, the form of land management is more acceptable by peasant households.

1. Land trust practices

At present, the organization supplies land trust services which the scholars study mainly through professional cooperatives. Examples of these are the following: Jilin tianfeng machinery plant professional cooperative; Jilin zhongshi co-cultivation professional cooperatives; Shandong jiaxiang hongyun professional cooperative; Sichuan dalin

agriculture and forestry products distribution cooperative, Hebei co-farmer land trust professional cooperative; and Xinjiang leyuan farmer professional cooperative. The practice of different land trust cooperative varies, including the half-time land trust and full-time land trust.

The half-time land trust, also called menu land trust, works this way—the agricultural household choose the items provided by land trust cooperative according to its own needs, including agricultural property services, agricultural machinery services, agricultural technology services, labor services, sale services and so on. At the beginning of the land trust, this form is easily accepted by most agricultural households. The cooperative charge these services every time. The expenses for agricultural household who choose this cooperative is less than others, and the cooperative guarantees a certain output. For example, in machineries plant professional cooperatives harvesting cost is pegged at 1100 yuan per hectare, while members enjoy this service for 900 yuan per hectare. Dalin agriculture and forestry products distribution cooperative is responsible for technical guidance and pest control, and agricultural households themselves are responsible for the rest of the production process. So the agricultural households should pay 900 yuan per hectare, and the cooperative ensures that the grain yield of rice is more than 7500 kg per hectare.

Full-time land trust, on the other hand, works this way. Agricultural households make land management completely entrusted to cooperatives. According to the different methods of profit distribution, full-time land trust is divided into income full-time land trust and service-oriented full-time land trust. Income for full-time land trust can be earned when cooperatives pay for the rent of farmland to agricultural households, and promises a certain amount of bonus (while some cooperatives choose not). Hongyun cooperatives promised that guaranteed quota rent is 3000 kg and 3000 kg of wheat and corn per hectare, and a 60% surplus profit after deducting expenses. Service full-time land trust works in the way that agricultural households pay a certain amount of management fee to the cooperatives, and the cooperative guarantee reaches a certain output. Dalin agriculture and forestry products distribution cooperatives request its members to pay 10500 yuan per hectare, and ensure the yield of per hectare is more than 8250 kg.

2. The guarantee of agricultural households' income

After the agricultural households entrust the farmlands to cooperatives, the relevant policy subsidies (such as direct subsidies to grain) are received by themselves, and their agricultural income improve significantly. An agricultural household in Hebei province used to lease its land to others with the rent of 3000 yuan per hectare. While he entrusts it to a cooperative, the rent rises to 9450 yuan per hectare. Net income for the agricultural households rises from 7500 yuan per hectare to 9230 yuan per hectare after engaging in tianfeng machinery plant professional cooperatives. The rice income for agricultural households rises from 3757.5 yuan to 8587.5 yuan per hectare after engaging in dalin agriculture and forestry products distribution cooperative. The net income for planting cotton also rises from 14970 yuan to 20670 yuan per hectare after the agricultural households engage in leyuan farmer professional cooperative.

Land trust benefits agricultural households a lot in a good harvest year, and also guarantees their interest in disaster years. The cooperative usually promises that if the actual output is less than a certain production, the cooperative will compensate or refund the service fees. Dalin agriculture and forestry products distribution cooperative promised a guarantee output, of 8250 kg per hectare, for full-time land trust members. If the actual output is lower than the standard, the cooperative would make up; if the actual output is higher than the standard, the addition still belongs to the agricultural households. Co-farmer land trust professional cooperatives promise its full-time land trust members that if the actual output is less than the same average crop yields, they would refund all fees. Some cooperatives don't make any commitment, but request their members to buy the agricultural insurance. For example, loyal joint planting professional cooperative will pay all means of fees and agricultural insurance at first. And in a normal year, the farmer's income will be decided by the average grain production. If a natural disaster results in reduction of output, the income of agricultural household would be equal to the actual production plus insurance compensation after deducting what the cooperatives paid for members; and if the value is less than 0, the members wouldn't have to pay any fees, all losses shall be borne by the cooperative.

CONCLUSION

All in all, from the perspective of the farmers, the land trust greatly reduces the natural risk in agriculture production by household, and even in bad years, the household won't appear to be in a loss situation. According to the cases in China, this land management effectively increases agricultural income. Land trust can develop real professional farmers, and solve the problem of who is going to cultivate the land. The affection that agricultural household feels for the land is complex. They know that cultivating the farmland cannot make enough money but the farmers just can't give up the inheritance left by their grandparents. So many people choose to engage in agriculture and non-agricultural jobs at the same time, which result to a situation where they can't be well into agricultural production, nor ensure steady income when they venture into non-agriculture work. When cultivating land is perceived as easy job for households, land trust is perceived as better than the land circulation to solve the problem of rural folks.

Land trust, of course, also has some adaptability. In the northeast or plains, buying farm machines can easily be had because application is easy and contributes to economies of scale ; while in the hilly area like Sichuan, reducing the production cost should be more difficult. The surplus labor employment problems also shouldn't be ignored.

The land trust's showing up is undoubtedly one of the major contributors to agricultural financial predicament. In an ideal situation, land trust can bring benefits to different stakeholders including farmers, local government, trust companies and the renters. But in reality, land trust, which is still in the early exploration period, poses several problems that need to be solved, such as non-agricultural trend and high risk management. There should be caution on whether to aggrandize land trust's scope.

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