

Study on the Perfection of Compensation System for Rural Land Expropriation in China

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Abstract—with the rapid development of China's current economic level and urbanization process, the contradiction of land is becoming more and more prominent. We should establish a fair and reasonable compensation system for land expropriation, improve the compensation mechanism for rural land expropriation in line with China's national conditions, and effectively balance the interests of various parties. From the perspective of finance, this paper studies the defects and reasons in the process of land expropriation compensation, and constructs a perfect path for the compensation system of land expropriation from the aspects of relevant laws, regulations and finance, so as to improve the legitimate rights and interests of farmers and safeguard the policy.

Keyword—Finance; Land acquisition; Compensation system

I. INTRODUCTION

With the rapid development of China's current economic level and urbanization, the contradiction of land is becoming more and more prominent. The report of the 18th national congress of China points out that the compensation system for land expropriation should be further optimized and improved. At present, the criteria for the requisition of the land is unreasonable, less equitable, less costly, more expensive and more expensive, and it's the personal benefit of the expropriation of the land. Which seriously affected the social harmony, unity, such as land contradiction, to a certain extent influence the development of our country.

Such as Jame (2002) and Mesbah (1999) that in the process of urbanization, the phenomenon of farmer abandonment more and more common, if the financial market can provide security for the land, taking into account the interests of their offspring. The value of the land will be valued by the farmers, which will stimulate the development of the land market[1][2]. Binswanger (2003) that, through land transactions, land use rights in the process of being transferred to be an effective distribution, thereby promoting the development and utilization of land. Domestic scholars have also launched a wealth of research[3]. Li Sui-nong (2010) from the perspective of the interests of farmers to analyze the land acquisition compensation process that should highlight the status of farmers to protect their rights and interests is the most important[4]. Dong Renzhou (2013) believes that the contradictions caused by demolition in China are more and more frequent, which seriously affect social solidarity and

stability[5]. Therefore, it studies the content of forensic accounting and analyzes the causes and solutions of the problems of land expropriation compensation system. Wang Qi (2012) proposed to solve the problem of land expropriation compensation, should be through financial support and other related means to reduce the pressure on government financial funds, thereby increasing the compensation standards, play a role in coordinating land acquisition process between the interests of the government and the relationship between the people Role, to achieve multi-balance of interests[6].

To sum up, in the current context of industrialization, informatization, urbanization and agricultural modernization, we should establish a fair and reasonable salary system, according to the actual needs of our country, it is very necessary to build a comprehensive process of land compensation system for health land acquisition. At the same time, whether the profit distribution in the process of land expropriation compensation is sufficient or not depends on whether the capital supply is sufficient to a certain extent. Good operation of land purchase and storage funds and reliable financial support can supplement financial funds more effectively. Therefore, it is necessary to study the compensation system of land expropriation from the perspective of finance.

II. AN ANALYSIS OF THE CURRENT SITUATION OF COLLECTIVE LAND EXPROPRIATION COMPENSATION SYSTEM IN CHINA

In July 2010, the ministry of land and resources issued the "do a good job in land management", calling for further strengthening land management. Notice should execute unified land to collect standard of annual output value and integrated land price in the round, compensatory find a place for expenses should pay to landless farmer, pay directly to farmer. According to the national bureau of statistics, China's urbanization rate grew at an average annual rate of 1.3% from 36.2% to 54.8% from 2000 to 2014. In this process, the rapid growth of urbanization impetus comes from the government's financial capital and land supply, so a large number of rural land expropriation is inevitable. However, at present, the main source of urban construction funds and the follow-up compensation for land expropriation individuals is the income from land transfer, which leads to the shortage of funds and the phenomenon of "competition with people".

At the end of 2010, as much as 40 per cent of the government's debt payments came from land sales, according to

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the National Audit Office. Land sales accounted for 25-35% of the government's total revenue in 2010-2012. As shown below:

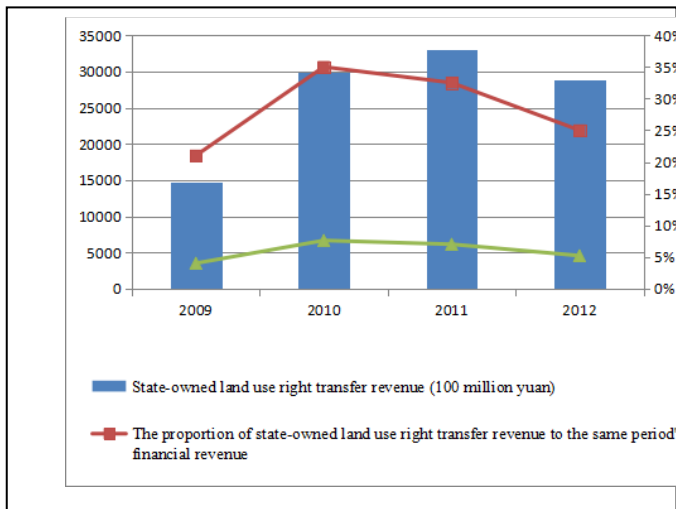


Fig. 1. Percentage of State-Owned Land Transfer Rights (Data from the Audit Office of the People's Republic of China)

According to statistics, in 2014, China's land expropriation compensation disputes were handled when the land compensation and distribution disputes of members of peasant collective economic organizations were the largest. In practice, land compensation and distribution disputes were the most controversial and difficult to handle, accounting for about 80% of the total litigation cases [7]. On the one hand, the current compensation system for land expropriation has certain inequality and unfairness, which fundamentally affects the interests of individuals compensated in the process of land expropriation compensation. On the other hand, the shortage of government funds, such as land purchase and storage funds, is also an important factor that cannot be ignored. Therefore, this paper makes an analysis from the two aspects of system and financial support:

A. Institutional deficiencies

At present, China's current land expropriation compensation system mainly has the following problems:

(1) Inequality of compensation subjects. Compensation for land expropriation is a kind of ownership transaction, and the status of both parties should be equal. China's land ownership can be divided into two forms: state-owned ownership and collective ownership. Under the leadership of the government, state-owned ownership and collective ownership are equal, but in practical affairs, the collective land ownership system of individual farmers cannot fully exercise their rights, leading to the emergence of unequal land acquisition.

(2) Unfair remuneration. China's current compensation system for land expropriation only compensates for the direct losses of farmers and does not take into account indirect losses such as employment costs. At the same time, compensation funds are determined according to land income. With the development of economy, land price is increasing at a high speed, and this change does not match the income of agricultural land. In recent years, China's

land price index has risen, rising by 236.61 from 1988 to 2010. Compared with the relatively slow growth of China's national income, the growth rate of land price is much higher than that of housing price. From 2010 to the end of the fourth quarter of 2014, 105 major cities in China monitored the growth rate of comprehensive land price, low commercial service price, residential land price and industrial land price, as shown in the figure below. The data were obtained from China land resources bulletin 2014:

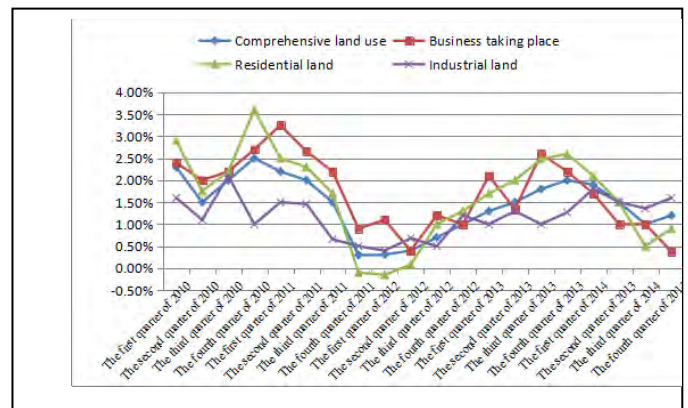


Fig. 2. China's major cities to monitor the monitoring of low-cost chain growth

It can be seen that the price of various land use is increasing all the time, and the existing land compensation system only compensates farmers according to the income of land. It is unscientific and unreasonable. To sum up, due to China's land acquisition compensation system in the implementation of the compensation standard is low, does not take into account the indirect loss of land. The issue of reemployment and security of the peasants have not been paid enough attention.

B. Financial support to the existing deficiencies

In the above analysis, the land contradiction is mainly caused by the unreasonable distribution of benefits between the government and individuals. The lack of the system and the shortage of the government policy funds are the fundamental reasons, and the policy funds mainly rely on the financial means to ensure the supply. China's current financial instruments have the following problems:

(1) The problems in the operation of land purchasing and storage fund. At present, China's land acquisition process is divided into three stages, First of all, the government uses the land purchasing and storage fund to purchase and compensate the land. After that, it organizes the demolition and infrastructure construction. Finally, it sells the land to the purchaser by public bidding. Among them, the initial capital of the land purchasing and storage fund is Financial capital and commercial banks and other financial institutions financing. However, with the rapid development of China's urbanization process, the government's capital investment in the construction of urban public facilities has been increasing, which has led to the financing of the land purchasing and storage fund in financial institutions, or even entirely by financing. On the other hand, the use of project financing in the financing of land purchasing and storage has caused the deviation between the

expectation of meeting the public interest and the expected profit of the project contractor. Under the combined effect of various factors, the land purchasing and storage fund is not enough to protect the interests of the land-expropriated farmers.

(2) The land purchasing and storage fund lacks financial support. In the face of the lack of financial support for the land purchasing and storage fund, the Government's response to the savings in expenditure is to subcontract the land to real estate developers or infrastructure developers to complete the land finance plan. Obviously, real estate developers and infrastructure companies are different from the government, its only focus on the land after the construction of economic benefits. Therefore, after contracting the land acquisition project, it often directly takes charge of the related matters of land expropriation compensation, negotiates with the compensator in the identity of the leader, further infringes on the rights and interests of the compensated person, or even violates the law.

Therefore, in order to solve the problems in the process of land expropriation, it is imperative to improve the land expropriation compensation system and take effective financial support measures to help the land purchasing and storage fund to operate healthily. So as to ensure that the concern of the policy funds the nature of the public interest to be given full play to protect the interests of individuals affected by land acquisition are not losses.

III. LAND REQUISITION COMPENSATION SYSTEM IN OTHER COUNTRIES AND ITS ENLIGHTENMENT TO CHINA

A. *US Land Requisition Compensation System*

In the United States, a variety of laws and regulations related to the land expropriation compensation system, such as the United States constitution, the United States property law, the federal land policy management law. The procedure of land acquisition in the United States is very strict. The constitution of the United States stipulates that a fair legal procedure must be passed before land acquisition. Therefore, land acquisition has a strong procedural nature. In addition to the land acquisition, the United States has to submit to review of the land acquisitions and audit institutions, the field investigation, seeking the approval of the land owners and the usual requisition of the land, but it also provides the land and the land price dispute, and the government's land collection agency, which is a more unique system of the land requisition in the United States. However, after negotiation of legal procedures, the land right holder and the government agency still cannot reach an agreement on compensation cost, and the government land acquisition agency can implement compulsory expropriation [15].

Thus, although land compensation in the United States is priced at market prices, landowners can further negotiate with the government to reflect that the will of the people will be respected. At the same time, as a result of land expropriation compensation standard is based on the full compensation, the law also stipulates "compulsory acquisition" system to protect the country's drive to restore the land for the public interest, and better deal with the state and the balance of the interests of the individual.

B. *Land Requisition Compensation System in UK*

The land expropriation compensation in the United Kingdom is based on the legal system of the property law, and provides detailed legal system of land expropriation compensation. The United Kingdom land expropriation compensation to the principle of reasonable equality, damage to the principle of restitution, the compensation standard is entirely in accordance with the land acquisition price calculated on the basis of the market, The so-called market price, that is, the land to be levied on the open market for public inquiry, to the same day the land market price as the price of the land compensation price calculation standards, housing or buildings are calculated in accordance with market prices of; While the compensation standard for other damage is generally calculated according to the value of the actual rights or the actual damage caused by the levying.

Britain's land expropriation compensation procedures in addition to the development of strict and reasonable procedures, the most distinctive is the establishment of land adjudication. The United Kingdom Land Tribunal is one of the most typical administrative adjudicators in the UK. It is neither a court nor an administrative system and has independence. As a kind of institution that protects the citizens' property right of land, the Land Jurisdiction has the similar quasi-judicial nature and enjoys a lot of privileges.^[16]

IV. PERFECTION OF COMPENSATION SYSTEM FOR RURAL LAND EXPROPRIATION

A. *Policies and systems to improve the point of view*

At present, China's land expropriation compensation system has institutional defects, which cannot guarantee the loss of rights and interests of farmers without land, and the land expropriation compensation system needs to be improved. Therefore, we should learn from foreign experience and update the concept of compensation to truly reflect fair and equitable compensation. This paper aims at the existing problems in the existing policy system, combines the research results of domestic and foreign scholars and the existing compensation system for land expropriation in foreign countries, and puts forward specific improvement measures as follows:

1) *To give farmers the right to land development, improve land acquisition compensation standards, improve land acquisition compensation.*

China's land non-agricultural use control system has defects. The current value of land development right is inconsistent with the collective economic organization, which leads to the inequality of land right and urban and rural planning interests, distorts the allocation function of land market resources, and grants equal land development right. To realize the equality of land rights and interests, we must accelerate the reform of the land management law and advance the reform of the collective land expropriation system. To build an agricultural financial system as the core, to farmers and other agricultural operations as an opportunity to provide financial services, raise funds to establish a benefit sharing platform; We should build market agricultural production factors, remove obstacles to rural land transfer and non-market forces, and reduce transaction costs of rural land.

2) *The reform and improvement of the land system should adhere to the principle of geographical sharing based on.*

Since the reform and opening up, China has achieved the fundamental reason for economic development that is due to institutional reasons, that is, the role of China's land system, the state of land use planning. In the process of economic development, the specific location of land will be due to the development of urban construction with the advantages of land value-added, because the whole country's economic development reflects the value-added benefits, is the wisdom of all sectors of society to create results, but also China's land. The problem of the eradication of the system is the result of the joint efforts of the whole society, so the land rights and interests should be shared by the whole society. Based on China's basic national conditions, from the country's economic structure, the proportion of the industry, rural population, rural productive forces, production relations, lifestyle and social development have a great impact. Therefore, the reform of the rural land system should not only break through, but also protect the basic interests of farmers, clarify the relationship of land property rights, improve the existing rural organizations and adapt to the development of the overall economic situation to achieve a smooth transition.

B. Financial support perspective

While perfecting the land compensation system, the government should provide a reliable financial support strategy to help the land purchasing and storage fund run healthily and ensure the consummation measures can be implemented effectively. At present, the main problem in the operation of the land purchasing and storage fund is that the proportion of fund financing is too high due to insufficient investment of policy funds, while the investors in the commercial market tend to focus only on the profit target, neglecting the individual's Compensation problems, even in the fund can not get financial support, the Government will land acquisition projects completely outsourced to the real estate business and other enterprises more aggravated the contradictions and disputes caused by inadequate compensation. Based on the above considerations, the paper puts forward some suggestions for improving the financial support in the current land expropriation compensation system as follows:

1) *Reducing the interest on financing of land purchasing and storage fund.*

The high interest brought by the financing amount in the land purchasing and storage fund is the direct factor which hinders the distribution of farmers' Commercial banks and investment projects by way of investment business objectives is to obtain benefits, The land purchasing and storage fund after absorbing this part of the investment is not only a policy tool for the government to control the distribution of benefits, inclusions in the commercial market in the enterprise's profit target, At the same time, the land purchasing and storage fund to bear the high interest rate of financing also reduces the financial funds to the purchasing and storage fund's leading ability, Therefore, it is necessary to reduce the financing cost of land purchasing and storage fund, and use the government

regulation and control means to lower the interest rate of the purchasing and storage fund, so as to effectively exert the policy effect of financial support.

2) *Raise the financial capital investment and raise the compensation standard for land acquisition.*

In order to ensure the realization of the purpose of regulating and controlling the social benefit of the land purchasing and storage fund, the proportion of financial funds in the land purchasing and storage fund should be increased to ensure the dominant position of the land purchasing and storage fund. In addition, we must vigorously improve the construction land index, to give farmers the right to land development, improve land acquisition compensation standards, and improve land acquisition compensation.

V. CONCLUSION

Based on the analysis of the present situation of collective land expropriation compensation system in China, this paper studies the inequality of the status of the subject of compensation and the inequality of the subject of compensation in the rural land expropriation compensation system in China from two aspects of policy formulation and financial support. The content is unfair, the compensation procedure is unfair, the compensation dispute civil settlement mechanism is not perfect, the land acquisition fund operation exists the question. At the same time, the status quo and advantages of land expropriation compensation in developed countries are analyzed. On this basis, combined with the existing problems in our country, drawing lessons from the advanced experience of foreign countries, put forward the policy of improving the rural land expropriation compensation system, including policy improvement and financial support. At the same time, it puts forward some theoretical Suggestions to perfect the compensation system of rural land expropriation and puts forward some policy improvement measures to protect farmers' legitimate rights and interests.

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