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## Land Lease In Farms Of The Stavropol Territory.

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### ABSTRACT

The article discusses the methodological basis for forecasting land lease payments in the region, which will form a picture of the future development of the land market, and, if necessary, to adjust some of its stages through the introduction of the appropriate economic mechanism.

**Keywords:** land, lease payments, long-term forecasts of socio-economic development of the Stavropol Territory.

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## INTRODUCTION

The problem of the effectiveness of the use of agricultural land, primarily associated with irrational land use. Thus, over the past 10 years, more than 37% of the turnover has been lost, or 639.1 area has decreased to 400 million hectares. Meanwhile, Russia has the largest land resources in the world. Totally in the EU, farmland makes up 40-60% of their territory. The exception is the countries of southern and northern Europe (8-25%). In Russia, the share of agricultural land does not exceed 10% of the Russian territory. However, the area of only agricultural land in Russia is 3 times larger than the territory of the same France. This indicates a huge reserve that is not yet being used effectively.

In the structure of the land market, leasing transactions prevail, which largely reflects the existing property relations.

First, the state remains the largest owner in the country, and, secondly, large areas of agricultural land transferred to citizens' property belong to people who do not or can not participate in agriculture themselves.

In today's world, there are many examples of the fact that rent is becoming increasingly important, and private ownership of land is a financial burden for owners, instead of investing in development of production, they must pay bank loans for land purchase. However, the presence of private ownership of land is part of democratic institutions that determine the nature of the political system, where a person has the freedom to dispose of his property. In this connection, it is a mistake to believe that the purchase and sale transactions must necessarily prevail in the structure of the land market, and it is unfair to say that if leases are dominant in the market, then such a market is not developed.

Thus, commodity producers have some confidence in land use and under the influence of market mechanisms a new stable structure of land relations has been formed, which is usually based on legally unregulated rent of land shares by agricultural enterprises.

At the stage of transition to the market, the lease form of realizing land ownership becomes dominant. Rent in these conditions covers the entire system of land relations and is determined by the laws of a market economy.

The study of general issues of leasing agricultural land, revealing their regional features, including the structure of rent, the level of rent, its types and forms, the dynamics of lease payments will allow to predict the processes of replenishment of the regional budget through rent payments.

Economic evaluation of the land reflects the comparative value of it as a special means of production in agriculture, based on objective conditions in the relevant natural and economic areas. The economic evaluation of land determines the extent to which soil quality influences such important economic indicators as gross output, gross and net income, profit, etc. The economic valuation of land is carried out in two directions: the general economic evaluation of land as a means of production and a private assessment of the effectiveness of cultivation of individual agricultural crops. The method of economic land valuation is based on mass data at least for the last five-year period on the actual crop yields and the material costs of their production.

## RESULTS AND DISCUSSION

In the agricultural land of the Stavropol Territory, agricultural land occupies a dominant position (5787.0 thousand hectares), while arable land accounts for 69.0%, for natural forage lands - 26.2, for perennial plantations - 0.7, on the deposit, 0.3%.

The size of the land share in the average for the Stavropol Territory is currently 10.25 hectares. At the same time, the size of the variation in the sizes of land shares (shares) in individual administrative regions of the region is equal to 21.61 hectares.

The smallest average size of the land share is observed in the Shpakoviy district (3.3 hectares), the largest in the Neftekumskiy district (24.91 ha)

Each owner of the land share had the right:

- 1) to contribute its share or the right to use it to the authorized capital of the agricultural organization and become its participant;
- 2) to transfer it (with the allocation of a site in kind) to the lease of any other organization or peasant (farming) economy;
- 3) to allocate a site in kind for conducting peasant (farming) economy or expansion of a personal part-time farm (sell, donate, transfer by inheritance);
- 4) to transfer the land share on terms of rent and lifetime maintenance

In general, according to the Stavropol Territory in 2017, 341.6 thousand owners of land shares ordered them as follows: 93.9% were leased; 2.5% received the land plot for the land share for the organization of peasant farms; 0.8% received the land plot; 0,2% - for expansion of private household plots; 1.4% transferred the land share to the authorized (share) capital.

Thus, more than 90% of the authorized owners of the Stavropol Territory transferred their land shares on terms of lease to agricultural organizations, as a result of which these shares were privatized, and only 2.5% - to the farm.

Leasing is a method of farming on land, when the degree of concentration of production increases, where lease relations are an important element of the economic mechanism of market relations. The lease expands the economic space for entrepreneurial activities in agriculture. In the market conditions, leasing expresses the relationship between two entities: owners of land plots and other means of production, which for some reason can not use their property for profit and physical and legal persons who at the moment do not have sufficient funds production (especially land), but they want to engage in active production activities to make a profit [2].

The tenant becomes a temporary owner and user of leased assets of production, as well as the principal owner and manager of the product and income received. The main economic incentive of the tenant is to obtain maximum income and its actions are carried out indirectly in the interests of the owner. Rent does not contribute to changing the type and form of ownership, but it changes the mechanism for realizing the owner's relations, it complicates them and at the same time increases the production potential.

The most complete disclosure of the benefits of leasing is facilitated by the development of market relations. Therefore, in order to increase efficiency, land-lease relations, in our opinion, should develop in the following areas:

- establishment of optimal lease terms;
- optimization of the organization of leasing relations;
- ensuring the mutual interests of the lessee and the lessor, respectively, in net income and rent;
- optimization of land use of agricultural organizations and farms with a view to managing commodity production;
- rational use of land resources and compensation for damage to the owner of the land for reducing fertility and deteriorating the environmental condition of the soil;
- efficiency and profitability through the creation of a rational ratio of factors of production and getting the most out of them;
- distribution of land on a competitive basis;
- approval of the priority of the tenant's interests;
- development of the lease of land shares.

In the Stavropol Territory, the main category of land users are large agricultural organizations that use most of the agricultural land - 4,045.1 thousand hectares. But the share in the structure of the total size of this type of land use tends to decrease. At the same time, the area was reduced not only for arable land (by 12.7%), but also for forage lands (by 11.8%).

Let's consider three main groups of commodity producers: the economy of the population, peasant (farm) farms and agricultural enterprises (table 1).

**Table 1: Level of land use in the farms of the Stavropol Territory**

Indicators	Agricultural enterprises		Peasant farms		Private household plots	
	2012	2017	2012	2017	2012	2017
Total area of agricultural land, thousand hectares	4580,4	4045,1	647,3	730,0	96,7	100,2
In % to total	79,2	69,9	11,2	12,6	1,6	1,7
There is agricultural land per one subject, ha	14148,9	16359,0	37,5	43,6	0,19	0,21
Produced gross agricultural output, million rubles. (in actual prices)	22507,5	42179,9	4771,4	8248,4	14756,1	20258,1
Structure of gross agricultural production,%:						
plant growing	82,5	83,0	90,5	89,4	29,8	35,9
cattle breeding	17,5	17,0	9,5	10,6	70,2	64,1
The cost of gross agricultural output per 1 hectare of agricultural area, thousand rubles	4,91	9,45	7,26	11,74	192,64	227,62

In the households of the population, the gross agricultural output of 2017 was 20258.1 million rubles, which is less by 48.0% than in large agricultural enterprises, and 2.5 times more than in peasant (farm) households

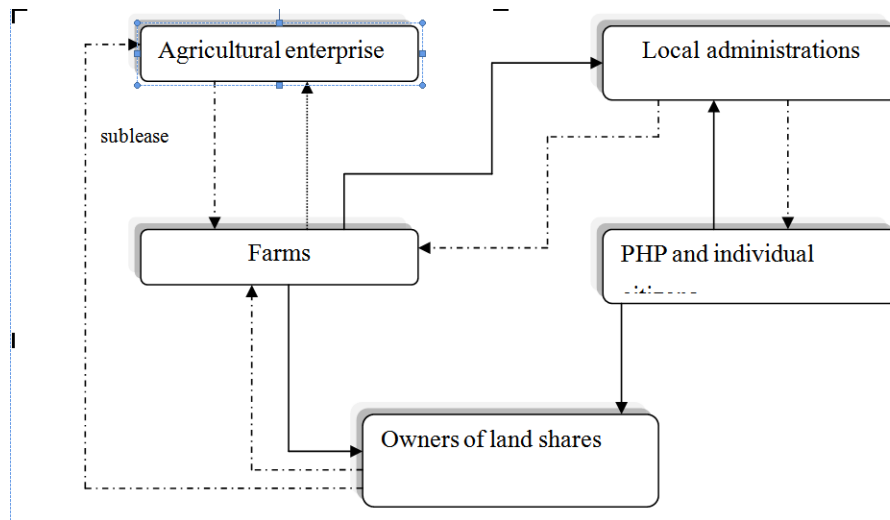
Peasant farms were used in 2017, 730.0 thousand hectares of agricultural land in the Stavropol Territory, which is 15.2% more than in 2012.

It follows that large agricultural enterprises are the main commodity producers of agricultural products. At the same time, the value of the gross output of 1 hectare of agricultural land in this category of farms increased by 1.2 times in 5 years and amounted to 9.45 thousand rubles in 2017. on 1 hectare. In peasant (farmer) households this indicator had higher growth rates, in 2017 it was 11.74 thousand rubles. per hectare or 1.6 times higher than in 2012.

Significant strengthening of state regulation is required in the direction of the use of rights to dispose of landed property. The biggest disadvantage, in our opinion, is the provision of the preemptive right to purchase shares of interest holders, most of which are not engaged in agricultural production. In our opinion, this right should be consolidated, first of all, for the actual land users, provided they conscientiously use land.

In the future, leasing relations will be developed in the province, differentiated according to the structure of land and natural and climatic zones. The specificity of the location of agricultural crops and industries, as well as the specialization of production in various regions and enterprises, served as the basis for the allocation of four agricultural zones in the Stavropol Territory.

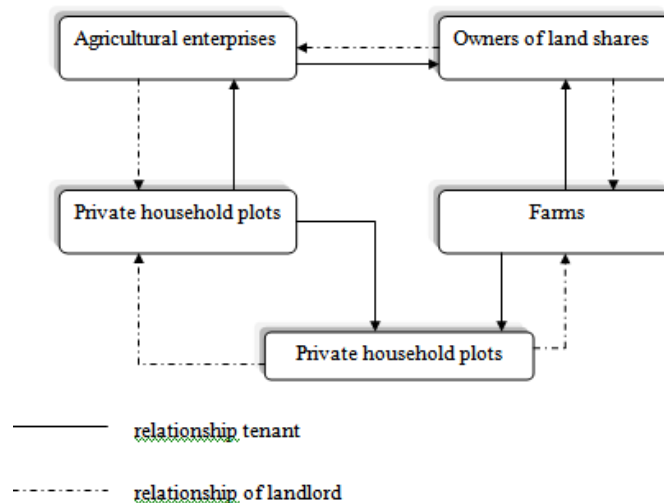
In the administrative boundaries of Apanasenkovskiy, Arzgirskiy, Levokumskiy, Shpakovskiy, Kochubeevskiy, Neftekumskiy, Andropov, Predgorniy and Kirovskiy areas (I and IV agricultural areas) with a 30-70% plow, in our opinion, due to the scarcity of arable areas that are most attractive for tenants, active landlords will be agricultural enterprises, local administrations and owners of land shares, and active tenants will be peasant (farm) farms, personal part-time farms public and private individuals, ie, they have risky capital (Fig. 1). The main objects of the lease will be perennial plantations, hayfields, pastures and, to a lesser extent, arable land.



**Figure 1: The model of development of lease relations in the I and IV agricultural zones of the Stavropol Territory**

The boundaries of administrative areas such as Novoaleksandrovskiy, Izobilnenskiy, Georgiyevskiy, Blagodarnenskiy, Budenovskiy, Krasnogvardejskiy, Petrovskiy and others (II and III agricultural area) with 70-85% plowed leases repeatedly complicated due to the complexity of existing land, a large number of rental agents.

In our opinion, the main leases will unfold between agricultural enterprises and owners of land shares, between farmers and owners of land shares, between local authorities and owners of private (auxiliary) of households (Fig. 2). The main objects of the lease will be arable land, perennial plantations, pastures and hayfields.



**Figure 2: The model of development of lease relations in the II and III agricultural zones of the Stavropol Territory**

The determining condition for increasing the efficiency of land lease relations is the establishment of optimal terms for the lease of land, as short-term rent does not stimulate environmentally safe land use and, as a rule, leads to the exhaustive use of land, and long lease terms contradict the interests of the owner of the land and lead to the infringement of his rights.

Of particular importance, according to the author, is long-term lease with the right of redemption and inheritance. It is important, including on depleted lands, as it stimulates the tenant to carry out works to

improve the quality of the leased land. In addition, long-term lease can be considered as an opportunity for the subsequent transfer of land to private ownership.

Further development of land lease relations is an important condition for the expansion of peasant (farm) farms. Lease of agricultural land is the most affordable and effective way for both beginning farmers who do not have sufficient capital to buy land, and for farmers who want to expand production without resorting to land purchase. In addition, rent is beneficial to farmers who stop agricultural activities by age, illness or other reasons, as they continue to be owners of the land, they receive income in the form of rent. [3].

The development of the land market, including rental relations in the agro-industrial complex of the Stavropol Territory, is largely related to the organization of the turnover of land shares, the owners of which are entitled to all forms of turnover of these shares, including the provision of land for rent. The importance of standing tasks is determined by a number of circumstances:

- Owners of land shares in the regions of the Stavropol Territory are the largest group of owners, both in number and in terms of the area of agricultural land they cultivate;
- Owners of land shares are predominantly people who work in agricultural production, for which this share is one of the conditions for organizing their own production, or participation in collective farming;
- A significant part of the land shares is owned by people who are actually not employed in agricultural production (pensioners - usually former employees of agricultural enterprises, their heirs, social workers).

In the opinion of the author, the main direction in the use of land shares in the future should be their leasing to agricultural enterprises, whose members are their owners. Other ways of using land shares in terms of their distribution can be distributed in the following sequence:

1. introduction of an agricultural enterprise into the statutory fund;
2. use for the organization of a peasant (farming) economy;
3. allocation of part of the land share for the expansion of personal subsidiary farming;
4. leasing to farmers and other land users.

Since a significant part of land shares are concentrated among pensioners and social workers in the village, a second redistribution of land through the land market is to be carried out.

Preference only for the purchase and sale of land will slow its turnover or make it virtually impossible in the absence of sufficient financial savings for the majority of land users to purchase it. Recognition of a lease, without the right to purchase and sell land, blunts the investment aspirations of the user, since the desire to invest in privately owned land is always higher than the investment in the facility that the farmer uses or owns temporarily. And this is explained not only by psychological but also economic factors, since the owner of the land plot will always have a relatively lower production cost than the tenant, other things being equal.

## CONCLUSION

Productivity and scarcity of agricultural land in some of the Stavropol Territory districts (Petrovskiy, Novoaleksandrovskiy, Kochubeiy, Grachevskiy, Izobilnenskiy), as well as in all parts of the fourth - at the resort zone relatively high other regions of Stavropol, therefore, in connection with the full implementation of the Federal Law "On the circulation of agricultural land", we can expect that in the province for the activities of specialized land banks there are favorable conditions. As the legislative base formation land banks in the future can become active participants and regulators of the land market and, in particular, the rental market of agricultural land.

One of the problems land use in the province, are facing today, including agricultural producers, - the disposal of land plots whose state ownership is not delimited. There are a lot of such lands in the region: 140,000 hectares within the boundaries of settlements and about 1.3 million hectares are agricultural land

plots of the land redistribution fund. Federal law changes, according to which since March 1, 2015 on the orders of authority sites, state ownership is not delimited, carried out by local governments of settlements. In the presence of approved rules of land use and development, these powers are realized by municipal districts.

Duma of Stavropol Territory in 2015, it was decided to carry out state support for the development of family livestock farms and young farmers, preferential allocation of land plots (without cadastral works). For residents of Stavropol, having three or more children, regulation of the establishment of norms for the load on pastures and others.

The economic and social significance of the rental market for agricultural land in the coming years will increase. This is due to the completion of the process of privatization of land, the formation of a legislative framework for land turnover, a significant attraction of rental land use.

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