

Promoting the Marketization of Rural Land under the Guidance of Rural Revitalization

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Abstract The marketization of rural land factors is the fundamental solution to deepening rural reform and revitalizing rural development. Drawing on the theory of marketization of rural land factors, this paper examines its beneficial impact on promoting rural revitalization and identifies the existing bottlenecks that hinder the progress of land marketization. Furthermore, it proposes policy recommendations aimed at enhancing the property rights system, establishing robust transaction mechanisms, and innovating land use models to activate rural land resources and advance comprehensive rural revitalization.

Keywords Rural land, Marketization of factors, Rural revitalization, Collectively-owned business land

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The efficiency of market-oriented land allocation is a critical determinant of the vitality of rural development. The rural revitalization strategy serves as the comprehensive framework guiding the work related to agriculture, rural areas and farmers in the contemporary era. Over the years, a significant amount of resources in rural areas has remained idle due to ambiguous ownership definitions, inefficient circulation, and low utilization rates. This situation not only impedes the advancement of rural industries but also adversely impacts farmers' income^[1]. Since 2013, the Central Committee of the Communist Party of China has introduced measures including the implementation of the “three rights separation” of rural land and the pilot integration of collectively-owned business land into the market, thereby establishing a foundation for the marketization of land resources. Advancing land system reform and expediting the release of rural potential have become key components of rural revitalization.

1 Theoretical logic and policy evolution of rural land marketization

1.1 Theoretical basis

1.1.1 Property rights theory (coase theorem). The confirmation and empowerment of rural land rights have effectively reduced transaction costs, while the establishment of clear property rights has provided a necessary foundation for market transactions.

1.1.2 Theory of factor marketization. Land is a crucial factor of production that can improve the efficiency of land resource allocation, foster the integrated development of urban and rural areas, and facilitate the free flow of land. Allocating land according to supply and demand

promotes the equitable exchange of factors between urban and rural regions, thereby supporting rural development. The price signals generated through the marketization of land factors can more effectively direct land towards efficient agricultural operational entities, facilitate large-scale and intensive land production, and consequently improve the level of agricultural production and management.

1.1.3 Systematic requirements for rural revitalization. The marketization of rural land factors should focus on three key words: clear property rights, unrestricted transactions, and effective market regulation. Furthermore, this process plays a crucial role in facilitating the inflow of various production factors, including capital, technology, and talent, into rural areas.

1.2 Policy evolution

The marketization reform of rural land factors in China has progressed through nearly four decades of incremental advancements. This process follows an evolutionary framework characterized by the establishment of clear property rights, the allocation of authority, and the deepening of market mechanisms. Throughout this period of practical experimentation, the distribution of power and the promotion of market activities have been progressively implemented, resulting in increasingly well-defined boundaries of rights and responsibilities among various stakeholders and more comprehensive operational procedures. The principle of “household-to-household” hierarchical ownership has been increasingly consolidated. In contrast, policy innovation has always been “stable in contract and flexible in operation”, progressing steadily in alignment with the concepts of “clear ownership, flexible usage rights, and the transfer of management rights”. Notably, since 2015,

the introduction of collectively-owned business land into the market marked a significant breakthrough, initiating the establishment of equal rights and pricing comparable to state-owned land. Consequently, the dual barriers between urban and rural land have been progressively dismantled^[2]. After 2020, the reform of homesteads was further invigorated, facilitating the mortgage of management rights and thereby enhancing the land's revitalization value. Gradual empowerment can simultaneously protect the fundamental interests of farmers and revitalize the land factor market, thereby facilitating the establishment of a land system reform under socialism with Chinese characteristics that is characterized by “clear property rights, market-oriented transactions, and profit sharing”. It embodies the organic integration of social historical logic with social development practices and holds practical significance in relation to national and land-specific conditions.

2 Promotion role of rural land marketization in rural revitalization

2.1 Activating idle resources and optimizing land allocation

The introduction of collectively-owned business land into the market has addressed the dual structure of urban and rural land, thereby establishing equal rights and uniform pricing. For example, land transfer and integrated development initiatives in Deqing and Nanhai have revitalized idle land, facilitated land value appreciation, and allowed farmers to benefit from the increased land value. The “shareholding dividend” model in Pidu District protects the long-term rights and interests of farmers. To address the scarcity of urban land,

Daxing District has ensured the construction of housing on collective land. Additionally, Suzhou has implemented demonstration and pilot initiatives, establishing a unified rural land trading platform.

The paid withdrawal and transfer of homesteads serve to revitalize idle homesteads. In Chongqing, the implementation of replacement compensation has enhanced farmers' property income and facilitated the development of rural leisure and tourism destinations. Kunshan advances the development of cultural tourism by facilitating the transfer of rural houses. Through centralized resettlement, Jinzhai has optimized its village layout. Luxian County has implemented mortgage loan programs to channel capital into rural areas, thereby enhancing the revenue capacity of land resources and improving their comprehensive utilization.

2.2 Promoting the scale and modernization of agriculture

The transfer of land management rights facilitates the promotion of large-scale agricultural operations, thereby reducing production costs. By consolidating fragmented plots into larger contiguous areas, this transfer supports large-scale production, enhances the efficiency of input utilization, optimizes the allocation of land resources, and improves overall land use efficiency. Large-scale operations facilitate the adoption of advanced production technologies and equipment, enable mechanized and standardized production processes, reduce the cost per unit of output, and enhance market competitiveness. These factors collectively encourage small-scale farmers to integrate into the modern agricultural industrial system, promote the high-end development of the industrial chain, and contribute to the high-quality development of agriculture.

2.3 Increasing farmers' property income

Land transfer rents, shareholding dividends, and compensation for the withdrawal of residential land use rights have expanded the avenues through which farmers can augment their income. Provided that farmers retain contracting right, they are able to secure stable property-derived income. For instance, in Anhui Province, farmers can increase their annual income by 4,000 yuan through the transfer of 3,335 m² of land. In Shandong Province, farmers receive an annual dividend of 2,000 yuan by investing in enterprises. Similarly, in Kunshan, Jiangsu Province, reforms related to homesteads enable farmers to raise their annual income by more than 10,000 yuan. These examples effectively mobilize idle rural resources, improve land utilization rates, and enhance farmers'

motivation to actively engage in the development of modern agriculture, thereby contributing to rural revitalization.

2.4 Promoting the integration of rural industries

The activation of the land factor market facilitates the market-oriented revitalization of idle rural resources and fosters conditions for new business forms of "agriculture +". For example, in Yuanjia Village, Shaanxi Province, collective land has been developed in a concentrated and contiguous manner to establish a destination for folk tourism in Guanzhong. This initiative has resulted in the creation of 22 industrial chains encompassing food, accommodation, transportation, sightseeing, shopping, and entertainment, thereby enabling over 300 local households to engage in entrepreneurship and employment. The annual comprehensive income has exceeded one billion yuan, exemplifying a successful model of agricultural and tourism integration in China. Rural land thus holds significant potential as a source of economic power and as an incubator capable of unlocking substantial value through the productive utilization of idle land.

3 Main obstacles to the marketization of rural land

3.1 Imperfect property rights system

From the perspective of rural land within the "three rights separation" system, the property rights relationship concerning collective land remains undefined. Firstly, the collective ownership subject is virtualized, with village committees and villagers' groups serving as the primary entities. Secondly, farmers' rights to contract and operate are not legally protected, leading to the "absence of explicit legal provisions"^[3]. In certain regions, unresolved historical land issues frequently give rise to land ownership disputes, thereby impeding the transfer and trading process of land marketization. For example, data from the Ministry of Agriculture and Rural Affairs indicate that more than 100,000 disputes related to rural land contracting are mediated and arbitrated annually by municipal-level or higher government authorities throughout China.

3.2 Incomplete trading mechanisms of marketization

Currently, the development of a nationwide unified rural property rights trading platform is progressing at a slow pace, with fewer than 40% of counties and cities having established standardized trading platforms. At present, land transfers predominantly depend on social relationships among acquaintances, resulting in significant information asymmetry in transfer

transactions. According to the investigation, the current signing rate of land transfer contracts stands at 38.9%, while 80.7% of transfer transactions have not established reasonable pricing. In a specific district of Chongqing, the price disparity among different land parcels reaches up to threefold, primarily attributable to the absence of a well-functioning market.

3.3 Insufficient supply of supporting systems

3.3.1 Lack of financial support. By 2025, agricultural land mortgage loans nationwide are projected to constitute only 1.4% of all agricultural-related loans, due to the challenges associated with appraising and disposing of mortgages secured by land management rights.

3.3.2 Lagging social security. More than 70% of migrant workers continue to view land as their ultimate safety net and are hesitant to transfer it over an extended period.

3.3.3 Inadequate registration system. About 70% of rural homesteads across the country have been registered, but the work of confirming rights, registering and issuing certificates has not been fully covered, so their safety cannot be guaranteed.

3.4 Imbalance in the profit distribution mechanism

Under the existing institutional framework, the government constitutes the primary beneficiary of land value appreciation. Research conducted across various provinces indicates that compensation for land acquisition constitutes only 12% to 15% of the land transfer fees, while the share of land appreciation income allocated to village collectives and farmers remains minimal. At the grassroots level, there is limited enthusiasm for marketization operations, and the prevailing dynamic continues to be characterized by active government involvement, passive collectives, and a wait-and-see attitude among farmers.

3.5 Barriers to the flow of urban and rural factors

The dual urban-rural household registration system constitutes a significant barrier to the unrestricted mobility of the population. Approximately 286 million migrant workers are unable to fully relocate from their hometowns and original residences. Additionally, challenges persist in the cross-regional transaction and utilization of construction land quotas. In 2023, the volume of collective business land entering the market nationwide accounted for less than 5% of the total supply of state-owned construction land. Villagers in a pilot village located in the suburbs of Beijing have obtained market entry permits; however, due to challenges in planning adjustments and delays in the

approval of supporting facilities and related projects, they remain hesitant to sell their land.

3.6 Inadequate coordination of legal policies

The Land Administration Law conflicts with the Civil Code and other relevant legislation in terms of application, and there is insufficient support from higher-level laws for the “three rights separation” concerning homesteads. Furthermore, the policies implemented in the 31 pilot regions face challenges in being promoted on a national scale. For example, the well-established practices of the Chengdu Agriculture Equity Exchange are legally constrained and cannot be replicated elsewhere.

4 Recommendations for the marketization of rural land

4.1 Deepening property rights reform

4.1.1 Accelerating the comprehensive coverage of rural land rights registration and certificate issuance. It is essential to establish a nationally unified registration information platform for immovable property. This platform should clearly delineate the boundaries of the “three rights”, namely the ownership of rural collective land, the management rights associated with farmers’ contracted land, and the ownership rights of farmers’ contracted land. Furthermore, it is recommended to pilot the registration process for the separation of these “three rights” and to advance the information-based management of the corresponding warrants and certificates. Utilizing unmanned aerial vehicle (UAV) aerial survey technology + on-site investigations, a mobile application for property rights confirmation has been developed. This application facilitates the online collection of farmers’ information and the mediation of property rights disputes, resulting in an increase in work efficiency exceeding 30%. To systematically address issues arising from historical legacies, a dedicated mediation fund has been established, alongside the formation of a legal expert service team. The rectification efforts primarily concentrate on problems such as ambiguous boundaries of contracted land and ownership disputes related to historical legacies, with the objective of achieving a “one household, one file” mediation.

4.1.2 Exploring methods for transferring the qualification of homesteads across districts. It is essential to develop a standardized system for the recognition of qualification rights by formulating a unified national standard for the acknowledgment of qualification rights to homesteads. Additionally, constructing an integrated “person-land-right” database is imperative to facilitate the digital recognition

of these rights. Furthermore, piloting the management of qualification warrants and certificates should be undertaken, with clear definitions of key elements such as the content and duration of the rights. A cross-regional trading platform can be developed based on the provincial rural property rights trading center. This platform would establish a secondary market for the transfer of qualification rights encompassing cities and counties, and implement an intelligent matching system to facilitate the entire process of cross-regional supply and demand information dissemination, online registration, and transaction execution. The method of implementing transfer realization should be innovated. “Qualification rights exchange” denotes permitting farmers to exchange their qualification rights within the county to access public rental housing or collective apartments. “Qualification rights shareholding” refers to supporting pilot projects for the development of rural tourism clusters.

4.1.3 Improving regulatory mechanisms. It is essential to implement a negative list system for the transfer of qualification rights, establish and enhance a dynamic supervision mechanism both during and after the transaction, prevent the fragmentation of industrial and commercial capital to evade regulatory oversight, and curb the disguised speculation of rural houses and land.

4.2 Improving the trading system of marketization

4.2.1 Establishing a unified national rural property rights trading information platform. It is essential to establish a national network of rural property rights trading platforms and to develop standardized trading regulations and model contract templates. Additionally, a land management rights valuation system should be implemented to facilitate the development of a regional benchmark land price system, with the goal of achieving comprehensive coverage of county-level trading platforms at the earliest opportunity.

4.2.2 Standardizing the introduction of third-party valuation institutions for rural land pricing. When developing technical standards for the evaluation of rural land prices, it is essential to consider factors such as the land’s locational attributes, soil quality, land use regulations, and market supply and demand to ensure that the assessment is equitable and rational. Furthermore, the cultivation of professional institutions is necessary, and qualified professional appraisal organizations should be encouraged to participate in the rural land market to conduct relevant operations. Historical data on land transactions and land price monitoring

information are integrated to establish a rural land price valuation database. The assessment process is standardized, stipulating that for transactions such as rural land transfers, mortgages, and expropriations, price assessments must be conducted by an independent third party. Furthermore, the assessment reports should be made publicly available to facilitate social oversight. Industry supervision should be enhanced, and the credit evaluation mechanisms of assessment institutions must be improved. Any illegal activities or inaccurate evaluations should be promptly investigated and addressed upon discovery. Furthermore, the dispute resolution mechanism requires improvement, and appeal channels should be established to allow parties to request re-assessment from the land use right transferor, the transferee, or the expropriation department. Additionally, parties should have the right to file an administrative lawsuit concerning disputed land price assessment reports, thereby safeguarding their rights and interests^[4].

4.3 Strengthening policy and financial support

Based on the pilot projects conducted, policy and financial support should be progressively extended to additional major agricultural counties. Priority should be given to facilitating access for large-scale operational entities, including family farms, farmers’ cooperatives, and agricultural enterprises. Furthermore, the pilot program for land management rights mortgage loans should be expanded, accompanied by the establishment of a robust risk-sharing mechanism. The loan amount, loan term, and loan interest rate should be determined appropriately based on factors such as the actual scale of land operations and the type of industry, in order to improve the accessibility and alignment of financing. Building upon the rural property rights trading center, it is essential to enhance a unified mortgage registration system and standardize the procedures for mortgage registration of business rights to ensure clear and traceable ownership. The land management rights should be appraised by an independent third-party assessment firm, with clearly defined scientific standards for the valuation of these rights. Additionally, the valuation process must avoid artificial undervaluation or overvaluation. The transfer or auction of land management rights can be facilitated through the rural property rights trading platform, thereby enhancing the liquidity of collateral and pledges. By streamlining judicial enforcement procedures and expediting the disposal of mortgaged land, financial institutions are granted priority in its disposition. It is essential to establish a

comprehensive land mortgage loan database that monitors the purpose and repayment status of each loan to prevent excessive borrowing. Furthermore, a minimum threshold must be established to ensure farmers' livelihoods are protected in the event of mortgage loan defaults, thereby preventing poverty resulting from the loss of land.

4.4 Innovating land use models

4.4.1 Precisely matching demand and implementing “spot land supply”. Firstly, “spot land supply” is mainly used for scattered industries such as rural tourism, cold chain storage, and small-scale processing. Land is allocated based on actual demand, thereby preventing the occurrence of “expropriation without utilization”. Temporary agricultural land facilities characterized by limited use, specific purpose, and restricted construction intensity within ecologically sensitive areas or camping sites should be subject to “expropriation without conversion” and may be leased on a short-term basis. For long-term projects, including homestays, land may be allocated through mechanisms such as transfer of ownership or equity valuation. Additionally, activities related to agriculture + cultural tourism are permitted. Secondly, “spot land supply” can be implemented in accordance with the resource endowments and characteristics of spot development, utilizing a spot configuration layout to accurately identify and address challenges^[5].

4.4.2 Adopting classified policies and further optimizing approval and planning. Adequate flexible space should be reserved to ensure that the overall territorial spatial planning is effectively coordinated down to the levels of towns and villages. Streamlining administrative procedures and delegating authority can reduce preparatory time, accelerate implementation, and facilitate the establishment of a “filing system” for key projects. Furthermore, it is essential to develop a rural industrial land use index database and prioritize the allocation of “spot land supply” projects to address the issue of “land scarcity”.

4.4.3 Reducing costs and activating financial resources. Rural revitalization projects may be sold at prices ranging from 30% to 50% of the benchmark land price or paid for through installment plans. Financial institutions are encouraged to develop specialized credit products and explore the use of rural collective business land as collateral for mortgage financing to address the funding challenges faced by enterprises.

4.4.4 Strengthening supervision and protecting rights and interests. It is essential to verify the

authenticity of the industry and to avoid any compromises or involvement in disguised real estate activities. Dynamic inspections are conducted to address the issue of idle land. Furthermore, the methods for distributing dividends to village collectives and farmers must be clearly established, and channels for dispute mediation should be established.

4.5 Strengthening legal protection

4.5.1 Refining the trading rules for the entry of collectively-owned business land into the market, and establishing and improving a pricing mechanism of “benchmark land prices + floating adjustments”. It is essential to establish a filing system for the transfer of homestead land within villages. Additionally, transfers across villages should require approval through a collective vote and be subject to the payment of a regulatory fee. The price formation mechanism, which relies on government-guided prices and third-party evaluations, should be enhanced. Additionally, the financing method involving the “mortgage of use rights + risk compensation funds” should be explored. Efforts should be made to promote the development of a unified national homestead management information system, and the implementation of “electronic rights certificates” should be advanced in certain regions. Furthermore, remote sensing technology should be utilized to monitor idle land in real time and dynamically^[6].

4.5.2 Improving the rights protection system and safeguarding the rights and interests of farmers. Firstly, the “three-level mediation” network should be enhanced through the establishment of village-level “former party branch secretary mediation rooms”, township-level “land arbitration tribunals”, and county-level “agricultural circuit courts”. Secondly, a “one-click assistance” mediation application can be developed, enabling farmers to initiate rights protection online in a convenient and efficient manner. Thirdly, the “one village, one legal advisor” program should be implemented, accompanied by the establishment of a pool of experts comprising lawyers, notaries, and appraisers. Fourthly, a dedicated fund can be created to offer assistance and safeguard the rights of disadvantaged groups.

5 Conclusions

The marketization of rural land factors constitutes a crucial strategy for stimulating the endogenous drivers of rural revitalization. While maintaining adherence to the arable land protection red line and safeguarding farmers'

interests, it remains imperative to address existing challenges in a comprehensive and systematic manner. These challenges include ambiguous rural land ownership, inefficient circulation, difficulties in value realization, ineffective resource allocation, and the need to advance property rights reform. Following the reform of the “three rights separation” system, the right of management has met the conditions for market entry and necessitates legal protections to facilitate its participation in marketization transactions, including mortgages and equity investments. It is essential to enhance the unified urban-rural business land market and to actively explore equitable methods for distributing the added value gains arising from the integration of collectively-owned operational business land into the market. It is essential to enhance the digital trading platform and the risk prevention and control system to improve circulation efficiency while mitigating issues such as excessive capital expansion and land withdrawal. Institutional innovation should be employed to convert land into capital, thereby expanding avenues for integrating modern elements to develop specialized industries and increase farmers' incomes. Sustaining this process requires revitalizing resources, upgrading industries, and promoting shared prosperity among farmers.

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