

DEVELOPMENT OF AGRICULTURAL LAND MARKET AND LAND CONSOLIDATION IN THE RUSSIAN FEDERATION

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SUMMARY

Development of Agricultural Land Market is unique in Russia as compared to other countries. This is because the role of the state has always been and remains dominant in the regulation of land relations in the Russian agriculture. However, before 1917, it was optimally combined with the market mechanism in the sphere of land relations.

In the period of 1917-1991, the role of the state in the regulation of the land relations was hypertrophied. The role and importance of market regulators such as the land tax, the rent, the price of the land as well as lease and mortgage were denied both in theory and in practice. Any Agricultural Land Market Transactions were banned.

In 2001, the new Land Code was adopted. The Agricultural Land Market Act was introduced in 2003. The State Real Estate Cadastre was introduced in 2009. The Agricultural Land Market Act was amended on December 29, 2010 by the special federal law #435. The right and the order of compulsory withdrawal of the agricultural land plots were settled. The transfer order of municipal agricultural land plots to the property or rent to the agricultural organizations and farmers, their using is simplified. The Land Taxation Act adopted in 1991 was abolished in 2006 and a new chapter # 31 of the Russian Tax Code "The Land Taxation" was introduced. According to the chapter, the Land Taxation is exclusive responsibility of local governments and based on cadastral value of land. According to it, the maximum Agricultural Land Tax Rate defines as .3% of "cadastral value" of agricultural land.

Development of Agricultural Land Market in the Russian Federation is mostly depended on Regional Land Policies. The Republic of Kalmykia is located in the Southeastern edge of Europe and it is a part and a subject of the Russian Federation. Development of Agricultural Land Market in the region is based on the Law of the Republic of Kalmykia issued on 9 April 2010 and the decree of the Government of the Republic of Kalmykia issued on July 2, 2003.

In May 2012, the Food and Agricultural Organization of the United Nations released the **Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security** focused on development Agricultural Land Market and Land Consolidation. In the Republic of Kalmykia we can observe a unique trend, which is in the increase in the number of private farms and in the increase in their average size. There was also a considerable increase in the Agricultural Land Market Transactions including Agricultural Land Mortgage Transactions over the last years in the region.

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INTRODUCTION

Development of Agricultural Land Market is unique in Russia as compared to other countries. The abolition of serfdom in 1861 and Stolypin's Reform as well as subsequent development of Agricultural Land Market undermined the communal land system. The super goal of modern Russian Agrarian and Land Reform is to create the conditions and incentives to provide sustainable development of agricultural production and to solve the country's food problem. It should be noted that one of the specific objectives of the reform was the redistribution of land from collective to private farming in order to provide rational use and protection of lands in Russia.

The state's land monopoly in Russia was abolished and two main forms of land ownership: public uses and private farming were introduced. Land may be converted into individual private property of citizens for personal use, farming, horticulture, and animal husbandry as well as to accommodate buildings and constructions for individual enterprise, to build and maintain dwelling houses, country cottages, garages. The private property may be established also as the result of the conversion of lands belonged to former collective and state farms as well as joint-stock companies including those established on the basis of state farms and other state-owned enterprises, and lands granted for collective horticultural production, animal husbandry, and collective country-house construction. The principle of independent agricultural production by land proprietors, landowners, and tenants has been secured. Any interference in their activity by state, economic or other bodies is prohibited. The economic, social and legal basis for the organization and activity of private farms and coops on the territory of Russia has been determined. The rights of citizens to organize private farms, economic independence, assistance, state protection of their legitimate interests and the right to free cooperation have been guaranteed.

It is proclaimed that a private farm should be an independent economic entity having the rights of a legal subject, which produces, processes, and sells agricultural products. Parcels of land may be leased by the local authorities or citizens who are land proprietors. This was the first time in Russia of a right is available to divide and reform collective and state farmland into shares. Member of former collective farm or state farm has the right to withdraw and start up a farmstead of his own without asking for consent of collective or the management. Upon decision by the local authorities, such a farmstead is granted a piece of land of a size corresponding to the farmstead member's share in the land stock or value. A withdrawing farmer may expand his land possessions by purchase.

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During the reorganization of collective and state farms, these farms were broken up into smaller units and their juridical status was made consistent with legislation of the Russian Federation.

However, Agricultural Land Market in Russia is still not formed, which impedes the formation of a flexible system of land tenure and land use. Prevails in agriculture lease of land shares, and purchase, and sale as well as the agricultural land mortgages are limited. By its nature, Agricultural Land Market represents a market of imperfect competition. This is manifested in the following. The number of sellers and buyers of land plots does not match among themselves. Market information on the transactions is incomplete and non-transparent. Transactions are mostly local in nature. The supply and demand for the land plots are inelastic.

In this market there are externalities, such as the state registration of the deals, restrictions on the sale and purchase of agricultural land, which prevent the formation of equilibrium prices of agricultural land plots. There is also inappropriate agricultural land use, pollution, and illegal allotment for commercial needs. The agricultural land is the product of a special kind, the main means of production in agriculture, the cost of which may increase if the normal use for a period. The price of the land is determined based on the interaction between market regulators: land rent and interest rate. The amount of rent is determined by fertility and location of the land plot as well as the additional costs of capital.

In May 2012, the Food and Agricultural Organization of the United Nations released the **Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security** focused on development Agricultural Land Market and Land Consolidation. It states: **"Where appropriate, States should recognize and facilitate fair and transparent sale and lease markets as a means of transfer of rights of use and ownership of land, fisheries and forests. Where markets in tenure rights operate, States should ensure that all actions are consistent with their existing obligations under national and international law, and with due regard to voluntary commitments under applicable regional and international instruments. Transactions of tenure rights to land, fisheries and forests should comply with national regulation of land use and not jeopardize core development goals"**. It also states: **"Where appropriate, States may consider land consolidation, exchanges or other voluntary approaches for the readjustment of parcels or holdings to assist owners and users to improve the layout and use of their parcels or holdings, including for the promotion of food security and rural development in a sustainable manner. States should ensure that all actions are consistent with their obligations under national and international law, and with due regard to voluntary commitments under applicable regional and international instruments, and ensure that participants are at least as well off after the schemes compared to before. These approaches should be used to coordinate the preferences of multiple owners and users in a single legitimate readjustment"**.

It should be noted that the federal law on development of agriculture # 264(Zakon o razvitií sel'skogo khozyaistva) was adopted by the Russian Parliament on December 29, 2006. The State Agricultural Development and Agricultural Markets Regulation Program for 2008-2012 was introduced in accordance with mentioned above law. The State Agricultural Development and Agricultural Markets Regulation Program for 2013-2020 (Gosudarstvennaya programma razvitiya selskogo khozyaistva i regulirovaniya rynkov sel'skokhozyaistvennoi produkcii, syr'ya i prodovol'stviya) was adopted by the Russian Government on July 14, 2012. These

documents are focused on improving the efficiency of agriculture, ensuring sustainable development of agricultural production and ensure food security of the country.

LAND TENURE

The Russian Federation's territory was amounted 1,709.8 million hectares in 2012. Most important piece of the area is agricultural land. The total agricultural land area was estimated 386.1 million hectares in 2012 or 22.8 % of the total Russian Federation area (See Table 1). On a constant area of the territory of the Russian Federation, the total area of agricultural land in the country decreased in 2012 compared to 2011 by 2.9 million hectares or .8%. At the same time for the given period the area of urban land increased by 1.0%, forest land by .1% as well as lands of especially protected territories by 26.3%, which indicates the strengthening of the allotment of agricultural lands for non-agricultural needs. The cropland, perennial, pastures, hay field lands as well as idle land were amounted 196.2 million hectares or 50.8 % of total agricultural land area in 2012 (See Table 2).

Table 1. Land Categories, Russian Federation, 2011-2012, million hectares

	Item	2012	2011	2012/2011 (+,-)	2012/ 2011, %
1	Agricultural Land	386.1	389.0	-2.9	99.2
2	Urban Land	19.9	19.7	+2	101.0
3	Industrial Land	16.9	16.9	-	100.0
4	Special Protected Regime Land	46.1	36.5	+9.6	126.3
5	Forest Land	1,121.9	1,120.9	+1.0	100.1
6	Water Land	28.0	28.0	-	100.0
7	Reserve Land	90.9	98.8	-7.9	92.0
	Total	1,709.8	1,709,8	-	100.0

Source: Rosreestr', 2013

Table 2. Agricultural Land, Russian Federation, 2012, million hectares

	Item	Area	%
1	Agricultural Land ¹	196.2	50.8
2	Forest Land	28.8	7.4
3	Bush Land	19.2	5.0
4	Road Land	2.3	.6
5	Building Site Land	1.1	.3
6	Water Land	13.1	3.4
7	Marsh Land	24.7	6.4
8	Others	100.7	26.1
	Total	386.1	100.0

Source: Rosreestr', 2013.

The dominant role in the Russian Agricultural Land Tenure has played production coops as well as joint stock companies or parastatals (See Table 3). The share of joint-stock companies

¹ Includes: cropland, perennial, pasture, hay field land as well as idle land

and partnerships in the total area of agricultural land in 2012 amounted 49.1%, and in the area of cropland - 53.8%. The share of production cooperatives in the total area of agricultural land in 2011 was amounted 39.6%, and in the area of cropland – 36.3 %. Private farms as well as subsidiary farms have played an important role in the Russian Agricultural Private Land Tenure too (See Table 4). The share of private farms in the total area of the privatized agricultural land in 2012 amounted 31.6%, and in the area of cropland - 41.2%. The share of unclaimed land shares in the total area of the privatized agricultural land in 2012 was amounted 18.5%, and in the area of cropland – 18.6%.

Table 3. Land Area of Parastatals, Russian Federation, 2012, 1000 hectares

Item	Total	Cropland	Idle Land	Perennial	Hayfield Land	Pasture
Joint Stock Companies and Partnerships	58, 884.8	41, 541.6	879.0	184.7	4,333.8	11, 945.7
Production Coops	47,412.6	27, 996.5	1,151.8	83.2	4,219.0	13, 962.1
State and Municipal Enterprises	6,618. 7	3,104. 2	94. 8	36.0	616. 3	2,767. 4
Research Institutions	1,778.4	1,367.5	20. 2	11. 8	111.0	267.9
Subsidiary Farms	996.1	620.4	23.5	4.4	116.1	231.7
Others	4,027.2	2,458.5	72.4	10.6	281.3	1,204.4
Tribal Land	16.1	.3	-	-	9.1	6.7
Kazak Society Land	98.5	66.8	.1	.1	6.0	25.5
Total	119, 832.4	77, 155.8	2,241.8	330.8	9,692.6	30, 411.4

Source: Rosreestr⁷, 2013

Table 4. Agricultural Private Land, Russian Federation, 2012, 1000 hectares

Item	Total	Crop Land	Idle Land	Perennial	Hay Field Land	Pasture
Private farms	22,516.4	15,771.0	117.3	16.0	981.8	5,630.3
Individual Entrepreneurs	2,243.9	1,680.3	32.9	9.3	93.0	428.4
Subsidiary Farms	7,121.1	4,987.4	58.8	214.6	999.9	860.4
Service Land Farms	55.6	11.5	-	.4	38.6	5.1
Horticulture Farms	1,100.5	42.6	1.4	1,052.8	1.3	2.4
Vegetable Growing Farms	285.1	283.8	.7	.3	-	.3
Dacha Farms	69.7	55.2	1.1	6.8	2.0	4.6
Housing	541.8	450.9	.6	64.1	8.1	18.1
Livestock Farms	294.3	39.0	-	.1	63.8	191.4
Grazing Farms	15, 144.1	1,229.3	108.4	7.9	3,200.5	10, 598.0
Agricultural Land Owners	8,722.0	6,647.0	106.4	14.8	500.2	1,453.6
Land Shares	13, 168.4	7,110.0	946.6	10.3	1,486.2	3,615.3
Total	71, 262.9	38, 308.0	1,374.2	1,397.4	7,375.4	22, 807.9

Source: Rosreestr⁷, 2013

In 2001, the Land Code based on market economy principles was adopted by the Russian Parliament (the State Duma). The Agricultural Land Market Act (Zakon ob oborote zemel selskokhzyastvennogo naznacheniya) was introduced in February 2003. According to the law, any parcel of agricultural land may be sold or purchased. As a result, the number of Land Market Transactions has been increased (See Table 5).

According to the Rosreestr, the total area of land involved in market relations, increased by 10.7 million ha in 2012 compared to 2011 from 192.7 million ha to 203.4 million ha or by 5.6%. The total number of transactions increased by .6 million from 5.2 million to 5.8 million or by 11.5%. The total number of transactions of leasing of state and municipal lands increased in 2012 compared to 2011 by 169.8 thousand from 3,254.2 thousand to 3,424.0 thousand or by 5.2 %. The total area of land involved in the leasing decreased by 2.5 million ha from 159.4 million ha to 156.9 million ha or by 1.6 %.

The total number of transactions of selling of rights of leasing of state and municipal lands increased in 2012 compared to 2011 by 4.9 thousand from 29.8 thousand to 34.7 thousand or by 16.3%. The total area of land involved in the selling of rights of leasing increased by 264.5 thousand ha from 5,938.5 million ha to 6,203.0 million ha or by 4.4%. The total number of transactions of selling of state and municipal lands increased in 2012 compared to 2011 by 31.1 thousand from 343.8 thousand to 374.9 thousand or by 9.0%. The total area of land involved in the selling increased by 48.8 thousand ha from 882.5 thousand ha to 931.3 thousand ha or by 5.5%. It should be noted that, sale and purchase of land by individuals and legal entities in 2012 compared to 2011 increased by 13.1 million ha from 7.8 million ha to 20.9 million ha or by 2.7 times. The number of transactions for this period increased by 221.5 thousand from 908.9 thousand to 1,130.4 thousand or by 24.4%. The number of transactions connected with land mortgage for this period increased by 39.9 thousand from 109.9 thousand to 148.9 thousand or by 36.6 %, and the area of land involved in the Land Mortgage Transactions decreased by 1,106.4 thousand ha in 2012 compared to 2011 from 3,553.6 thousand ha to 2,447.2 or by 31.1 %.

The average transaction size has been increased too. The average size of a land transaction increased in 2012 compared to 2007 by 37.1 % (See Table 6).

Table 5. Land Market Transactions, Russian Federation, 2007-2012

Item	2007		2009		2010		2011		2012	
	Number of transactions/ hectares	%								
Transactions										
Total	4,519,093/ 115,843,859	100.0/ 100.0	4,884,153/ 132,780,473	100.0/ 100.0	5,321,798/ 159,061,489	100.0/ 100.0	5,244,936/ 192,725,762	100.0/ 100.0	5,792,019/ 203,399,619	100.0/ 100.0
including:										
Leasing of state and municipal owned lands	3,628,109/ 114,103,370	80.3/ 98.5	3,514,594/ 113,081,764	72.0/ 85.1	3,403,608/ 138,576,736	64.0/ 87.2	3,254,244/ 159,420,525	62.0/ 82.7	3,424,018/ 156,923,677	59.1/ 77.2
Selling of right to lease of state and municipal owned lands	13,835/ 149,276	.3/ .1	22,412/ 326,359	.4 .2	27,153/ 3,044,073	.5/ 1.9	29,791/ 5,938,497	.6/ 3.1	34,659/ 6,203,008	.6/ 3.0
Selling of state and municipal owned lands	233,706/ 369,383	5.2/ .3	350,685/ 610,740	7.1/ .5	384,579/ 1,124,684	7.2/ .7	343,811/ 882,518	6.6/ .6	374,903/ 931,326	6.5/ .4
Buying and selling of lands by citizens and legal entities	405,670/ 560,286	9.0/ .5	520,209 / 3,159,634	10.8/ 2.4	917,354/ 4,706,821	17.2/ 2.9	908,867/ 7,787,562	17.3/ 4.0	1,130,449/ 20,886,379	19.5/ 10.3
Land Granting	49,715/ 126,596	1.1/ .1	117,776 / 10,582,962	2.4/ 8.0	159,134/ 4,733,135	3.0/ 3.0	189,043/ 4,899,058	3.6/ 2.5	218,811/ 2,260,221	3.8/ 1.1
Land Heritage	162,151/ 336,092	3.6/ .3	314,556 / 4,116,338	6.4/ 3.1	346,227/ 5,089,960	6.5/ 3.2	410,125/ 10,244,033	7.8/ 5.3	460,247/ 13,747,792	7.9/ 6.8
Land Mortgage	25,907/ 198,856	.5/ .2	43,921 / 902,676	.9/.7	83,743/ 1,786,080	1.6/ 1.1	109,055/ 3,553,569	2.1/ 1.8	148,932/ 2,447,216	2.6/ 1.2

Source: Rosreestr', 2013

Table 6. Average size of Land Transaction, Russian Federation, 2007-2012, ha

Item	2012	2007	2012/2007,%
Total Transactions	35.1	25.6	137.1
Leasing of state and municipal owned lands	45.8	31.4	145.9
Selling of rights of leasing of state and municipal owned lands	179.0	10.8	16.6
Selling of state and municipal owned lands	2.5	1.6	156.2
Buying and selling of lands by citizens and legal entities	18.5	1.4	13.2 times
Land Granting	10.3	2.5	4.1 times
Land Heritage	30.0	2.1	14.3 times
Land Mortgage	16.4	7.7	2.1 times

The number of transactions of sale of state and municipal lands to agricultural producers in 2012 compared to 2011 increased by 4.3 thousand from 11.6 thousand to 15.9 thousand. The area involved in above mentioned transactions increased by 188.6 thousand ha from 536.9 thousand ha to 725.5 thousand ha. The average price of the land located outside of settlements amounted 17.83 rubles/sq.m. The number of purchase and sale transactions of agricultural land plots by legal entities in 2012 compared to 2011 r. increased by 20.0 thousand from 64.7 thousand to 84.7 thousand. The area of land in transactions increased by 447.9 thousand ha from 2,937.2 thousand ha to 3,385.1 ha, which is an indirect evidence of the development of the process of land consolidation in Russia. The share of lease of state and municipal lands decreased in the total structure of transactions from 98.5 % in 2007 to 77.2% in 2012 r. or 21.3 points.

In 2012, the size of the mortgaged lands amounted more than 2.4 million ha or 1.84 % of the amount of land owned by physical persons and legal entities of them more than 2.0 million ha was agricultural land or 82.8 % of the total mortgaged land area. The number of lease transactions of state and municipal agricultural land in 2012 compared to 2011 increased by 236.0 thousand from 135.5 thousand to 371.5 thousand. The area of leased land decreased by 21.3 million hectares from 91.9 million ha to 70.6 million ha. Average rent outside the settlements amounted 37.26 rubles/sq.m against 6.57 rubles/sq.m. in 2011. However, the total agricultural land area has been reduced (See Table 7). According to the Rosreestr, the total agricultural land area decreased by .1 million ha in 2012 compared to 2011 from 220.3 million hectares to 220.2 million hectares or by .1%.

Table 7. Agricultural Land, Russian Federation, 2000-2012, million hectares

Item	2000	2009	2010	2011	2012	2012/2000, %
Agricultural Land-total, including:	221.1	220.5	220.4	220.3	220.2	99.6
Cropland	124.3	121.7	121.4	121.4	121.4	97.7
Pasture	91.0	92.0	92.0	92.0	92.0	101.1
Idle	3.9	5.0	5.1	5.0	5.0	128.2

Source: Rosreestr', 2013

After boom at the first period of reform, the number of private farms has been decreased due to severe macroeconomic instability and lack of market infrastructure as well as market economy knowledge. However, the average size of agricultural land occupied by private farm has been increased due to land consolidation. It was estimated 64.7 hectares in 2012 (See Table 8). Thus, it increased by 50.8 % compared to 1995.

Table 8. Private Farms, Russian Federation, 1995-2012

Item	1995	2000	2010	2012	2012/ 1995,%
Number of farms, 1000	279.1	263.7	261.7	259.2	92.9
Total land area, 1000 hectares	11,982.1	15,368.7	16,284.1	16,780.2	140.0
Average land size, hectares	42.9	58.3	62.2	64.7	150.8

Source: Rosreestr', 2013

LEGAL FRAMEWORK

The legal framework for Agricultural Land Market and Land Consolidation must be improved. There are some contradictions between basic legal acts (the Constitution of the Russian Federation, the Civil Code, the Land Code, the Federal Mortgage Act, the Agricultural Land Market Act, the Federal State Registration of the Rights to Real Estate Act, and etc.) related to regulation of Agricultural Land Market. Due to it, despite of adoption the Land Code and the Agricultural Land Market Act as well as federal law #435, the legal basis for implementation of Agricultural Land Market is still unclear. Both the Russian Constitution adopted in 1993, and the Civil Code adopted in 1994, upholds the right to own private property, which includes both land plots and buildings. Despite these guarantees, however, land reform was for a long time the subject of national political debate. The general principles of land ownership are set out in the Constitution. Article 9 of the Constitution establishes the principle of private ownership of land. However, it does not provide any procedure for the transfer of land, historically owned by the state, into private ownership.

The Land Code approved by the State Duma in 2001 has limited applicability to some categories of land, which are the subject of the separate federal laws. Such land includes water, forestland as well as agricultural land. According to the Land Code, the Agricultural Land Market Act governs the agricultural land market transactions. Thus, in fact, the Land Code applies only to non-agricultural land, which covers about just two percents of the total Russian land area. In accordance with the Agricultural Land Market Act, the Federal Mortgage Act governs the agricultural land mortgage transactions. The Farm Credit System as well as the Agricultural Land Mortgage Bank must be further developed to provide an access for farmers to agricultural credit and to guarantee them the right to use their land as well as other real estate as collateral.

Thus, the Russian Land and Real Estate legislation must be revised to eliminate the substantial contradictions existing between different laws now. Due to it, some substantial changes were made in the Agricultural Land Market Act as well as the Federal Land Use Planning Act on July 18, 2005 by the State Duma. According to them, land shares belonged to the former collective and state farmers must be demarcated on the ground as well as their location must be determined. However, the legislation must be amended to enable Agricultural Land Market and ensure clear delineation of the corresponding property rights among the various level of the government.

In 2001, the Federal Separation the State Ownership on Land Act (*Zakon o razgranichenii gosudarstvennoy sobstvennosti na zemlyou*) was adopted by the State Duma. According to the Agricultural Land Market Act, the Regional Agricultural Land Markets Acts were introduced at regional level. In accordance with article 8 of the Land Code the Land Transformation Act (*Zakon o perevode zemel i zemelnykh uchastkov iz odnoy kategorii v druguyu*) was adopted on December 21, 2004. According to the law, the land transformation

procedure was introduced and clarified. According to the law, the Forest Code as well as Federal Ecological Expertise Act has been changed.

On January 1, 2006, the Land Taxation Act (Zakon o plate za zemlu) was abolished and a new chapter # 31 of the Russian Tax Code "Land Taxation" was introduced. According to the chapter, the Land Taxation is exclusive responsibility of local governments. In that sense, it is very important to make cadastre information more understandable and transparent for customers. It must be pointed out that so-called "cadastral value" of agricultural land using in Russia is not applicable for Agricultural Land Taxation as well as Agricultural Land Market because there is no relation to market land value. As a result, Russian banks have not accepted "cadastral value" as a basis for Agricultural Land Mortgage Transactions. Because of it, outside investors as well as other customers are not being able to get reliable information about the value of agricultural land plots and participate as educated and well-informed market agents (buyers or sellers) in Agricultural Land Market Transactions. Despite of it, a new Land Taxation System based on so-called "cadastral value" was adopted by the Russian Parliament in November, 2004. According to it, the maximum Agricultural Land Tax Rate defines as .3% of "cadastral value" of agricultural land. However, a new Cadastre Valuation Methodology based on Market Economy principles should be developed.

On July 24, 2007, the State Real Estate Cadastre Act (Zakon o gosudarstvennom kadastre nedvizhimosti) was issued. According to the law, the State Real Estate Cadastre was introduced on March 1, 2009. The Law governs the Real Estate Cadastre Survey Activities as well as collection, processing and usage of the Real Estate Cadastre Information. In accordance with p.2 of article 1 of the law, the State Real Estate Cadastre is a registered record that shows the ownership, boundaries, and values of land and buildings. Such register shows the owner of each parcel of land, its area, its use and category, buildings as well as their fiscal assessment. In accordance with p.5 of article 1 of the law, the land plots, buildings and other property are the subjects of the Real Estate Cadastral Survey.

The Agricultural Land Market Act as well as some other land acts was amended on December 29, 2010, by the special federal law #435. The right and the order of compulsory withdrawal of the agricultural land plots were settled. According to the law, it is possible through court in case when the land is not used 3 years and more, and at essential decrease in fertility or considerable deterioration of ecological conditions.

INSTITUTIONAL FRAMEWORK

On December 25, 2009, in accordance with the President of the Russian Federation Decree on the Federal Service of State Registration, Cadastre and Mapping, the Federal Service of Real Estate Cadastre as well as the Federal Agency of Geodesy and Mapping were dissolved. According to the Decree, the Federal Registration Service was renamed into the Federal Service on State Registration, Cadastre and Mapping (Rosreestr). The functions of mentioned above agencies were transferred to the Rosreestr. The Federal Service on State Registration, Cadastre and Mapping is now under authority of Ministry of Economic Development (Ministerstvo ekonomicheskogo razvitiya) of the Russian Federation. At regional level local offices of former Federal Service of Real Estate Cadastre as well as Land Cadastre Chambers were transferred to the Federal Service on State Registration, Cadastre and Mapping.

REGIONAL LAND POLICIES

Development of Agricultural Land Market in the Russian Federation is mostly depended on Regional Land Policies. The Republic of Kalmykia is located in the Southeastern edge of Europe and is a part and a subject of the Russian Federation. Development of Agricultural Land Market in the region is based on the Law of the Republic of Kalmykia issued on 9 April 2010 and the decree of the Government of the Republic of Kalmykia issued on July 2, 2003. The Republic of Kalmykia's agricultural land was amounted 6,888.7 thousand hectares or 92.2 of the total regional land in 2011 (See Table 9).

Table 9. Land Categories, Republic of Kalmykia, 2010-2011

Item	2010		2011		2011/ 2010, %
	1000 hectares	%	1000 hectares	%	
Agricultural Land	6,885.2	92.1	6,888.7	92.2	100.0
Urban Land	62.4	.9	62.4	.9	100.0
Industrial Land	15.0	.3	15.1	.3	100.7
Special Protected Regime Land	121.6	1.6	121.6	1.6	100.0
Forest Land	60.2	.8	60.2	.8	100.0
Water Land	59.1	.7	59.1	.7	100.0
Reserve Land	269.6	3.6	266.0	3.5	98.7
Total	7,473.1	100.0	7,473.1	100.0	100.0

Source: Kalmykiareestr', 2012

Break down of the Republic of Kalmykia Land is displayed in Table 10. Most of agricultural land is pasture amounted 71.2 % of the total land area and 72.7 % of the agricultural land of the region in 2011. The cropland was amounted approximately 11.6 % of the total land area and 12.3 % of the agricultural land of the region in 2011.

Table 10. Break down of the Republic of Kalmykia's Land, 2011, 1000 hectares

Item	Total	Agri Land	Crop Land	Idle Land	Perennial Land	Hay Field Land	Pasture Land
Agricultural Land	6,888.7	5,968.6	850.1	11.9	2.0	92.2	5,012.4
Urban Land	62.4	27.9	9.0	-	1.2	-	17.7
Industrial Land	15.1	2.5	-	-	-	-	2.5
Special Protected Regime Land	121.6	32.9	-	-	-	.5	32.4
Forest Land	60.2	17.4	4.0	-	-	.6	12.8
Water Land	59.1	4.7	-	-	-	-	4.7
Reserve Land	266.0	242.8	2.2	.4	-	2.2	238.0
Total	7,473.1	6,296.8	865.3	12.3	3.2	95.5	5,320.5

Kalmykiareestr', 2012

The private land ownership plays the important role in the regional agriculture (See Table 11). Private land plots accounted 18.2% of the total land area and 19.7% of agricultural land area of the region in 2011. The main role in the Republic of Kalmykia Agricultural Land Tenure

plays the joint stock companies and partnerships or parastatals (See Table 12). They occupied 1,761.3 (23.5%) thousand hectares of the total land area and 25.5 % of the agricultural land area of the region in 2011. They have also rented most of the agricultural land shares (64.4%).

Table 11. Land Tenure, Republic of Kalmykia, 2011, 1000 hectares

Item	Total	Ownership				including	
		Private	Legal Entities	Municipal	Russian Federation	Republic of Kalmykia	Municipal
Agri Land	6,888.7	1,357.4	3.8	5,527.5	46.9	1,083.5	1,458
Urban Land	62.4	6.3	.2	55.9	1.3	.1	1.5
Industrial Land	15.1	-	-	15.1	3.8	-	.1
Special Regime Land	121.6	-	-	121.6	109.2	-	-
Forest Land	60.2	-	-	60.2	55.2	-	-
Water Land	59.1	-	-	59.1	5.6	-	-
Reserve Land	266	-	-	266.0	-	-	-
Total	7,473.1	1,363.7	4.0	6,105.4	222.0	1,083.6	1,459.6

Source: Kalmykiareestr', 2012

Table 12. Land Area of Parastatals, Republic of Kalmykia, 2011, 1000 hectares

	Item	Area	Land Leasing	Legal entity's Land Ownership	Land Shares	State and Municipal Land Ownership
1	Joint stock companies and partnerships	642.5	2.0	-	35.8	604.7
2	Production coops	1,118.8	.2	3.8	11.6	1,103.2
3	State and municipal enterprises	264.1	-	-	-	264.1
4	Research Institutions	31.0	-	-	-	31.0
5	Others	245.7	-	-	-	245.7
	Total	2,302.1	2.2	3.8	47.4	2,248.7

Source: Kalmykiareestr', 2012

In 2011, there were 2,719 private farms in the region. The average size of the farm was amounted 860 hectares. (See Table 13). The average size of a peasant farm increased in 2011 compared to 2010 by 11.8% due to the agricultural land consolidation based on lease and purchase of the agricultural land plots. In the Republic of Kalmykia we can observe a unique trend, which is in the increase in the number of private farms and in the increase in their average size. As a rule, the increase in the average farm size is accompanied with decreasing in their number.

Table 13. Private Agricultural Land Ownership, Republic of Kalmykia, 2011, 1000 hectares

	Item	Total Land Area	Private Ownership	State and Municipal Ownership	Land Shares
1	Private Farms	2,338.9	9.7	2,271.9	26.2
2	Individual Entrepreneurs	2.5	-	2.5	-
3	Subsidiary Farms	11.6	1.6	10.0	-
4	Horticulture	1.3	1.0	.3	-
5	Vegetables Growing	.1	-	.1	-
6	Individual Housing	4.7	3.5	1.2	-
7	Livestock Farms	.9	.3	.6	-
8	Hay Harvesting and Grazing Farms	.1	-	.1	-
9	Land Plots Owners	95.7	95.7	-	-
10	Land Shares Owners	1,144.9	1,144.9	-	-
	Total	3,600.7	1,256.7	2,286.7	26.2

Source: Kalmykiareestr', 2012

Because of the Regional Land Policy, the efficiency of agricultural production as well as a number of Agricultural Land Transactions has been increased in the region over last two years (See Table 14).

Table 14. Land Market Transactions, Republic of Kalmykia, 2009-2011, Number of Transaction/ hectares

Item	2011	2009
Selling of state and municipal owned lands	616/312.2	1,253/125
Selling of lands by citizens and legal entities	2,948/41,692	959/428
Leasing of state and municipal owned lands	4,431/ 3,084,023	4,517/3,618,992
Land Granting	445/61,798	252/116,781
Land Heritage	771/9,904	483/559
Land Mortgage	232/18,403	9/4.1
Total	9,532/3,284,964	7,544/3,762,087

Source: Kalmykiareestr', 2012

The total number of transactions with land plots in the Republic of Kalmykia in 2011 compared to 2009 increased by 1,988 from 7,544 to 9,532 or by 26%. The area of land involved in the market transactions decreased by 477,123 ha over this period from 3,762,087 ha to 3,284,964 ha or by 12.7%. The average size of transaction increased by 13.7 ha from .4 ha to 14.1 ha or by 32 times (!). The number of transactions of purchase and sale of the lands of citizens and legal entities in the Republic Kalmykia in 2011 compared to 2009 increased by 1,989 from 959 to 2,948 or in 3 times. The number of land mortgage transactions in the Republic of Kalmykia in 2011 compared to 2009 increased by 223 from 9 up to 232 or more than 25 times. The area of land involved in the mortgage transactions for the period increased by 18,398 ha from 4.1 ha to 18,403 ha or by 4488 times (!). The average size of transaction increased by 78.9 ha from .4 to 79.3 ha or by 176 times (!).

The main role in the regional Agricultural Land Tenure has played the land shares. Most of the land shareowners have been officially registered by the local authorities. The agricultural land has been consolidated by purchase or rent of property rights on land shares belonged to the former collective and state farmers by the private farms, parastatals and the agricultural holding corporations. However, the agricultural holding corporations have played the dominant role in this process. The agricultural holding corporations may just rent land shares belonged to the former collective and state farmers to expand production scale, reduce agricultural transaction costs as well as increase the regional agricultural production efficiency. In that case, the land shares owners keep their property rights.

CONCLUSION

The following measures must be implemented to strengthen the organizational as well as institutional sustainability of Agricultural Land Market and Land Consolidation in the Russian Federation.

- The Agricultural Land Market and Land Consolidation Legislation must be revised and improved both at federal as well as at regional level.
- The institutional framework for implementation of Agricultural Land Market and Land Consolidation must be improved both at federal as well as at regional level too.
- The training and retraining programs related to Agricultural Land Market and Land Consolidation issues must be introduced.
- The public relation campaign to strengthen people's ability to understand the role and importance of the VG, Agricultural Land Market and Land Consolidation Development must be initiated.
- The pilot projects focused on Agricultural Land Market and Land Consolidation Development should be launched in some regions of the Russian Federation to make demonstration effect.
- Agricultural Land Market and Land Consolidation Development experience should be collected, scrutinized and disseminated.

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