

# Mortgage of Land Management Right in the Rural Area Under the Policy Context

Zhimin ZHAN<sup>1</sup>, Jianchao LUO<sup>2\*</sup>

1. Northwest A&F University, Yanglin 712100, China; 2. Shaanxi Institute of International Trade & Commerce, Xi'an 712046, China

**Abstract** The aim of this study is to explore the necessity to consider the specialty of policy context in ethnic minority area during the policy-making process. Case analysis is applied to study the policy context in microscopic aspect. The information came from two sources: questionnaires or phone calls, and related documents. Study suggested that the mortgage of land management lies in the negligence of temporal dynamic balance when it comes to the mastering of policy context. Optimal plan of method design was given in the end of this paper.

**Key words** Policy context, National region, Case analysis, Mortgage loan of land management

## 1 Introduction

In the 1920s, the founder of political science Lasswell put contextuality in the first place of three major attributes (Peng Caixia, 2010). Contextuality is the concept of linguistic subject. Linguistic concept is for the first time proposed by anthropologist Bronislaw Malinowski, situational context and cultural context, also known as language context and social context. The policy context refers to cultural background, emotional mood and spatial environment<sup>[1]</sup>. When it comes to ethnic areas, it refers to the cultural background, nationality psychology and temporal and spatial environment<sup>[2]</sup>.

The academic circle and political circle hold similar opinions on the mortgage of rural land management right. However, the financial question in the ethnic areas show distinct characteristics. In July, 2012, every one was impressed by the field investigation and statistics in Ningxia. The theory and case analysis were studied in terms of specialty and generality.

## 2 Study progress

There are many studies on the general mortgage on land management right. Song Liping (2010) studies the mortgage of land management right. With the development of rural economic market, rural finance and the rural economy depend on each other and the relation is becoming more and more evident. Rural finance system has become the core element in deciding rural economic development. Without modernization of rural financial system, there is no modernization of rural economic and social development. The construction and innovation of modern rural financial system is to provide necessary theoretical and empirical support through the coordination of rural finance and urban development.

There are few studies on the mortgage of land management right in the minority areas. Yan Wenguang once pointed out that there were certain risks in resisting the mortgage of land management right, which was consistent with field investigation. Several scholars appeal the Islam finance in the Ningxia economic development service. Zhang Qingning (2008) studied the influence of financial reform on the new rural construction in Ningxia.

## 3 Data source, study background and study method

**3.1 Data source and study background** There are two data sources: 315 questionnaires and telephone calls. On the one hand, the situation has been very tense in recent years. The national disputes mingled with community groups made it complicate. The jurisdictional disputes in Xinjiang remind us that it is necessary to make a concrete analysis of concrete problems. When and where to conduct the mortgage policy should be considered carefully in reference to the local condition. On the other hand, in the questionnaires about Tongxing County in Ningxia in July 2012, it must be pointed out that it was inefficient in the marketization. The fundamental reason lies in the insufficient consideration of policy context.

### 3.2 Study method

**3.2.1 Case Analysis Method.** Case Analysis Method is finished in 1880 in Harvard University, and later was practiced by Harvard Business College for training advanced manager and elite.

**3.2.2 Theoretical hypothesis.** Rural financial reform would unquestionably involve economic benefit, peculiar production, life and religious habit of minority groups. Generally speaking, the conflict in terms of financial reform and development in ethnic minority areas is more distinct than that in other places in China, and the weight varied. The former requires reference on the peculiarity, and the later demands us to consider the general based on peculiarity.

Western scholars thought that the policy context can be divided into three stages, trial stage, promotion stage and popularity stage. During the trial stage, situations vary a lot. The peculiarity

Received: June 10, 2013 Accepted: August 17, 2013

Supported by the 2011 Changjiang Scholars and Innovation Team (IRT1176); National Natural Science (71073126); Special Scientific Research Program for Doctors in Universities in 2010 (20100204110030); Shaanxi Social Science Fund Program (12D066).

\* Corresponding author. E-mail: newcopt@163.com.

of political context is the primary aspect of contradiction ( $P > G$ ). In practice, common political factors can be abstracted from experiences in certain experimental unit. Correspondingly, the generality of policy context after the promulgation of policy would become the main aspect ( $G > P$ ). In practice, various contradictions should be fixed and improved. The problem of Tongxin County in Ningxia lies in the inefficient mastery of policy context. Its initial success depends on trial stage ( $P > G$ ). Its low efficiency depends on promotion stage and the peculiarity become the main aspect of the contradiction. The policy context shows generality on the basis of peculiarity ( $P > G$ ). The hypothesis is as follow:

H1: It is a success in resisting land management right mortgage in Tongxin County.

H2: It is inefficient to resist land management right mortgage in Tongxin County.

This paper mainly discusses the inefficient policy context and its solution, and verifies based on case analysis.

## 4 Case analysis

### 4.1 General situation in Tongxin County and status quo of land management right mortgage in countryside

**4.1.1** General situation in study area. Tongxin County is the national poor county in the core drought area in central Ningxia. The general county covers 4662.16 km<sup>2</sup> and the total population is 396.9 thousand. There are 340.6 thousand Hui nationalities, accounting for 86% of general population. Until the end of June in 2012, the general budget was 74.09 million Yuan, increasing by 53.3% than that in the same period. Farmers' income per capita is 1993 Yuan, rising by 14.6%.

**4.1.2** Status quo. The Tongxin County is a typical large agricultural county. The agricultural development level is low and in addition, farmers do not have any visible assets besides of real estate and buildings, which in return makes it harder to get mortgage from the bank. In the past, there were many bad debts and farmers did not have effective assets, thus came the "land contract management right mortgage". The pilot project is carried out in Hexi Town and original Chengguan County. On the basis of repeated researches by The Bank of China, it evades original legal risks. In November, 2010, the new rural land contract management right mortgage mode was carried out. Until the end of June 2012, 168.83 million Yuan were invested for the mortgage, covering 9185 families, four towns, 37 cooperatives and 69257 mu. The mortgage is used in husbandry, plantation and byproducts, *etc.* According to official statistics, since 2006, there have not been any delays in paying the mortgage back<sup>[3]</sup>. At the first glance, the anti-mortgage mode in Tongxin County was a success, without any trace of bad debt. However, the scholars found different opinions. Based on repeated investigation, thinking and telephone recall, the anti-mortgage mode in Tongxin County is a kind of inefficient success and there are many potential risks<sup>[4]</sup>.

**4.2 Existing problems** (1) Statistics suggest that the primary aim of "anti-mortgage" in Tongxin County in Ningxia is to solve

the problem of being difficult to get money from the rural cooperatives<sup>[6]</sup>, where lies the focus of the policy so as to avoid risks.

(2) Different from farmers' expectation. It is obvious that the "anti-mortgage" mode in Tongxin County can direct proper orientation of value. Data suggest the "anti-mortgage" in Tongxin County was less debt, high interest and short duration.

(3) Large market and small business. There are large areas of arable land in Tongxin County. Now, the cultivation is basically based on their own conditions, which can improve the efficiency of policy and muster farmers' enthusiasm.

(4) Lack of money. In the investigation, local cooperatives, banks and poverty - lifting offices complain the insufficient fund. Considering the history and reality, it is suggested to admit folk capital into "anti-mortgage" mode in Tongxin County. Study showed how popular folk capital once was in Tongxin County. As long as the folk capital is appropriately used, it is totally effective to use.

(5) Potential risks. We were impressed by the successful "anti-mortgage" mode in Tongxin County and so are farmers investigated. However, there are still risks in disguise.

### 4.3 Problems and cures

**4.3.1** Problems. The key is financial conflict in Tongxin County hasn't been balanced. The peculiarity of minority areas in Tongxin County is ignored while the generality of Tongxin County is considered along with the generality in other parts of China.

**4.3.2** Cures. Firstly, scholars should be invited for further investigation and the understanding of agriculture is the most basic prerequisite of optimal policy. Secondly, it is imperative to respect the values and morals of Hui ethnic group and respect the psychological development of Hui peoples. Production activity and life were carried out in reference to the management experience in Islam banks. Thirdly, considering local natural resources and customs, it is necessary to implement intensive irrigation in Tongxin County. Meanwhile, some people are encouraged to manage husbandry industry. Fourthly, it is an effective measure to try new ways to adapt to China's situation and to the construction of Islam banks.

**4.4 Design of policies** When it comes to the optimization of policies, following suggestions are put forward. Firstly, the great attention should be paid on respecting the religious belief of Hui people, and enough financial support shall be allocated to Hui people in Tongxin County. A set of special policies are made to promote harmonious relationship. Secondly, the special financial support policies and folk capital in Islam banks will be a challenge. Thirdly, Tongxin County is expected to upgrade from industrial policy to industrial orientation. Fourthly, supervisions and guidance are given to better serve citizens, so as to reduce the financing cost.

**4.5 Feasibility analysis** Transparent management should not be the question. Transparent management in fact is a must. There are successful examples on the financial support of folk capital and Islam banks. Strengthening financial support should be the priori-

ty. These plans can be implemented gradually.

**4.6 Probability of being copied** The peculiarity of contradiction in Tongxin County in Ningxia lies in special political support for ethnic minorities, special environment, special lifestyles and special minority complex. It can be seen that the generality and peculiarity of contradiction in Tongxin County is uneven. Its peculiarity is larger than its generality. The possibility of being copied is low in other parts.

## 5 Discussions

The promotion of rural financial reform in ethnic areas unquestionably include economic interest, particular production, living and religious habit. Generally speaking, the financial reforms in minority areas are more distinct than that in other parts of China. The policy plan in ethnic area is expected to fully consider the peculiarity of policy context and difference of generality and peculiarity under different situations so as to improve rural financial policies in relevant places.

## References

- [1] CHEN ZM. Policy science[M]. Beijing: China Renmin University Press, 2003(2): 60. (in Chinese).  
 [2] SHEN XM, LU SP. Islamic banks booklets[M]. Beijing: China Financial

- Publishing House, 2010. (in Chinese).  
 [3] QU Q. Recent development of Islamic finance[J]. Studies of International Finance, 2008(11): 39-43. (in Chinese).  
 [4] CAI XC. Discussion on principles and mode of Islamic finance and its utilization ways in Ningxia[J]. Modern Business Trade Industry, 2009, 21(5): 83-84. (in Chinese).  
 [5] YAN GW. Investigation on mortgage loan of contractual right of land developed by rural credit union of Tongxin County and the thoughts[J]. West China Finance, 2008(8). (in Chinese).  
 [6] ZHANG QN. On the financial supports in the building of "new rural countries" in Ningxia[J]. Social Sciences in Ningxia, 2008(2): 57-60. (in Chinese).  
 [7] ZHANG HQ, ZHANG HJ. The idea of introducing the Islamic finance to construct "the Yellow River Golden Coast" in Ningxia[J]. Journal of the Yinchuan Municipal Party College of C. P. C., 2012(1): 33-36. (in Chinese).  
 [8] ZHANG XF. An analysis of introducing Islamic finance mode in western ethnic area[J]. Journal of The Second Northwest University for Nationalities (Philosophy and Social Science), 2009(4): 48-51. (in Chinese).  
 [9] Daniel Lerner and Harold D · Lasswell. The Policy Science. CA: Stanford University Press, 1951.  
 [10] M. Kabir Hassan, Mervyn K. Lewis. Handbook of Islamic Banking. MPG Books Ltd, Bodmin, Cornwall, Great Britain.  
 [11] Seyed Nezamuddin Makiyan. Risk Management and Challenges in Islamic Banks[J]. Journal of Islamic Economics, Banking and Finance.  
 [12] Mohammed Obaidullah, King Abdulaziz. Islamic financial services. Islamic Economics Research Center, University Jeddah, Saudi Arabia.

## About CABI Full Text

Centre for Agriculture and Bioscience International (CABI) is a not-for-profit international Agricultural Information Institute with headquarters in Britain. It aims to improve people's lives by providing information and applying scientific expertise to solve problems in agriculture and the environment. CABI Full-text is one of the publishing products of CABI. CABI's full text repository is growing rapidly and has now been integrated into all our databases including CAB Abstracts, Global Health, our Internet Resources and Abstract Journals. There are currently over 60,000 full text articles available to access. These documents, made possible by agreement with third party publishers, have been specially digitized and 75% of the content is not available electronically anywhere else.

### Full Text facts

full text for over 60,000 records from over 370 journals and 400 conference papers;

50% journal articles, 50% conference papers and other grey literature;

80% of the articles are in English;

spans journals from over 56 countries;

over 75% of journals aren't available online from any other source.

For more information, please sign in <http://www.cabi.org/>