AGRICULTURAL LAND
CONSOLIDATION IN THE
RUSSIAN FEDERATION

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Land Consolidation

- Land Consolidation is a merging, enlargement, eliminating of mosaic land ownership and improvement of configuration as well as optimization of size of land plots in order to increase the efficiency of agricultural production via rational use of scarce resources: land, labor and capital based on reduction of transaction costs.

- Are you agree? Let’s vote…
Land Consolidation Objectives

• Increasing the efficiency of agricultural production; providing of sustainable development of agrarian sector; rational use of land, labor and capital in agriculture; optimization of agricultural production structures; increasing the competitiveness of agricultural producer; environmental protection.

• Are you agree? Let’s vote…
Land Consolidation Principles

- Voluntariness; openness and transparency; financial and economic feasibility; taking into account the interests of the population groups involved including women and youth as well as indigenous people; step by step implementation; consideration of local conditions; state and NGO support.

- Are you agree? Let’s vote…
Land Consolidation Models

• In theory, Agricultural Land Consolidation can be carried out as:
  • Voluntary Land Consolidation
  • Compulsory Land Consolidation

• How do you think what type of land consolidation should prevail? And what is reality? Let’s vote…
Private Farms, Russian Federation, 1995-2014

Number of farms, 1000

Total Land Area, 1000 ha

Average Land Size, ha
Total and Cropland Area of Private Farms, Orel Region, 1991-2015, 1000 ha
Land Auction Price Model

\[ V_a = \frac{R_0(1+g)(1-t)}{\{k(1-at)-g\} (1+c)+p(1-t)} \]

where: \( V_a \) - Land Market Auction Price, rubles per hectare; \( V_0 \) - Cadastral Value of Agricultural Land, rubles per hectare; \( V_1 \) - Cadastral Value of Agricultural Land adjusted for the Land Rent Growth, rubles per hectare; \( R_0 \) - Land Rent, rubles per hectare; \( g \) - Land Rent Growth, \%; \( t \) - Income Tax, \%; \( p \) - Land Tax, \%; \( k \) - Interest Rate, \%; \( c \) - Transaction Costs, \%; \( a \) - Tax Adjustment Coefficient, calculated as \( a = R_0(1+g)/[R_0(1+g)+(V_1-V_0)] \). What do you think about it?
Conclusion

- The legal and institutional framework for implementation of Agricultural Land Consolidation must be improved both at federal as well as at regional level too;
- The Agricultural Land Auctions must be introduced to stimulate development of Agricultural Land Market and Agricultural Land Consolidation in regions of the Russian Federation.
- Thank you very much. Any questions on that?