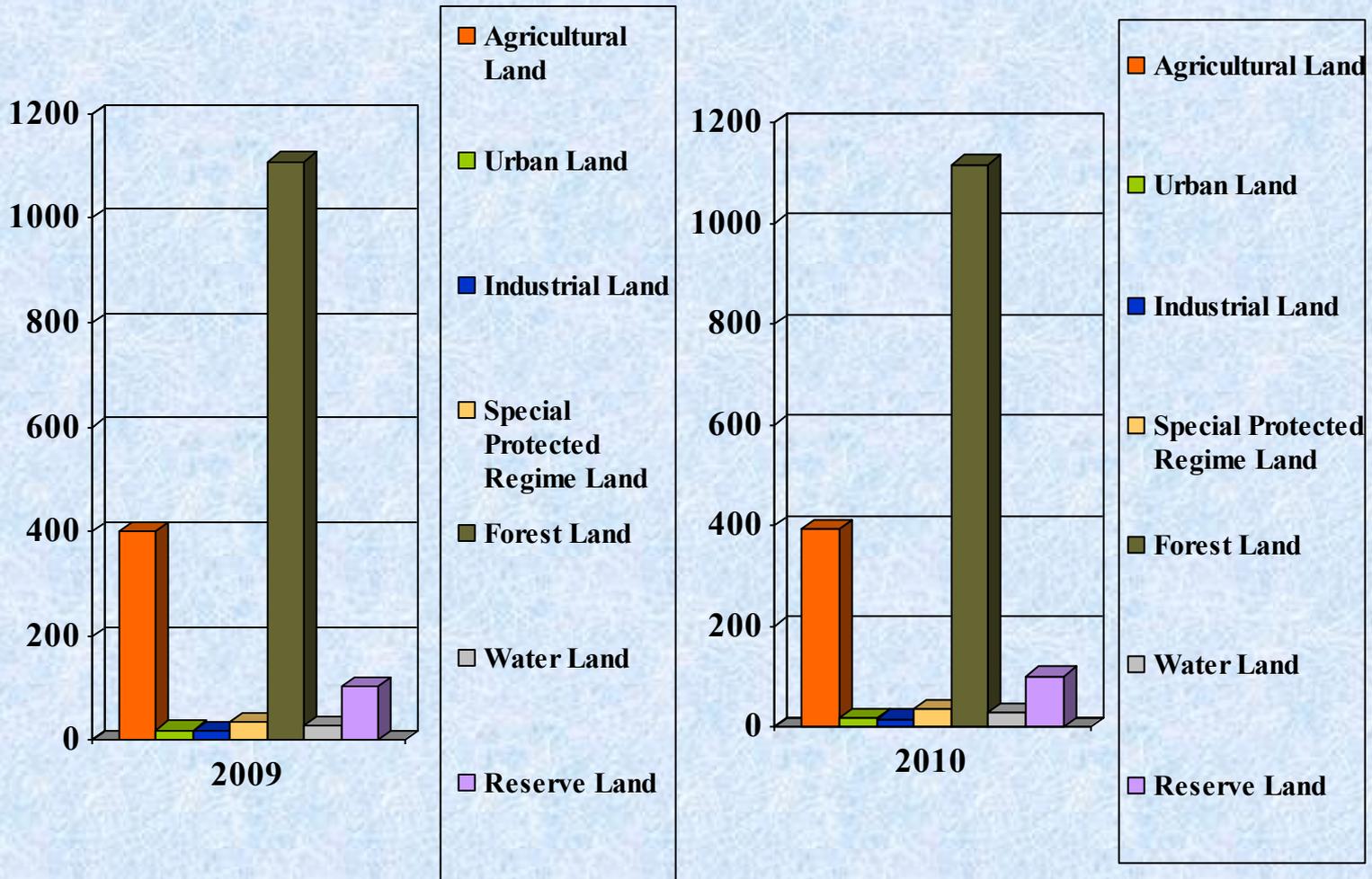


**DEVELOPMENT OF
AGRICULTURAL LAND
MARKET AND
AGRICULTURAL LAND
TAXATION IN THE RUSSIAN
FEDERATION**

**ALEXANDER SAGAYDAK
ANNA LUKYANCHIKOVA**

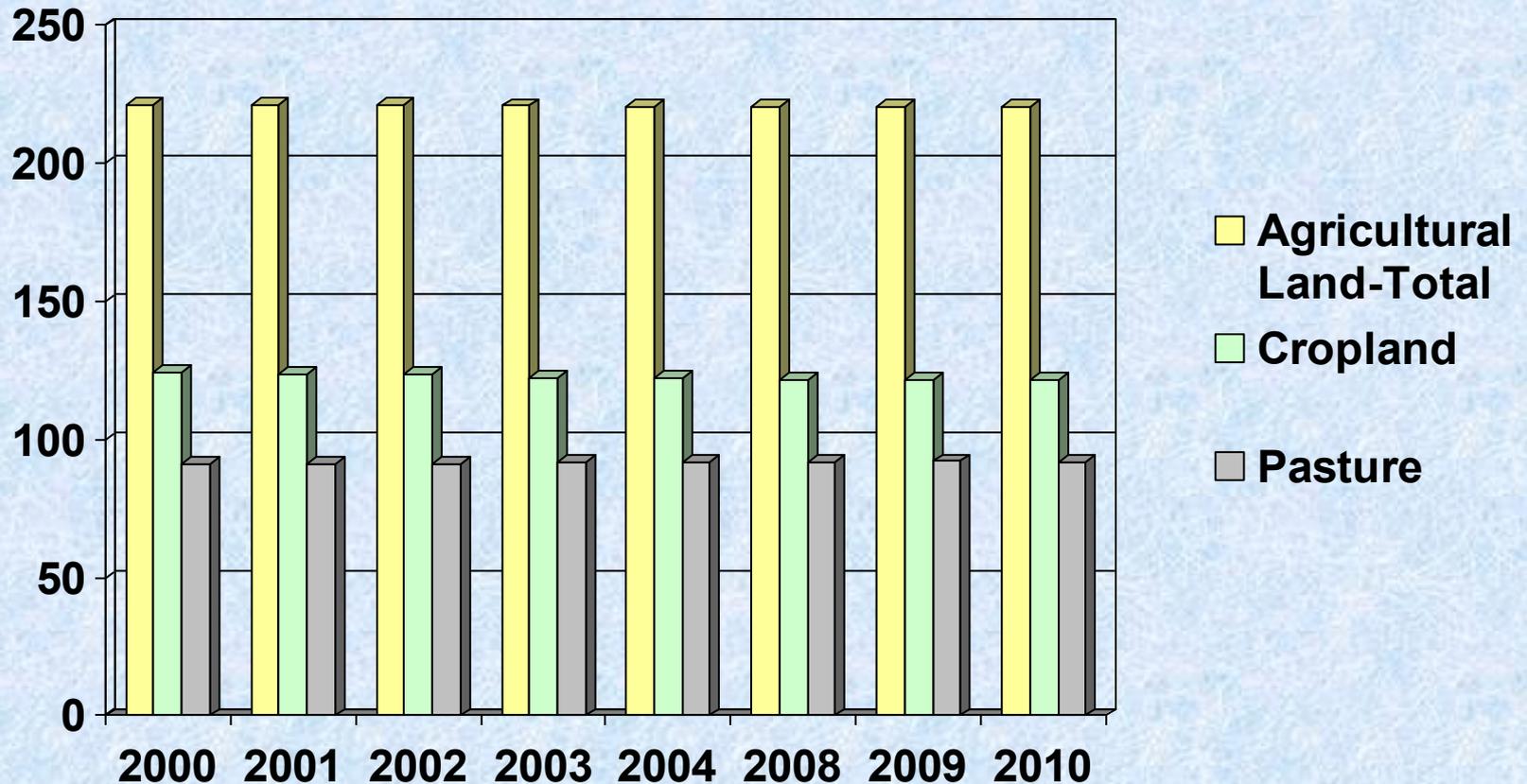
Land Categories, Russian Federation, 2009-2010 , million hectares



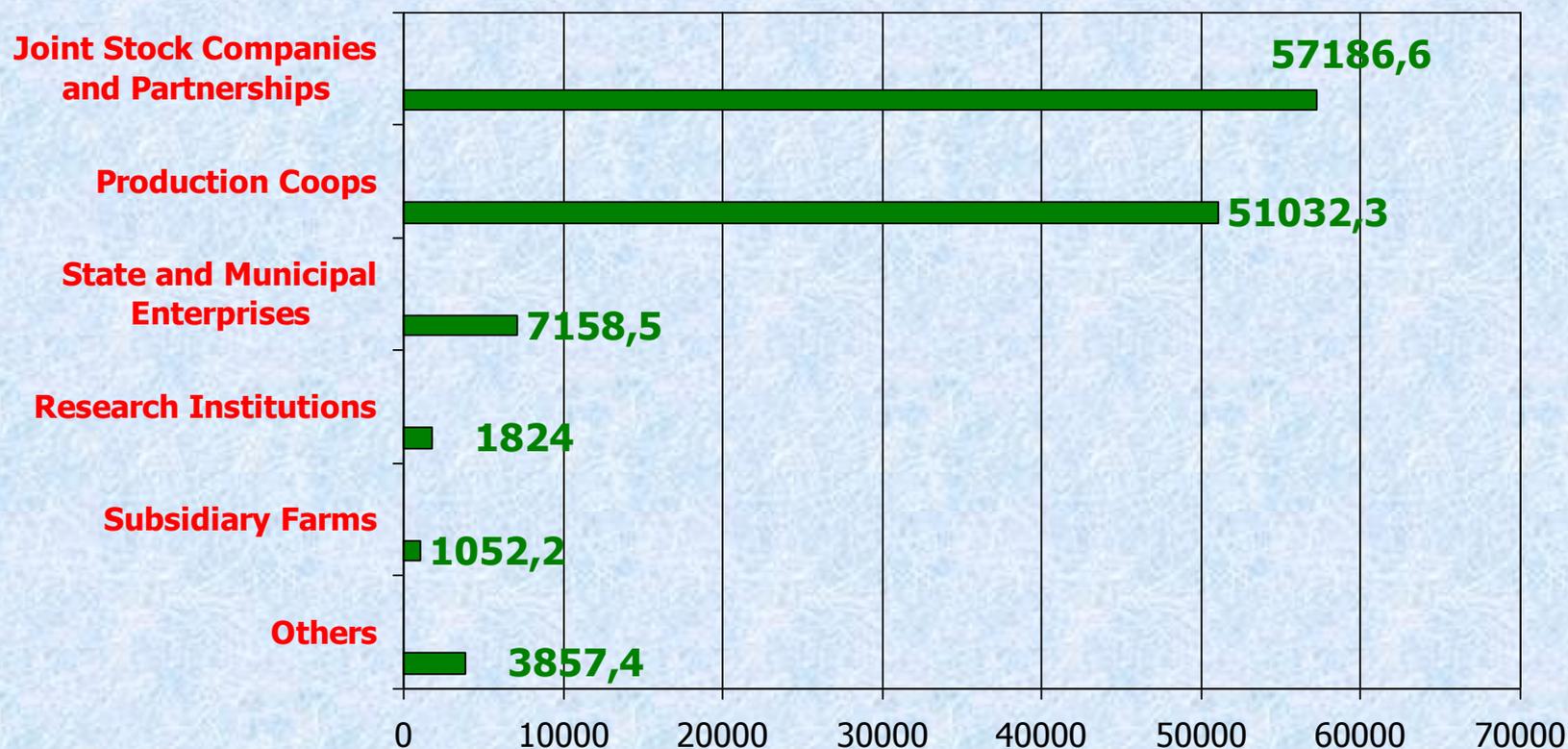
Land Market Transactions, Russian Federation, 2007-2010, number of transaction/hectares

Item	2007	2008	2009	2010
Total	4,519,093 / 115,843,859	4,780,638 / 117,766,738	4,884,153/ 132,780,473	5,321,798/ 159,061,489
Leasing of state and municipal owned lands	3,628,109 / 114,103,370	3,677,315 / 114,531,857	3,514,594/ 113,081,764	3,403,608/ 138,576,736
Buying and selling of lands by citizens and legal entities	405,670 / 560,286	473,190 / 1,067,303	520,209 / 3,159,634	917,354/ 4,706,821
Land Granting	49,715 / 126,596	73,334 / 335,042	117,776/ 10,582,962	159,134/ 4,733,135
Land Heritage	162,151 / 336,092	218,244 / 596,197	314,556 / 4,116,338	346,227/ 5,089,960
Land Mortgage	25,907 / 198,856	30,024 / 416,637	43,921/ 902,676	83,743/ 1,786,080

Agricultural Land, Russian Federation, 2000-2010, million hectares

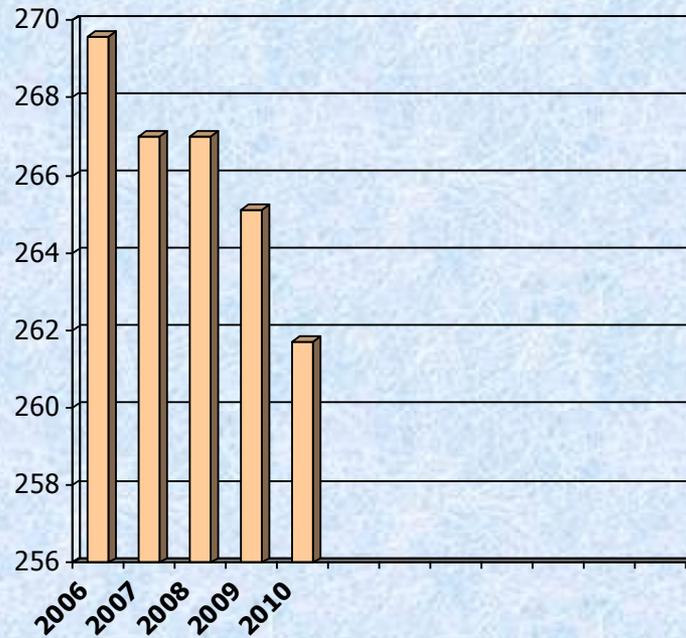


Agricultural Producers Land Area, Russian Federation, 2010, 1000 hectares

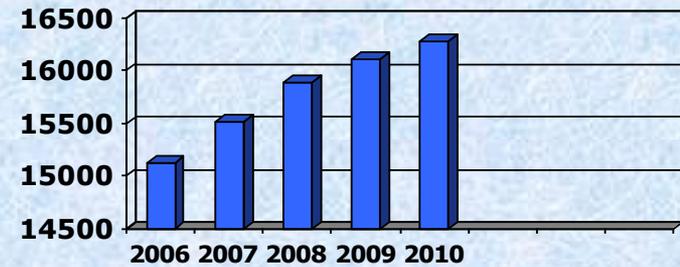


Private Farms, Russian Federation, 2006-2010

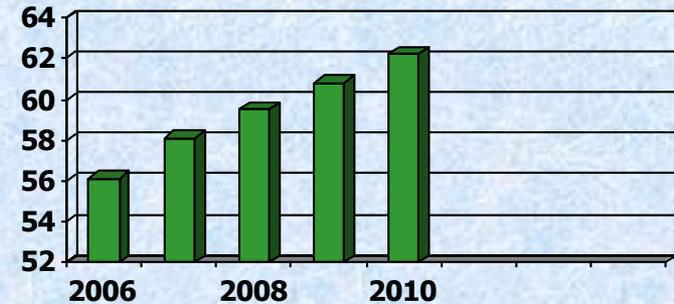
Number of farms, 1000



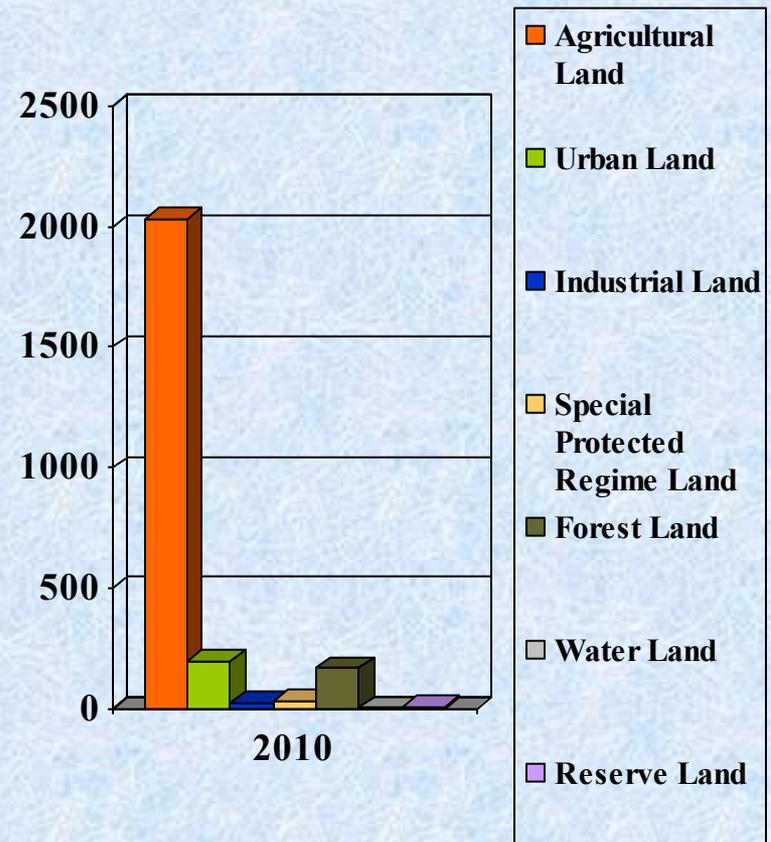
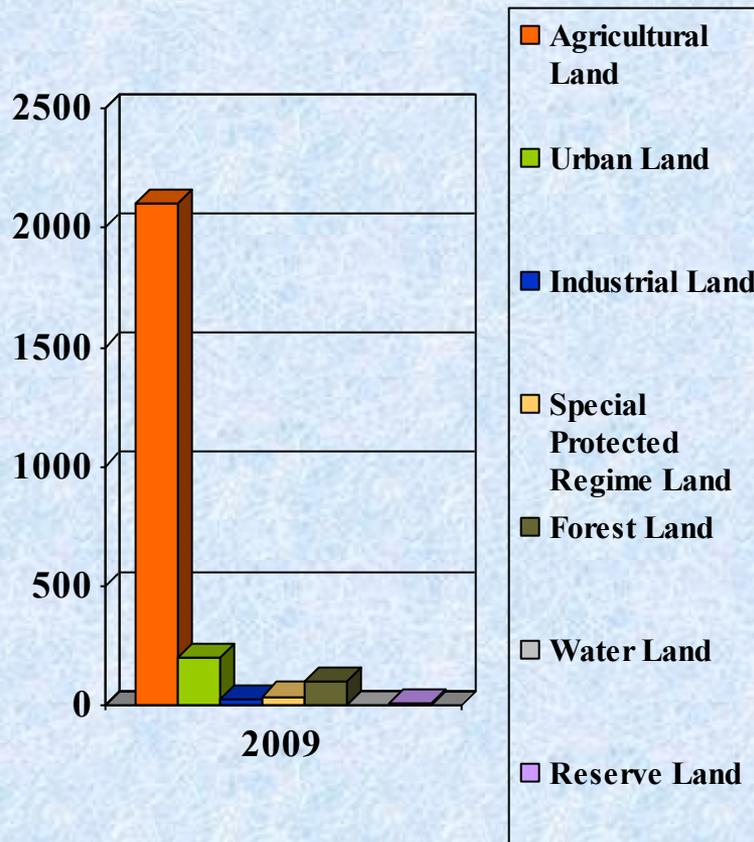
Total Land Area, 1000 ha



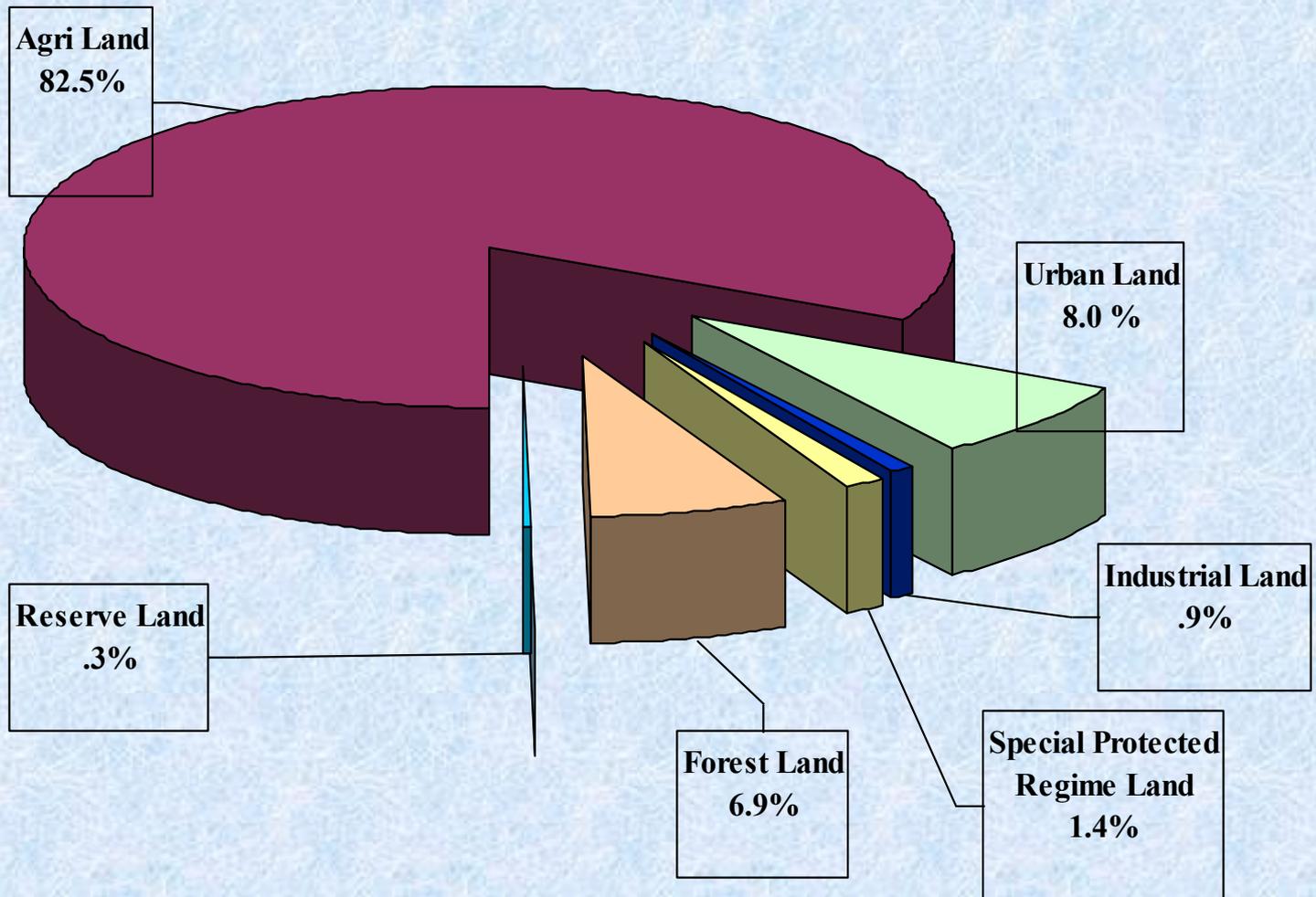
Average Land Size, ha



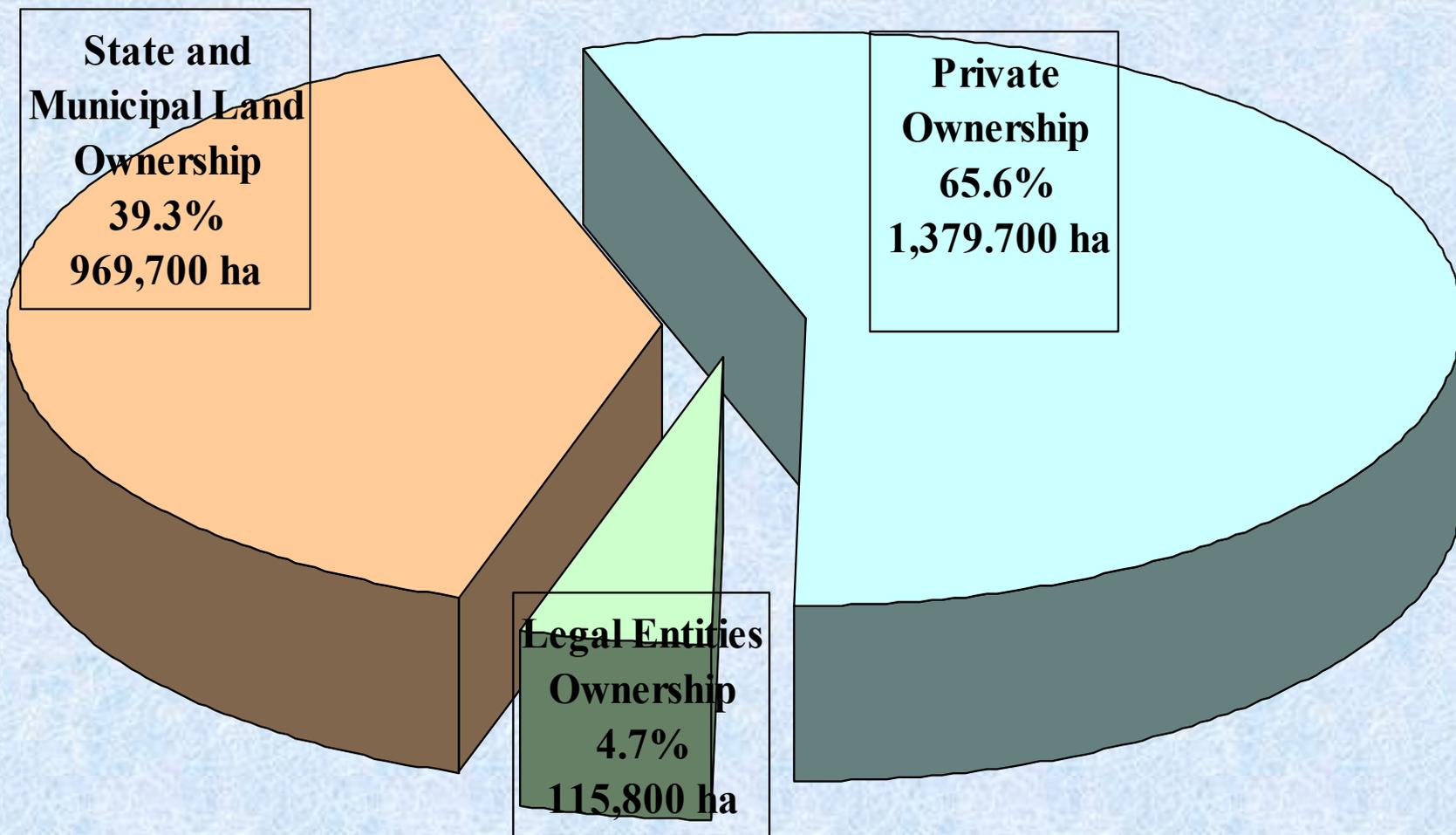
Orel Oblast Land Categories, 2009-2010, 1000 hectares



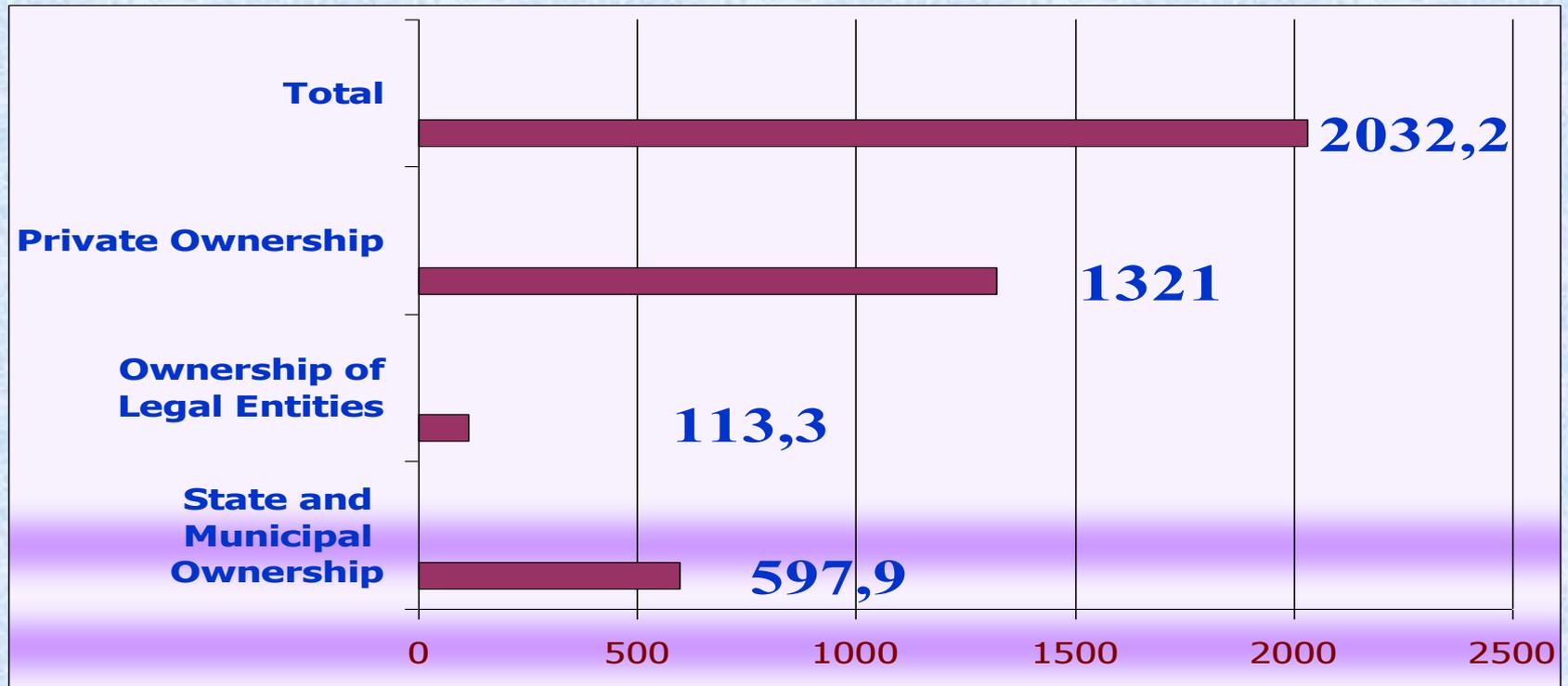
Orel Oblast Land Categories, 2010



Orel Oblast Agricultural Land Tenure, 2010



Agricultural Land Tenure, Orel Oblast, 2010, 1000 hectares



Agricultural Producers Land Area, Orel Oblast, 2010, 1000 hectares



Agricultural Land Shares Area Rented, Orel Oblast, 2010, 1000 hectares



Land Market Transactions, Orel Region, 2010

number of transaction/ hectares

Item	Number of transactions/hectares			
	Total	Including		
		Urban Land	Industrial Land	Agri Land
Selling of state and municipal owned lands	2,596/ 2,495	2,435/ 303	114/ 37	38/ 2,143
Selling of lands by citizens and legal entities	14,202/ 100,612	11,344/ 16,812	-	259/ 20,161
Leasing of state and municipal owned lands	6,335/ 171,885	5,206/ 2,240	132/ 468	920/ 167,900
Other transactions, total including:	5,383/ 12,554	5,324/ 1,784	9/ 165	50/ 10,604
Land Granting	1,763/ 262	1,763/ 262	-	-
Land Heritage	3,157/ 1,102	3,157/ 1,102	-	-
Land Mortgage	406/9,141	351/414	8/165	47/8,562
Total	28,516/ 287,546	24,309/ 21,139	255/ 670	1,267/13 200,808

Agricultural Land Market Auction Price Model

$V_a = [R_0(1+g)(1-t)] / \{[k(1-at)-g](1+c)+p(1-t)\}$; where:

- V_a - Land Market Auction Price, rubles per hectare;
- 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 $a = R_0(1+g) / [R_0(1+g) + V_1 - V_0]$.
- V_0 - Cadastral Value of Agricultural Land, rubles per hectare;
- V_1 - Cadastral Value of Agricultural Land adjusted for Land Rent Growth, rubles per hectare.

Agricultural Land Auction Prices and Mortgage Values, Orel Oblast, 2009-2010

Districts	Cadastral Value of Agricultural Land , rub/ha	Land Auction Price, rub/ha	Land Mortgage Value, rub/ha
Bolhovsky	10,091	5,155	3,608
Znamensky	16,244	8,298	5,809
Khotynetsky	12,710	6,493	4,545
Shablykinsky	12,781	6,530	4,571
Soskovsky	5,030	2,570	1,799
Uritsky	12,923	6,602	4,621
Dmitrovsky	7,347	3,753	2,627
Trosnyansky	11,094	5,668	3,968
Kromsky	18,748	9,578	6,705

Agricultural Land Auction Prices and Mortgage Values, Orel Oblast, 2009-2010

Districts	Cadastral Value of Agricultural Land , rub/ha	Land Auction Price, rub/ha	Land Mortgage Value, rub/ha
Orlovsky	27,719	14,161	9,913
Mtsensky	13,282	6,785	4,750
Korsakovsky	31,202	15,940	11,158
Novosilsky	25,054	12,800	8,960
Zalegoshensky	28,177	14,395	10,076
Sverdlovsky	40,779	20,833	14,583
Glazunovsky	31,643	16,166	11,316
Maloarhangelsky	33,977	17,358	12,151
Pokrovsky	40,033	20,452	14,316

Agricultural Land Auction Prices and Mortgage Values, Orel Oblast, 2009-2010

Districts	Cadastral Value of Agricultural Land , rub/ha	Land Auction Price, rub/ha	Land Mortgage Value, rub/ha
Verhovsky	36,442	18,617	13,032
Novoderevenkovsky	32,862	16,788	11,752
Krasnozorensky	42,313	21,617	15,132
Livensky	45,432	23,210	16,247
Kolpnyansky	42,754	21,842	15,289
Dolzhansky	44,366	22,666	15,866
Total:	28,304	14,460	10,122

Agricultural Land Tax Rates, Orel Oblast (Project)

Districts	Land Auction Price, rub/ha	Agricultural Land Tax Rate, rub/ha
Bolhovsky	5,155	103.1
Znamensky	8,298	166.0
Khotynetsky	6,493	130.0
Shablykinsky	6,530	131.0
Soskovsky	2,570	51.4
Uritsky	6,602	132.0
Dmitrovsky	3,753	75.1
Trosnyansky	5,668	111.4
Kromsky	9,578	192.0

Agricultural Land Tax Rates, Orel Oblast (Project)

Districts	Land Auction Price, rub/ha	Agricultural Land Tax Rate, rub/ha
Orlovsky	14,161	283.2
Mtsensky	6,785	135.7
Korsakovsky	15,940	318.8
Novosilsky	12,800	256.0
Zalegoshensky	14,395	287.9
Sverdlovsky	20,833	416.7
Glazunovsky	16,166	323.3
Maloarhangelsky	17,358	347.2
Pokrovsky	20,452	409.0

Agricultural Land Tax Rates, Orel Oblast, (Project)

Districts	Land Auction Price, rub/ha	Agricultural Land Tax Rate, rub/ha
Verhovsky	18,617	372.3
Novoderevenkovsky	16,788	335.8
Krasnozorensky	21,617	432.3
Livensky	23,210	464.2
Kolpnyansky	21,842	436.8
Dolzhansky	22,666	453.3
Total:	14,460	289.2

Conclusion

- **New trends in development of Agricultural Land Market in Russia are in the considerable increase in the Agricultural Land Market Transactions including Agricultural Land Mortgage Transactions over the last year.**
- **In that sense the following measures must be implemented to strengthen the organizational as well as institutional sustainability of Agricultural Land Market in the Russian Federation:**
- **The Agricultural Land Market Legislation must be revised and improved both at the federal as**

Conclusion

- **The institutional framework for implementation of Agricultural Land Market must be improved both at the federal as well as at the regional level too.**
- **The Agricultural Land Auctions must be introduced to stimulate development of Agricultural Land Market in the regions of the Russian Federation.**
- **The training and retraining programs related to the Agricultural Land Market issues must be introduced.**

Conclusion

- **The Real Estate Cadastre Management should be improved in accordance with market economy standards.**
- **The public relation campaign to strengthen people's ability to understand the role and importance of the Agricultural Land Market Development must be initiated.**
- **The Orel Regional Land Policy or the Orel Model is one of successful ways of development of Agricultural Land Market in the Russian Federation.**
- **The Orel Oblast Agricultural Land Reform experience should be scrutinized and replicated in other Russian regions.**
- **The Agricultural Land Taxation based on Market Value of Agricultural Land should be introduced in the Russian Federation.**

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