Dilemma and Solution of Equity Setting in the Shareholding of Rural Collective Assets

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Abstract: Since ancient times, China has been a major agricultural country, and rural collective property rights are an essential component of the sustained, stable, and healthy development of the rural economy. They have a certain positive significance in promoting the development of the national economy and accelerating the process of social modernization construction. Therefore, in combination with the new needs of rural economic construction and development in the new era, deepening the reform of rural collective asset shareholding and equity setting management can effectively safeguard the core interests of farmers, and it is significant for solving various equity setting problems in the reform of rural collective asset shareholding. Based on this, this article analyzes the equity setting dilemma and its solutions in the shareholding of rural collective assets, in order to provide guidelines for relevant personnel.

Keywords: Shareholding of rural collective assets; Dilemma of equity setting; Solution

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1. Introduction

The main purpose of the rural collective asset shareholding reform is to provide an effective path for the core interests of farmers, and it is also a key measure to enhance farmers’ enthusiasm for production and labor [1]. Therefore, local government agencies and administrative agencies should consider the needs of rural economic development in the new era, strengthen the depth and breadth of rural collective asset shareholding reform, follow the interests and demands of farmers, and perform well in equity setting, in order to maximize the effectiveness of rural collective asset shareholding reform and assist in innovative development of rural economy.

2. Dilemma of equity setting in the shareholding of rural collective assets

2.1. Imperfect legal protection system for equity management in the shareholding of rural collective assets

Analyzing the various legal systems and management norms related to the shareholding reform of rural collective assets currently implemented in China, it can be found that only the legal management framework
shows completeness. There are omissions and delays in the relevant management content, legal regulations, and supplementary regulations, ultimately leading to the inability to smoothly carry out the shareholding reform and equity setting of collective assets in some rural areas. Specifically, local government agencies and administrative agencies are unable to promote the shareholding reform of rural collective assets in accordance with the law, nor are they able to formulate scientific and reasonable equity setting plans. They lack timeliness in handling some detailed issues, ultimately leading to the delayed workflow and formality of the shareholding reform of rural collective assets. From the perspective of current economic law, the reform of rural collective asset shareholding does not fall within the scope of agricultural equity resource allocation, listed company equity regulation, etc. The reform of rural collective asset shareholding has certain particularity. Therefore, there are currently few legal regulations applicable to the shareholding reform of rural collective assets, which leads to many unreasonable issues in the equity setting.

2.2. Unclear division of equity management responsibilities in the shareholding reform of rural collective assets

In the process of promoting the shareholding reform of rural collective assets, local government agencies and administrative agencies need to further clarify the management responsibilities and powers of multiple participating entities, and combine them with the needs of the shareholding reform of rural collective assets to perform well in equity setting. However, in most areas of China, farmers have not yet formed a correct understanding of the rural collective asset shareholding reform, equity, etc., thus they are unable to carry out self-supervision and direct intervention work. In the process of participating in the rural collective asset shareholding reform, most farmers only provide opinions and suggestions based on their own interests and needs, and they have no real authority over the establishment of equity and the improvement of relevant management systems.

2.3. Many controversies over the distribution of equity interests in the reform of rural collective asset shareholding

Promoting the shareholding reform of rural collective assets is an important means of rational allocation and utilization of rural collective assets. However, in some rural areas, the hope of balancing the interests of farmers is pinned on the shareholding reform of rural collective assets, hoping to further improve the balance and effectiveness of the shareholding reform of rural collective assets. However, based on the analysis of the current situation of rural collective asset shareholding reform in various regions, there are many unreasonable issues in the equity setting. For example, the equity structure is not reasonable, and although farmers and rural areas occupy a dominant position in equity management, rural government agencies and administrative agencies are the executing entities of management functions. Based on this, in the case of uneven distribution of multiple benefits, it is relatively easy to cause adversity such as unreasonable equity settings and interest disputes.

3. Solution to the dilemma of equity setting in the shareholding of rural collective assets

3.1. Granting corresponding legal status to collective economic cooperatives

Local governments and administrative departments need to combine the actual level of local economic development and various new development needs generated in the process of modernization construction, continue to promote the rural collective asset shareholding reform with “three parts and three reforms” as the core, further improve the rationality of equity setting, and focus on addressing the issue of unclear legal status.
of rural collective economic cooperatives, in order to lay a solid foundation for the long-term development of rural collective economic organizations. Local governments can actively learn from the development models of Wuzhong District, Suzhou, and Shenzhen that allow rural collective economic cooperatives to register at the industrial and commercial management departments in the process of optimizing the equity setting in rural collective asset shareholding, further clarify the market subject status of rural collective economic organizations, and provide legal protection for effectively solving the difficulties in equity setting in rural collective asset shareholding. Specifically, local governments and administrative departments should take the “three parts and three reforms” as the core of their work, separate non-land collective assets and land collective assets, guide and support farmers to establish land cooperatives, set the future development direction of the cooperatives as stock economic cooperation organizations to strengthen the market subject position of rural land cooperatives, and provide effective legal protection for the development of rural collective asset shareholding and reasonable allocation of equity. 

3.2. Clarifying the responsibilities of equity management in the context of rural collective asset shareholding reform

In the process of deepening the shareholding reform of rural collective assets, local governments and administrative departments should also clarify the responsibilities of equity management, provide solid management guarantees for equity setting, prevent the problem of incomplete rural collective asset property rights reform, and improve the rationality and pertinence of equity setting. In the actual process of rural collective asset shareholding reform, it is necessary to clarify the responsibilities of equity management. Relevant departments need to fully respect the basic wishes of farmers and implement the responsibility management system to ensure that the equity setting always follows the basic principle of greater rights and responsibilities, and then borrow a multi-level management planning system to improve the effectiveness of rural collective asset shareholding reform and the rationality of equity setting. In this process, government agencies, administrative agencies, etc. need to promptly intervene in administrative matters, and carry out equity management and regulation on the basis of not affecting the vital interests and core rights of farmers, in order to maintain the balance of equity settings in rural collective asset securitization. In addition, the functional scope of equity management should be appropriately expanded based on the actual situation to ensure the orderly progress of the rural collective asset shareholding reform. However, it is worth noting that the management intervention of local governments and administrative departments needs to focus on protecting the legitimate rights and interests of farmers, in order to avoid the problem of excessive management intervention by government agencies and behavioral institutions, and lay the foundation for the smooth implementation of equity management work in the rural collective asset shareholding reform.

3.3. Optimizing the rural collective equity and individual equity system

The application of the rural collective asset shareholding management system in rural equity setting has drawbacks that far exceed the application benefits. Although individual equity can protect the core interests of farmers to some extent, it cannot have a positive effect on equity appreciation and it is difficult to enhance the economic benefits of farmers in a short period of time. Based on this, local governments and administrative departments should consider the needs of rural collective asset shareholding reform to reform and innovate the collective equity, individual equity, and operational mechanisms in rural areas, integrate the advantages and problems of collective equity and individual equity systems, carry out multi-level equity structure adjustment work, and effectively solve the problem of collective equity application on the basis of leveraging the advantages of collective equity appreciation. This can prevent the adverse effects caused by the application
of a single equity management and distribution system. In addition, local governments and administrative
departments need to formulate flexible equity setting strategies based on changes in local capital markets and
rural economic structures, strengthen the sense of acquisition and happiness of farmers in the rural collective
asset shareholding reform, and create favorable conditions for safeguarding the core interests of farmers and
driving the level of economic development in rural areas \[6\].

3.4. Strengthening farmers’ equity rights and capabilities from the perspective of rural
collective asset shareholding reform

Further strengthening the equity rights of farmers is the basic content of the current rural collective asset
shareholding reform and reasonable equity setting, and it is also an effective path to improve the economic
benefits of farmers. Based on this, local governments and administrative departments need to optimize equity
rights by strengthening farmers’ rights to know, participate, express, and supervise. Firstly, in order to optimize
the right of farmers to know, local governments and administrative departments need to clarify the flow and use
of rural assets, and timely disclose information to ensure that farmers can understand relevant consultations.
Secondly, in order to optimize the participation rights of farmers, local governments and administrative
departments need to decentralize the decision-making power of equity management based on the adjustment
of equity structure, and conduct risk assessment of management decision-making to provide a platform for
farmers to participate in equity setting and management \[7\]. Thirdly, in response to the strengthening of farmers’
expression rights, local governments and administrative departments need to establish channels for farmers
to express equity management suggestions, and analyze them to ensure that farmers can effectively express
their interests and demands. Lastly, in response to the strengthening of farmers’ supervision and management,
government agencies and administrative agencies should establish equity audit committees with farmers as
the core, thus ensuring that farmers can play their regulatory role in equity management work and provide
assistance for the rural collective asset equity reform.

4. Conclusion

In summary, in the process of deepening the reform of rural collective asset shareholding, it is necessary and
crucial to grasp and analyze the current difficulties in equity setting, and take diversified and targeted measures
to break through these difficulties. Based on this, local government agencies and administrative agencies should
respect and protect the core interests of farmers from the overall perspective of rural economic development. On
the premise of respecting the basic wishes of farmers, we will effectively promote the shareholding reform of
rural collective assets, improve the development balance of rural equity settings, and allocate economic benefits
to farmers, thereby creating favorable conditions for the economic construction and overall social development
of rural areas.

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