

Short Reports

LAND-MORTGAGE FINANCING AS A TOOL OF DEVELOPING AGRICULTURE OF RUSSIAN FEDERATION

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Modern stage of transforming economic relations implies an increase in efficiency of using land funds of the country, reviewing ideas on the part and place of land as the most important element of national riches as an object of business and economic relations in terms of market.

Institute of land mortgage occupies one of the leading positions within the system of function and development of agricultural sector, as mortgaging lands of the studied category is one of the most efficient means of security and should provide for attracting investments into the area of agriculture, mediating its development.

There is no universal concept of mortgage, the term is facilitated depending on the necessity to use it in a certain sector of economy. Problems that are set in front of this research, have defined the necessity to study mortgage as a unique phenomenon in Russian economy at a certain stage of its development, and also unification of the existing definitions from the position of participation of mortgage in the whole economic result at regional and macro level.

Mortgage is studied as an economic system that exists in terms of a single social-economic system of a state that includes six basic subsystems: mortgage loaner, lenders who provide credits against security of immovable property, three groups of mediators for organizing inter-system processes, and subsystem of regulation [1].

Thus, mortgage is a credit, obligation, return of which is provided by security of immovable property (real estate loan). Mortgage is a single mechanism of realizing relations that emerge about providing, selling, or serving real estate loans. Land mortgage is one of the possible schemes of financing business structures in agrarian sector of economy.

Contents of land mortgage can be studied from two positions. Land loan (in its wide definition) represents a totality of relations that emerge about charging property rights of an owner or renter of a land in order to receive and serve mortgage loan. In its narrow definition, mortgage represents a process of long-term financing against security of immovable property, usually to acquire a lot [2].

The essence of land mortgage lies in relations about financing against security of immovable property from the structure of lands of agricultural purpose, while lender – holder of security is able to

satisfy his demands in case his loaner does not fulfill his obligations at the account of secured land in priority, compared to other lenders.

Land mortgage is studied as a complex system of attracting funds of banks, population, and other participants of land mortgage market into economic turnover via mortgage loans through the market of land lots from the structure of agricultural lands. This conception of land mortgage corresponds to neoinstitutional approach towards studying economic processes and phenomena.

Land mortgage system bears all attributes of an economic institute, it has formal (legislative) and informal (customs, traditions) limitations, and is also exposed to the influence of tools of constraint. Integral approach (holism) defines essential characteristics of the studied land mortgage system that are crucial for apprehending mortgage place in the system of social reproduction.

Institute of land mortgage develops in a circular fashion, being overgrown by interrelated elements – separate institutional units. At the same time, it represents collective actions of control, liberalization, and broadening of individual act, in other words, it corresponds to the initial comprehension of the institute that implies neoinstitutional approach [3].

The system of land mortgaging represents a totality of institutes and mechanisms of realizing a special form of financial relations that are interrelated and form a certain unity that provides for the transition of financial resources at the mortgage market from lenders to loaners against security of land with an active participation of infrastructural elements and a state [4].

Increase in capitalization of banking system, formation of long-term financial resource market, formation and development of mortgage stock market are the necessary conditions for the development of land mortgage financing.

Obviously, real development of land mortgage in agriculture is linked directly to the provision of system approach in forming relations about mortgage against security of lands of agricultural purpose and its infrastructure.

References

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