

# Research Analysis of Fujian Province Small Forestry Property Mortgage

## ---Based on a Research of Fujian Qingliu County, Youxi County

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**Abstract:** Small forestry property mortgage as a new type of forestry financing way, to ease the tight forest forestry production funds, accelerate the circulation of funds, increase the income of forest has important significance, but at present, China's small forestry property mortgage procedures still exist. Low loan time limit is short, the loan amount, loan conditions strictly, loan interest rates on the high side, forest insurance and in forest assets evaluation work is not in place. Project team in Fujian Qingliu County and Youxi County's field survey was carried out on the 278 questionnaires of forest, 251 effective questionnaires were taken back, questionnaire 90.3% efficient. It puts forward the relax loan conditions, improve the loan amount, extend the loan period, lower lending rates, establish a sound is helpful to carry out small forestry property mortgage management systems and operating rules; increase forest insurance danger to plant, simplify the insurance business formalities. Improve the level of forest insurance loss ratio and the security, set up various forms the forehead; Stepping up efforts in supervising the qualification of forest assets evaluation agencies, reduce the evaluation fee proposal.

**Keywords:** Fujian Province; a small amount; forestry property mortgage;

### I. INTRODUCTION

Forest right mortgage refers to that the debtor or the third person use the forest land usage right and forest ownership as collateral to apply for loans to the creditor behavior.[1-3] In 2003, they seek to realize the effective path of mountain farmers out of poverty, and Sanming City of Fujian Province first implemented collective forest right system reform. Sanming Forestry Bureau and Sanming central branch bank of People's Bank of China signed a memorandum, establishing the working relation and coordination mechanism between departments and jointly fabricates "on accelerating forest views of the right mortgage loan"(Ming political document[2005]111). The author combines qualitative and quantitative analysis, for small loan forest right mortgage loan for policy research.

### II. RELEVANT POLICIES OF SMALL FOREST RIGHT MORTGAGE LOAN

#### A. Small forest right mortgage loan policy

Small forest right mortgage loan in Fujian Province takes forests and forest land usage right and laws, administrative regulations, mortgage and other forests, trees and forest land use rights as collateral, and it generally takes "application—investigation—review—approval—issued" process, and the loan period is no more than 3 years, and the loan rate is implemented according to actual situation.

#### B. Forest insurance policy

The current policy encourages the mortgagor to conduct forest insurance for mortgaged property. Forest insurance is used as a risk transfer mode, and currently, there are two forms of fire insurance and comprehensive insurance.

#### C. Assets evaluation policies

In 2005, Fujian issued a "Noce of Fujian Province Price Bureau on a reapproved forestry agency service fees and charges" (Fujian price[2002]service No.531), launched forest asset assessment charges, "notice" is as shown in Table 1.

Table 1 Fujian forest resource assets appraisal fees standard table

Evaluation value (ten thousand yuan)	Rate (%)	Notes
100 below	6	1 Adopting balance rate
101-1000	2.5	progressive method of
1001-5000	0.8	charging. 2 Each
5001-10000	0.5	assessment project is at
10001 above	0.1	least evaluated charged 300 yuan.

According to current regulations, small forest right mortgage loan must first pass through the forest resources and assets assessment, and issue the relevant assessment reports, and the evaluation result directly influences whether small forest right mortgage loan can be successful and the amount of success.(Banking supervision(2013)32.)

### III. SMALL FOREST RIGHT MORTGAGE POLICY INVESTIGATION AND IMPLEMENTATION

#### A. Research situation

Beijing Forestry University conducted investigation of Qingliu County and Youxi County of Fujian Province, with a total of questionnaires 278 pieces, and 264 pieces were recovered, with effective questionnaires of 251 pieces. The author uses SPSS13.0 statistics software to make analysis of the recovered 251 pieces of questionnaires.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.954	9

Cronbach's Alpha coefficient is 0.954, over 0.7 and closer than 1, showing the questionnaire is of strong efficiency.

#### B. Small forest right mortgage loan policy investigation analysis

Small forest right mortgage policy analysis relevant with rural credit cooperatives

The project group was in the investigation process of Fujian Qingliu County and Youxi County, it conducted investigation of forest rural hope rural credit cooperatives, which has some improvement. The result is as shown in Figure 1.

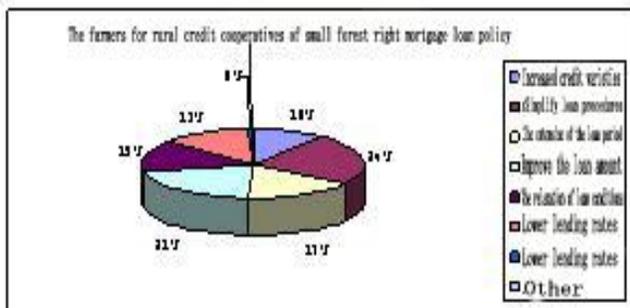


Fig.1 About where Banks and rural credit cooperatives loan should survey to improve the situation

Figure 1, 10% of forest farmers hope to increase credit products, and 24% of forest farmers hope to simplify loan procedures, 17% of the forest farmers hope to extend the loan period, 21% of the forest farmers hope to improve the loan amount. In addition, 15% and 13% of forest farmers hope to relax loan conditions and lower lending rates.

#### 1) Small forest right mortgage policy analysis relevant with forest insurance

41% of forest farmers think that forest insurance amount should be insured value, and 2% of forest farmers think that the forest insurance amount should be 300 yuan of sowing. 50% of forest farmers choose 500 yuan of forest, and 5% and 2% of forest farmers respectively choose 400 yuan of insurance survival and others. 61% of forest farmers think that insurance fee of each acre within 1 yuan can be acceptable.

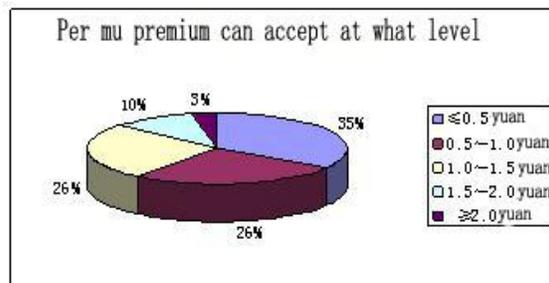
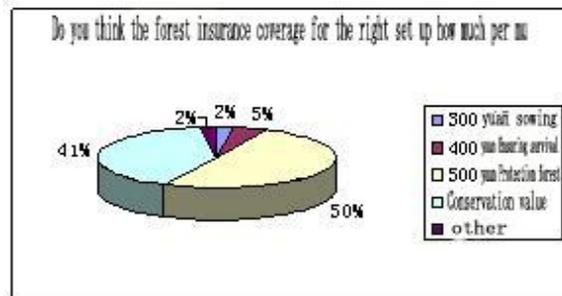


Fig.2 Investigation about forest insurance coverage and premium per acre

#### 2) Forest resource asset evaluation policy analysis of pledge

80% of forest farmers think that assets evaluation credibility is general, and 59% of forest farmers think asset evaluation work is hosted by forest resource investigation institution, which is more trusted[15].

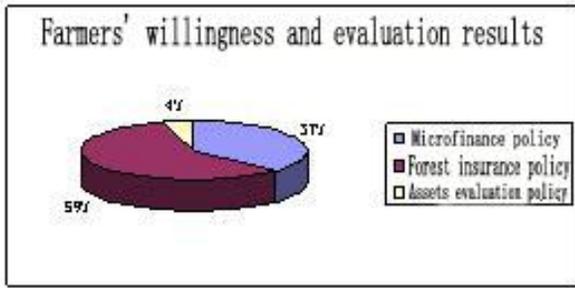
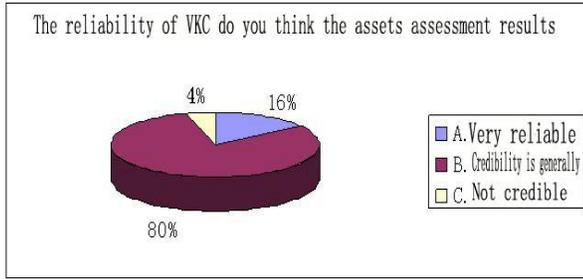


Fig.3 Investigation about the assets appraisal result credibility and the appraisal institution type

### 3) Policy evaluation result of small forest right mortgage loan

Through analysis, Fujian Province achieved some achievement, but small forest right mortgage policy, forest insurance policy, asset evaluation policy implementation and survey actual situation and forest farmer willingness and evaluation result still have some distance, as shown in Table 2.

Table.2 Small forestry property mortgage policy research results contrast analysis and evaluation

Project	Content	Policy regulation	Actual situation	Willingness survey result	Forest farmer evaluation result	
Small loan policy	Loan amount	1000-100000 yuan	1000-100000 yuan	Cannot meet fund demand, improve loan amount, release loan	Not satisfied	
	Loan period	1-10 years	1-3 years			
	Loan interest	5%+10% ~ 20%	8% ~ 10%	< 8%	Not satisfied	
Forest insurance policy	Pledge demand	Conform to law regulation	1. For the pledged tree seeds, tree age and area have strict limitation. 2. The pledged forest right on principle must make forest comprehensive insurance, and insurance period (includes insurance period) not shorter than loan period	Too much limits, loan condition	Not satisfied	
	Insurance fee	Public forest	Central finance subsidy	Central 50% , Provincial 25% ,	Forest household insurance fee	Not satisfied
				50% , local finance subsidy for 40% ( Province finance at least 25% subsidy ) Provincial finance subsidy	County 15% , Forest households 10% ( 0.125 yuan/0.0667hm <sup>2</sup> ) Insured area ≤ 667hm <sup>2</sup> , central provincial finance gives 30% subsidy.	acres ≤ 1yuan government subsidy 80%-100%

Insurance amount	1. According to accumulated amount to calculate total insurance amount=unit area wood accumulation amount/forest accumulation amount	500 yuan	Each acre insurance amount is fixed, can not meet forest farmer demand, 500yuan insurance forest or	Not satisfied
Asset evaluation policy	Financial department issued asset evaluation qualification, and ≥2 forest resource evaluation experts and ≥2 register asset evaluator to take part in	According to policy to implement	Professional is strong, hoping to evaluate by forest resource survey institute	Not satisfied
	forest process, the input material labor and active labor calculation		value	

#### IV. COUNTERMEASURES AND SUGGESTIONS OF SMALL FOREST RIGHTS MORTGAGE LOAN POLICY

A. *Relaxing loan condition, improving loan amount, extending loan period, reducing loan rate, establishing and improving good small forest right certification mortgage loan management system and operation process.*

On one hand, it should increase local government actual policy flexibility. On the other hand, the government should simplify business operation procedure.

B. *Increasing forest insurance types, simplifying insurance business procedures, improving forest insurance compensation rate and insurance level and setting up multiple insurance amount forms.*

According to forest farmer demand setting fire insurance, wind storm insurance, ice frost pest insurance, comprehensive insurance and other forms of forest insurance types, regulating the forest insurance business transaction process and simplifying forest insurance business coping procedure.

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