Section 2. Land management

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LAND MARKET AND GEORGIA

Abstract. This article is a paper of current development of land markets. Land is part of the national culture and this is a very sensitive and often politically controversial issue. Land markets are important because all economic development depends to some degree on the availability of land, Industries need sites for factories and offices. While in agrarian societies the quality of the land is a key factor in creating a livelihood.

In the article it is reviewed land market problems and ways to solve them. Such as: current development of land markets and why they are required, how land markets work in less economically developed societies. And also is discussed the Georgian land market from a historical point of view and current situations. Problems and ways to solve it.

A fair and transparent land market requires guaranteed security of land rights. Such as: citizens’ rights, low transaction costs for all of people, easy of access to credit, protection of minorities in the country, etc.

Keywords: Land markets; land registration; conveyancing; globalization of land markets.

Land refers to the resources that are found in nature and used by firms as factors of production. Land market is simply the market where land is traded.

It is interesting what economists mean by the land market. So, they mean, “The land market is simply the market where land is traded. Since firms need land and other raw materials to use as production inputs, they need a market where they can rent or purchase them, and this is where the land market comes in” [7].

Land and other raw materials is needed by firms to use as production inputs. But land isn’t like other commodities that can be bought and sold in that it’s unable to move. Constructions upon it can be deconstructed and moved somewhere elsewhere but land is riged. Just rights to use the land can be purchased. Land markets exist when and where it’s possible to exchange rights in land for agreed amounts of money or services. The ability and capacity of banks and other financial institutions to lend money is underpinned by an efficient land market, which in turn requires an efficient land administration system. The efficiency of the land market varies across the world together with its openness to public scrutiny and support for the concepts of sustainable development. In less economically developed societies, and in particular where informal settlements exist, it has not always been possible to develop an effective land market and this leads to under-capitalization. In order for a land market to develop and be maintained a number of critical factors need to be in place. In addition to clear policies and enforceable laws, the
institutional framework needs to provide for consistent, responsible and accountable decision-making within the overall national land policy. There must also be a land registration system that is affordable so that all citizens. Globalization will inevitably impact land markets especially as information technology, including web based services, provides greater access to national land information services [4].

Land is part of the national culture, and at both the national and individual levels people have always been, are will be ready to fight to protect it. This is a very sensitive and often politically controversial issue. When we’re speaking about the land, often remembered Duddy Kravitz. Duddy is told by his grandfather that “A man without land is nobody”. Some scholars argue that governments should determine who is allowed to own land. Others maintain that, although a regulatory framework should be established by the state, the best way to achieve the optimum form of land use is through the operation of free market forces [6].

In general, Land markets exist when and where it’s possible to exchange rights in land for agreed amounts of money or services. In many state systems, land is represented by a different system of ownership. And they are regulated by a system of landowners and land administration. Land administration guarantees safe land ownership.

The land market in most developed countries is a fact of life. But unfortunately it is not fully documented yet.

Land markets are important because all economic development depends to some degree on the availability of land, Industries need sites for factories and offices. While in agrarian societies the quality of the land is a key factor in creating a livelihood.

The longer-term investment in land markets in developed countries has been considered to be one of the major factors that underpin modern economies. However, on their own, land markets are not a panacea [4].

Some researchers consider that increasing level of land markets can further impoverish the poor because large companies will buy agricultural land and the poor will be left without land.

The effectiveness of land markets is changing around the world and is becoming the subject of public scrutiny.

Land markets require the injection of capital to enable them to function. The corporate investor can normally gain access to capital or credit to fund acquisitions. Communities or individuals may find it difficult to acquire collateral against which to borrow monies to finance the acquisition of land and it’s difficult for them to enter the land market.

A fair and transparent land market requires guaranteed security of land rights. Such as: citizens’ rights, low transaction costs for all of people, easy of access to credit, protection of minorities in the country, etc.

To encourage and support the land market it may be necessary for governments or international donors to provide start-up finance that will lead towards a self-financing status.

Now, as for Georgia. As we’ve mentioned, land reform and its consequences are a necessary condition for the development of the land market. From a historical point of view, land reform in Georgia dates back to 1992. When the mass nationalization of lands started under Resolution № 48 and № 128 of the Cabinet of Ministers of the Republic of Georgia. This probably started for social purposes given the situation in the country. As a result of this reform, a very small area of land was transferred to the population. The problem was the weakness of the property protection mechanism. The problem was also weakness of the property protection mechanism [2].

It is noteworthy that as a result of the reform, the land was acquired by both rural and urban residents. In many cases, the lands were divided into 3–4–6 or more fragments and were distributed in different areas [3].

In 1996, when the political situation was stabilized, Revealed need to create a land market and the opportunity to complete land reform.
In 1997, international donors (USA, Germany, UN), supported the process of establishing the formal mechanisms necessary for the formation of the land market and law. Also, in 1997, the Georgian Owners Association was established.

The donor organization, the German Bank for International Development, provided the Georgian Public Registry with a relevant software package. And we should consider that establishment of a common cadastral system as a final of the agricultural land market.

In 2011, the state suspended a long-term lease agreement with land users and allowed them to buy the land they used. Otherwise the state would return the land and sell it at auction.

Behind the seemingly orderly land market, there are problems too. Despite the efforts of the state of Georgia and donors, it is still unknown what amount of land belongs to the private sector, what is the total area and amount of these plots. For person who is interested in to buy land is difficult fo this or that plot that might be economically interesting.

The state of Georgia is still actively trying to encourage the population in terms of land registration.

In 2021, minister of justice passed the law № 798, on this basis of measurement and registration activities will be carried out in 59 municipalities of Georgia.

Currently 1/3 of the land plots are not registered. And it hinders progress of final formation of the land market. However, 2024 can be considered a positive indicator of the final formation of the land market[1].

**Conclusion.** Large-scale growth continues to affect the land globally. Especially when the services are based on web technologies. For Strengthening the market mechanism requires a strong and efficient land market, a solid administrative system and proper law. An orderly land market is part of a healthy and strong economy.

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