

Research on the Legal Organization Form of Family Farm

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Abstract: *As a new type of agricultural management subject, family farm must clarify its legal organization form if it wants to have a long-term development. The unclear legal organization form of family farm will damage the standardization of family farm management, affect the effectiveness of relevant support policies, and go against the unified management of the government. In theory and practice, the legal organization forms of family farm vary. It is necessary to analyze the relationship between family farms and individual businesses, sole proprietorships, partnerships, and limited liability companies. Through analysis and comparison, it is concluded that partnership and limited liability company are suitable legal organizations for family farms.*

Keywords: *Family farm, Form of legal organization, Partnership, Limited liability company*

1. Introduction

In 2013, the Number one document of the CPC Central Committee and The State Council on Accelerating the Development of Modern Agriculture and Further Enhancing the Vitality of Rural Development proposed the development of family farms for the first time. In September 2019, with the consent of The State Council, 11 departments and units, including the Agriculture Office of the CPC Central Committee, the Ministry of Agriculture and Rural Affairs, and the National Development and Reform Commission, jointly issued the Guidelines on Implementing the Family Farm Cultivation Plan, which once again put forward guidelines for the sound development of family farms. However, the above documents only provide policy guidance for the development of family farms, but do not make clear provisions on the legal organization form of family farms. As a result, local normative documents on family farms formulated by local governments have different provisions, and it is difficult to have a unified standard. In order to develop the family farm, it is necessary and urgent to choose the appropriate legal organization form.

2. An Overview of Related Issues on Family Farms in China

2.1. The Concept of the Family Farm

The definition of family farm is inconsistent in Chinese academia. At present, there are mainly three theories: "agricultural enterprise theory", "agricultural production unit theory" and "new agricultural management subject theory". The relevant documents issued by the former Ministry of Agriculture and relevant local laws and regulations mainly use the concept of "new agricultural business entity". Based on the definitions of family farms in our country and foreign countries, this paper considers that family farms are the main investment managers with family members who are related by blood, marriage or adoption. They have the appropriate scale and are engaged in agricultural scale, intensification and commercialization of production and operation. With agriculture as the main source of income, they are the main bodies of agricultural production and operation identified by local agriculture and rural departments.

2.2. Characteristics of a Family Farm

The family farm has the family nature of farm management, the appropriateness of operation scale, the professionalism of production and operation, and the comprehensiveness of legal supervision. First of all, the family is the basic form of agricultural production and management, and the main activities are completed by family members. Secondly, the scale of operation should be appropriate, improve the

utilization rate of agricultural land through economies of scale, and finally realize agricultural modernization. Thirdly, the production and management is highly professional. The family farm relies on modern scientific achievements and mechanical operations to complete production, and also participates in market activities. Finally, a variety of legal supervision approaches are integrated to conduct multi-department supervision on the identification, establishment, operation and exit.

2.3. The Development of the Family Farm

2.3.1. The Exploratory Period of the Family Farm

Family farms began in the 1980s. The family farm is related to the implementation of the contract responsibility system. After the family contract system is established, in order to solve the problem of land dispersed management, a new mode of land use right is started to practice under the premise of not changing the land ownership, and the family farm begins to appear and develop gradually. During this period, the state farms began to explore and practice the household contract system, and the contracting operation of the state farms resulted in what we call family farms today. The characteristics of family farms during this period were as follows: first, the land of family farms was mainly from the collective. The land transfer within the members of rural collective economic groups is not developed, and the land needed by family farms is mainly from the rural collective economic organizations in addition to the land owned by farmers. Second, the farm scale is large, compared with traditional agriculture, family farm agricultural income is significantly higher; Third, family farm labor is mainly family members. The labor force mainly comes from within the family. The family labor force has a large number of members. During the busy season, the family farm will also employ a small number of day laborers and helpers.

2.3.2. A Period of Accelerated Development of Family Farms

In 1990s, the family farm of our country was in accelerated development period. In the 1990s, we let go of the food purchase and sale system, and agricultural products began to circulate freely gradually. Agricultural production dominated by households could not meet the market demand for agricultural products, and the expansion of market demand put forward higher requirements for agricultural production and management mode. At this time, the characteristics of family farms mainly include: first, the number of a large increase, the speed of development; Second, the source of land for farms has changed. Part of the land of family farms is obtained through the spontaneous transfer of farmers. Migrant workers and older farmers transfer the land to other farmers and obtain land rent. Most of the land of family farms is still obtained through collective. Third, compared with traditional family operations, family farms have more advantages in terms of economic and social benefits. In this stage, family farms were mainly set up by farmers spontaneously, and the support effect of central policies was not obvious. On the whole, family farms were still in the period of exploration and practice.

2.3.3. A Period of Rapid Development of Family Farms

The rapid development of family farms in China began after 2008, when the Third Plenary Session of the 17th CPC Central Committee raised family farms to the level of central policy. After that, the No. 1 document of the Central Committee would clearly point out that the development of family farms should be encouraged and land scale management should be promoted. Under the guidance of national policies, the Ministry of Agriculture and various localities successively issued normative documents to regulate the development of family farms. At this stage, the state gave many preferential projects and supporting policies to family farms to solve the problems of financing difficulties, great risks and land sources in the development of family farms. Now family farms are developing rapidly. Different places explore their own development patterns in the process of family farm development. At present, our country mainly has five family farm patterns: Shanghai Songjiang "post with certificate" model, Zhejiang Ningbo "independent trademark" model, Anhui Langxi demonstration family farm model, Jilin Yanbian prefecture "government-led" model and Wuhan Hubei "able person" model. Under the guidance and support of the policy, the number of family farms has increased rapidly. Some local family farms have begun to take shape and become the main mode of agricultural production. The scale of family farms is larger than before, such as the super large farms in Jiaozhou, Shandong Province; In terms of land area, the average operating scale of family farms reaches 200 mu; Through the operation of family farms, the rural economic level and farmers' living standards have been significantly improved. Family farms not only develop rapidly themselves, but also play an obvious driving role in small contract farmers. Family farms cooperate with large professional households, leading agricultural

enterprises and agricultural cooperatives and complement each other, becoming one of the important components of the new agricultural management system.

3. Adverse Effects of Unclear Legal Organization of Family Farms

At present, the family farms lack the unified regulation of the law, some local documents made by local governments, but it does not make a clear regulation on the legal organization form of the family farms. The Shanghai Regulations on Promoting the Development of Family Farms, the country's first law on family farms, which came into effect on January 1, 2021, also does not clarify the legal organization form of family farms. The unclear legal organization form of family farms has led to confusion in the regulation of family farms in various regions, which may bring a series of adverse effects, mainly manifested in the following aspects:

First, the unclear legal organization form of family farm damages the standardization of family farm management. On the one hand, some market subjects do not know whether they belong to family farms, and they do not know what kind of organization form they should adopt when preparing to set up family farms. In particular, the farmers of family farms in China generally have low education level, are not familiar with relevant laws and regulations, and the legal status of family farms is unknown, so many farmers have no way to choose the organization form. On the other hand, they are at a loss about how to identify the family farm. They are not sure whether they need to register or record, nor do they know which department to register or record. Second, the unclear form of family farm legal organization affects the effectiveness of relevant supporting policies. Since the release of the No.1 Central Document in 2013, the national and local governments have introduced a variety of support policies to promote and encourage the development of family farms. However, due to its unclear legal status, the corresponding support policies have not been implemented. In practice, it is found that some agricultural production and management subjects registered as family farms in order to get financial subsidies and enjoy preferential policies, but in fact, they are not strictly family farms. Some have family farms, farmers' professional cooperatives, leading enterprises and other brands. Depending on which business entity the state gives the most preferential policies, the brand is chosen. ^[1]Some farmers do not carry out the corresponding industrial and commercial registration because they do not understand the registration and identification standards of family farms, although they actually establish family farms and operate according to the requirements. But can not enjoy the financial subsidies and preferential policies that should be enjoyed. ^[2]Although the Guidelines on the Implementation of the Family Farm Cultivation Program issued in 2019 proposed to improve the family farm list system, local governments are also carrying out the declaration and record of family farms, in order to improve the level of service management and strengthen supporting policies. However, at present, there are various forms of legal organization of family farms, so it is difficult for the government to formulate unified norms and standards when carrying out family farm management. Although the government can formulate different norms and standards according to different forms of legal organization of family farms, it undoubtedly increases the work burden of the government and wastes administrative resources.

4. The Theory and Practice Status of Family Farm Legal Organization Form

The choice of the legal organization form of family farm is not only controversial in theory, but also different in practice.

4.1. Theoretical Status of Family Farm Legal Organization Form

In the theoretical circle, scholars also attach great importance to the legal blank of the legal organization form of family farm, which is considered to be one of the important factors hindering the development of family farm, so they put forward many suggestions and reasons on the choice of legal organization form of family farm. Some scholars believe that allowing some small, single-type family farms to be temporarily registered as individual businesses or sole proprietorship and other unincorporated forms. But from a development point of view, family farms should be registered as corporate entities. ^[3]Some scholars believe that its legal status is similar to that of a sole proprietorship or partnership, that is, an unincorporated body. ^[4]Some scholars believe that sole proprietorship, partnership and corporation have the advantages of individual business and make up for their shortcomings, and the enterprise form is more in line with the needs of scale management of family

farms. ^[5]Some scholars break through the existing civil subject theory and point out that family farm should not be a corporate legal person or be included into the category of individual industrial and commercial enterprises, but should exist as a new independent economic organization. ^[6]

Whether choosing a fixed legal organization form or a variety of legal organization forms can be applied to family farms, or breaking through the existing legal organization forms, it remains to be further discussed to take it as a new type of economic organization.

4.2. Practice Status of Family Farm Legal Organization Form

Because the law has not made clear provisions on the legal organization form of family farms, most family farms in various places choose the legal organization form from the existing market entities, including individual businesses, sole proprietorship, partnership and limited liability company. But Shandong Province made an exception in the 2013 Shandong Trial Measures for Family Farm Registration, which allows family farms to become members of farmers' specialized cooperatives or shareholders of companies after completing industrial and commercial registration. Rural families with more than five members can register as natural persons for "family farm professional cooperatives". In other words, it allows family farms to register as farmers' professional cooperatives. However, it was deleted again in the Shandong Family Farm Registration and Administration Measures issued in September 2016, which only stipulated the forms of individual industrial and commercial businesses, sole proprietorship enterprises, partnerships and companies. Table 1 is the statistics of legal organization registration of family farms in Jiaxing, Zhejiang Province.

Table 1 The statistics of legal organization registration of family farms in Jiaxing, Zhejiang Province

Legal organization form of family farm in Jiaxing	Type of registration	quantity	proportion
	Individual industrial and commercial enterprises	310	73.5%
	Sole proprietorship enterprise	104	24.6%
	partnership	0	0.0%
	Limited liability company	8	1.9%

As can be seen from the above table, when determining the form of legal organization, farmers mostly choose self-employed businesses and sole proprietorships, and rarely choose partnerships and limited liability companies. However, we need to note that it does not mean that the legal organization form mainly registered in practice will necessarily adapt to the cultivation and development of family farms. "Simple procedures and preferential policies are the value orientation of the applicant in choosing the registration subject type, and there is no inevitable direct correlation between the actual registration result and the due legal orientation of family farm". In order to choose the most suitable legal organization form of family farm, we also need to discuss the relationship between family farm and legal organization form.

5. The Choice of Legal Organization Form of Family Farm

Although the family farm has been promoted by the government in the continuous development of the economy, in order to gain a foothold in the socialist market economy, it must have a clear legal organization form in order to obtain the corresponding market subject status. At the same time, different forms of legal organization have their different legal attributes and characteristics, so it is necessary to explore whether individual business, sole proprietorship, partnership, limited liability company and other legal organization forms are suitable for the cultivation and development of family farms.

5.1. Individual Businesses and Family Farms

Article 54 of China's Civil Code stipulates that natural persons engaged in industrial and commercial operations shall, upon registration in accordance with law, be individual industrial and commercial businesses. Individual businesses developed in the late 1970s and early 1980s after the country recognized individual economy following the reform and opening up. By the end of 2021, the number of registered individual businesses had reached 103 million, accounting for about two-thirds of the total market. The reason why individual industrial and commercial enterprises can develop so rapidly is that the registration conditions are low, no registered capital requirements, no capital

verification, simple and fast registration procedures, complete application materials, in line with the statutory form, on the spot registration, and do not need to pay corporate income tax and disability insurance. This is also the main reason why many family farm owners choose to register as individual businesses. However, individual businesses, which seem to account for the largest legal organization form of family farms, are actually not suitable for the cultivation and development of family farms, which are mainly reflected in the following three aspects:

First, as a self-employed industrial and commercial system with Chinese characteristics in China's legal system, its nature and legal issues, whether in substantive law or procedural law, whether in theoretical research or judicial practice, there are disputes, confusion and even contradictions. Some scholars believe that after the implementation of the Sole Proprietorship Enterprise Law, individual businesses should be divided into three categories: true individual businesses, sole proprietorship enterprises, and individual partnerships. The real individual business refers to no fixed production and business sites or just engaged in seasonal business dealers, small businessmen traveling from street to street selling.^[7] Therefore, it proposed to cancel the concept of individual business and replace it with individual operators. Some scholars believe that there is no substantial difference between sole proprietorship and individual industrial and commercial enterprises in nature. From the perspective of regulating business entities, sole proprietorship should be unified in the organizational form of sole proprietorship. Of course, not all individual businesses can be included in the category of sole proprietorship. For the family business of individual industry and commerce, its nature is actually a family partnership, should be included in the category of partnership.^[8] Accordingly, the family farm registered as individual business is actually a partnership in legal nature. Although there are still a large number of individual merchants in our country, the future and fate of individual merchants is unknown. Whether family farm should choose this "life and death" legal organization form is worth further investigation.

Second, the operation scale of individual industrial and commercial enterprises is too small, but the development of family farms shows a trend of continuous expansion. Data show that the land area of family farms in Anhui Province is 6,455,500 mu, among which 5,127,000 mu of arable land is transferred, accounting for 79.4% of the land area of family farms, and the average land area of each family farm is 192.2 mu.^[9] Secondly, family farms are currently facing financing difficulties. Compared with companies, family farms, as individual industrial and commercial businesses, are more difficult to attract investment. In addition, the internal structure of individual industrial and commercial enterprises is fuzzy, the ability to resist risks is poor, the lack of market competitiveness will also hinder the development of family farms.

Third, from the perspective of the responsibility capacity of individual merchants, the provisions on individual merchants in the Civil Code of our country are too weak. It only clarifies the concept of individual merchants and the bearing of civil liability, and there are no other provisions. The only civil liability bearing provisions are not clear, the property of individual industrial and commercial enterprises and family members' personal property or family property is completely equal, and the property of individual industrial and commercial enterprises is given relative independence.^[10] From this point of view, the property relationship of individual businesses is very vague, which is not conducive to the development of family farms.

5.2. Sole Proprietorships and Family Farms

A sole proprietorship enterprise refers to a business entity established within the territory of China, invested by a natural person, whose property is personally owned by the investor, who shall assume unlimited liability for the debts of the enterprise with his personal property. Compared with individual industrial and commercial enterprises, sole proprietorship enterprises also have the advantages of low threshold for establishment, simple registration procedures, no capital requirements, etc. In addition, it has the identity of an enterprise, which is easier to seize the market initiative and stronger execution force than individual industrial and commercial enterprises. However, sole proprietorship as a legal organization form of family farm is not appropriate, its limitations mainly reflected in the following aspects:

First, the investor of a sole proprietorship enterprise is a natural person. Although the investment and establishment of a family farm can also be completed by a single person, family farms, as a new type of agricultural business with "family nature", are mostly jointly established by family members.

Second, all the property of a sole proprietorship enterprise is owned by the sole proprietor, who has

absolute control and dominance over the operation and management of the enterprise and is not subject to interference by others or persons. At the same time, "sole proprietorship Enterprise Law" also makes it clear that the family joint property as an individual investment, should be in accordance with the family joint property to assume unlimited liability for the debts of the enterprise. Problems arise with the application of these legal provisions to family farms. First of all, when family farms are established, most of them are funded by the family community property, and it is clear that the responsibility is borne by the family community property, but it is not clear that the property of a sole proprietorship is generally owned by the family. In other words, by law, the property of a sole proprietorship is generally owned by the individual, not by the family. Secondly, the law stipulates that the sole proprietorship enterprise is managed by the sole proprietor. However, in reality, the family farm affairs are decided jointly by the family members, which goes against the "family nature" of the family farm.

Third, a sole proprietorship enterprise generally has necessary employees, "the owner of the enterprise may not directly participate in labor, or is not the main force of labor, need to employ labor as the basic force or main force of production and business activities".^[11] While family farms may employ labor, the main labor force is family members.

Fourth, the sole proprietorship investors assume unlimited liability for the debts of the enterprise with their personal property, which makes many outside investors hesitate to invest but dare not bear such huge market risks, and further aggravates the financing difficulties of family farms.

5.3. Partnerships and Family Farms

Partnerships are divided into general partnerships and limited partnerships. The general partner of a general partnership is jointly and severally liable for the debts of the business. There is at least one general partner in a limited partnership, and the other limited partners bear limited joint liability for the debts of the enterprise according to the amount of their contribution. According to the statistics of the registration of family farms in Jiaying City, no farmers choose this legal organization form. The reason is that the establishment procedure of partnership is more complicated than that of individual industrial and commercial enterprises and sole proprietorship enterprises, which requires a higher degree of organization. But larger family farms are more likely to choose the limited liability company legal organization form. On the whole, however, the legal form of partnership is suitable for family farms for several reasons:

First, the partnership enterprise has the typical characteristics of "human compatibility". The partnership agreement between the partners is based on mutual trust and mutual trust, which coincides with the "family nature" of the family farm. Adopting such an organization form is conducive to strengthening the cohesion of the family members of the family farm and improving the enthusiasm of agricultural production.

Second, at present, the family members of the family farm is generally not high level of education, lack of management theory and practical knowledge. The Partnership Law provides that, with the unanimous consent of all the partners, a person other than a partner may be appointed as the operation and management officer of the partnership, who shall perform his duties within the scope authorized by the partnership. Therefore, for those farmers who lack management knowledge, they can hire talents with specialized knowledge to manage the family farm, so that the family farm has a better development. Meanwhile, the power of the family farm remains in the hands of the family members.

Third, the Partnership Law stipulates that partners may contribute capital in currency, in kind, intellectual property, land use rights or other property rights. Through the integration of various ways of investment, the limited land resources in rural areas can be effectively gathered, improve the enthusiasm of farmers to participate in the construction of family farms, and is conducive to the realization of large-scale management of family farms.^[12]

Fourth, taking the form of a partnership helps to preserve the "family nature" of the family farm when one or more family members want to withdraw from the business. Under normal circumstances, the General Partner's transfer of all or part of its share of property in the Partnership to a person other than the partner shall be subject to the unanimous consent of all the other General partners, and the other General partners shall have the right of preemption under the same conditions. This makes it possible for a family member who wants to quit the family farm to have his share of the property acquired by other family members first, thus preserving the "family nature".

Fifth, some scholars have proposed that the legal organization form of limited partnership is not

suitable for family farms. Even in Article 5 of Interim Measures of Zhejiang Province for Registration of Family Farms, Zhejiang Province stipulates that "family farms can be established as individual industrial and commercial businesses, sole proprietorship enterprises, general partnerships or companies according to the production scale and operation needs". It is not appropriate to exclude limited partnerships from the legal form of organization of family farms.

Instead, limited partnerships can give family farms a new kick in the teeth. First of all, limited partners can contribute with land management rights or capital, but the execution of partnership affairs is still carried out by general partners (family members), which not only maintains the "family nature" of family farms, but also solves the problems of land inflow and financing difficulties of family farms. Second, limited partners are liable for partnership debts only according to the amount of capital they have subscribed, which is more attractive for people to invest in family farms than the unlimited joint and several liability of partners in general partnerships.

5.4. Limited Liability Companies and Family Farms

The Opinions on Supporting the Development of Leading Enterprises of Agricultural Industrialization issued by The State Council in 2012 pointed out that the industrialization of agriculture is the innovation of our agricultural management system, is the direction of the development of modern agriculture, and the leading enterprise of agricultural industrialization is the important body of constructing modern agricultural industry system, is the key to promote the industrialization of agriculture. As a modern enterprise organization form, the company's unique system design can better connect the family farm with the market, optimize the professional production, social cooperation and scale management of the family farm. As far as China is concerned, the Company Law of 2005 reduced the minimum registered capital of limited liability companies to 30,000 yuan, while allowing the establishment of one-person companies; In 2014, the new Company Law directly adopted the authorized capital system, allowing 0 yuan to set up a company. These two legislative breakthroughs indicate that the company, as a legal subject and an organizational form, will have more flexibility and development space. However, comparing the two corporate models, whether before or after the new law is implemented, the limited liability company is more relaxed and simple than the share limited company in the aspects of the number of shareholders, financing, financial disclosure and so on. It can better adapt to the current situation of the small scale of the family farm in our country. Therefore, on the basis of lowering the threshold of family farm corporatization, Positioning the family farm as a limited liability company is more conducive to its long-term development.

Here, we only discuss limited liability companies and do not mention limited liability companies because of the large scale of limited liability companies, strict internal organizational structure requirements, fine division of labor among internal members, large requirements on capital, and high requirements on the quality of managers. But our family farm is still at the beginning stage, no family farm can achieve this requirement. Secondly, it is widely believed in the academic circle that the property of limited stock company may make agricultural land become the object of commercial capital competing for profit, which will induce land loss crisis and is not suitable for family farms with large-scale development. ^[13]Therefore, the legal form of corporation limited by shares is no longer discussed. Although only a small number of family farms choose limited liability company as the legal organization form in practice, with the continuous development and expansion of family farms, limited liability company is bound to become the main choice for family farms, for the following reasons:

Firstly, our corporate laws and local documents also open the way for the legal organization form of limited liability companies. After the release of the No. 1 Central Document in 2013, the new Company Law in 2014 cancelled the minimum registered capital requirement at the time of company establishment, and changed the paid-in registration system of company registered capital into the subscription registration system, greatly reducing the financial pressure at the beginning of the establishment of family farms. At the same time, it also simplifies the registration procedures for the establishment of a company. The paid-in capital of a limited liability company is no longer included in the amount of capital subscribed by shareholders and the items registered in the company. In addition, local documents encourage family farms to be stable and registered as corporations. For example, as stipulated in Article 8 of Hubei Province's "Opinions of Provincial Bureau of Industry and Commerce and Provincial Department of Agriculture on the Registration and Management of Family Farms", "Family farms registered as individual industrial and commercial businesses, sole proprietorship enterprises and partnership enterprises can apply to be converted into corporate family farms according to the relevant transformation and upgrading policies."

Second, the limited liability company has a complete and mature internal structure. The board of shareholders, as the authority, decides the deliberation and decision-making of important matters of the family farm. The board of directors has the power of business execution and decision-making of daily operation. It also sets up a number of internal departments, which can guarantee the healthy development of the family farm.

Third, limited liability company as a legal person enterprise can absorb more circulating land. First of all, it reduces the cost of land transfer. Compared with the different forms of lease and equity transfer, the family farm as the transferee pays the equity as the consideration much lower than the rent. Secondly, it makes the relationship between the transfer of land management rights more stable. Article 41 of the Rural Land Contract Law stipulates, "If the period of land management right circulation is more than five years, the parties concerned may apply to the registration organization for land management right registration. No confrontation against a bona fide third party without registration". Compared with the relative nature of ordinary creditor's rights and the low probability of default, compulsory registration of equity makes it free from the uncertainty caused by the dispute of the rights of a bona fide third party and the discharge, change and other default behaviors of the transferor.

Fourthly, limited liability companies are more beneficial to each shareholder in terms of liability. It takes all the assets of the family farm to bear the liquidation liability, while the shareholders bear limited liability only according to the amount of their contribution, which makes the family farm protect the other personal properties of the shareholders from liability when they bear the debts that are difficult to repay or in the event of bankruptcy, so as to avoid the market risk causing greater damage to the shareholders of the family farm. At the same time, this way of responsibility is also more conducive to attracting foreign investment, further expanding the scale of the family farm.

6. Conclusion

As a new management subject, family farm should have independent legal subject status. The current market environment allows for the coexistence of individual businesses, sole proprietorships, partnerships and corporations, but future policy and market orientation will inevitably require a more stable development pattern for family farms. Adopting the form of enterprise to set up family farm, especially with the company as the core, individual proprietorship and partnership divergent management mode can promote the scale and standardization of the whole family farm industry management. The author believes that individual industrial and commercial enterprises, as a kind of non-enterprise organization, will be transformed or banned with the development of economy and the orientation of national policies. The Opinions of the General Office of Zhejiang Provincial People's Government on Supporting the transformation and upgrading of Individual Industrial and Commercial households into Enterprises (Zhejiang Government Office (2013) No. 42) and Opinions on the Standardization and Upgrading of Individual Industrial and Commercial Households into Enterprises and small and micro Enterprises in Zhejiang Province (Zhejiang Government Office (2013) No. 1) issued in 2013 are self-evident. The author believes that limited liability company should be the first choice, after all, the company is more mature and stable in responsibility, management, future development and other aspects, which can better stimulate its potential and vitality in production and management, so that it can truly participate in the market competition. Of course, it does not rule out that some family farms still carry out production and management in the mode of sole proprietorship or partnership.

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