

Feasibility Study on Helping the Rural Revitalization of Mengcheng County, Bozhou City

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Abstract

Finance is the core of modern economy, and the development of rural economy cannot be separated from the development of rural finance. Similarly, the poverty alleviation of farmers is also inseparable from financial support. However, due to reasons such as information asymmetry, high transaction costs, lack of collateral, and high credit risks, it is difficult for farmers to obtain financing. Whether it is technological innovation or expansion of production, they are all constrained by funds. This requires innovative ideas and concepts, exploring new methods and approaches to solve agricultural financing difficulties, and helping poor households to obtain financing, expand production, and get rid of poverty and become rich. Judging from the practice at home and abroad, agricultural value chain financing is a new financing model that solves the financing difficulties in the field of "agriculture, rural areas and farmers" and is expected to become a new way to help rural revitalization. This article is dedicated to taking Mengcheng County as an example, analyzing the data formed by field trips and investigating the feasibility of agricultural value chain financing to help rural revitalization, find out the current problems, and use it to solve financing problems for poor households and help poverty alleviation Provide new ideas.

Keywords

Value Chain Financing; Rural Revitalization; Rural Finance.

1. Analysis of the Connotation of Rural Revitalization

1.1. Background of Rural Revitalization

Since he put forward the thought of rural revitalization, Xi Jinping has mentioned this idea many times during his investigations in various places, and proposed in Guizhou in June 2015 that the work of poverty alleviation should "effectively implement leadership responsibilities, effectively achieve rural revitalization, and effectively strengthen social Work together to effectively strengthen grassroots organizations", and summarize the idea of rural revitalization as "accurate targets for poverty alleviation, precise project arrangements, precise use of funds, precise measures for households, precise dispatch of people to villages, and precise poverty alleviation results."

1.2. Theoretical and practical basis of rural revitalization thought

The idea of rural revitalization does not come out of thin air. On the one hand, its emergence and development are carried out in the theoretical system of socialism with Chinese

characteristics, and on the other hand, it is also proposed in response to the current economic and social characteristics and other realistic conditions.

First, the fundamental principle of "common prosperity" is the theoretical origin of the idea of rural revitalization. Common prosperity is the essential stipulation, goal and fundamental principle of socialism with Chinese characteristics, and it is also an important cornerstone of the theoretical system of socialism with Chinese characteristics. The 18th National Congress of the Communist Party of China reaffirmed that China must adhere to the path of common prosperity. Deviate from the guidance of the principle of "common prosperity", and the foundation of the theoretical system of socialism with Chinese characteristics will cease to exist. Second, the grand goal of "building a well-off society in an all-round way" is a realistic demand arising from the idea of rural revitalization. Achieving the grand goal of "building a moderately prosperous society in all respects" by 2020 is a major decision made by the 18th National Congress of the Communist Party of China in accordance with China's economic and social reality, and will lay a solid foundation for the great rejuvenation of the Chinese nation. If it is said that "a well-off society in an all-round way and the Chinese dream interact and condense into the 'greatest common denominator' of the whole society", then poverty alleviation and poverty alleviation are the "last mile" of a well-off society in an all-round way.

At present, China's poverty alleviation has entered an important stage of overcoming difficulties. The traditional poverty alleviation model of "irrigating water" and "blood transfusion" can no longer be continued. It is necessary to ensure poverty alleviation as scheduled and prevent returning to poverty. Therefore, refined poverty alleviation ideas are needed to promote overall poverty alleviation in poverty-stricken areas , Comprehensive poverty alleviation. Rural revitalization is a new measure after China's poverty alleviation has entered a new stage, which is in line with China's national conditions.

1.3. The starting point and focus of rural revitalization

Promoting rural revitalization and targeted poverty alleviation is the basic starting point of financial poverty alleviation work. Due to differences in funding sources and operating methods, compared with other poverty alleviation and development methods such as finance, financial poverty alleviation is based on development-oriented poverty alleviation, adheres to the principle of sustainability, emphasizes both capital investment and risk prevention and control, and strives to strengthen poverty alleviation targets. self-development ability. At the same time, there are great differences between different poverty-stricken areas and poor groups, which determines that financial poverty alleviation cannot be flooded and transformed, and it is necessary to do something and focus on it. On the one hand, it is necessary to accurately locate the targets of financial poverty alleviation and solve the problem of "who to support". It is necessary to make full use of the poor villages and poor households' filing and carding work carried out by the poverty alleviation department and the achievements in the construction of the rural credit system, and formulate differentiated support policies for the "four batches" of supporting production and employment development, relocation, etc. Directions and pointcuts are supported. On the other hand, it is necessary to accurately locate the main body of financial poverty alleviation and solve the problem of "who will help". Adhere to the principle of combining marketization and policy support, give play to the positive incentives of policies such as differential deposit reserve ratios, re-lending, re-discounting, and differentiated supervision, improve financial infrastructure, and guide various financial institutions to increase their support to poor areas. support.

2. Agricultural value chain financing to help rural revitalization

2.1. Typical practices and advanced experience

One is to build a new force in place. The 11 impoverished villages in the county all have the selected first secretary as the head of the poverty alleviation work team in the village; all non-poor villages have established a poverty alleviation work team composed of 3 village cadres, village secretaries, and village poverty alleviation cadres. The county finance provides a subsidy of 20,000 yuan per person per year, and provides "one village, one" poverty alleviation specialist for all 130 administrative villages. The poverty alleviation specialist officially took up work at the end of August. Second, the catalyst is in place. The working team in the village insists on going to the households to carry out investigations and studies, and promotes a series of poverty alleviation work in the village, such as planning formulation, project implementation, and industrial development. The department and social forces give preferential support to the village where they are located, helping poor households get rid of poverty and become rich. A total of 45 projects of more than 26 million yuan have been won and implemented for poor villages, and more than 1,200 practical things have been done for the poor, winning unanimous satisfaction and praise from the masses. The third is that the baton is in place. Incorporate the new achievements of poverty alleviation work into the important content of the annual target management performance assessment. For the poverty alleviation work in the village, monthly sign-in, irregular post inspection, and annual assessment and evaluation are implemented. The poverty alleviation work in the village is required to strictly abide by work discipline, insist on accurate registration sign-in, and write work logs to ensure that they are on guard for no less than 220 days a year. Establish check-up record files, adopt methods such as telephone check-ups and village inspections, and conduct more than 4 inspections per month for each team leader of the poverty alleviation team stationed in the village. In 2016, 1 provincial-level and 2 municipal-level "Best Village Poverty Alleviation Team Leaders" were selected, and the masses were satisfied with the village-based poverty alleviation team.

2.2. Analysis of the basic connotation of agricultural value chain financing

2.2.1. The concept of agricultural value chain financing

Value Chain (Value Chain) is a concept proposed by American scholar Michael Porter in the book "Competitive Advantage" in 1985: the process of creating value by manufacturing enterprises can be decomposed into a series of different but interrelated economic activities. , or called "value-added activities", the sum of which constitutes the "value chain" of the enterprise. Kaplinsky (2000) extended Porter's enterprise value chain model and proposed "Industrial Value Chain", sometimes directly called "Value Chain". Therefore, "value chain" sometimes refers to the value chain of an enterprise, and sometimes refers to the value chain of an industry.

An agricultural value chain is usually defined by a specific finished product or closely related product category and includes all companies and their activities in the supply of inputs, production, transport, processing and marketing (or distribution) of the product or finished product. Each link cooperates closely with each other, fully integrates the value chain of each participant (agricultural enterprise), and realizes value creation and sharing on this basis. The agricultural value chain highlights the ultimate goal of "creating value" and describes the value transfer, transfer and value-added process in the value chain.

Agricultural value chain financing refers to the financial intermediation between participants in the agricultural value chain and between participants and financial institutions outside the agricultural value chain, or other entities based on market transactions and other relationships. Agricultural value chain financing is to connect specialized financial institutions with the value chain and provide financial services relying on business relationships within the value chain.

Agricultural value chain financing regards the participants of the agricultural value chain as a whole, relying on the value chain, through financing activities between participants within the value chain and between participants and financial institutions outside the value chain.

2.2.2. Financing Advantages of Agricultural Value Chain

(1) Effectively reduce information asymmetry

Through the value chain, the participants in the agricultural value chain connect the supply of prenatal agricultural production materials, the production, processing, deep processing and sales of agricultural products into a system. The close cooperation of each link realizes the two-way flow of information. The upstream and downstream links information can be shared. An information network system is formed within the entire agricultural value chain. Information not only flows internally, but also can be shared to a certain extent with external financial organizations as a whole, especially small and micro producers such as scattered farmers. Fragmented and fragmented information.

(2) Effectively reduce transaction costs

Small and micro producers such as farmers directly face the big market in the traditional agricultural production system, there are huge transaction costs, and they also face the risk of being deceived. The value chain fusion can effectively solve the above problems through the integration of resources, so as to maximize the deployment of the value chain. Integrating each participant into a value chain can truly reduce the transaction cost of each link, make the value between the upstream and downstream links reasonably distributed, and realize value sharing.

(3) Effectively make up for the lack of collateral

In addition to borrowing from financial institutions with their assets as collateral, large and medium-sized enterprises in the upstream and downstream of the value chain can also use mortgages such as lease contracts and commodity contracts with small and micro enterprises such as farmers to obtain loans from financial institutions. missing. The loans obtained by large and medium-sized enterprises in these value chains can provide loans and other financing support to small and micro enterprises such as farmers in the form of commercial credit. At the same time, there will naturally be lending relationships between formal and informal small and micro financial organizations and small and micro enterprises such as farmers. Their transactions hardly involve collateral, and more are credit loans. In short, agricultural value chain financing realizes the financial intermediation among value chain participants, between participants and financial institutions, and overcomes the problem that the value chain participants' capital needs cannot be met due to the lack of collateral.

(4) Effectively realize value-added and sharing

Due to the effective integration of resources, the participants in the agricultural value chain have an effect of $1 + 1 > 2$. This is mainly because each participant has made idiosyncratic investments with comparative advantages (Purcell and Hudson, 2003). Combining the advantages of agricultural production skills of small and micro producers such as farmers with the advantages of technology, brand, and network of enterprises, the quality control and brand influence of agricultural products can be improved, and higher market transaction prices can be recognized, thereby realizing Each participant is able to share the return from the total value added in the value chain that exceeds the return obtained by their own independent production and operation. The starting point of the agricultural value chain is the market demand, according to which various production factors are allocated, the value-added activities of agricultural products are organized, the value content of agricultural products is increased, and the value-added chain, a community of interests formed by the participants of the value chain, is formed.

2.3. Current Situation of Agricultural Value Chain Financing in Mengcheng County

With the gradual improvement of rural information infrastructure and the continuous improvement of farmers' income levels and awareness of financing and financial management, rural Internet finance has a broad space for development. The 2016 Survey Report on Internet Development in China's Rural Areas pointed out that with the improvement of network infrastructure, rural Internet users have increased significantly. By the end of 2015, the number of rural Internet users in my country had reached 195 million, an increase of about 9 million year-on-year, accounting for 10% of the total number of Internet users. 28.4%, with an annual growth rate of about 9.5%, significantly higher than that of urban netizens. It is worth noting that the growth rate of mobile Internet users in rural areas is even faster. Compared with the same period, the proportion of rural Internet users using mobile phones to access the Internet has reached more than 80%, which is 5 percentage points higher than that in urban areas: the scale of rural Internet users has reached 119 million, an increase of 3.22 million over 2012, a year-on-year increase of 27.5%. At the same time, farmers' income levels and awareness of financing and financial management are constantly improving. Take Yu'ebao as an example. As of the first quarter of 2016, Yu'ebao served nearly 300 million users, of which the number of Yu'ebao users in rural areas has exceeded 6 million. In 2015, the number of new rural Yu'ebao users exceeded 20 million. The annual growth rate is 65 million, equivalent to one out of every seven Yu'ebao users coming from rural areas. This also shows that rural Internet finance is facing a once-in-a-lifetime development opportunity, and Internet finance has very broad prospects for connecting rural development.

Mengcheng County, in order to expand the financing of the agricultural value chain and expand the credit support for the poor. County Agricultural Bank, County Postal Savings Bank, County Rural Commercial Bank, Bank of China Fullerton Rural Bank and other banking financial institutions within the jurisdiction should extend their service network, innovate financial products, and increase credit extension. The loanable funds of banking financial institutions are mainly used for local credit extension. Comprehensively implement the preferential policy of refinancing interest rates for poverty alleviation, and focus on supporting poor villages to develop characteristic industries and poor people to find jobs and start businesses. Increase the implementation of guaranteed loans for entrepreneurship, student loans, small loans for women, and loans for rehabilitation and poverty alleviation. Establish a risk compensation fund for poverty alleviation loans. Government-funded financing guarantee institutions should focus on poverty alleviation guarantee business.

Strengthen the work of microfinance for poverty alleviation. County Rural Commercial Bank, Bank of China Fullerton Rural Bank and other financial institutions should strengthen cooperation with the County Poverty Alleviation Office to provide credit ratings for poor households, and provide mortgage-free and guarantee-free small loans for poverty alleviation within 50,000 yuan and less than 3 years. discount. Expand policy insurance coverage. Actively develop guarantee insurance for small loans for poverty alleviation, and subsidize guarantee insurance premiums for poor households. Expand the coverage of agricultural insurance, support the development of characteristic agricultural product price insurance, and provide certain insurance premium subsidies. Promote personal accident insurance for loan-poor households, and provide subsidies for personal accident insurance premiums. Without changing the purpose, the assets formed by the financial special poverty alleviation funds and other funds invested in projects such as facility agriculture, breeding, photovoltaics, hydropower, and rural tourism can be converted into shares and quantified to poor villages and poor households if conditions permit. Poor households with working ability. Support farmers' cooperatives and other business entities to increase the income of poor households through land trusteeship, livestock care, and absorption of farmers' land management rights into shares.

The flow of credit funds is closed. The enterprise will flexibly adjust the term and amount of agricultural production loans according to the characteristics of the farming industry, and farmers cannot withdraw cash after obtaining the credit line. Joint supervision with leading enterprises to ensure the absolute safety of capital flow. In case of breach of contract by farmers, the bank will bear the record of breach of contract, and pay liquidated damages to the guarantee company, and the guarantee company will repay the debt owed by the farmers on its behalf and seek recourse from the leading enterprise. Practice has proved that this model is relatively safe from a microscopic point of view due to the credit involvement of banks and leading enterprises, and the closed operation of credit capital flow, and this perfect risk control mechanism is conducive to improving the entire agricultural value chain. core competitiveness.

The "agricultural value chain + e-commerce platform" financing model relies on real transactions in the value chain and based on big data from platform transactions to effectively control credit risks. Its risk control process consists of the following steps.

2.4. How to better play the role of agricultural value chain financing

2.4.1. Give full play to the role of new rural management entities

New rural management entities mainly include family farms, large professional households, farmers' cooperatives, and leading enterprises in agricultural industrialization. The new type of agricultural management subject shoulders the heavy responsibility of developing modern agriculture, and as the main participant in the agricultural value chain, it is not only the supplier of material materials under the entire chain, but also the demander of credit funds, giving full play to the role of the new type of agricultural management subject in the value chain. The role of each link can not only maximize the value-added and sharing mechanism of the value chain, but also further promote the development of agricultural value chain financing.

On the one hand, the new agricultural management entities are the main force in the development of my country's rural economy. As of the end of 2015, there were more than 3.41 million large professional households nationwide with an operating area of 3.33 hectares or more, more than 870,000 family farms, 1.4 million legally registered farmers' cooperatives, and more than 120,000 leading agricultural industrialization enterprises. There are 97 million members of professional farmers' cooperatives, and the pattern of intensive, professional and standardized new agricultural management entities has become the direction of future agricultural development. On the other hand, standardized production ensures the quality and safety of agricultural products, and a large amount of effective supply adapts to the consumption upgrade caused by rapid economic development.

2.4.2. Vigorously develop leading agricultural enterprises

Leading enterprises should do a good job in market analysis and carry out various agricultural production activities guided by market demand. While ensuring the purchase of agricultural products, leading agricultural enterprises should focus on the field of deep processing of agricultural products to increase the added value of agricultural products. Enterprises should set up their own research and development teams, and use the power of science and technology to enhance the market competitiveness of agricultural products and obtain more economic value. Leading agricultural enterprises can guide farmers to realize organization and reduce market risks in their production decision-making process. In the process of cooperating with farmers, leading enterprises can introduce the most

The low-price guarantee mechanism maximizes the protection of the interests of farmers and increases their income.

2.4.3. Improve the construction of rural financial system

The historical experience of agricultural developed countries shows that the establishment of a sound rural financial system is an indispensable part of the process of agricultural

development. The construction of my country's rural financial system has been difficult to meet the needs of real development for a long time, and the difficulty of financing has hampered the further development of my country's agriculture. Although agricultural value chain financing is an effective way to solve agricultural financing difficulties, it cannot undertake the important task of national agricultural financial development due to its limitations, and can only moderately alleviate credit tension within a certain range. In order to better support the development of agricultural modernization, it is necessary to continue to deepen the reform of the rural financial system at this stage and build a richer multi-level rural financial market.

The in-depth development of agricultural value chain financing requires the active cooperation of financial institutions in the rural financial system. In the future, agricultural value chain financing will adapt to the scale, modernization and agglomeration of agricultural development. Internal financing is gradually developing towards standardized, batched and large-scale external financing or the integration of internal and external. In the process of accelerating the mutual penetration of business with external financial institutions, the institutional barriers set up by the financial institutions on the development of agricultural finance will inevitably affect both sides. Business advancement. At present, my country has formed a fragmented and fragmented rural financial development pattern, and a progressive financial system with clear rights and responsibilities at all levels and a sound financial system is still being explored. Whether it is the construction of a three-tier system from the central to the local level, or the construction of a provincial and municipal two-tier system that highlights regional characteristics, it is an effective attempt for the development of the agricultural economy. The construction of a sound rural financial system is the future financing channel for agricultural value chain financing, an important basis for realizing agricultural modernization.

2.4.4. Government departments do a good job in guiding

The first is to introduce policies to benefit farmers and strengthen financial inclination. In the process of supporting agriculture, policy banks should increase investment in infrastructure and improve the efficiency of capital use. Government departments should give necessary financial support to ensure sufficient funds for supporting agriculture and promote the stable development of agriculture. The second is to introduce a compensation mechanism and increase financial support for key projects. Third, local government departments should do a good job in attracting investment, improve administrative efficiency, and create a good investment environment.

3. Conclusion

Judging from the practice at home and abroad, agricultural value chain financing is a new financing model that solves the financing difficulties in the field of "agriculture, rural areas and farmers" and is expected to become a new way to help rural revitalization. Combined with the research situation, it is not difficult to see that agricultural value chain financing has unique advantages in solving the financing difficulties of small and micro agricultural enterprises. Its main advantages are that it can effectively reduce transaction costs, reduce information asymmetry, make up for the lack of collateral, and improve profitability. However, information asymmetry, high transaction costs, lack of suitable collateral, and meager profits in agricultural production and operation are precisely the major problems that restrict financing for small and micro agricultural enterprises. In fact, agricultural value chain financing has realized the combination of commercial credit and bank credit, the combination of formal finance and informal finance, the combination of external financing and internal financing, and the combination of cash transactions and credit transactions in solving the financing difficulties of small and micro agricultural enterprises. The combination of the above has expanded the ideas and practices of agricultural financing. It can be seen that agricultural value chain financing can

be an effective way to solve the financing difficulties of small and micro agricultural enterprises. At the same time, it is also an important starting point for financial poverty alleviation in rural revitalization, industrial poverty alleviation, and enhancing the endogenous hematopoietic function of poverty alleviation. Therefore, it is worth learning from local governments.

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