

Research on the Problems and Countermeasures of Financial Support in the Development of Rural Industrial Integration

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Abstract: The proposal of the rural revitalization strategy is of great significance to the reconstruction of rural economic growth, among which the rural industry, represented by the integration and development of rural industries, has sprung up. Based on the perspective of financial support, this paper analyzes the current situation of financial support for the development of rural industrial integration, and points out the major challenges faced by rural areas at present: the periodic oversupply and insufficient effective supply of agricultural products still coexist, the depth of rural industrial integration is not enough, and the quality and efficiency of agricultural supply and comprehensive competitiveness need to be improved urgently. In the process of industrial integration, there are problems such as lack of supporting financial policy support, insufficient innovation of financial products, small scale of direct financing, and imperfect credit system evaluation. It is suggested to improve the financial system, innovate products and services, and improve the financial support model.

1. Introduction

To actively respond to the impact of the COVID-19 epidemic on agricultural and rural development, and ensure the effective supply of food and important agricultural products. On February 22, 2022, the Opinions of the Central Committee of the Communist Party of China and the State Council on Doing a Good Job in Promoting the Key Work of Rural Revitalization in an all round Way in 2022 was released, which is the 19th Central No.1 to guide the work of "agriculture, rural areas and farmers", making an overall plan for giving priority to the development of agricultural countryside and comprehensively promoting rural revitalization in the new development stage[1]. In 2022, the People's Bank of China issued the Opinions on Doing a Good Job in the Key Work of 2022 Financial Support to Promote Rural Revitalization in an all round Way to guide the financial system to optimize resource allocation, make precise and forward efforts, effectively increase financial support in the field of "agriculture, rural areas and farmers", continue to comprehensively promote rural revitalization, and provide strong support for stabilizing the macroeconomic market[2]. The document mentioned many times the major challenges facing the

current situation: building a rural industrial integration development system is an important link to achieve rural revitalization. However, the fact is that the periodic oversupply and insufficient effective supply of agricultural products still coexist, the depth of rural industrial integration and development is not enough, and the quality and efficiency of agricultural supply and comprehensive competitiveness need to be improved. Rural revitalization is a major strategy proposed at the 19th National Congress of the Communist Party of China, an overall and historic task related to the overall construction of a socialist modern country, and a general focus of the "three rural" work in the new era. As for the countryside, "without the modernization of agriculture and rural areas, there will be no modernization of cities". It is more urgent to vigorously implement the high-quality development of modern agriculture, accelerate the construction of a modern agricultural production system, industrial system and operating system with characteristics, and help the integration of primary, secondary and tertiary industries in rural areas through financial supply side reform to comprehensively promote rural revitalization[3-4].

2. Current Situation of Financial Support for Rural Industrial Integration Development

(1) Financial institutions have issued a number of measures to support the integration of rural industries. In the context of rural revitalization, in order to boost the development of the "agriculture, rural areas and farmers" industry, financial institutions actively implemented the deployment of various work plans, which played a significant role in the development of rural industrial integration. In 2022, the People's Bank of China issued the Opinions on Doing a Good Job in the Key Work of 2022 Financial Support to Promote Rural Revitalization in an all round Way. Rural financial institutions closely focused on helping the rapid development of the "three rural" financial cause, actively implemented various work plans, and took the implementation of the rural economic revitalization and development strategy as the main focus, giving full play to the role of finance in supporting the integration of rural industries. Figure 1 and Table 1 reflect the growth of China's financial institutions, especially the rapid expansion of agricultural loans.

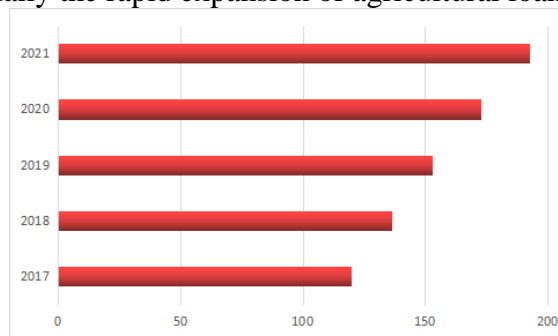


Figure 1: Balance of various loans in China from 2017 to 2021

Table 1: Agricultural Loan Data of Six Major Banks from 2020 to 2021

	Balance of agricultural loans in 2021	Balance of agricultural loans in 2020	Growth rate
Industrial and Commercial Bank of China	26613.17	4041.01	17.90%
Construction Bank	24700	3769.62	18.05%
Bank of China	17408	15032.82	15.80%
Postal Savings Bank of China	16100	1984.45	13.90%
bank of communication	6544.6	810.03	14.13%
Agricultural Bank of China	47570	/	/

(2) According to the specific situation of the development of "agriculture, rural areas and farmers", local financial institutions actively take targeted measures to develop loan products with high matching degree, so as to increase the credit support for the demand for agricultural related funds[5]. All major banks have closely focused on agricultural industrialization to carry out targeted loans to farmers, adopted chain loans to family farms and members of professional cooperatives with a certain scale and large capital demand, and improved the financial product service system. Figure 2 is the trend chart of China's agricultural loan balance from 2017 to 2021. The amount of agricultural loans in China is increasing year by year, and financial institutions are playing a more significant role in financing agricultural development.

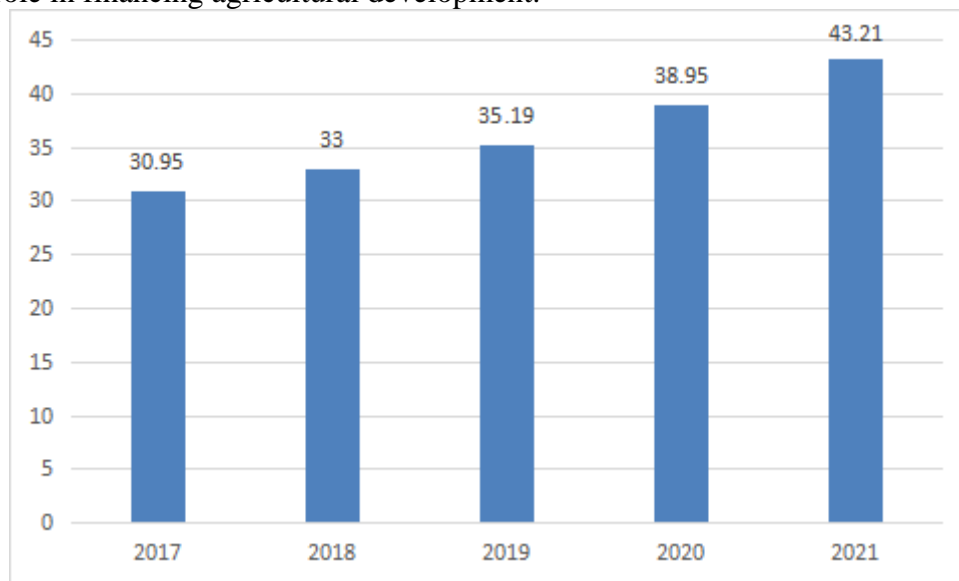


Figure 2: Balance of agricultural loans in China from 2017 to 2021(trillion)

(3) We will promote innovation in rural mortgage guarantees. The lack of collateral recognized by financial institutions is one of the important reasons why the credit demand in rural areas cannot be met for a long time. "Financial technology+" rural property mortgage loan model. The platform of "digital village+ inclusive finance" is the concrete embodiment of "financial technology+". The purpose of building a "digital village+ inclusive finance" platform is to strengthen the collection, sorting, analysis and application of rural credit information by means of financial technology, so as to realize the linkage between credit and credit.

3. Problems in Financial Support for Rural Industrial Integration Development

(1) Lack of supporting financial policy support. On February 22, 2022, the Opinions of the Central Committee of the Communist Party of China and the State Council on Doing Well the Key Work of Promoting Rural Revitalization in an All round Way in 2022 was released, followed by the People's Bank of China's Opinions on Doing Well the Key Work of Promoting Rural Revitalization in an All-round Way with Financial Support in 2022. Although the rural financial service system has initially taken shape, compared with the mature urban financial system, improving the rural financial system is a complex and systematic project, which still needs to be further improved[6-7].

(2)The scale of direct financing is still small. The development of rural industrial integration involves primary, secondary and tertiary industries. The participants are diversified and cross integrated. There is a significant difference between the financial needs of traditional agriculture and farmers. Due to the particularity of rural industrial integration, it requires large-scale production, and the industry will have a agglomeration effect. Therefore, rural industrial integration requires

more funds and has a long service life. The rural industrial integration involves the primary, secondary and tertiary industries[8]. It is a process of multi industry participation, which requires complete infrastructure, as well as huge brand promotion and marketing costs. At present, China's credit input intensity is only 0.5-0.6, which is far from meeting the financing needs of rural industrial integration development. It can be seen from Figure 3 that although the balance of agricultural loans in China is increasing year by year, the growth rate of loans is still relatively slow. It can be seen from Figure 4 that the proportion of loan structure is unreasonable

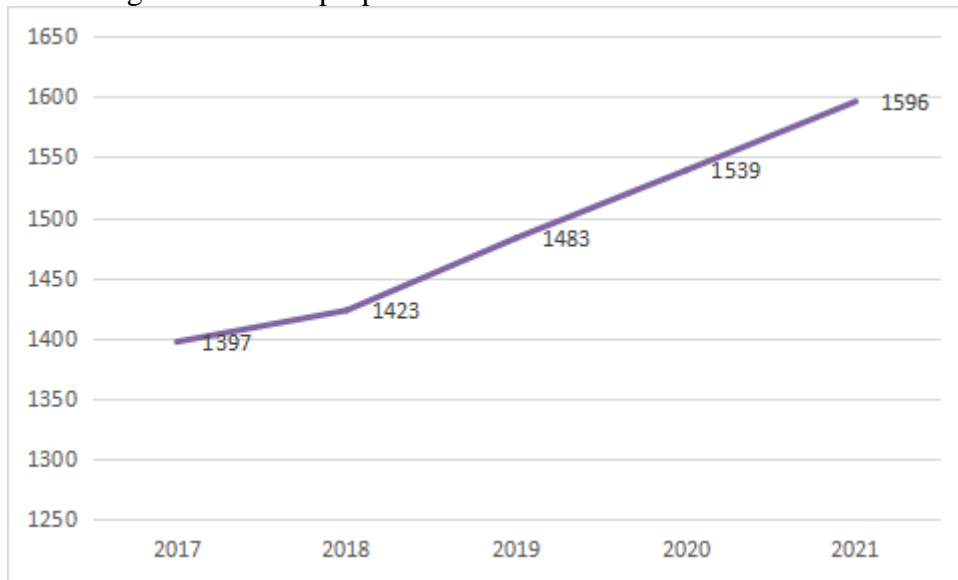


Figure 3: Scale of Rural Commercial Banks in China from 2017 to 2021

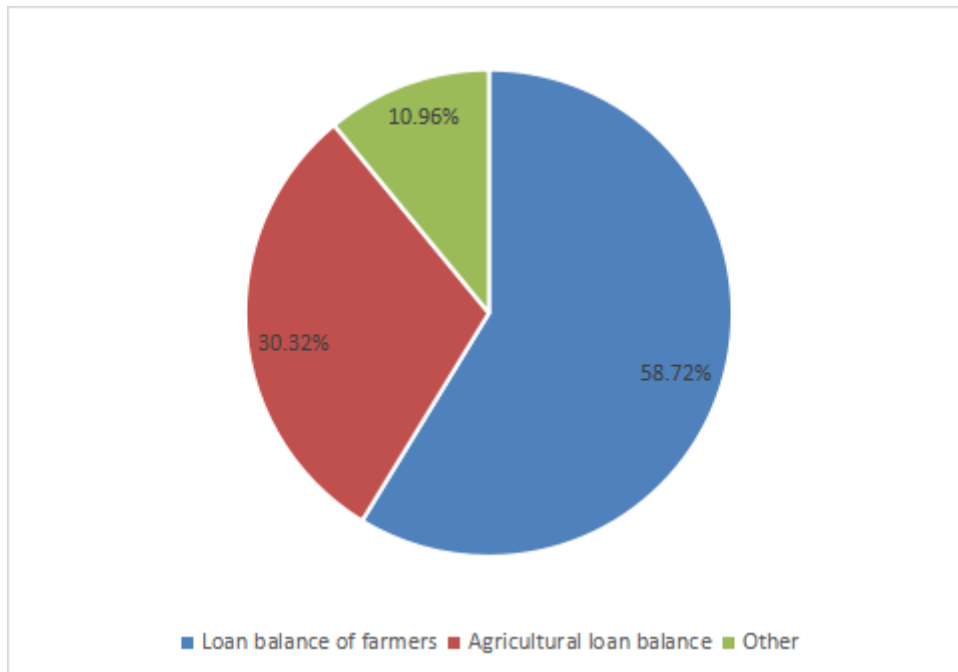


Figure 4: Proportion of China's agricultural loan balance in 2020

(3)The innovation of financial products is insufficient. At present, judging from the types and characteristics of the credit products of the existing agricultural financial institutions, the agricultural financial credit products are mainly traditional micro poverty relief loans, which are

generally short in duration and low in quota. There are few facilities and equipment mortgage loans, "three rights" mortgage loans and other products closely related to the development of the agricultural industry, which do not highlight the theme orientation of rural revitalization, and cannot meet the financial diversification needs of rural industry integration in rural revitalization[9].

(4)The credit evaluation system for farmers is not perfect. The "main property" of farmers mainly includes land use right, homestead use right, housing, productive fixed assets and durable consumer goods. However, these properties have certain defects in the elements that constitute the collateral, resulting in farmers being unable to obtain credit support from financial institutions due to the lack of collateral.

4. Countermeasures and Suggestions for Promoting Financial Support for Rural Industrial Integration and Development

(1) Financial support policies for more rural industrial integration

At the same time, it is also necessary to implement the relevant supporting policies of financial institutions for rural industry integration, especially in expanding Internet inclusive financial services, strengthening financial targeted poverty alleviation and development, optimizing inclusive financial development environment, and further strengthen organizational protection and policy orientation.

(2) Jointly promote the construction of rural credit system

Create a good financial ecological environment for the integration and development of rural three industries. First, they should coordinate and mobilize relevant institutions such as government, banks and enterprises, increase human, material and financial input, use big data and other scientific and technological means, speed up the establishment and improvement of rural credit information service platforms, improve the coverage of credit ratings of new users, credit villages and credit towns, and gradually incorporate the subjects of rural three industry integration into the electronic archives of rural credit information[10]; Second, we need to increase the punishment of debt evasion and protect the legitimate rights and interests of financial institutions; Third, we should encourage more credit service institutions to enter the market, strengthen the self-discipline construction of the credit reporting industry, and promote the information communication and sharing of the credit reporting industry to develop steadily and orderly.

(3) Innovate rural industry integration and develop financial products and services

In view of the problems of few rural financial products and single service types, financial institutions can develop financial products that adapt to agricultural production and operation characteristics in accordance with local conditions in combination with the development characteristics of different agricultural varieties. We should accelerate the promotion of intellectual property, equity pledge, usufruct financing and other businesses. Actively implement the linkage between investment and loan, and support the development and growth of the new business form of rural three industry integration. Promote the development of bank guarantee credit portfolio loans, industrial supply chain loans, micro insurance guarantee loans, financial leasing and other businesses. In addition, new agricultural business entities with large production scale and mature business model can be financed by listing on the main board and GEM, issuing corporate bonds.

(4) Strengthen the financial knowledge training of farmers

Through field research in rural areas, it is found that farmers in China generally receive low education, especially financial knowledge. Even with good financial policy support and financial products, if farmers do not know or will not use them, they will not play a role. Therefore, it is also a very important link in the financial knowledge training for farmers, so that farmers can know all

kinds of financial platforms and policies, take advantage of the convenience brought by financial support, and better realize their own interests.

5. Conclusions

Efforts should be made to promote the integration and development of rural industries. The article suggests that we should continue to strengthen the guidance of relevant financial policy support, actively explore new models for the development of financial services, constantly innovate relevant financial products and information services, and gradually improve the platform construction of the new rural credit service system.

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