

The Path Choice of Financial Support for Rural Revitalization Strategy under the "Double Cycle" Development Pattern

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Abstract

The Fifth Plenary Session of the 19th CPC Central Committee proposed to speed up the construction of a new development pattern with domestic circulation as the main body and domestic and international double circulation promoting each other. Implementing the strategy of Rural Revitalization is an inevitable requirement for accelerating the construction of a new development pattern of "double circulation". Rural Revitalization is inseparable from financial support. However, there are still some problems in financial support, such as the imperfect diversified rural financial service system, the innovation of agricultural financial products can not meet the development needs, and the construction of rural financial ecological environment lags behind. Based on the analysis and reference of the experience of some foreign developed countries in promoting financial support for rural development, this paper puts forward relevant suggestions on deepening financial support for Rural Revitalization under the new development pattern.

Keywords

Double Circulation; New Development Pattern; Financing; Rural Revitalization; Path Choice.

1. Domestic Theorists and Practitioners have Paid Close Attention to Financial Support for Rural Revitalization

Rural Revitalization is inseparable from financial support. Financial support for Rural Revitalization is an inevitable requirement for smooth circulation under the new development pattern. In 2019, the people's Bank of China and other five ministries and commissions jointly issued the guidance on financial services for rural revitalization, which put forward specific requirements for financial assistance for Rural Revitalization. However, after more than two years of implementation and practice, there are still blocking points and difficulties in supporting rural revitalization. This paper mainly investigates the shortcomings of Finance in supporting the implementation of Rural Revitalization Strategy, analyzes the deep-seated reasons behind it, and puts forward some opinions and suggestions to give better play to the role of financial support under the new development pattern on the basis of learning from the experience and practice of financial support for rural development in some developed countries.[1].

The research on the strategy of financial support for Rural Revitalization has always been a hot spot in the domestic theoretical and practical circles. From the existing literature, this paper mainly uses the following three methods to elaborate the relationship between financial support and Rural Revitalization Strategy. First, using empirical analysis, mainly supported by historical data at different levels, to evaluate the effect of financial support for Rural Revitalization. For example, Liu Shibo et al. (2020) based on the evaluation index system of rural revitalization, used the coefficient of variation method to evaluate the Regional Panel statistical data of Shandong, Zhejiang and Guizhou Province, and empirically compared the

similarities and differences of financial support for Rural Revitalization and development; Fang Jie (2021) empirically analyzed the relevant panel data of rural economy in prefecture level cities of Guangdong Province, and explored the linkage between financial support and Rural Revitalization; Geng Guangying, Jiang Xiguo and others (2019) constructed a multi-dimensional evaluation index system for the effect of financial support for rural revitalization, empirically tested the evaluation effect of the index system by using the county data of Anhui Province, and expounded the application direction of the evaluation system. The second is to use the method of comparative analysis to put forward the practices that can be used for reference for our country by investigating the experience of Rural Revitalization in developed countries or regions. For example, Liu Jibing and Zhou Nanan (2020) analyzed the experience of foreign financial support for rural development from the aspects of financial support process, financial support mechanism, financial support tools and financial support policies; Zhang Jin (2019) put forward suggestions on optimizing financial support based on the experience of the United States, Britain and Japan, starting from the problems of insufficient effective financial demand, prominent financing difficulties of rural small and micro enterprises, and inadequate policies and measures of financial institutions to serve rural revitalization; Wu benjian et al. (2020) investigated the advanced experience of financial systems in developed countries and regions such as the United States, Canada, Japan and the European Union in serving rural construction and Its Enlightenment to China's financial support for Rural Revitalization from the four dimensions of agricultural credit system, agricultural guarantee system, agricultural insurance system and capital market; Huixianbo (2016) investigated the path design of rural financial legalization in France, Japan and other countries from the perspective of financial legalization, and put forward suggestions on the construction of rural financial legal system in China. The third is to use the experience summary method to analyze the typical practices and existing problems of financial support for Rural Revitalization in domestic first developing areas, and the enlightenment to later developing areas. For example, Guo Xinming (2020) summarized Jiangsu's experience in increasing the supply of rural financial resources, meeting rural financing needs, deepening rural financial reform and innovation, and promoting the construction of rural financial ecology; Hu Qingjiang and Chen Tong (2019) expounded the practice of Xinjiang from the aspects of building a precision financial support system for agriculture, strengthening the construction of rural financial infrastructure, and innovating agricultural credit products; Lei Jian (2021) analyzes the typical practices of Zhejiang in promoting the balance between financial supply and rural demand.[2].

2. Main Problems of Financial Support for Rural Revitalization in China

At present, scholars have carried out certain research on the impact of preferential tax policies on high-tech enterprises. The main research conclusions are:

Du Jun and Wang Haoyan (2013) analyzed the panel data of high-tech enterprises in Changzhou, and found that the preferential tax rate policy significantly increased the total profit of enterprises. Lin Xinwei (2020) used the panel data of 214 listed companies on the Growth Enterprise Market from 2013 to 2018, and concluded that tax incentives have a significant positive impact on corporate performance. Cui Jun et al. (2009) concluded through research that the prominent changes in the preferential income tax policies are conducive to the development of high-tech industrial zones. Gong Yiming (2019) used quantile regression to analyze the panel data of A-share listed companies and found that companies with different R&D intensities were affected differently by preferential tax policies[2].

Peng Jing (2019) found through research that preferential tax policies can provide indirect financial support, increase the R&D investment of high-tech enterprises, and then promote technological development. After testing, it is concluded that R&D investment plays a partial

intermediary effect. Kang Lizhen, Li Zhumei (2018) used the R&D investment of enterprises as the mediating variable, combined with the step-by-step test method and the coefficient difference method, and concluded that the R&D investment of high-tech enterprises has a partial mediating effect on corporate performance. Yan Ping and Zhang Jiale (2019) used panel data to analyze the impact of non-state-owned top ten shareholders' shareholdings and managers' shareholdings on business performance, using R&D investment as a mediating variable. After testing, the mediating effect of R&D investment was significant.[3].

2.1. A Diversified Rural Financial Service System has Not Yet Been Established

At present, the coefficient product method for testing the mediating effect mainly includes Sobel and Bootstrap. The normal distribution requirements of the Sobel test for the mediating effect often make the accuracy of the test results questioned. The Bootstrap test does not require the sampling distribution of the mediating effect items, and can obtain accurate confidence intervals for the estimated mediating effect values, with high statistical power.[4].

2.2. The Supporting System of Supporting Rural Finance is Not Perfect

To sum up, the preferential tax policies can promote the development of high-tech enterprises. However, the conclusions of the study are relatively general, and there is a lack of separate discussions for different levels of samples. According to past research: R&D investment has a certain mediating effect, but the scientificity of the method of mediating effect in the past is debatable. Exploring the impact of preferential tax policies and comparative research on enterprises with different operating benefits is the innovation and focus of this research. Based on the research of many scholars, this paper will use provincial panel data to compare and analyze the results of least squares regression and quantile regression, and conduct in-depth research on enterprises with different distributions of operating benefits. At the same time, the Bootstrap method is used to test whether the mediating effect of corporate R&D investment on business efficiency under tax incentives is significant, and a more accurate conclusion is obtained.[5].

2.3. The Innovation of Agricultural Financial Products Can Not Keep up with the Development Needs

At present, agricultural financial products are still relatively traditional and not innovative enough. The rural outlets of financial institutions mainly handle deposit and loan business, and the scale is limited. The innovation of agricultural financial products mostly focuses on the form of mortgage, or the "transformation" of similar financial products. The originality is not high, there are few comprehensive financial products, and there is a lack of mechanism innovation, organization innovation and model innovation. Especially with the rapid development of financial technology, rural credit cooperatives and rural banks have outdated business concepts. Due to factors such as small scale and shortage of scientific and technological talents, they have weak awareness and ability to actively embrace financial technology. The means of financial service are relatively traditional and single. Financial technology has not played its due role in rural financial services.[6].

2.4. Agricultural Mortgage Guarantee Measures are Not Perfect

The agricultural production cycle is long, and the risk of agricultural financial services is relatively large. In addition, the main body of agricultural operation is generally family operation, with weak credit awareness, scattered operation and small scale, and weak overall anti risk ability. Therefore, rural financial services have high requirements for mortgage guarantee. Although the pilot business of "two rights mortgage" loan is being fully implemented, the market system related to land collection and storage, valuation and transaction circulation is not perfect. Therefore, it is necessary to further improve the agricultural mortgage guarantee

measures and hedge the agricultural credit risk, so as to enhance the confidence of agricultural financial institutions in issuing loans. In addition, the system of agricultural guarantee institutions is not perfect, it is difficult for agricultural subjects to find qualified guarantors, and the guarantee cost is high, which restricts financial support for rural economic development.[7].

2.5. Rural Financial Ecological Environment Needs to be Optimized

A good financial ecological environment is the catalyst for Rural Revitalization. Affected by the traditional thinking habits, the lack of financial knowledge and the lagging construction of rural financial legalization, although the construction of financial ecological environment in rural areas has made some progress, there is still a lot of space. In rural areas, affected by culture, education and economy, farmers' credit awareness is relatively weak, and the construction of credit system lags behind. As the depth of financial knowledge popularization is not enough, farmers do not know enough about financial products and services, and have a psychological resistance to the financial services provided by agricultural financial institutions. In addition, the crackdown on illegal fund-raising, "debt evasion" and "defaulters" is not enough, which also restricts the allocation of financial credit resources to rural areas.[8].

2.6. The Development of Agricultural Insurance Market is Not Sufficient

Perfect agricultural insurance is not only an important way to increase farmers' income, but also an important part of financial support for Rural Revitalization. In recent years, although China's agricultural insurance market has made great progress, there is still an imbalance between insurance supply and demand. In terms of supply, there are some problems, such as less insurance subjects, insufficient varieties, narrow coverage, low premium income and high compensation rate, and the catastrophe risk dispersion mechanism has not been established. In terms of demand, it is manifested in the low willingness of agricultural related subjects to underwrite and the limited financial support of the government. The contradiction between supply and demand caused by insufficient supply and limited demand restricts the high-quality development of agricultural insurance in China.

3. Typical Practices of Financial Support for Rural Development in Developed Countries

Governments of all countries attach great importance to rural development and adopt rural development strategies suitable for their national conditions at different stages of historical development to promote rural modernization, such as the "new town development" in the United States, the "village renewal" in Germany, the "village building movement" in Japan, the "new Village Movement" in South Korea, etc. In order to give full play to the leverage of finance, some developed countries have promoted the effective allocation of financial resources in rural areas and accumulated good experience through reform and innovation in the financial field.

3.1. The Legal System of Financial Support for Rural Development is Complete

Some developed countries attach great importance to establishing and improving rural financial laws and regulations. For example, American rural finance laws include the federal farm loan act, the agricultural credit act, the emergency Agricultural Mortgage act, the Federal Agricultural Mortgage Corporation Act and the farm credit act, which ensure the connection between macro-control and micro-control; In the 19th century, the French government formulated the land bank law and the Charter of agricultural credit bank, and successively established various rural credit organizations; In 1928, Britain issued the new agricultural policy.

3.2. The Supply System of Rural Financial Services is Relatively Sound

Establishing the basic framework of rural financial system; In 1947, Japan issued the agricultural cooperative organization law, established the agricultural cooperative organization nationwide, then established the agricultural, forestry and fishery financial treasury, formulated the agricultural, forestry and fishery financial public treasury law, and established the rural cooperative finance and policy rural financial service system.

The rural financial service supply system in the United States includes commercial banks, rural credit cooperation system and government agricultural loan institutions. The latter includes commercial credit companies, farmers' household Planning Bureau and Rural Electrification Administration, all of which are subordinate to the U.S. Department of agriculture. Japan's rural financial mechanism consists of three parts: rural cooperative financial institutions, rural policy financial institutions, agricultural credit insurance system and agricultural insurance system. As the birthplace of cooperative finance, Germany has established a "pyramid" rural cooperative finance model with grass-roots credit cooperatives or banks, regional cooperative banks and German Cooperative Bank as the main body, and established land mortgage at the same time Rural land financial system in which credit cooperatives and public land banks cooperate with each other.

3.3. There are Various Forms of Rural Financial Subsidies

The United States has provided a lot of government support to agricultural related institutions. For example, if the scale of agricultural related loans of financial institutions accounts for more than 25% of the total loans, they can enjoy tax preference; For another example, American rural credit cooperatives can enjoy the privilege of exemption from various taxes. Germany implements "interest subsidy with limited interest rate" for financial institutions participating in agricultural loans, that is, the government sets the maximum interest rate of rural credit. For financial institutions actively participating in agricultural loans, the government will give interest subsidies. Japan has established the agricultural credit fund association with financial contribution, which provides interest subsidies and guarantees for medium and long-term agricultural credit financing, effectively ensuring the supply of agricultural credit funds.

3.4. The Operation Mechanism of Agricultural Guarantee is Mature and Complete

Some developed countries regard the agriculture related guarantee service system as an important part of the rural financial system, and have built an organizational system in line with national conditions. For example, the United States has established the farm service bureau to provide financing guarantee to farmers who have difficulty in obtaining credit funds, and its guarantee funds come from financial funds. Japan has established an agricultural guarantee fund association to deal with the problem of insufficient loan guarantee for agricultural business entities. The main sources of funds of the guarantee association are member contribution, reserve balance, local government subsidies and so on. The Agricultural Credit Corporation of Britain, funded by the National Agricultural Association, is responsible for providing guarantee for agricultural movable property guarantee loans.

3.5. The Agricultural Insurance Market is Relatively Developed

The United States has always regarded agricultural commercial insurance as an important part of the financial support system. There are many types of insurance, and requires compulsory purchase of catastrophe insurance, while the government implements premium subsidies to agricultural insurance companies. Relying on the combination of agricultural mutual aid, Japan adopts the dual track parallel mode of "compulsory insurance + voluntary insurance", compulsorily participates in agricultural insurance for agricultural production activities that meet the threshold, and implements differentiated premium subsidy policies to encourage

voluntary participation. Canada has implemented policy agricultural insurance in the form of legislation, and launched a commercial risk management framework for commercial farms.

4. Financial Support for Rural Revitalization under the "Double Cycle" Development Pattern

The new development pattern, which takes the domestic cycle as the main body and the domestic and international double cycles promote each other, requires that the short board of Rural Revitalization be supplemented as soon as possible and help build a socialist modern country in an all-round way. As a strategic tool to support the construction of a new development pattern, finance is indispensable and promising in realizing the strategy of Rural Revitalization. We should strengthen the reform of financial supply side, create a long-term mechanism of financial support for rural revitalization, and strive to solve the problem of mismatch between financial supply and financial demand.

4.1. Accelerate the Improvement of Rural Financial Service Supply System

Strengthen the top-level design, establish and improve the system of relevant laws and regulations, and accurately position the responsibility of financial institutions, especially agricultural financial institutions, to "serve agriculture, rural areas and farmers". We should further improve the rural financial service supply system, guide all kinds of financial institutions to allocate resources reasonably, and give better play to the important role of financial resources in promoting rural revitalization. We will deepen the reform of policy banks and promote them to provide longer-term and lower interest rate funds for agriculture and rural infrastructure. Timely replenish the capital of rural commercial banks, optimize internal governance and enhance the ability to serve the rural economy. Support and guide the healthy development of small financial institutions such as rural banks and rural cooperative financial organizations, and promote local based and serving farmers. We will standardize the development of informal financial institutions such as small loan companies and private financing in rural areas, and actively expand financing channels in rural areas.

4.2. Increase Financial Support for Rural Financial Development

The high-quality development of rural finance is inseparable from financial support. Local governments should make comprehensive use of fiscal and tax relief, interest subsidies and other support policies, establish and improve the risk compensation mechanism of financial support for agricultural development, and build an incentive oriented policy system. In terms of Taxation, local governments can reduce or exempt the operating income of financial institutions with a certain proportion of agriculture related credit, and encourage financial institutions to increase credit in relevant fields. In the construction of financial risk compensation mechanism, local governments can set up risk compensation funds to compensate the non-performing rate of agricultural loans of financial institutions at a certain rate. In order to reduce the financing cost of agriculture related subjects, local governments can also give interest subsidies to agriculture related subjects in the form of financial discount.

4.3. Promote the Innovation of Rural Financial Products and Services

The combination of technology and finance has brought about the rapid development of financial technology and overturned the business model of traditional finance. Financial technology plays an important role in breaking information barriers and optimizing the credit process of financial institutions. In the context of Rural Revitalization Strategy, financial institutions should actively embrace the reform of financial science and technology, give full play to the advantages of modern science and technology, organically combine finance and science and technology, and develop financial products that meet the characteristics of rural

production and operation, agricultural related main assets and financial conditions, so as to better meet the needs of agricultural loan funds. We should actively use blockchain, cloud computing, big data and other technical means to improve the technology and data application ability of our own financial services, shorten the agricultural credit supply chain, innovate business channels, optimize business processes, and further improve the level and efficiency of rural financial services.

4.4. Strengthen the Construction of Rural Mortgage Guarantee Mechanism

Due to the characteristics of agricultural production and operation and other reasons, the property rights in rural areas are not clear enough, and the agricultural subjects generally lack qualified collateral, which leads to the psychology of financial institutions afraid of loans. To this end, we should promote the pilot results of rural "two rights" mortgage loans as soon as possible, timely revise relevant laws and regulations, improve the market system of land collection and storage, valuation and transaction circulation, and fully activate rural stock assets. We should strive to promote the construction of policy oriented agricultural guarantee institutions with government and state-owned funds as shares, enrich the scale of funds and improve the guarantee capacity. At the same time, we should vigorously develop non-governmental commercial agricultural guarantee institutions as a supplement to policy oriented agricultural guarantee institutions to better meet the needs of rural finance.

4.5. Promote the High-quality Development of Agricultural Insurance Market

Speed up the construction of the legal system of agricultural insurance, strengthen the legislation of agricultural insurance, and build a mature system of agricultural insurance laws and regulations. Actively develop comprehensive insurance and professional insurance, and build a complementary and diversified rural insurance service system. We will increase government financial investment and increase the types and scale of agricultural insurance subsidies. Speed up the innovation of insurance types and improve the guarantee of agricultural insurance. We should establish an agricultural catastrophe risk fund, support the development of reinsurance business, and establish and improve the risk sharing reinsurance mechanism. Strengthen insurance publicity, effectively improve farmers' willingness to insure, and improve the coverage of agricultural insurance.

4.6. Pay attention to the Construction of Rural Financial Ecological Environment

In rural areas, we should deepen the popularization of financial knowledge, especially strengthen the publicity and education of financial law, and strive to improve the farmers' financial literacy, contract awareness and legal concept. Expand channels to protect the rights and interests of financial consumers in rural areas, explore diversified working mechanisms, and effectively protect the financial consumption rights and interests of rural residents. We will accelerate the establishment and improvement of the rural credit system with farmers and new rural business entities as the main objects. We will strengthen the role of the coordination mechanism for combating evasion and abolition of financial bonds, establish a "blacklist" for dishonesty, and strengthen the punishment of dishonesty. Establish a cross sectoral dispute coordination mechanism, strengthen the trial and implementation of financial creditor's rights cases, and create a harmonious and orderly financial ecological environment.

5. Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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