

# Research on Inclusive Finance Innovation based on Agricultural Supply Side Reform

## -- Take Jinzhai County as an Example

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### Abstract

**Agricultural supply side structural reform is a targeted strategic measure to solve the problem of agricultural development. It is an important part of China's global supply reform and an important basis for global economic reform. It is inseparable from the participation and support of financial services, and will also provide impetus and space for the development of financial services. This paper reviews the development and current situation of inclusive finance, systematically analyzes some new requirements of agricultural supply side structural reform on rural financing, and analyzes in detail some supply and demand contradictions. Under the background of agricultural supply side structural reform, this paper puts forward countermeasures to promote rural financial innovation. Based on the relevant situation of inclusive finance and agricultural supply side structural reform in Jinzhai County, this paper starts with the relevant measures taken by government departments and financial institutions, and combines the specific implementation and relevant policy responses of agricultural parks, farmers, and agricultural production companies, to make a phased summary of the policies implemented and the results achieved in Jinzhai County, as well as the financial support for agricultural supply side structural reform, and further explore, Put forward referential suggestions for other regions' financial support to agricultural supply side structural reform, and welcome the 19th National Congress with a better attitude.**

### Keywords

**Inclusive Finance; Agricultural Supply Side Structural Reform; Jinzhai County.**

## 1. Research Background

China is a large agricultural country, and its dual economic structure is very obvious. The rural economy is the weak link of the whole economy. This is closely related to the insufficient development of rural finance. Due to underdeveloped rural finance, self financing and recycling of funds cannot be realized for a long time. A large number of rural funds have become the norm, which seriously restricts the development of agricultural economy. Throughout history, in the process of promoting supply side structural reform, rural financial innovation must be fully promoted to effectively meet the requirements of agricultural modernization.

With the deepening of rural financial reform in China, we attach importance to field investigation, strictly solve rural economic problems, and change the measures that do not adapt to rural economic development, laying a solid foundation for the rapid development of rural finance. However, the economic development between urban and rural areas is extremely unbalanced. Formal financial institutions cannot meet their needs. Most farmers are unable to obtain spot loans. The development of agricultural production is constrained by the shortage of financial resources. The imperfection of rural financial services not only affects the development of new countryside, but also restricts the development of modern agriculture.

From this point of view, this paper discusses the theoretical problems that need to be solved urgently in building an inclusive financial system. Jinzhai County in Anhui Province is an important agricultural county in China. It is of great significance to promote the construction of new countryside, develop modern agriculture, promote the development of rural economy and maintain the stable growth of grain production.

At present, China's experts and scholars mainly focus on building the theoretical framework of inclusive finance. (Zhang Jie, 2005) believed that the rural financial reform should focus on the rational allocation of funds and the ecological construction of the financial environment; (Wang Fang, 2005) believed that a multi-level and hierarchical rural financial system should be established; Du Xiaoshan believes that China's rural financial reform cannot remain unchanged, and it is urgent to establish a comprehensive and inclusive financial system to achieve new goals.

## **2. Theoretical Analysis of Inclusive Finance**

### **2.1. Impact on Inclusive Finance**

Within the framework of the International Year of Microcredit, inclusive finance aims to enable poor people around the world to access high-quality financial services from various institutions. At the Third Plenary Session of the 18th CPC Central Committee, the CPC made it clear that this is the first time that China has accepted the Party's comprehensive funding. This document discusses China's financial reform and rural development, as well as the innovation of comprehensive financial practices.

### **2.2. Main Features of Inclusive Finance**

#### **2.2.1. Integration and Comprehensiveness**

Financial institutions can provide savings, loans, financial investment and other financial services. Wealth management, insurance, stock exchange, etc. Their services to individual enterprises are not comprehensive enough. First, people at different levels. Secondly, provide professional guidance and technical support, and provide accurate, transparent and open information services. Third, we should accelerate the improvement of financial infrastructure and the establishment of a functional financial system. Therefore, it cannot meet the urgent needs of SMEs and high-level private sector entrepreneurs for access to capital and financial services.

#### **2.2.2. Fair Service**

Inclusive financial will ensures that all people have access to financial services, regardless of age, wealth and status. Everyone can breathe freely, appreciate the typical image of Yang Guangyao, everyone has the right to enjoy economic rights within a reasonable range, and emphasize that fairness should not deprive individuals and institutions of this basic human right. However, the economic rights of individuals must be consistent with affordable, unusable and illegal financial funds. The right to social and economic development is realized on the basis of the enjoyment of economic rights.

### **2.3. Efficiency and Convenience**

Provide convenient and effective financial services for all, with special emphasis on fast and efficient financial services (i.e. shorten the time required to complete financial transactions). The physical and reasonable distribution of electronic stores enables financial institutions to improve their work efficiency and enable people to enjoy fast and effective financial services.

### **3. Basic Connotation and Working Direction of Agricultural Supply Side Structural Reform**

The essence of the reform of agricultural product supply structure is to increase agricultural production, improve the allocation of agricultural resources, improve the efficiency of agricultural product supply, and improve the adaptability and flexibility of the supply structure based on market demand. Agriculture can better meet the needs of consumers, better sell agricultural products, and better adapt to resource utilization and environmental protection.

In order to promote the reform of the agricultural supply sector and meet consumer demand, six tasks must be completed: adjusting, adjusting and improving the agricultural structure, production structure and regional structure. Improve quality. We will vigorously promote joint production, unified brand, unified marketing and brand promotion to meet the needs of urban and rural residents and improve the food structure and quality. Third, promote the integration of rural industries. Explore the scale of agricultural production, urbanization, ecological function, agricultural production development, agricultural product processing, diversification of agricultural product circulation, and the combination of tourism and leisure to meet the needs of the whole society. The stocks of grain, oil and other agricultural products are often absorbed, and the prices of agricultural products keep balance with the continuous growth of farmers' income. Agriculture, trade cost, marketing cost, improve agricultural production efficiency. In the field of agricultural ecology, attention must be paid to rural social security and the development of agricultural ecology.

### **4. Financial Services Play an Important Role in Agricultural Supply Side Structural Reform**

#### **4.1. The Global Acceleration of Global Rural Reform has become the Vitality of the Development of Financial Services**

According to the requirements of the central government for further and comprehensive implementation of the rural reform plan, some regions have accelerated the reform of the rural regional verification, registration and certification system. The pilot work of the transfer of rural contractual management rights has been gradually carried out, the pilot work of rural collective land mortgage and farmers' housing property rights has been effectively utilized, and rural productivity has been significantly improved. At the same time, the new agricultural business position represented by the agricultural family has developed rapidly, the scope, specialization and organization of agricultural production have been improved, the connection with the market has been strengthened, agricultural productivity has been enhanced, and farmers' income has increased, which has promoted the development of modern agriculture.

#### **4.2. Effectively Promote Agricultural Restructuring as the Basis for the Development of Financial Services**

Since the reform and opening up, agriculture has developed healthily and rapidly in some areas, but to a large extent, it depends on the growth of investment. Improve the quality of workers and promote the improvement of the system to realize the dynamic balance between sustainable development and the supply and demand of agricultural products. Agricultural supply side structural reform should resolve inventory, reduce costs, solve shortages, digest a large number of agricultural products, speed up grain processing, and promote the adaptation and optimization of agricultural structure. At present, all regions need to develop characteristic agriculture, advanced agriculture, simple agriculture, green agriculture, circular economy, organic agriculture and resource saving organic agriculture. We will improve the distribution structure of additional agricultural resources and further eliminate structural imbalances in

agricultural economic development. Therefore, financial institutions have the obligation to improve the financing effectiveness and promote the sustainable, healthy and stable development of the rural economy.

### **4.3. The Bottleneck of Rural Financial Services has become a Problem in the Development of Financial Services**

At present, one of the biggest problems faced by rural finance is high credit risk. Agricultural financial institutions have no strong sense of self borrowing without guarantee or guarantee. Commercial banks are still considering the lack of loans and the high cost of supporting agriculture, rural areas and farmers. There is a huge contradiction between the network construction of rural banks and the demand, especially in the poor remote mountain areas, where there are few networks, but most farmers have them. Therefore, financial institutions urgently need to expand the network in rural areas, establish various financial service stations, and improve the payment and settlement environment in rural areas. Financial knowledge and publicity forms, as well as major financial services.

## **5. Jinzhai Financial Services Agricultural Supply Side Structural Reform**

### **5.1. Develop Scale Operation**

In line with the principle of "law, voluntariness and compensation", the land transfer work is steadily promoted. Up to now, Jinzhai County has increased the land circulation area by 3896 mu, with a cumulative circulation area of 146806 mu and a land circulation rate of 20.38%. Through circulation, the scale operation area is 90005 mu, and the scale circulation rate is 61.3%. Up to now, there are 28 family farms in the county, with a production area of 6010 mu and an annual output value of 15.6 million yuan. Through agricultural industrialization, large-scale and intensive development, it has played a good demonstration role. In 2016, Guhe Township Field Rice Specialized Cooperative was established as the pilot land joint-stock cooperation in Jinzhai County. The cooperative has 536 mu of shares, 51 contracts signed, and 309 members.

### **5.2. Develop Scientific and Technological Services**

First, carry out technical services. In 2002, 30 itinerant night schools for farmers were held, with 30000 trainees and 10000 copies of technical books and understanding papers. More than 1000 rural scientific and technological backbones were organized to visit Shouguang, Handan and other places in Shandong Province, which improved the level of grassroots scientific and technological personnel, sent agricultural technology services to the Kangtou in the field, and earned a reputation for serving the masses. It has established stable cooperative relations with more than 30 agricultural research institutions and colleges and universities, such as the Chinese Academy of Agricultural Sciences, the China Agricultural University, Anhui Agricultural University, and the Provincial Academy of Agricultural and Forestry Sciences, and has significantly enhanced its ability to drive agricultural scientific and technological innovation. The provincial modern agricultural vegetable industry innovation team gives full play to its advantages in talent, technology and variety, introduces new vegetable varieties, tests and demonstrates new technologies, and leads the scientific, intensive and mechanized development of the county's vegetable industry. The second is to build a modern seed industry. Two 10000 mu demonstration plots of spring corn and rice will be built in Xinzhai Town and Guhe Township, and 13200 kg of improved varieties will be distributed, involving 203 households and covering an area of 4000 mu. 14 new vegetable varieties such as melon, tomato and eggplant were introduced for demonstration, and 2 new technologies such as greenhouse film strips, microbial inoculants and new medical fertilizers were introduced.

### 5.3. Carry out "Internet Plus Agriculture"

The Bureau of Agriculture and Animal Husbandry has constantly explored the application and development of "Internet plus Agriculture" in agricultural production, focusing on the deep integration and link between the Internet and traditional agriculture. By 2016, the county had installed 20 sets of Internet of Things systems in three agricultural cooperatives, including Chengqi, Hantuo Sihe and MasterCard. The provincial park construction node under construction has effectively connected with the big data platform. This construction node is located in the south of Hantuo Village, where RMB 6.9 million has been funded by the higher authorities, and RMB 30.9 million has been raised by the enterprise itself. The government procurement procedures for mobile seedbeds, Internet of Things systems, e-commerce platforms, etc. have been completed, and they are being installed and debugged in succession. In the next step, we will continue to strengthen interaction with e-commerce platforms such as rural Taobao and rural comprehensive information supermarkets, build a "Internet plus agriculture" development pattern with the participation of the government, agricultural leading enterprises, farmers' professional cooperatives, large farmers and other market-oriented operations, and promote the integrated development of the county's primary, secondary and tertiary industries.

## 6. Conclusion

China should meet the new development needs, formulate innovative strategies according to the new needs of agricultural science and technology development, and make full use of financial resources to support the development of modern agriculture. Formulate detailed strategies to adjust local characteristics and credit industry positioning, improve the implementation of credit system adjustment rules, and carry out differentiated restructuring within the framework of agricultural production reform policies: gradually improve the credit product structure, deepen the medium and long-term credit share, increase support for large and medium-sized fixed asset construction projects in agriculture, rural areas, and farmers, timely cancel high-risk short-term liquidity loans, and continue to encourage the introduction of financial instruments and products, Actively explore new models such as investment links. In order to meet the development needs of "three agricultural products", we will provide credit and insurance with different commodities and business models. Provide credit for families, professional farmers' associations, large farms and other new farms, create new opportunities for agricultural growth, and improve the efficiency of agricultural projects. We will expand financial support for agro industrial leading enterprises, promote the integration of rural industry, promote the organic integration of production, processing and sales of agricultural products, and coordinate the development of agriculture, forestry, animal husbandry, and agriculture and animal husbandry. We will increase credit investment, build rural tourism and entertainment infrastructure, support the construction of cities with tourism characteristics, and develop new tourism. Rural tourism and cultural products develop smart rural tourism and promote rural economic activities.

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