

Financial Difficulties of New Agricultural Business Entities in the Stage of Rural Revitalization and Assistance Measures

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Abstract: The new type of agricultural management entity is an important innovation in the agricultural management system that has emerged in the current context of promoting the implementation of rural revitalization strategy and the development of modern agriculture. It is also a solid guarantee for achieving modern agricultural production and farmers' prosperity and prosperity. Financial difficulties are an important aspect that restricts the development of new agricultural business entities. Studying their financial difficulties and providing countermeasures provide sufficient financial support for the effective implementation of various work, laying a solid economic foundation for the performance of other functions of new agricultural business entities, and is conducive to achieving the business goals and long-term, stable, and healthy development of new agricultural business entities. Based on the current development status of new agricultural business entities in China, this article proposes targeted assistance strategies to solve the financial difficulties of new agricultural business entities.

Keywords: New Agricultural Management Entities; Financial Difficulties; Strategies for Zhizhi Double Assistance

1. Introduction

The new type of agricultural management entity is an important innovation in the agricultural management system that has emerged in the context of promoting the implementation of the rural revitalization strategy and the development of modern agriculture. It is a solid guarantee for achieving modern agricultural production and farmers' prosperity and prosperity. Financial difficulties are an important aspect that restricts the development of new agricultural business entities. Studying their financial difficulties and providing countermeasures provide sufficient financial support for the effective implementation of various work, laying a solid economic foundation for the performance of other functions of new agricultural business entities, and is conducive to achieving the business goals and long-term, stable, and healthy development of new agricultural business entities.

2. Financial Difficulties of New Agricultural Business Entities

2.1 High production costs and high land transfer rent

The rent for land transfer is too high. On the one hand, the new agricultural management entities have continuously expanded their land scale, pushing up the rent of agricultural land transfer; On the other hand, the high turnover rent increases the production costs of the new agricultural operating entities, offsetting their economies of scale profits. The high turnover rent hinders the growth and development of new agricultural business entities, causing them to fall into the dilemma of high turnover rent.

Table 1 Comparison of Land Cost and Turnover Rent

Year	Land Opportunity Cost a	Land Cost b	Circulation Rent
2014	3065	3059	12249
2015	2405	3266	13025
2016	2351	3334	13590
2017	2395	3234	13182

Note: a. The opportunity cost of land is the land cost of rice in the United States, and the data is from Appendix 2 of the "National Compilation of Agricultural Product Cost and Benefit Information 2018" titled "Cost and Benefit Situation of Major Agricultural Products in the United States from 2012 to 2017"; b. The data on land costs comes from the average cost benefit data of three main grains (rice, wheat, and corn) in the "National Compilation of Agricultural Product Cost Benefit Information 2018"; c. The transfer rent is obtained from the historical price inquiry of Tuli.com at <https://www.tuli.com/landprice>. The land transfer prices for the fourth quarter of 2014-2017 in 13

major grain producing provinces were selected and calculated.

From the above table, it can be seen that the new agricultural operating entities bear a transfer rent that is four times higher than the average land cost, while the land cost of American farmers is much lower than that of China's new agricultural operating entities.

2.2 Single funding source and excessive reliance on policy support

Overreliance on local government incentives and subsidies. Subsidies for new agricultural business entities are relatively small from the central government and relatively large from local governments. Local governments often closely combine the cultivation of new agricultural business entities with investment attraction and scale management, setting thresholds for rewards and subsidies, resulting in the phenomenon of "supporting large households rather than small ones". The policy support content is single. At present, policies such as agricultural subsidies are mainly aimed at supporting agricultural production inputs, while there is relatively little support for operational processes such as cultivation, planting, harvesting, storage, and sales, as well as related service businesses. With the development of large-scale and specialized agricultural production, the government needs to provide comprehensive policy support for the production process.

3. Assistance Measures for the Development of New Agricultural Business Entities

3.1 Strengthen the diversified construction of new agricultural business entities and develop diversified sources of funds

Promote the shared development among new entities while radiating and driving ordinary farmers, establish a mechanism of mutual benefit, interest connection, and risk sharing, actively leverage the connection and strengthening function of e-commerce between agricultural products and the market, use network platforms to achieve management integration, product branding, and extend the marginal benefits of family farms. The construction of agricultural business entities should be based on local resource conditions, labor conditions, productivity levels, and agricultural regional characteristics, and carry out moderate development of business scale. Firstly, establish demonstration family farms and other agricultural business entities, utilize local resource endowments, drive members to carry out continuous planting and large-scale breeding, strengthen advantageous characteristic industries, cultivate brands, and form a chain with upstream and downstream industries through characteristic industries. Strengthen policy guidance and find suitable development paths. In order to better play the leading role of new agricultural business entities, various types of new agricultural business entities should, based on the economic carrier and characteristics of the location, focus on improving the property rights system and optimizing the market-oriented allocation of factors, concentrate the supply of production and operation factors, activate the linkage relationship between business entities, factors, and the market, and ensure the healthy development of the new agricultural business entity system.

3.2 Strengthen the construction of rural financial facilities and expand the supply of financial services

Compared to other financial institutions, rural credit cooperatives provide the most extensive and in-depth credit to farmers. However, they lack strict credit risk control mechanisms, and their internal management structure is chaotic, resulting in a high non-performing loan rate. In addition, the business scope of rural credit cooperatives is narrow, mainly for traditional savings, loans, and foreign exchange projects, which are difficult to meet the growing financial service needs of farmers. More financial institutions should be encouraged to establish basic service facilities such as branch offices and ATMs in townships. Further research is needed to design suitable microcredit products for farmers based on their financing characteristics. In addition, actively guiding private loan companies to operate in a standardized manner, strengthening the supervision of private lending, and promoting the diversified transformation of the rural financial system.

3.3 Establish and improve the government functions of new agricultural management entities

The government should broaden the scope of financial interest subsidies and increase the interest subsidy efforts for small and medium-sized new agricultural business entities. Firstly, the minimum standard for reducing loan limits is to provide loan interest discounts to new agricultural business entities with small loan limits, such as professional large households and family farms. Secondly, it is necessary to

adjust the discount method, replacing the previous method of discount based on benchmark interest rates with a certain proportion of actual loan interest. Once again, precise interest subsidies can be determined for different regions and types of new agricultural business entities, respectively, to determine the degree of financial interest subsidies, leverage the leverage of financial funds, and leverage and guide credit funds to tilt towards new agricultural business entities.

Agricultural insurance is increasingly becoming an important policy tool to ensure the income of new agricultural business entities. Compared to subsidy methods such as fixed direct payments, it has a higher degree of marketization and more covert support for protection, making it a trend in international agricultural subsidies.

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