



# Analysis of the Path of Financial Support of Shaanxi Rural Economic Development under the Background of Rural Revitalization

Tian Jin\*

International business school, Tianjin University of Finance and Economics, Tianjin, 300222, China

jt20010429@163.com

**Abstract.** The proposal of the rural revitalization strategy has become the core concept of China's rural economic construction and development in the new era, and in this process, the dependence on financial support is becoming more and more obvious. As one of the important parts of modern finance, rural finance is gradually improving along with the development of the rural economy. It serves the production and life of farmers in the rural areas, and also plays an increasingly important role in the process of rural economic development. But at present, the bottleneck of rural economic development lies in the rural financial system is relatively backward. Many farmers and township enterprises can not find the appropriate financing way. Therefore, it is of profound significance to find a financial support path in line with rural economic development in the current economic situation. This paper discusses the main obstacles in the development path of financial support for the rural economy in Shaanxi province under the background of rural revitalization, and finally puts forward some targeted suggestions for these main obstacles. It aims to provide a certain reference value for the relevant research on rural economic development in Shaanxi Province.

**Keywords:** Rural Revitalization Financial Support for Rural Economic Development Path

## 1 Introduction

The proposal of the rural revitalization strategy has become the core concept of China's rural economic construction and development in the new era, and in this process, the dependence on financial support is becoming more and more obvious. As one of the important parts of modern finance, rural finance is gradually improving along with the development of rural economy. It serves the production and life of farmers in the rural areas, and also plays an increasingly important role in the process of rural economic development. But at present, the bottleneck of rural economic development lies in the rural financial system is relatively backward. Many farmers and township enterprises can not find the appropriate financing way. Therefore, it is of profound significance to

find a financial support path in line with the rural economic development in the current economic situation.

## **2 Analysis of the problems and causes of financial support for rural economic development in Shaanxi Province under the background of rural revitalization**

Since the rural revitalization strategy was put forward, the rural financial market in Shaanxi Province has been continuously upgraded and deepened, and the financial boost of agricultural industry development has also gradually become significant. However, for the overall agricultural development trend in Shaanxi Province, there are still many problems in the development path of financial support for rural economy [1].

### **2.1 Problem analysis**

**Low coverage rate of rural financial institutions.** Relatively speaking, financial institutions in rural credit services have higher costs, one is in the rural services, itself have business problems, and rural residents in cultural degree is not high, coupled with income restrictions and financial consciousness, tend to have a big default rate, it is because of this, bank kind of financial institutions are not willing to loans to farmers, but also not willing to outlets in rural construction. Because the financial institutions are also aimed at profit-making, the rural areas have lower interests and high risks, so more financial institutions like to put their branches in the cities. Even if there are outlets, they are often in the town, and there is the most realistic problem. More employees of financial institutions do not like to work in the countryside, because they are not as good as the facilities in the city. And is for many employees of financial institutions, because they learn financial professional is focused on the concept of urban finances, difficult to understand the rural finance, plus the farmers' cultural level is not high, college students also thinking and farmers to docking, so, the cause of the lack of rural in the bank outlets is also caused by this aspect [2].

**Limited support for agriculture, and the financial supply side is negative.** In the financial dimension, Rural finance is still in a dual dimension. Just because of this dual economic impact, Put the countryside into a vicious circle, Lack of financial and material resources, Difficulty in supporting finance, And with financial difficulties to support, Also formed the financial resources and material resources are difficult to improve. For profitable institutions like banks, In conducting the services, Even by cutting through this vicious circle, Take yourself to the countryside, But in the process, User information also needs to be collected, In addition, the particularity of rural operation attributes, Using, again, the city's evaluation program, It is also hard to get real results, Plus no better guarantee company, Often, even if some banks respond to the national call, Also by deliberately raising the threshold, Thus limiting the farmers' loans. Since it is the government to support this, it also needs to have corresponding work, but for

now, there is no more substantial government work. In the case of government policy did not reach, it is difficult to have a better financial implementation, and some places even have policy, but Banks will with their own consideration, deliberately slow down under the speed, on the premise of this soft resistance to policy, rural also is difficult to have better deposit absorption, more have money transferred to non-farm [3].

**Lack of effective demand for rural finance.** In fact, for rural finance, the biggest problem is the lack of demand. Of course, this is not a developed and rural financial market, because rural enterprises in the demand for capital are willing, although some Banks are willing to provide funds, but from the survey data, tend to lend to greater than the demand. If this problem, one is the bank for a long time untargeted to the countryside, caused the financial products to rural bias, coupled with rural dual financial structure is unreasonable, let this is inclined to adapt to rural urban financial products. Many farmers are affected by high-interest loans, have fear, and worry about their income can not in time, too, so also dare not loan, comprehensive reasons, combined with farmers' capital consciousness, coupled with repayment ability, on the loan willingness is not too strong [4].

## 2.2 Cause analysis

**Rural areas have a limited appeal to financial structures.** First of all, in terms of innovation subjects, the current rural financial field in Shaanxi Province is still dominated by the traditional formal financial — rural credit cooperatives and Agricultural Bank of China. The rural credit cooperatives and ABC, as large financial institutions, are more regulated, in the rural financial sector, it is difficult to develop the whole management mechanism, especially in the whole field.

Moreover, in terms of the whole financial innovation, the rural environment is far less than that of the city, and the rural competition in the market is insufficient, which makes it difficult to be better attractive to finance. In this way, many financial institutions will be reluctant to carry out the research and development of financial products for rural areas, and many financial institutions do not directly serve rural areas, nor do not consider the development situation of rural areas. It is also difficult to adapt measures to local conditions, tailored clothes. This also makes the products launched by various institutions can not attract rural customers, can not realize the development of rural economy. Finally, in terms of innovation potential, rural financial is also difficult to have real targeted talent, now the financial institutions of employees, more are formal finance and economics, accounting, etc. Professionals, although in the urban financial research has better ability, but in the rural this special environment also has its own, and for some remote rural, the problems on credit cooperatives, coupled with the aging staff, also difficult environmental advantage on financial innovation.

**The business scope of policy banks is limited, and the support for agriculture is weakened.** On the one hand, under the guidance of national policies, Shaanxi Agricultural Development Bank is only responsible for comprehensive agricultural loans, poverty alleviation project loans, grain, cotton and oil purchase and storage and other businesses. Compared with commercial banks, its lack of flexibility is not conducive to its innovative advantages to serve the rural economy. In addition, with the improvement of the marketization degree of grain and cotton purchase and sale, agricultural issuance plays a weaker and weaker role in this field. In Shanxi province, on the other hand, the 156 the issue to face a problem is insufficient source of funds, the funds mainly come from the People's Bank of China reloans and financial transfer funds, and funds are generally used to support Shanxi rural large agricultural projects and poverty alleviation projects, for rural small and medium-sized agricultural development, agricultural processing services, characteristic agriculture, township enterprises and other support. The single source of capital leads to many restrictions on its debt business, which also limits the development of its business to some extent. It is worth noting that, as a policy bank, Shaanxi Agricultural Development Bank and its subordinate 11 prefecture-level branches--nearly 300 business institutions mainly serve a small number of large rural enterprises. And the rural credit cooperatives directly provide loan support to rural residents [5].

**Insufficient effective demand of farmers in rural areas.** The effective demand in economics includes two necessary conditions: the first is the subjective desire of consumers, namely the subjective demand; and the second is the monetary solvency of the goods with their subjective demand, that is, the objective purchasing ability. In the field of rural finance, the effective needs of farmers include not only their willingness to borrow money from financial institutions, but also their ability to repay and pay interest. At present, the lack of effective demand for rural farmers in Shaanxi Province is mainly reflected in the following aspects:

First, the number of farmers' financing is frequent and the amount is small. Farmers' agricultural production by family as a unit is characterized by small scale and decentralized production, which also leads to the small and frequent amount of single financing for farmers. For rural formal financial institutions, small and short-term loans will only increase their management and operating costs, which is contrary to the goal of financial institutions as commercial banks, which leads to financing difficulties in rural areas.

Second, the financing channel is single, farmers' credit level is not high. From the analysis of the current situation in the third chapter and the research process, the author found that when farmers lack of funds, in addition to financing through informal channels, that is, borrowing money from relatives and friends, more farmers choose rural credit cooperatives to borrow money. But in the long run, the rural credit cooperatives are difficult to meet the capital needs of the rural sector. As the distribution of agricultural Bank of China branches in rural areas of Shaanxi has gradually decreased in recent years, for rural credit cooperatives, the less competition from other financial institutions, so a high threshold for farmers' loans has dampened the enthusiasm of farmers' enthusiasm for loans. In addition, in rural areas in Shaanxi province, the repayment rate

is 23% is borrowed from banking institutions, while 63% is borrowed from informal financial channels. The emergence of this phenomenon, on the one hand, reflects the rural social trust and credibility. On the other hand also reflects the farmers' credit level is low, credit consciousness, the lack of necessary financial knowledge, has the ability to repay but deliberately default bank. It also makes financial institutions in the field of rural bad loans increase, reluctant to lend in the rural areas, lead to financing problems [6].

Third, farmers lack the necessary mortgage guarantee products. At present, farmers in Shaanxi province believe that the main reason for the current financing difficulties is the lack of necessary guarantees and collateral. In rural areas of Shaanxi province, the transportation is inconvenient, relatively closed information, with a large number of farmers and scattered distribution. For banks, it is very difficult for banks to conduct a detailed investigation before lending, so many formal financial institutions require mortgage or guarantees to make loans to farmers. Ensuring the security of borrowing funds and preventing opportunism and on the other hand, it can encourage farmers to actively repay interest. However, the reality is that there is no mortgage on land in rural areas. 2. Since 2016, Shaanxi Province has gradually opened agricultural appliances, agricultural and sideline products and livestock mortgages, the implementation time is short and the application scope is limited. In addition, the mortgage guarantee procedures in the bank are complicated, with a long approval time, and a high cost, which is not in line with the characteristics of "small, urgent and frequent" of farmers' lending. Therefore, the lack of collateral and collateral for farmers has become an important factor directly hindering farmers' financing.

### **3 Implementation of the path of Shaanxi Province's financial support for rural economic development under the background of rural revitalization**

#### **3.1 Strengthen the construction of rural financial infrastructure and increase the coverage rate**

To revitalize the rural economy, First of all, we need to use banks and other financial institutions to distribute the rural financial infrastructure, there are also many facilities, including, For example: ATM, Internet banking, mobile banking, telephone banking, and so on, Although there are many places in many places, But in terms of the overall coverage rate, Still far from enough, So there is a need to solve this problem, And it is under these infrastructure, Reduce the cost of financial innovation, Then, to adjust the way of financial services, At the same time, the flexibility of financial tools, This will engage farmers and rural businesses even better, And also need to promote this new model to the countryside, In the innovation of finance, They also need to be investigated in rural areas, With a more comprehensive financial assessment of the rural areas, At a higher perspective, It also makes it have better financial access, So that the whole rural credit system has been established and improved.

### **3.2 Strengthen government guidance and strengthen support for agriculture**

Vigorously support the establishment of relevant credit evaluation institutions, credit evaluation institutions through joint Alipay and WeChat service platforms, for farmers' daily transactions and consumption preference, to better understand the farmers' economic ability and repayment ability, secondly is also beneficial to meet the farmers' financial products, meet the needs of farmers with card and loan demand, etc. At the same time, encourage agricultural insurance and agricultural guarantee companies to join, evaluation institutions to cooperate with them, share credit information, reduce transaction costs, improve the efficiency and level of financial services, form a linkage mode, promote the development of rural financial market, and better and more comprehensively serve the development of rural economy.

### **3.3 Targeted services, focusing on financial needs**

In rural areas, financial traders are farmers, so the first thing is to improve the support rate of this kind of users, and to provide corresponding targeted services, so as to drive the improvement of rural participation. In the whole process, also carried on the corresponding questionnaire survey, it found in the process of 46 to 55 age has 40% share. Under the whole analysis, the age is often children marriage, because the rural attention to this aspect, and will have more funding, especially boys, often have more money need, two both housing or car and so on all need to have a great investment, so the bank can provide corresponding services for this kind of users, as long as it is the product attribute, also can have a better market adaptability. Agricultural bank, for example, also in the form of secure loans to support the rural house, now, Shangqiu has this business, but there are a lot of users don't know a business, the bank can use the blank, with the government cooperation, thus to support the construction of new towns, in the process, the government played the identity of the guarantor, let farmers repay credit has a great improvement. Moreover, even in the process, the government can also take the lead.

## **4 Conclusions**

Since the founding of the People's Republic of China, rural development has been an area of close concern to the Party and the people. China's agricultural culture has a long development, agricultural management groups and scale are large, and rural economy is an important part of the overall level of the national economy. The proposal of the country and the rural revitalization strategy demonstrate the Party's determination to effectively implement the issues concerning agriculture, rural areas and farmers, and the perseverance of the CPC Central Committee to improve farmers' living standards and promote rural modernization. In the rural revitalization strategy implementation, industry prosperity, ecological livable, local custom civilization, effective governance, rich life, is the ardent expectations of the party and hundreds of millions of farmers.

Improving the level of economic development is an important embodiment of the construction of rural vitalization, and the development of rural economy to rely on rural finance to maintain, so the study between the two to promote the implementation of the current rural revitalization strategy is very key.

## References

1. Zhang Junwei. Thinking on cultivating rural talents to boost rural Revitalization [J]. *New Agriculture*, 2022 (09): 64-65.
2. Wang Fengping. Suggestions on rural Economic Development under the Rural Revitalization Strategy [J]. *Contemporary county economy*, 2022 (05): 62-64.
3. WANG J X. Analysis on the relationship between traditional cultural factors and sustainable development of rural economy under the background of rural revitalization. *Business Review*, 2022(12):36-38..
4. Hao Song. Research on Rural Sharing Economy under the Vision of Rural Revitalization [J]. *Rural Agriculture and Farmers (Version A)*, 2022 (04): 32-33.
5. Chen Aimin. Rural Economic Development Path under the Background of Rural Revitalization Strategy [J]. *Southern Agricultural Machinery*, 2022,53 (02): 99-101.
6. Ding Qiaoying, Deng Yanfang, An Xinlei. Coordinated development of rural logistics and rural economy from the perspective of rural revitalization [J]. *Business Economy Research*, 2021 (07): 134-137.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

