

## **Research on the Countermeasures of Rural Finance to Help Poverty Alleviation in Jilin Province**

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**Abstract:** Under the situation of unbalanced regional economic development in China, financial institutions play a key role in the task of poverty alleviation. How to better play the leverage role of financial resources in promoting targeted poverty alleviation, make financial poverty alleviation work more accurate and effective, and promote the early realization of the goal of building a moderately prosperous society, no matter in the macro level of high-quality regional economic development and national security, or in the fundamental starting point and foothold of people's living and working in peace and common prosperity, there is no doubt that The reality and long-term significance of the new era. Under this background, this paper starts with the analysis of the policy basis of rural finance to help rural poverty alleviation, discusses the current situation and existing constraints of Jilin Province, and finally puts forward solutions.

### **1. Policy Basis For Rural Finance To Help Poverty Alleviation**

#### **1.1 National Policies**

From a national perspective, poverty is a common problem faced by governments of all countries. Poverty eradication is not only an economic and political issue, but also a livelihood issue. At present, the development of socialism with Chinese characteristics has entered a new era. The state pays more attention to the production and living problems of the grass-roots people, especially the people in poor areas. Since the 1990s, some poverty-stricken areas in China began to root in the experimental fields of financial poverty alleviation, creating a poverty reduction road with Chinese characteristics, and providing many valuable practical experiences for other countries in the world to alleviate poverty. At the end of 2011, the outline of China's rural poverty alleviation and development issued by the State Council for the period 2011-2020 took financial services as an important policy guarantee for poverty alleviation and development in the new era for the first time. At the beginning of 2014, China issued the opinions on innovating mechanism to promote rural poverty alleviation and development, focusing on "improving financial service system in poverty-stricken areas, innovating financial products and services, and increasing credit support in poverty-stricken areas". The decision of the Central Committee of the Communist Party of China and the State Council on winning the battle against poverty issued by the State Council in 2015 clarifies the main position of financial participation in poverty alleviation and development, makes an important strategic deployment for financial participation in poverty alleviation and development, and also puts forward specific requirements. In March 2016, the people's Bank of China and other departments formulated the opinions on the implementation of financial assistance in poverty alleviation, proposing innovative development of targeted poverty alleviation insurance products and services to ensure the smooth realization of targeted poverty alleviation in the new era. In June of the same year, the China Insurance Regulatory Commission and the Poverty Alleviation Office of the State Council jointly issued the opinions on how to do a good job in the work of helping the insurance industry out of poverty, made an overall plan for the work of helping the insurance industry out of poverty, and helped to achieve the goal of poverty alleviation and development in the 13th five year plan as scheduled.

## **1.2 Policy of Jilin Province**

From the perspective of Jilin Province, on December 16, 2015, a conference on poverty alleviation and development was held. Subsequently, the provincial Party committee and the provincial government issued the implementation opinions on comprehensively promoting Poverty Alleviation, which proposed to appropriately increase the proportion of reimbursement for serious illness insurance for the poor, actively develop small loan guarantee insurance for poverty alleviation, supplement insurance premiums for poor households, actively explore and develop target price insurance and weather index insurance for local characteristic agricultural products. Since May 1, 2018, the proportion of unemployment insurance benefits in Jilin Province has been adjusted to 80% of the local minimum wage standard, and the level of unemployment insurance benefits in Jilin Province has increased by 21%. On October 19, 2018, the Provincial Department of human resources and social security and the Provincial Department of Finance jointly issued the notice on the use of unemployment insurance fund to support poverty alleviation. The use of unemployment insurance fund in Jilin province to support poverty alleviation, improve the subsidy standards for enterprises in deep poverty areas, and relax the employees' application technology can improve the subsidy conditions, give full play to the functions of unemployment insurance, and support targeted poverty alleviation and targeted poverty alleviation. On November 22, 2018, in order to thoroughly implement the implementation opinions of the provincial Party committee and the provincial government on the three-year action of winning the battle against poverty, give full play to the role of the insurance mechanism, ensure the stability and effectiveness of the poverty alleviation industry, and prevent the phenomenon of returning to poverty due to disasters, Jilin Province formulated and issued the measures for the implementation of the poverty alleviation industry insurance in Jilin Province (Provisional), established the risk compensation mechanism for the poverty alleviation industry, and effectively guaranteed Stable development of poverty alleviation industry and stable poverty alleviation of the poor. From January 1, 2019, the unemployment insurance standard in the deep poverty areas of Jilin Province will be raised to 90% of the local minimum wage standard. The improvement of unemployment insurance benefits will further guarantee the basic living standards of the unemployed in poverty-stricken areas. In 2019, Jilin Province issued the strategic plan for Rural Revitalization of Jilin Province (2018-2022), in which it was clearly proposed that the basic pension standard should be raised in an overall and orderly manner, the payment policies of urban and rural residents' endowment insurance should be further standardized, the incentive mechanism for participating in insurance payment should be improved, and the mechanism for determining the treatment of urban and rural residents' basic endowment insurance and the normal adjustment of basic pension standard should be accelerated.

The CPC Central Committee and the State Council, Jilin provincial Party committee and provincial government, China Insurance Regulatory Commission and relevant national ministries and commissions have made overall arrangements and requirements for poverty alleviation, and established a policy system of insurance to boost poverty alleviation. Jilin insurance industry should take advantage of the favorable opportunity of the above policies to actively participate in the targeted poverty alleviation work. Through the large number principle and risk dispersion mechanism of insurance, it can accurately identify and compensate the affected poor population, and improve the scientific and accurate poverty alleviation and development.

## **2. The Current Situation of Rural Poverty Alleviation in Jilin Province**

### **2.1 Loan Issuance Continues To Increase**

With the continuous promotion of the process of rural poverty alleviation promoted by Jilin province finance, Jilin Province bank and other financial institutions continue to increase the agricultural loans, further deepen the rural financial market, and solve the problem of farmers and agricultural organizations in poverty-stricken areas. In 2016, the agricultural related loans of financial organizations in Jilin Province reached 611.02 billion yuan, an increase of 77.63 billion yuan, 14.55 percentage points, 344.99 billion yuan, 129.7 percentage points, 2.3 times of that in

2012; in 2015, the agricultural related loans of financial organizations in Jilin Province reached 533.39 billion yuan, 25.3% more than that in 2014. In 2014, the agricultural loan of financial organizations in Jilin Province was 425.74 billion yuan, an increase of 24.3 percentage points compared with that in 2013; in 2013, the agricultural loan of financial organizations in Jilin Province was 342.63 billion yuan, an increase of 28.8 percentage points compared with that in 2012; from 2013 to 2017, the annual average growth rate of agricultural loan amount of financial institutions in Jilin Province was 23.2%, and the loan amount of financial institutions in Jilin Province was invested from 2012 to 2017. In view of the situation, the agricultural related loans of financial institutions in Jilin Province showed a continuous increase trend, providing financial support for poverty alleviation in rural areas of Jilin Province.

## **2.2 "Finance + Industry" Has Obvious Benefits**

In the process of continuous promotion of targeted poverty alleviation in Jilin Province, financial poverty alleviation plays an important role in the work of poverty alleviation in Jilin Province, especially "Finance + industry" provides strong support for the economic development of poor areas, promotes the poverty alleviation process from "blood transfusion" to "hematopoiesis" in poor areas of Jilin Province, and accelerates the process of poverty alleviation in Jilin Province. In 2018, Jilin Province innovated "industry + finance" poverty alleviation products. According to the industrial advantages, resource endowment advantages and credit demand characteristics of poverty-stricken areas in our province, we developed various targeted poverty alleviation credit products, and launched more than 10 targeted poverty alleviation financial products, such as "poverty alleviation loan", "e-commerce loan", "cattle loan" and "junnongle". For example, the National Development Bank, together with the Dongliao county government, has innovated and designed the "Dongliao model" of targeted poverty alleviation with increasing the income of the poor as the core. Through the government led, private capital participation, leading enterprise operation, financial purchase services, industrial income dividends, and poor households' benefits, during the loan period, the leading enterprise provides a minimum dividend of 3080 yuan / person and flexible profit dividends to 5806 registered poor people every year, which promotes the poverty alleviation benefits of the financial industry. These promoted the Jilin province finance to boost the poverty alleviation.

## **2.3 Continuous Improvement of Agricultural Insurance Business**

The continuous improvement of agricultural insurance business is an important aspect of financial support to poverty alleviation in Jilin Province. Through the development of agricultural insurance business, we can provide better financial services for the development of "agriculture, rural areas and farmers" in poor areas of Jilin Province, and steadily promote the process of poverty alleviation in Jilin Province. In 2017, the insurance income of Jilin Province was 64139.34 million yuan, of which: the agricultural insurance income was 1725.47 million yuan, accounting for 2.69% of the total insurance premium, an increase of 0.03 percentage points compared with 2015, and the agricultural insurance income was 16.4 percentage points compared with 2016; in 2017, the agricultural insurance compensation and payment of Jilin Province was 1032.4 million yuan, accounting for 5.9% of the total compensation and payment, compared with 2016, the agricultural insurance compensation Payment and payment increased by 2.8 percentage points; from 2013 to 2017, the average annual growth rate of agricultural insurance compensation and payment in Jilin Province was 16.64%. By the end of 2018, the level of risk compensation provided by agricultural insurance in the whole province has been continuously improved, reaching 58.67 billion yuan, a year-on-year increase of 20.33%.

In recent years, under the policy call, Jilin Province has done a lot of work on targeted poverty alleviation of agricultural insurance. In 2017, through policy oriented agricultural insurance, Sunshine Property Insurance served "agriculture, rural areas and farmers" and poverty alleviation agricultural insurance. It has successively carried out a wide range of agricultural insurance services in 16 provinces, providing more than 520000 farmers and agricultural economies with more than 18 billion yuan of insurance coverage. Focusing on the characteristics of each region, sunshine

insurance also actively launched the "one village, one product" featured agricultural product insurance business. In 2018, sunshine insurance group, together with leaders and villagers of Longquan Village, Antu County, Yanbian Korean Autonomous Prefecture, Jilin Province, jointly launched the plan of sunshine insurance group to help Longquan village. It is planned to build precision industry poverty alleviation projects such as Yangguang Bingquan rice ecological farm, Bingquan pancake processing factory, remote consultation medical station, organic fungus professional production cooperative, etc. in the village, so as to help local villagers get rid of the poverty as soon as possible Rich and poor. On June 15, 2018, the "order agriculture + insurance + futures" poverty alleviation project jointly underwritten by Hongye Futures Co., Ltd. and Baicheng branch of China People's Property Insurance Co., Ltd. successfully completed insurance issuance in Zhenlai County, Jilin Province, a national poverty-stricken county, after the pilot project of "farmers' Income Security plan" was put on record. These data show that the agricultural insurance business in Jilin Province is constantly improving, the economic development is accelerated, and the process of poverty alleviation in Jilin Province is accelerated.

### **3. The Restrictive Factors of the Rural Poverty Alleviation in Jilin Province**

#### **3.1 The Main Body of Financial Poverty Alleviation Lacks Joint Efforts**

The lack of joint efforts of the main body of rural financial poverty alleviation is one of the factors that restrict Jilin province's financial assistance in rural poverty alleviation. The main body of rural financial poverty alleviation mainly includes banks, financial institutions, insurance companies and other main bodies. The linkage between these financial poverty alleviation main bodies is insufficient and the cooperation is not high. The experience between banks and banks, banks and insurance companies in rural financial cooperation poverty alleviation is insufficient and the constraints are large, which slows down the pace of Jilin province's financial assistance in rural poverty alleviation. Through the research on the performance evaluation of financial assistance in rural poverty alleviation in Jilin Province, it is found that the participation rate of poverty alleviation subjects tends to the general level, which affects the social effect of financial assistance in rural poverty alleviation in Jilin Province, which directly or indirectly reflects the insufficient participation of financial poverty alleviation subjects in financial poverty alleviation in Jilin Province, the lack of joint efforts of financial poverty alleviation subjects, which is not conducive to the financial poverty alleviation in Jilin Province The strategy of poverty alleviation in rural areas is promoted with high quality.

#### **3.2 The Financing Difficulty of Rural Infrastructure Construction Project Is High**

The financing difficulty of rural financial infrastructure construction projects is very high, which restricts the sustainable development of Jilin Province. Perfect financial infrastructure can help improve the financial products and services for rural agricultural farmers, improve the efficiency of supporting agriculture and poverty alleviation, and help rural areas win the battle of poverty alleviation. Banks and other financial institutions should strengthen the investment in the field of rural infrastructure construction, including the investment in rural roads, pipelines, power grids, public service facilities and rural financial infrastructure, strengthen the financial support for rural infrastructure, solve the loan and financing problems of rural poor areas and poor farmers, and promote the production and life of farmers and rural social and economic development Provide effective financial support. Moreover, due to the long investment cycle and low return rate of public goods such as rural infrastructure, it is relatively difficult to finance, which is not conducive to obtaining financial capital support. It also directly or indirectly reflects that the capital investment of Jilin province's finance in the field of rural infrastructure construction is still insufficient, which makes the financing difficulty of rural infrastructure project construction further increase, which is not conducive to Jilin province's finance to help rural poverty alleviation.

### **3.3 Imperfect Risk Sharing Mechanism of Financial Poverty Alleviation**

The unsound risk sharing mechanism of financial poverty alleviation is not conducive to the sustainable development of the rural poverty alleviation in Jilin Province. The perfect risk sharing and compensation mechanism of financial poverty alleviation is helpful to improve the performance of financial poverty alleviation. However, from the research on the performance evaluation of financial support to rural poverty alleviation in Jilin Province, we find that the loan maturity recovery rate of rural financial institutions in Jilin Province is low, which lowers the overall performance of financial support to rural poverty alleviation in Jilin Province. The imperfect risk sharing mechanism of financial poverty alleviation in Jilin Province restricts the financial support to the rural poverty alleviation.

## **4. Countermeasures and Suggestions of Jilin Province's Financial Support for Rural Poverty Alleviation**

### **4.1 Give Full Play to the Joint Efforts of Financial Poverty Alleviation Subjects**

To strengthen the guidance of government policies and give full play to the joint efforts of financial poverty alleviation subjects is a powerful countermeasure for Jilin Province to boost rural poverty alleviation, and also a powerful measure to eliminate the lack of joint efforts of financial poverty alleviation subjects. On the one hand, under the guidance of national policies, Jilin provincial government departments at all levels should formulate and implement financial poverty alleviation policies that are in line with the local conditions, so as to provide financial support to promote the rural poverty alleviation in Jilin Province, and promote Jilin Province to win the poverty alleviation war. On the other hand, we should give full play to the role of Jilin commercial banks, cooperative banks, village banks, policy banks and other financial institutions, as well as insurance companies and other organizations, work together to promote the work and practice of financial poverty alleviation in Jilin Province, and under the guidance of policies, all financial organizations should build a platform for poverty alleviation, cooperate with each other and coordinate with each other, and actively and steadily promote the financial industry in Jilin Province. The work of poverty alleviation will help the rural areas of Jilin Province to realize the task of poverty alleviation as soon as possible, eliminate poverty in an all-round way, improve the level and quality of agricultural development of rural farmers, and help the social and economic progress of Jilin Province in an all-round way.

### **4.2 Strengthening Financial Support for Rural Infrastructure Construction**

Strengthening the financial support of rural infrastructure construction is an effective measure to continuously improve rural financial services, an important content to optimize the rural financial environment, and a feasible countermeasure to accelerate the financial support of Jilin Province to boost rural poverty alleviation. On the one hand, it is necessary to deepen the financing of various bank financial institutions in Jilin Province for road construction in rural areas of Jilin Province, the purchase of production materials of farmers in poor areas, and the laying of rural "three networks", so as to comprehensively improve the quality of rural infrastructure, help farmers in agricultural and rural areas to achieve a leap forward improvement in production and life, and thus boost rural areas in Jilin Province to achieve poverty reduction and poverty alleviation. On the other hand, we should strengthen the construction of rural financial basic service stations in poverty-stricken areas, promote the construction of business outlets such as rural banks, solve the problem of rural residents' loans in poverty-stricken areas, and boost the financial poverty alleviation and agricultural support in Jilin Province. Therefore, it is necessary to strengthen the financial investment and financing of financial institutions in rural infrastructure, strengthen the construction of rural infrastructure in Jilin Province, including hardware infrastructure and software infrastructure, so as to help the financial sector in Jilin Province to boost rural poverty alleviation.

### **4.3 Improve the Risk Sharing and Compensation Mechanism of Rural Financial Poverty Alleviation**

At present, the existing financial risk sharing and compensation mechanism in Jilin Province is still relatively weak, and there are some shortcomings, which is not conducive to the high-quality development of the rural poverty alleviation. Therefore, it is necessary to continuously improve the risk sharing and compensation mechanism of rural financial poverty alleviation, prevent and resolve the financial poverty alleviation risks, and improve the commercial sustainability of financial poverty alleviation, which is the financial assistance of Jilin Province. The feasible thinking and Countermeasures to push the rural poverty alleviation. On the one hand, we should actively develop agricultural insurance, focus on promoting the positive role of agricultural insurance in promoting rural poverty alleviation, share the risks of agricultural production, and establish and improve the agricultural insurance system in poor areas of Jilin Province. On the other hand, we should improve the credit guarantee system of rural financial poverty alleviation, share the risk and pressure of financial institutions' poverty alleviation fund loans, and clarify the responsibility relationship between debtors and guarantee institutions through the credit guarantee system, so as to prevent the risk of financial poverty alleviation. In addition, we should strengthen the external financial support of policy banks, continuously improve the risk sharing and compensation mechanism of rural financial poverty alleviation, improve the efficiency of financial poverty alleviation in Jilin Province, and realize the financial support for rural poverty alleviation in Jilin Province by means of discount interest on loans and reducing the loan interest rate of rural financial institutions.

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