



ORIGINAL RESEARCH ARTICLE

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## A STUDY OF FINANCIAL INNOVATION MODEL AND POVERTY ALLEVIATION POLICY ON FARMERS' INCOME - EMPIRICAL ANALYSIS ON THE DATA FROM SUQIAN

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### ABSTRACT

The income of rural population in Suqian poverty-stricken area is far below the national average. In contrast, financial innovation model and poverty alleviation policy are important. In this context, the combination of financial innovation and the development of new preferential agricultural products and Poverty Alleviation Policies to adapt to local conditions is an effective means to improve farmers' income. To ensure the goal of building a well-off society in an all-round way by 2020, Suqian's all-round innovation in poverty alleviation means, paths and system concepts will be carried out to solve the key problems that farmers are at the bottom of their income.

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### INTRODUCTION

China is the most populous developing country in the world. The backward level of economic development and a large number of rural population make China suffer from rural poverty for a long time. Farmers' low income is a long-standing problem, which has been plagued the country and hindered economic development. Since the goal of building a well-off society in an all-round way is expected to be achieved by 2020, "financial poverty alleviation" has become one of the important means of poverty alleviation and development in China. At present, among the poor in China, farmers still account for the vast majority. If we want to build a well-off society in an all-round way, we must first solve the problem of low income of farmers. Suqian is the area with the highest incidence of low-income population, the widest poverty area and the greatest difficulty in poverty alleviation in Jiangsu. How to make the economically weak villages "strong" and the low-income population "rich"? As a pilot area of national poverty alleviation reform, Suqian has long regarded "a lot of

households do not settle down" as the bottom line of its work, and precise poverty alleviation as its basic strategy and policy, so as to speed up the remedy of the problem of low-income population, solve the problem of economically weak villages and strive to realize the ideal of strong villages and rich people. The purpose of this study is to make use of financial innovation model and poverty alleviation policy, focus on poverty-stricken counties in Suqian, use products and channels as service links, innovate "financial plus" poverty alleviation model, continuously increase credit investment in poverty-stricken areas, and effectively support the economic development of poverty-stricken areas with practical actions. Since the 1960s, financial innovation has emerged in an endless stream. Through the innovation and reform of financial system, financial products, trading methods, financial organizations and financial markets, it has promoted the re-optimization of various elements and the re-allocation of various resources in the financial field. It has become a way to promote the development of financial markets and the development of the financial industry. Development and economic growth are important forces. Therefore, as an important means of poverty alleviation, financial innovation model and poverty alleviation policy are important measures and key support to win the battle against poverty. How to

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innovate the financial model, how accurate the poverty alleviation policy, whether to effectively play the role of financial support for poverty alleviation, whether the financial innovation model and the poverty alleviation policy can promote the increase of farmers' income in the end, this is the question that Suqian must solve in order to build a well-off society in an all-round way, improve residents' income in the whole region and promote economic development.

## Literature Review

Greenwood and Jovanovic (1990) found that rural financial innovation development and income level have Kuznets effect, with the continuous development of the economy, the income level of residents will show a trend of rising first and then declining, which has the characteristics of "inverted U hypothesis" put forward by Kuznets. Chakraborty and Ray (2006) found that rural financial innovation and development of banking industry in rural areas can significantly improve farmers' income level and narrow the gap with urban residents' income. Wu et al. (2018) It is pointed out that the fact that farmers' incomes are generally low has been hindering China's economic development, promoting financial innovation and Poverty Alleviation Policies in rural areas, which is conducive to speeding up the development of rural economy, increasing farmers' incomes, improving farmers' lives and narrowing the income gap between urban and rural areas.

issues. It belongs to group decision-making method, also known as expert investigation method. In the course of the research, the experts exchanged opinions through repeated questionnaires in an anonymous written way. With their professional knowledge, practical experience and opinions, they established consensus, and then solved complex issues to get the answers to the questions. It not only eliminates the shortcomings of inadequate rigorous qualitative research, but also makes the scientific and systematic application of quantitative research incisively and vividly.

**The results of empirical analysis:** Suqian City, focusing on promoting the construction of the national poverty alleviation reform pilot area, actively explores the mechanism innovation of increasing the income of rich people, lifting off poverty and removing hats, and concentrates on making industry rich people. Suqian has launched a series of financial innovation and Poverty Alleviation Policies to help develop poor areas and increase the income of poor people. Financial innovation and poverty alleviation policies are as follows:

In addition, the changes of farmers' income and growth rate in Suqian since 2013 are shown in Table 2. According to Table 2, starting in 2012, with the implementation of agricultural modernization project as the main focus, agricultural efficiency and farmers' income as the core, accelerating the pace of agricultural scientific and technological innovation and

**Table 1. Summary of Suqian's Financial Innovation and Poverty Alleviation Policies**

Year	Financial Innovation	Poverty Alleviation Policies
2013	1. Strengthen the construction of rural financial comprehensive service stations.	1. Put forward a new management mechanism of "company + cooperative + peasant household"
	2. Promote the guarantee insurance of micro-loans and establish a tripartite cooperation mechanism among the government, banks and insurance companies.	2. Promoting breakthroughs in entrepreneurship and employment, and improving the effectiveness of farmers' income growth through the policy of the national entrepreneurship action plan.
2014	1. Explore insurance company financing insurance mechanism and solve the financing problems of small and micro enterprises in agriculture, countryside and farmers.	1. Promote the industrialized management mode of "cooperatives + bases + farmers".
	2. Accelerate the pace of setting up small loan companies and relax the access threshold of rural small loan companies.	2. Promote the certification of the right to contractual management of rural land, increase financial support for new business entities, and improve the rural property rights trading market.
2015	1. To formulate measures for risk prevention and control of agricultural loan guarantee insurance.	1. Improve the rural collective management accounts and establish and improve various rural management systems.
	2. Enhance the pertinence and effectiveness of credit management.	2. Innovation in the development and pilot work of village-level land joint-stock cooperatives.
2016	1. The enlargement factor will grant preferential interest rate loans to eligible enterprises and individuals to help enterprises reduce financing costs.	1. Industrial poverty alleviation, promoting employment at home and enhancing endogenous development momentum.
	2. The new mode of supply chain financing loan can break through the bottleneck of enterprise financing.	2. The four systems of weekly visits, monthly surveys, quarterly reports and annual examinations have been effectively implemented.
2017	1. It is the first time that the risk compensation system has landed in the whole province.	1. Accurate docking of low-income population entrepreneurship, farmers to buy houses, children to enter school, rural e-commerce development and other financing needs.
	2. Develop the project of "Sunshine Credit" to benefit farmers.	2. Institutionalized and long-term policies to solve expenditure-oriented poverty caused by illness, education and disability.

**Table 2. Suqian farmers' Income and Growth Rate from 2013 to 2017**

Year	2013	2014	2015	2016	2017
Farmers' Income	10703RMB	11677RMB	12772RMB	13929RMB	15451RMB
Growth Rate	12.72%	9.10%	9.38%	9.06%	10.93%

## RESEARCH METHODS

Delphi Method establishes evaluation projects with expert consensus. It is a scientific and technological integration research method with both quantitative and qualitative characteristics. Based on the judgement of experts, a forecasting method is constructed to seek consensus on the set

service system construction, comprehensively enhancing agricultural comprehensive production capacity, introducing a new operating mechanism of "company + cooperative + farmers" and actively providing more new funds. Increase farmers' income sources by incorporating products. It can be seen that farmers' income increased significantly in 2013, with a growth rate of 12.72%. Promote the sustained increase of

farmers' income in 2013, implement the important attribute of the "six-year multiplier plan" and popularize the work of micro-loan guarantee insurance, establish a tripartite cooperation mechanism among government, bank and insurance, and solve the problem of insufficient offset and pledge guarantee in micro-loan, so as to help build a well-off society in an all-round way. In 2014, the growth rate of farmers' income has reached a high level. 9.10% growth rate. In 2014, promote the issuance of the right to contractual management of rural land, increase financial support for new business entities, improve the rural property rights trading market and relax the access threshold for rural small loan companies, actively attract powerful investors to set up small loan companies in villages and towns, expand the coverage of villages and towns, and increase the growth rate of farmers' income in 2015. 9.38% growth rate. In 2015, innovative development and pilot work of village-level land-share cooperatives and formulation of risk prevention and control measures for agricultural-related loan guarantee insurance were carried out. In 2016, the growth rate of farmers' income was 9.06%. Since 2016, it is our duty to improve the effectiveness of poverty alleviation by establishing relevant systems and serving "agriculture, countryside and farmers". We will take rural financial service stations as our position to meet the service needs of rural residents, and continue to innovate products and services to strengthen financial support. To contribute to Suqian's social and economic development and help Suqian build a well-off society as soon as possible. In 2017, the growth rate of farmers' income increased to 10.93%.

### Conclusion

Suqian's financial innovation model and poverty alleviation policy have a positive impact on farmers' income. 285,900 low-income people and 104 provincial economically weak villages have been lifted out of poverty.

The rate of poverty alleviation has reached 45.26% and 55.32% respectively, and the results are quite good. And Suqian City is constantly promoting innovation, efficiency and reform. We should adhere to the first driving force of innovation, implement the strategy of innovation-driven development in depth, accelerate the gathering of various innovative elements such as technology, talents and platforms, and accelerate the transformation of old and new momentum. At the same time, promote income growth and enhance people's livelihood. Accelerate the construction of the national poverty alleviation reform pilot area, implement the plan of winning the battle to fight against poverty accurately, and ensure that the goal of fighting against poverty is achieved as scheduled. Therefore, Suqian's financial innovation model and poverty alleviation policy are timely to guide and interpret farmers, and the data show that the growth rate of farmers' income is relatively stable.

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