

# Financial precision Poverty Alleviation: theoretical basis, practical difficulties and Countermeasures—Take the Inner Mongolia Autonomous Region as an example

Ning Sun

Inner Mongolia University of Technology, China

## Abstract

For the implementation of poverty alleviation policies in underdeveloped areas, to achieve a comprehensive well-off society, is one of China's two hundred years goal. The implementation of financial poverty alleviation and development, through financing to promote the project construction and agricultural products in the field of system and market construction, innovation and policy-oriented financial instruments and financial products to promote the development of agricultural industrialization, the effective formation of a leveraged financial poverty alleviation model; Through the channels of financial poverty alleviation, optimize the allocation of resources structure, to achieve the benefits of financial poverty alleviation funds to maximize. This paper analyzes the current theoretical basis of financial poverty alleviation in China, and describes the current situation of China's financial poverty alleviation work. Taking Inner Mongolia Autonomous Region as an example, this paper analyzes the current progress and problems encountered in financial poverty alleviation work in Inner Mongolia, Summed up the current reality of China's financial poverty alleviation is still difficult, and put forward the financial precision poverty alleviation of several countermeasures.

## Keywords

Financial precision poverty alleviation;Inner Mongolia;Difficulty analysis;countermeasure.

## 1. Theoretical basis of precise financial poverty alleviation

### 1.1 Financial development theory

Financial development theory, the main research is the relationship between financial system and economic growth, namely the roles in the financial system in the economic development, study how to establish an effective financial system and the policy mix to be able to effectively promote economic growth, and how to reasonable use of financial resources and distribution has to realize the sustainable development of the financial and economic. The theoretical basis of financial poverty alleviation is derived from the complementary relationship between finance and economic development. Many theoretical studies and experience show that the financial system, while serving economic growth, has a great promoting effect on economic development.

### 1.2 The objective inevitability of the development of agricultural industrialization

The aim of financial poverty alleviation is to distribute the limited financial resources to industries in need of capital injection. From the perspective of the process of agricultural industrialization in various regions, the development of agricultural industrialization is an objective necessity. On the one hand, according to the theory of division of labor and cooperation in Marx's political economy, if the society wants to develop the productive forces, it must do a good job of division of labor and cooperation. On the other hand, agricultural industrialization is also economies of scale. First of all, in the process of agricultural industrialization, farmers and merchants communicate with each other

in information, knowledge and other aspects in the process of cooperation, and combine advantages through reasonable division of labor, thus forming external economies of scale. Second, as for the industrialization of agriculture, agriculture, industry, business scale will be expanded, as a result of market competition mechanism, the process will inevitably appear the price, the non-price competition, the enterprise merger or reorganization, industry groups to develop necessary joint, so as to expand the scope of its own, promoted the internal economies of scale.

### **1.3 The theory of unbalanced growth**

In 1958, American economist Hirschman proposed the famous theory of unbalanced growth in the book economic development strategy, which is a kind of non-equilibrium growth theory. The unbalanced growth theory is an economic theory that advocates developing countries to concentrate limited capital and other resources, invest selectively in certain advantageous sectors, and attract external economic resources through these sectors to drive other non-advantageous sectors and gradually develop them. If the regional economy is to prosper, there will inevitably be an imbalance of development. The result of the regional unbalanced development, is to make the relatively developed areas and relatively poor areas are developed, but this kind of development does not increase the gap between rich and poor, or make the balance, it is in a short period after, into a new stage of higher imbalance, the imbalance, cycling, not a destination. We have developed and implemented the financial poverty alleviation policy and promoted the development of agricultural industrialization in order to promote the uneven development of common prosperity at a higher level in all sectors.

## **2. Financial poverty alleviation in Inner Mongolia**

### **2.1 Basic information of Inner Mongolia**

Economy has developed rapidly in recent years, Inner Mongolia autonomous region, but because of the influence of various factors, on the 101 flag county, was placed on the national and autonomous counties in more than 60, accounting for about 59.4% of the total number of flag county in this district, due to the climate conditions, low production level, live together, wait for a reason, lead to diversity and particularity of Inner Mongolia poverty, poverty alleviation and difficulty is relatively large. These poor counties generally have the characteristics of diversified causes of poverty, prominent poverty problems and continuous poverty in poor areas.

In recent years, with the increase of poverty alleviation, the poverty alleviation work in Inner Mongolia has begun to achieve results. However, there is still a phenomenon of poverty reduction:

### **2.2 Poor areas have insufficient guarantee resources, and risks of agriculture and animal husbandry affect the security of funds**

Agriculture and animal husbandry itself is greatly affected by natural risks, and the lack of insurance on guaranteeing agriculture and animal husbandry in the crossing zone of agriculture and animal husbandry, coupled with the lack of insurance awareness of farmers and herdsmen, has led to a high risk of capital investment and affected the credit investment of various financial institutions.

### **2.3 Financial poverty alleviation lacks long-term planning and effective policy docking mechanism**

The current practice model of financial poverty alleviation is generally that financial institutions support poor households, small and micro enterprises and leading enterprises mainly by means of short-term credit financing. There is no long-term comprehensive plan. In addition, each financial institution also has its own policy issues. There is no group policy mechanism for credit, fiscal and industrial policies, and no positive role for poverty alleviation and development can be fully played.

## **2.4 Insufficient financial infrastructure and inefficient use of poverty alleviation funds**

Although in the process of poverty alleviation, the government has gradually increased the financial infrastructure of poor areas, but some agricultural and pastoral areas, especially the financial branches at the village level, are still few, and most farmers and herdsmen still have difficulty in getting financial services. Secondly, the construction of credit system in poor areas is backward. Due to the lack of popularization of financial ideas, the large population flow in agricultural and pastoral areas and the high cost of credit investigation, it affects the capital investment of financial institutions.

## **2.5 The mechanism for targeted poverty alleviation needs to be improved**

First, on the one hand, the credit environment is not good. Most poor households are used to "blood transfusion relief" financial and economic subsidies, and there is a certain "wait, rely, want" dependence thought.

## **2.6 Lack of linkage between departments makes poverty alleviation work inefficient**

Due to the lagging economic development in poverty-stricken areas and the causes of poverty are different, so the precision of poverty alleviation work, actually bear the developmental and political responsibility, parallel if lack of exchange and communication between departments, the work of their independence, the lack of coordination, information asymmetry between the department, work hard to get timely feedback, make low efficiency for poverty alleviation, financial poverty relief effect.

## **2.7 Grassroots cadres and poor households have misconceptions about financial poverty alleviation**

Due to the poor level of education is not high, mostly out of poverty awareness is poor, with its short, most of the poor still see financial microfinance for poverty alleviation funds for poverty alleviation, have absolutely no concept of development, town, village cadre's expectations of the financial poverty alleviation is too high, believe that there is a bank's participation, through loans to support poor can pick cap; Lack of post-support funding solutions.

## **3. Corresponding countermeasures**

### **3.1 Establish a relevant guarantee and credit enhancement system and improve the financial service system**

First of all, in view of the long-term shortage of guarantee resources in rural poor areas, a new credit guarantee method can be adopted, led by the government, to promote the integration of guarantee resources with the society and operators, strengthen cooperation and increase the credit of poor farmers and herdsmen.

Secondly, in solving the problem of poor areas' guarantee difficulty, relevant departments can improve the "guarantee difficulty" in reality by expanding the guarantee scope of rural loans, in addition to continuing to promote the methods of joint insurance, mutual insurance and third-party guarantee on the original basis. Expanding the scope of guarantee means that the assets and equity that can be controlled by risk and that belong to property clearly and clearly and in accordance with the law can be included in the scope of rural loan guarantee. For example, the special right to use grasslands in Inner Mongolia, as well as large agricultural equipment, forest rights, planting rights, etc. can be tried to mortgage loans. In addition, relevant departments can also explore the mortgage loans based on the rural land contract management right and the right to use the homestead. Based on the current situation, standardize the development of accounts receivable, inventory and other rights pledge loans.

### **3.2 Formulate long-term financial poverty alleviation plans and promote the industrialization of projects**

According to "China's rural development compendium (2011-2020)" for poverty alleviation, Inner Mongolia autonomous region people's government should joint coordination, forestry department,

the office of the people's bank and various financial institutions, formulate long-term effective financial poverty alleviation comprehensive planning, both to ensure people's basic living conditions of poor areas to improve infrastructure, such as traffic, water conservancy, housing and to adjust measures to local conditions, combined with the conditions of poor area, promote the industrialization of characteristic project development, help the poor areas to improve the ability of self-development. At the same time, we should study new financial products according to local conditions, and try to explore a new mode of risk avoidance for financial products of "credit + insurance".

### **3.3 We will intensify infrastructure development and increase the efficiency of the use of funds for poverty alleviation**

Firstly, the government must strengthen the positive incentive effect on the rural financial institutions, the integrated use of all kinds of specific fiscal policy, through loan risk compensation fund, financial subsidies, tax incentives and other measures to encourage Banks and other financial institutions to set up fixed rural poor areas service or service station, effectively solve the trouble back at home of financial poverty alleviation. The village and herding area next government should strengthen the social credit system construction, on the one hand, to raise awareness of farmers and herdsmen financial and popularize knowledge of finance, on the other hand, the government can set up a credit rating system, formed by counting organize farmers mutual credit organization or by a third party credit rating center established, according to the information provided by the financial institutions, the villages and towns government to debit credit rating, and supervise the borrower. At the same time, the government can also introduce preferential policies to encourage financial institutions to participate in financial poverty alleviation credit service, so as to improve the efficiency of guarantee.

### **3.4 To establish an accurate working mechanism for financial poverty alleviation**

First of all, the relevant government departments should strengthen the concept of poor households in good faith guidance; The loan bank should carry out credit investigation publicity in the process of establishing economic files for the poor households and in the whole process of "before, during and after lending", so as to further improve and cultivate the concept of credit of the poor households. Secondly, to adjust measures to local conditions of innovative financial services products, financial poverty alleviation should be in the field of can effectively improve people's living intensify credit, on the one hand is poor characteristic industry, advantage industry, on the other hand is the place where the weak infrastructure and more investment in infrastructure construction, the third is the investment in education, in the establishment of schools, increase financial support and operating conditions.

### **3.5 Strengthen cooperation between departments and achieve accurate cooperation**

Poverty alleviation is a systematic project, which requires all departments to work together to advance it. Therefore, it is recommended to strengthen communication and coordination among all relevant parties in the work of financial poverty alleviation. On the one hand, it is necessary to enrich the forms of poverty alleviation with financial funds and improve the poverty alleviation incentive policies. Government departments can issue relevant preferential policies to financial institutions that are actively supported by agricultural loans. On the other hand, governments at all levels should make good use of their natural advantages in credit enhancement and financial ecological management, help improve the credit system in poor areas, work closely with financial institutions in loan settlement and recovery, and improve the efficiency of targeted financial poverty alleviation.

## **4. Enlightenment and summary**

Since the beginning of reform and opening up, China's large-scale poverty alleviation and development work has helped over 700 million poor people out of poverty. While making remarkable achievements in the world, there are also many problems in poverty alleviation, such as the ambiguous target of poverty alleviation, the lack of detailed measures in poverty alleviation programs, and the lax management of poverty alleviation. For local governments, targeted poverty alleviation

has never been a fast or large-scale project. It should be targeted, planned and orderly poverty alleviation and development and poverty alleviation investment, giving people access to fishing. Up to now, tens of millions of people in China are still below the poverty line set by the state. These poverty-stricken areas are deeper, more expensive and more difficult to alleviate poverty. However, with the continuous development of market economy, the country's economic system reform deepening, the existing poverty relief way already cannot satisfy the current rural economic development mode, must by the agricultural industrialization development, financial support, and national policy combined to form a new compound poverty reduction mode, promote the economic development of less developed areas. Therefore, financial targeted poverty alleviation has become the most important part of poverty alleviation work.

The implementation of financial poverty alleviation requires the concerted efforts of all parties, policy support and institutional support. Although the financial poverty alleviation work in the future is still fraught with difficulties, financial institutions still need to make concerted efforts to give full play to its more active role, regard financial poverty alleviation work as an important mission and responsibility, and help poor areas realize the virtuous economic cycle of poverty alleviation and prosperity and self-development.