Innovation of Interest Linking Mechanism to Promote Vitalization of Rural Areas

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Abstract: The project was launched in the summer of 2018. I conducted questionnaires and interviews with many farmer cooperatives in Jiangxi Province, which laid the foundation for the writing of the survey report. Based on these data and related literature, the study finds that the interest linkage mechanism of farmers' cooperatives in Jiangxi Province is not perfect. The main manifestations are as follows: the cooperative's interest creation ability is weak, more than 90% of the cooperative's profit margin is below 10%; the incentive effect of the cooperative's interest is not obvious, and the income of its members increases slowly after joining the cooperative; the distribution of the cooperative's interests is unreasonable, and only 37% of the cooperatives implement the patronage return distribution mechanism; and the protection of cooperative's interests is not sound. Over 70% of cooperatives and farmers are not standardized in their interests. Does the above-mentioned interest linkage mechanism affect the performance of cooperatives? How to construct a reasonable and effective interest linkage mechanism to improve the performance of cooperatives? With these problems, team members conduct in-depth research to find out the influencing factors of the cooperative interest linkage mechanism, and use the ordered probability model to measure, and then find that earnings distribution, ownership structure, risk protection and other factors have a significant impact on the performance of the cooperative interest linkage mechanism. On this basis, we constructed a "five-in-one" interest-linking model of production and marketing, stock, credit, wind control and poverty alleviation cooperation to form a "benefit-sharing and risk-sharing" value chain for all participants.

Introduction

Five thousand years' farming civilization of "living by water and grass" has formed small villages, but when the mode of production, organization and management of agriculture has changed, traditional agriculture must be transformed to moderate scale management, and a modern agricultural production system, supply and marketing system and industrial system should be constructed to realize small farmers. The organic connection with the development of modern agriculture. Farmer cooperatives, as the main body of new agricultural management in China, are playing an increasingly important role in improving the degree of organization of agricultural production, promoting moderate scale operation of agriculture and increasing farmers' income.

In order to solve the difficulties faced by farmers' cooperatives, the Party and the government have issued a series of laws and regulations. In December 2017, the National People's Congress amended and passed the Law of the People's Republic of China on Farmers' Professional Cooperatives. In March 2019, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Law on Promoting Farmers and Modernity. Opinions on the organic convergence of agricultural development, especially the
Opinions on Adhering to Priority Development of Agriculture and Rural Areas and Perfecting the Work of Agriculture, Agriculture and Agriculture in the Central Document No. 1 of 2019, particularly emphasize that we should focus on the new type of agricultural operation subject of peasant cooperatives and improve the interest linkage mechanism of "peasant households + cooperatives".

The Farmer Cooperatives' Interest Linkage Mechanism Realistic manifestation of facing predicament

2.1 Basic characteristics of peasant cooperatives
Since 2012, the number of farmer cooperatives in Jiangxi Province has increased by leaps and bounds. By March 2018, the number of farmer cooperatives in Jiangxi Province was 53965, with an increase of 22.85% year-on-year. The total number of members has reached 902,000, with an increase of 18.22% year-on-year. Although the number of cooperatives is growing rapidly, the overall quality is not high, and the phenomenon of "empty shell" is serious. Some cooperatives do not normally carry out relevant business after registration.

2.2 The distribution of interests is not reasonable enough
The Law of Cooperatives stipulates that the surplus distribution of farmers' cooperatives shall be returned in proportion to the transaction volume between the members and the cooperatives, and the total amount returned shall be higher than 60% of the distributable surplus; the remaining distributable surplus shall be distributed in proportion to the shares of the members.

Construction of the Specific Operating Model of the "Five in One" Interest Linking Mechanism of Farmer Cooperatives

3.1 Interest Linkage Model of Production and Marketing Cooperation
The benefit linkage model of production and marketing cooperation is a long-term mechanism that runs through the production, processing and marketing links of the agricultural industry chain, and is committed to realizing the close connection between small farmers and large markets. Co-operatives will take the lead in organizing production, carrying out breeding of improved varieties, soil testing and fertilization, agricultural distribution, agricultural technology services, and uniform storage, drying, processing and marketing after delivery. To solve the problem of farmers' difficulty in selling, cooperatives signed agreements with farmers to produce, process and sell in series with orders, and buy back agricultural products at prices not lower than market prices. Based on the Internet of things, we can trace the source of agricultural products quality, create our own brand, register characteristic trademarks, and expand the Internet + sales channels by using e-commerce platform. Strengthen the planning of the industrial chain, the input of the factor chain and the extension of the value chain to promote the integration of planting, feeding, production, marketing, and closely link the interests of cooperatives and farmers, reduce the production and transaction costs, and improve the profitability of both sides.

3.2 Interest Linkage Model of Share Cooperation
Joint-stock cooperative interest linking model, through the form of share-taking, concentrates the factors of production owned by the participants in the industrial chain, puts them into use in a unified way, and links them according to the dividend-sharing interest linking model. Peasant households take part in the operation and supervision of cooperatives by means of labor force, land...
and other factors of production, and obtain one concession and two rebates through dividend and surplus distribution, thus forming a virtuous circle. Agricultural companies, supply and marketing cooperatives and other main bodies take part in the operation and management of cooperatives by means of capital and technology, and obtain fixed income and floating points. Red. In terms of ownership structure, the analysis of the above model shows that the cooperatives with relatively concentrated ownership have higher profitability and growth ability, and the systems of democratic decision-making, benefit distribution and financial auditing are relatively perfect. In terms of earnings distribution, according to the latest amendment of the Peasant Cooperatives Law, the role of capital is recognized, and in the distributable earnings, non-intersection is carried out in accordance with non-intersection. The highest proportion of transactional allocation can reach 40%.

3.3 Interest Linkage Model of Credit Cooperation

Credit Cooperative Interest Linkage Model is a new mechanism which relies on credit evaluation and strict verification system to carry out mutual financial assistance among members and obtain bank loans from outside. On the basis of document No. 1 of the Central Committee, cooperatives carry out credit cooperation, integrate professional production and mutual financial services, gather idle funds and form mutual funds. According to the length of membership, credit files are established for members and credit evaluation is carried out. In the process of mutual fund operation, we should adhere to the principle of closed operation, no fixed return payment, no external mutual assistance to internal members, no stock withdrawal, no stock dividends, no dividends, and no abuse of production for members. Cooperatives improve the success rate of applying for bank loans by improving members'credit, and encourage banks to provide preferential loans for members.

3.4 Interest Linkage Model of Wind Control Cooperation

Wind control cooperative interest linkage model is a cooperative mechanism that controls the risk of cooperative internal management, accepts the supervision of financial and government departments, and escorts agricultural development. Cooperatives cope with the price risk of agricultural products by introducing agricultural insurance, especially the model of "futures + insurance". In order to alleviate the pressure on farmers to insure, the government can subsidize premiums, cooperatives can assist insurance companies to carry out surveys and damage assessment, help farmers at designated points, and tailor insurance products to reduce natural and market risks. We should strengthen democratic management and hold regular meetings of members'congresses, councils and supervisory boards so that members can actively participate in and supervise the daily and important affairs of cooperatives and make their affairs more open and transparent. Government departments may set up risk guarantee funds, conduct financial audits of cooperatives periodically or irregularly, and verify whether special financial funds are earmarked. And then form the interest linkage mechanism of farmers'cooperatives, insurance companies, banks and governments' wind control cooperation.

Conclusion

4.1 Research conclusions

- As a special economic organization in rural areas, farmers'cooperatives are important carriers of rural industrial development and economic growth. At present, China is in the decisive period of building a well-off society in an all-round way. Studying the interest linkage mechanism of farmers'cooperatives is conducive to giving full play to the important role of cooperatives in promoting Inclusive Finance and serving agriculture, countryside and farmers, and providing
experience for better implementation of the strategy of rural revitalization.

- The predicament faced by the mechanism of interest Association of peasant cooperatives is mainly the weak ability of interest creation, the poor effect of interest incentive, the unbalanced distribution of interests and the imperfect protection of interests.

- Farmer cooperatives' interest linkage mechanism is facing difficulties due to weak financing capacity, short industrial extension, poor Income-increasing effect, formalization of poverty alleviation, heterogeneity of property rights, blurred boundaries, single linkage and difficult risk prevention.

- Construct the "five-in-one" interest-linking mechanism of production and marketing, stock, credit, poverty alleviation and wind control cooperation, extract the value chain of interest-linking, provide strong support for cooperatives to effectively link multiple parties, realize "benefit-sharing, risk-sharing", and make them better play the role of linking industrial prosperity and rural revitalization.

4.2 Enlightenment from Experience

- Extending the Industrial Chain to Enhance the Ability of Benefit Creation. With the deepening development of agricultural industrialization, while improving agricultural production capacity, farmers' cooperatives should effectively integrate various rural resources according to their own industrial characteristics of agricultural products, production conditions and local rural industrial characteristics, and actively carry out agricultural production, product storage, processing, marketing and credit interaction. At the same time, we should pay attention to regional characteristics, realize the virtuous circle of urban and rural elements, extend the industrial chain of cooperatives, enhance the ability of creating cooperatives' interests, effectively drive farmers out of poverty and increase their income, and truly realize the good vision of rural revitalization.

- Implementing Patronage Return to Improve the Distribution of Interests. Under the hypothesis of "economic man", because of the conflict of interests between economic individuals linked by common interests, cooperatives need to clarify the interest relations among economic subjects, distinguish the rights and obligations of different interest subjects, and pay attention to the importance of equity in the distribution of interests. Cooperatives boldly explore the innovative mechanism of interest distribution, and use a reasonable mechanism of interest distribution to balance interests and resolve conflicts of interests. On the basis of traditional dividend distribution and return according to transaction volume, innovative exploration is carried out, such as the way of dividend plus profit distribution, and the establishment and improvement of managerial remuneration system.

- Introducing Agricultural Insurance to Improve Risk Guarantee Mechanism. Cooperatives should establish relevant risk compensation mechanisms to withstand various risks and effectively safeguard the economic benefits of their members. Through cooperation with insurance companies, the introduction of agricultural insurance and the establishment of risk guarantee funds, the ability of cooperatives to resist risks can be improved. At the same time, we should establish an effective mechanism for members to withdraw from the cooperative, guard against the risk of breach of contract, supervise the financial affairs of the cooperative rationally, and safeguard the economic interests of all parties in the cooperative

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