Research on the Present Situation, Problems, and Countermeasures of New Agricultural Business Entity Financing in the Digital Economy Era of Current China

Yichen Guo

Xi'an Gaoxin NO.1 high school, Xi'an 710000, China

Abstract. In the era of the digital economy, the financing problems of some new agricultural business entities have been alleviated to some extent, but some business entities are still facing the dilemma of "Difficult and Expensive financing". Firstly, this paper analyzes the development status of the financing of new agricultural business entities in the digital economy era, then explains the existing problems and reasons for the financing of new agricultural business entities in the digital economy era, and establishes a SWOT analysis model. Finally, it gives some countermeasures and suggestions, such as establishing the intelligent mortgage financing mode for agricultural land, using "Blockchain+Big Data" to improve the credit information system, reducing the financing cost, and appropriately relaxing the financing conditions.

Keywords: Digital economy; New agriculture; Business entity; Financing.

1. Introduction

In recent years, China's digital economy has developed rapidly. In this context, some new agricultural business entities, such as large professional households, family farms, farmers' professional cooperatives, and leading enterprises in agricultural industrialization, are still facing the problems of financing difficulties and high expense. These new agricultural management entities have played an important leading role in the process of high-quality economic development.

At present, China's agriculture is in a critical period of high-quality development, transformation and upgrading, and new agricultural business entities will play an important role in this process, and the requirements of them in scale and intensification are constantly improving. Due to the lag problem of relevant policies and incentives measures, and the problem of "Agriculture, Rural Areas, and Farmers" (SanNong Problem)has not been fundamentally solved, some new agricultural business entities still have problems such as talent shortage, limited funds or land, for example, the prominent "Neck-Sticking" problem of agricultural loans, which has formed certain obstacles to their leapfrog development. In reality, due to the lack of suitable collateral for most new agricultural business entities, and the problems of many financing application procedures and high transaction costs, it is difficult to obtain credit support from the banking sector, while the scale of private lending is relatively low, so it is difficult to meet their financing needs, which affects their development and growth to a certain extent. The reasons for the above phenomenon may include the weak nature of the new agricultural business entities, the relatively lagging services of financial institutions, and the influence of fiscal and financial policies.

Based on the above reasons, this paper will analyze the current situation, problems, and countermeasures of the financing problem of new agricultural business entities in the digital economy era, aiming to provide theoretical support and decision-making reference for relevant administrative departments.

2. The Financing Development Status of New Agricultural Business Entities in the Digital Economy Era

2.1 The Rapid Development of the Digital Economy (200 words)

In recent years, China's digital economy has developed rapidly, and it has been strongly supported by policies. In January 2022, the State Council issued the "14th Five-Year Plan for the Development

of Digital Economy", which put forward corresponding requirements for the high-quality development of the digital economy during the 14th Five-Year Plan period, such as inclusive sharing and deepening application, and put forward some policies and measures to encourage the development of the digital economy. According to the statistics on the website of the National Bureau of Statistics in 2021, China's digital economy accounted for more than 40% of GDP. The digital economy of cities in the eastern coastal areas developed relatively fast, and some cities in the central and western regions made good progress in the development of the digital economy.

2.2 Financing Development of New Agricultural Business Entities

In recent years, with the development of the digital economy, the financing problems of new agricultural business entities have been alleviated to some extent, but the financing difficulties and expensive financing problems of some business entities are still serious. According to the survey data of Economic Daily (2019), some large professional households, family farms, and leading agricultural industrialization enterprises still have serious fund management gaps. Due to problems such as information asymmetry, lack of qualified mortgages and pledges, and imperfect credit reporting system in most new agricultural business entities, those new agricultural business entities encountered certain financing difficulties.

2.3 Financing Characteristics of New Agricultural Business Entities (300 words)

First of all, the sources of loans are diversified. In practice, the loan methods of new agricultural business entities are diversified, and they usually use credit loans, mortgage loans, and secured loans to obtain loans, of which mortgage loans are the most common loan methods. The loan scale of the new agricultural business entities presents an olive structure, and the relationship with the financing cost presents opposite relationship. The loan interest rate and unit financing cost decrease with the increase of the loan scale. In general, rural financial institutions have played a certain role in promoting the financing of new agricultural business entities.

Secondly, there are significant differences in the financing of new agricultural management entities. For example, different business entities have obvious differences in loan scale, purpose, mode, cost, and composition, and the degree of industrialization and organization of agricultural production and management has a certain influence on the financing demand, cost, mode, and purpose of business entities. On the whole, if the financing demand of the business entity rises, the wider the use of financing is, the smaller its financing cost will be. In addition, the financing of business entities still has the problem of spatial difference, and the loan interest rate and unit financing cost in poorer areas are higher.

3. The Financing Problems and Reasons Analysis of New Agricultural Business in The Digital Economy Era

3.1 Lack of Qualified Mortgage Collateral

Through investigation, it is found that the most important assets of some new agricultural business entities are houses and land management rights. In practice, some business entities are unable to invest and expand their production scale and efficiency due to insufficient funds. The main reason for the above phenomenon is that many new agricultural business entities lack qualified mortgage collateral, which makes it difficult to effectively solve their financing difficulties.

In the era of the digital economy, some financial institutions have gradually loosened the scope of collateral. and the number of collateral of new agricultural business entities is still insufficient due to the limited value of collateral and imperfect land mortgage mechanism. In practice, the main mortgages of some new agricultural business entities are forest rights mortgages, livestock and poultry mortgages, agricultural machinery mortgages, etc., while the mortgages related to housing and land management rights are relatively few. Based on the above reasons, only by effectively

revitalizing rural housing and land management rights can we solve the problem of lack of qualified mortgage collateral.

3.2 Information Asymmetry Exists Between New Agricultural Business Entities and Financial Institutions

Credit rationing under the condition of asymmetric information is a financing scheme for new agricultural business entities to prevent potential risks. However, in the credit rationing scheme, due to the serious information asymmetry, the selection cost of financial institutions is too high, and they will allocate credit to the whole region or a certain industry. In practice, there are many new agricultural business entities, but their scale is limited. There are little credit information in financial institutions and they have no credit records. At the same time, it is difficult for them to send out signals different from those of other market entities, which makes them uncertain in credit rationing, and to some extent, promotes their financing difficulty.

3.3 High Financing Costs and Loan Conditions

The financing costs of the new agricultural business entities are mainly bank loan interest, guarantee fees, and additional fees. In practice, the financing cost of new agricultural business entities has been very high, mainly for three reasons: First, the actual loan interest rate of most business entities is much higher than the benchmark interest rate. Secondly, the guarantee fees paid by most business entities in the loan process are higher, which increases the comprehensive financing cost. Thirdly, various additional expenses increase the financing cost. In the process of handling loans, business entities need to pay management fees, notary fees, evaluation fees, consulting fees, commitment fees and etc. collected by banks and guarantee institutions, as well as public relations fees such as hospitality and gifts.

In practice, the loan conditions of many new agricultural business entities are also higher. First, for credit loans, the approval conditions of banks are mainly based on liquidity turnover rate, profitability, asset-liability ratio, debt-paying ability, financial benefits, capital operation, and development ability. However, most of China's new agricultural business entities are weak, so it is difficult to meet the requirements of the credit rating evaluation index system. Secondly, because many new agricultural business entities obtain few fixed assets, and the mortgage credit policy of rural collective land and forest right issued by the government is still in the experimenting phrase, which leads to the lack of financing collateral for new agricultural business entities, so it is difficult for them to obtain mortgage loans effectively.

4. SWOT Analysis Model of Financing of New Agricultural Business Entities in the Digital Economy Era

4.1 Advantages

(1) The operation is more flexible. In general, the new agricultural business entities are small in scale and simple in organizational structure, and they can respond more sensitively to internal and external environmental changes, quickly adjust the scale and direction of production. Because the entry and exit costs of new agricultural business entities are relatively low, they have great profit opportunities and space.

The decision-making efficiency is high. According to the investigation, the organizational structure of most new agricultural business entities adopt flat management, which saves orders transmission time, avoids the ambiguity of understanding, and improves work efficiency.

4.2 Disadvantages

The business risk is higher. First of all, the new agricultural business entities are small in scale and single in business, so it is difficult to form scale economy and the marginal cost is high. Most business

entities have primitive and simple business models, but poor transformation ability, so their development space is limited. Secondly, it is difficult to form a stable capital flow, which is easily influenced by market fluctuations.

The management system is not perfect. Some new agricultural management entities have simple personnel composition, lacking advanced management technology.

The financing channels are relatively narrow. Due to the lack of professionals in charge of financing management, the capital market has single access to the funds needed for the development of new agricultural business entities, and most of the funds can only be funded by shareholders or bank credit. However, because most of the new agricultural business entities don't have enough fixed assets, they can't provide favorable collateral when lending from banks, which increase their loaning difficulty.

4.3 Opportunity

(1) strongly supported by policies. In recent years, as the government, the People's Bank of China, and other departments have continuously introduced some favorable support policies, the financing environment of new agricultural business entities has been effectively improved. The financing mechanism has also been supplemented and improved to some extent.

Internet finance industry has developed rapidly. In the era of the digital economy, technologies such as big data and cloud computing provide important opportunities for the rapid development of internet finance. Through the use of big data, cloud computing, and other technologies, some financial institutions can effectively match all data information of new agricultural business entities with credit lines, which can reduce the audit procedures of financing and reduce the audit cost of financing reduction.

4.4 Threats

(1) Competition among large and medium-sized agricultural business entities. Because the new agricultural business entities do not have good assets to mortgage and the financial data are weak, commercial banks need to invest more costs in auditing around "Profitability, Security, and Liquidity" when providing credit services to ensure the quality of credit assets. If there is quota competition between large and medium-sized enterprises, it means that commercial banks will face the choice of spending the same cost but having different benefits and security. In this way, commercial banks will be more inclined to finance large and medium-sized enterprises for the consideration of risk control and assessment indicators.

The credit enhancement mechanism still needs to be improved. Although the state financing guarantee fund limited liability company has been established, and a guarantee system of state financing guarantee fund, provincial guarantee, and jurisdictional guarantee has been formed, some new agricultural business entities still cannot meet the required guarantee conditions. At the same time, some restrictive factors, such as a high guarantee rate, will also make some new agricultural business entities unable to enjoy preferential policies in essence.

To sum up, the SWOT analysis model of the financing of new agricultural business entities in the digital economy era can be expressed in Table 1:

Table 1. SWOT analysis model of financing of new agricultural business entities in the digital economy era

Internal Environment	Advantage	Disadvantaged
	Operation is more flexible. High decision-making efficiency.	The business risk is high. The management system is imperfect Financing channels are relatively narrow.
External Environment	Chance	Threats
	Be strongly supported by the policy Internet finance has developed rapidly.	Competition between large and medium-sized agricultural business entities The credit enhancement mechanism still needs to be improved.

5. Countermeasures for the Financing of New Agricultural Business Entities in the Digital Economy Era

5.1 Establish an Intelligent Mortgage Financing Model for Agricultural Land.

In the era of the digital economy, some new agricultural business entities are still facing problems such as the lacking qualified mortgage collateral. At this time, people can use "Blockchain+Big Data" system to establish an intelligent mortgage financing model for agricultural land. Specifically, people can use blockchain technology to realize the unchangeable ownership relationship of farmland, actively build a new farmland transaction system of "Blockchain+Big Data", and establish a dynamic information management system covering new agricultural business entities and farmland information, to establish a farmland intelligent mortgage financing mode using the"Blockchain+Big Data" system. Taking the steps above, people can set up the alliance chain of market participants including new agricultural business entities, financial institutions, land exchanges, etc., and to some extent, solve the problem of lack of qualified mortgage pledges.

5.2 Improve the Credit Information System by Using "Blockchain+Big Data" System

In practice, some new agricultural business entities need to enhance their sense of honesty, credit rating, and they can use "Blockchain+Big Data" System to improve their credit reporting systems, thus improving their financing abilities. Specifically, these new agricultural business entities can improve the credit information system through the following steps: First, apply blockchain technology to establish a basic information collection system with each village as a node. Because blockchain technology has become centralized and immutable, it can ensure the authenticity of the information provided by new agricultural business entities. Secondly, establish a new big data financing service information system for agricultural business entities. In the traditional credit reporting system, due to the single data source and one-dimensional data type and other reasons, the evaluation of credit reporting can't fully meet the basic requirements of financial institutions' credit supply, which limits the improvement of the financing ability of new agricultural business entities. Therefore, it is necessary to establish a new multi-dimensional big data information system for agricultural business entities.

5.3 Reduce Financing Costs and Relax Financing Conditions Appropriately.

First, reasonably determine the loan interest rate level. In practice, management departments should guide banks and other financial institutions to cooperate with the overall situation of modern agricultural development, and encourage them to comprehensively regulate credit resources and rationally plan interest rates according to the principle of marketization. At the same time, banks and other financial institutions are prohibited from charging extra fees in addition to the loan interest rate, and other attached disguised conditions of increasing the financing cost, and carry out the measures to reduce the financing cost of new agricultural business entities. Secondly, optimize and improve agricultural credit products and services, and appropriately relax loan conditions. In practice, financial institutions are encouraged to establish a standard credit evaluation system that conforms to the characteristics of new agricultural business entities, a direct reporting system for the production and operation of new agricultural business entities, the point-to-point connection of credit, insurance, and subsidy services, and a three-in-one process of rating, credit granting and loans. For those who meet the loan conditions, the approval process should be simplified, and new agricultural business entities with normal production and operation and high credit rating can enjoy preferential loans. Thirdly, strengthen the role of policy financial institutions in supporting agricultural development. In addition to relying on commercial financial institutions, policy-based financial institutions are also very important to solve the financing difficulties of new agricultural business entities. Therefore, management departments should also strengthen the role of policy financial institutions in supporting agricultural development and actively support the development of policy financial institutions.

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