

# Time Requirements and Policy Orientation of Small Farmers to Save Costs and Increase Efficiency

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## Abstract

**In the process of promoting the cost-saving and efficiency-increasing work of small farmers in China, due to the low quality of agricultural producers and insufficient investment in agricultural production, there is still a big gap between the current situation of cost-saving and efficiency-increasing of small farmers and the requirements of the times. To this end, the state has introduced a series of policies, including the abolition of agricultural taxes, the implementation of grain planting subsidies and Rural Revitalization Strategy, which greatly promoted the process of cost saving and efficiency increase of small farmers' decentralized production.**

## Keywords

**Small farmers, saving costs and increasing efficiency, requirements of the times, policy orientation.**

## 1. INTRODUCTION

Since the 21st century, it is increasingly difficult for China's agricultural production mode, which is dominated by scattered production of small farmers, to adapt to the pace of transformation and upgrading of China's agricultural industry. Agricultural industrialization is the requirement of the times for agricultural production in the transformation and upgrading of China's economic structure. As China's agricultural production is mainly distributed by small farmers, it is of great practical significance to promote small farmers to save costs and increase efficiency for improving agricultural production efficiency and adjusting agricultural industrial structure. At present, there is still a big gap between the cost saving and efficiency increasing process of small farmers in China and the requirements of decentralized production of small farmers in the new period of socialist modernization construction, so a series of supporting policies should be issued to support and guide them.

## 2. THE REQUIREMENTS OF THE NEW ERA OF SOCIALIST MODERNIZATION FOR SMALL FARMERS TO SAVE COSTS AND INCREASE EFFICIENCY

After nearly 40 years of reform and opening up, China's agricultural production efficiency has been greatly improved. In 2017, the 19th National Congress of the Communist Party of China clearly stated that China has entered a new period of socialist modernization. The main contradiction facing the society at present is the contradiction between the people's increasing material and cultural needs and the unbalanced and inadequate economic development. Therefore, improving agricultural production efficiency by promoting small farmers to save costs and increase efficiency is the requirement of the times for agricultural production in the new period of socialist modernization [1].

(1) Saving costs and increasing efficiency for small farmers is the requirement of agricultural development in the new period of socialist modernization

First, promoting small farmers to save costs and increase efficiency is the inherent requirement of improving the quality and international competitiveness of agricultural products. First, to improve the international competitiveness of China's agricultural products, it is necessary for small farmers to save costs and increase efficiency. At present, the competitiveness of China's agricultural products in the international market is weak. On the one hand, the pesticide residues of some agricultural products exceed the standard and the quality is worrying. On the other hand, China's agricultural production mode dominated by scattered production of small farmers occupies a large amount of labor, and the production cost per unit of agricultural products is relatively high. Therefore, we must vigorously promote small farmers to save costs and increase efficiency in order to effectively improve the international competitiveness of China's agricultural products. Second, under the current conditions of China, the rapid realization of agricultural industrialization faces the problem of lack of transfer channels for surplus rural labor force. Therefore, the decentralized production of small farmers in China will not disappear completely in a long historical period, so it is imperative to promote the decentralized production of small farmers to save cost and increase efficiency.

Second, saving costs and increasing efficiency for small farmers is an important basis for maintaining national food security and ensuring long-term stability of the country. First, food supply mainly depends on the domestic market, which is China's established national policy and an inevitable choice to safeguard national food security. At present, China's food supply mainly depends on the domestic market, while the domestic food production is still dominated by scattered production by small farmers. Therefore, promoting small farmers' decentralized production, saving cost and increasing efficiency is an important basis for ensuring food supply and maintaining national food security. Second, it is an important premise to promote small farmers' decentralized production to save cost and increase efficiency to ensure the long-term stability of the country. In order to ensure the self-sufficiency of grain production of small-scale farmers and realize the sustained and stable growth of national grain reserves, counties should be governed and the whole country should be safe and stable. Therefore, it is an important premise to promote the cost saving and efficiency increase of small farmers to protect the uncertain society and maintain the long-term stability of the country.

(2) The gap between the process of saving costs and increasing efficiency of small farmers and the requirements of the times

Adjusting the industrial structure of agricultural production and promoting agricultural production to save costs and increase efficiency are the inherent requirements of China's agricultural development. At present, China's agricultural production is still dominated by scattered production of small farmers, and promoting small farmers to save costs and increase efficiency is the only way to promote the development of China's agricultural industry. However, there is still a big gap between the demand of saving cost and increasing efficiency and promoting agricultural development.

First, the quality of agricultural industry practitioners is low. The development of any industry is inseparable from the support of high-quality labor force, and the cost-saving and efficiency increasing of small farmers' decentralized production is no exception. At present, the quality of agricultural production practitioners is low under the decentralized production mode of small farmers in China. The main reasons are: on the one hand, there is a large income gap between urban and rural areas in China. Taking 2017 as an example, the per capita disposable income of rural residents is less than half of that of urban residents, which leads to a large number of high-quality labor in rural areas flowing to cities. On the other hand, in recent years, China's urbanization process has been accelerating, and a large number of young and middle-aged laborers have been lost in rural areas, resulting in serious problems of rural hollowing out.

Secondly, the scattered production of small farmers is difficult to adapt to the development trend of agricultural industrialization. It is the general trend of China's agricultural development to realize the scale and industrialization of agricultural production. Specifically, compared with agricultural industrialization, the decentralized production of small farmers has the following shortcomings: on the one hand, the decentralized production of small farmers leads to low standardization of agricultural production, which is not conducive to the realization of scale, mechanization and informationization, and it is difficult to greatly improve agricultural production efficiency. Second, the ability of small farmers to disperse production to resist natural risks and market risks is weak. The main risk of agricultural production is the natural risk of rain, snow, wind and hail and the market price risk of seasonal agricultural production. However, the decentralized production mode of small-scale farmers is seriously insufficient to resist natural risks and market risks.

Third, the investment in agricultural production is insufficient, and it is difficult to popularize agricultural science and technology. The decentralized production mode of small farmers is not conducive to greatly increasing investment in agricultural production. First, as far as small farmers are concerned, their economic strength is weak, they are often unable to undertake large-scale investment in agricultural production materials, and the degree of agricultural mechanization and informationization is low. Second, from the government level, under the decentralized production mode of small farmers, the government faces more agricultural production subjects, which virtually increases administrative costs, resulting in difficulties in implementing the agricultural subsidy policy and greatly reducing the policy effect. At the same time, due to the large number of agricultural production subjects and the low efficiency of agricultural science and technology extension under the decentralized production mode of small farmers, it is not conducive to improve the contribution of scientific and technological innovation to promote the cost saving and efficiency of small farmers.

### **3. POLICY ORIENTATION OF SAVING COSTS AND INCREASING EFFICIENCY FOR SMALL FARMERS IN THE NEW PERIOD OF SOCIALIST MODERNIZATION**

Since 2004, the No.1 Document of the Central Committee for 15 consecutive years has continuously paid attention to the problems of agriculture, rural areas and farmers, which fully embodies the important position of the "three rural issues" in the process of national administration. The policy of "agriculture, rural areas and farmers" is not only an important guiding document for rural revitalization, but also an important foundation for realizing the great goal of building a well-off society in an all-round way. In the new period of socialist modernization, in order to improve the fit between the cost saving and efficiency increasing of small farmers and the requirements of the new era, the policy guidance of the state in promoting the cost saving and efficiency increasing of small farmers is increasingly obvious [2].

#### **(1) Increase financial and tax policy support for agricultural production**

Under the condition of socialist market economy, economic means is an important way of national macro-control. The fiscal policy and tax policy play an important role in the process of regulating and controlling economic operation by economic means. Since the founding of the People's Republic of China, China has implemented the policy of agriculture supporting industrial development for a long time, and the country has always demanded more and invested less in agricultural production. Since the 21st century, China's per capita GDP has been increasing, and the proportion of agricultural output value in the gross national income has been declining. Before and after 2006, China's per capita GDP was close to 10000 US dollars, and the proportion of agricultural output value in gross national income decreased to about 10%. From the development experience of advanced countries in the world, industry has

already possessed the ability to feed back agriculture. After that, the state timely launched a series of fiscal and tax policies to support agricultural production.

The national fiscal and taxation policies to promote small farmers to save costs and increase efficiency are mainly reflected in three aspects: abolishing agricultural taxes, implementing subsidies for growing grain and increasing tax incentives for agricultural products. First, the agricultural tax will be abolished in an all-round way, and the burden on farmers will be greatly reduced. Since 2006, China has completely abolished agricultural taxes nationwide. It is estimated that the number of direct beneficiaries exceeds 800 million, and the burden on farmers is reduced by over 50 billion yuan every year. The second is to implement grain subsidy policy to reduce the grain production cost of small farmers. Since 2007, the state began to promote grain subsidy policy nationwide. The subsidy standard increased from about 45 yuan per mu in 2007 to about 100 yuan per mu in 2017. Not only effectively maintain the national food security, but also directly reduce the production costs of grain farmers. Third, we should promote the "replacing business tax with value-added tax" and increase tax incentives for agricultural products. In April 2017, the value-added tax rate of agricultural products was reduced from 13% to 11%, which greatly reduced the tax burden of small farmers' agricultural production.

(2) Implement the strategy of Rural Revitalization and improve the contribution of scientific and technological innovation

First, vigorously implement the rural revitalization strategy. In October 2017, the report of the 19th National Congress of the Communist Party of China clearly put forward the strategy of rural revitalization. In December, 2017, the Central Economic Work Conference put forward specific requirements for the implementation of rural revitalization strategy from five aspects: industry, ecology and rural style. The No.1 Document of the Central Committee in 2018 pointed out that the "three rural issues" are related to the national economy and people's livelihood, and rural revitalization must be placed at the center of the work of the Party and the government. Farmers are the real masters of the countryside, and agriculture is the fundamental industry in the countryside. Therefore, it is necessary to promote small farmers to save cost and increase efficiency as the basic work to promote the development of agricultural industry and realize the increase of farmers' income.

The second is to improve the contribution of scientific and technological innovation to the promotion of small farmers' cost saving and efficiency increasing. In 2015, the 13th five year plan of the Ministry of agriculture of the people's Republic of China clearly put forward that the innovation driven development strategy will be implemented in depth, and the contribution of scientific and technological innovation to the development of agricultural industry will be continuously improved around the core goal of promoting the development of agricultural industry. In 2016, the State Council issued the "National Agricultural Modernization Plan", which stated that it is necessary to rely on scientific and technological innovation to continuously improve the mechanization and informationization level of agriculture and enhance the ability of agriculture to ensure the safety of major food products such as wheat, corn and rice. In order to implement relevant policies and institutional planning, the Ministry of Agriculture and other relevant ministries and commissions have continuously improved the contribution of scientific and technological innovation to the promotion of small farmers' cost saving and efficiency improvement by implementing key agricultural science and technology projects, initiating the implementation of seed science and technology innovation actions and vigorously promoting the construction of new rural science and technology service system. Relevant data show that the contribution rate of scientific and technological progress to China's agricultural growth has increased from 53% at the end of the Twelfth Five-Year Plan to about

60% by the end of 2017, and agricultural science and technology has made considerable progress.

#### 4. CONCLUSIONS

In a word, promoting the structural reform of agricultural supply side and improving the quality and efficiency of agricultural production links are important contents of the adjustment of China's agricultural industrial institutions. At present, under the situation that China's agricultural production is dominated by scattered production of small farmers, it is of great practical significance to promote the overall quality improvement and efficiency improvement of agricultural industry. Due to the low quality of agricultural producers and insufficient investment in agricultural production, it is necessary for the state to further strengthen the guidance of policies to promote the cost saving and efficiency increase of small farmers on the basis of Rural Revitalization Strategy and relevant fiscal and tax support policies, so as to promote the rapid and healthy development of small farmers' cost-saving and efficiency increasing work.

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