Long-term Mechanism and Implementation Path of Increasing Income of Rural Low-income Population in Zhejiang Province from the Perspective of Common Prosperity

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Abstract Taking the rural low-income population of Zhejiang Province as its subject, this paper examines how to build a sustainable income-growth mechanism and identify feasible implementation paths within the context of the common prosperity strategy. The research identifies key obstacles to income expansion, including an undiversified industrial structure, insufficient human capital, and a lack of robust social protection. These call for systemic solutions featuring institutional innovation, resource consolidation, and capability enhancement. Building on Zhejiang's experience as a common prosperity demonstration zone, the article constructs an integrated framework centered on four pillars: industrial empowerment, education upgrading, social security reinforcement, and digital coordination. It further offers concrete policy proposals involving the cultivation of localized industries, vocational skill training, enhanced safety nets, and the adoption of digital tools. The study thus offers both theoretical insights and practical paradigms for tackling the challenge of raising incomes in low-income rural areas.

Key words Common prosperity, Rural low-income population, Long-term mechanism of increasing income, Implementation path, Zhejiang Province

0 Introduction

Common prosperity is an essential requirement of socialism with Chinese characteristics, and increasing the income of the low-income rural population is a critical and challenging aspect of achieving this goal. As the nation's first demonstration zone for common prosperity, Zhejiang Province has seen a gradual decline in the proportion of its low-income rural population. However, due to factors such as uneven regional development and insufficient human capital, risks of returning to poverty remain high, and channels for income growth remain limited. The integration of the digital economy with traditional industries has injected new momentum into rural development, yet the low-income population has benefited to a limited extent. There is an urgent need to explore a more inclusive, long-term mechanism. Drawing on the practical experience of Zhejiang Province, this paper systematically analyzes the constraints on income growth among the low-income rural population, constructs a framework for a long-term mechanism, and proposes scalable implementation pathways, aiming to provide decision-making support for addressing relative poverty and advancing common prosperity.

1 Inherent logic of common prosperity and increasing income of rural low-income population

1.1 The strategic connotation and goal of common prosperity Common prosperity emphasizes the sharing and sustainability of development outcomes, requiring institutional designs to narrow group disparities. As the "weakest link" in achieving common prosperity, increasing the income of the low-income rural population is not only an economic issue but also a reflection of social equity. Through its initiative to "expand the middle-income group and lift the low-income group," Zhejiang Province has explicitly set the target of maintaining an average annual growth rate of over 10% in the per capita disposable income of low-income rural households (2021 – 2025), thereby providing a clear policy direction for the construction of relevant mechanisms.

1.2 The dilemma and particularity of increasing income of rural low-income population The low-income rural population in Zhejiang Province is primarily concentrated in the 26 mountainous counties. This group consists largely of elderly individuals and low-skilled laborers, whose income relies heavily on traditional agriculture and irregular casual work, rendering them vulnerable to economic shocks. Data from 2022 shows that the per capita disposable income of this group accounts for only 48% of the average level in rural Zhejiang. Moreover, their income structure remains narrow, with business income comprising over 60% of the total, highlighting the urgency of industrial upgrading and employment diversification.

2 Analysis on current status of rural low-income population in Zhejiang Province

2.1 Income level and structural characteristics In recent years, although the income of the low-income rural population in Zhejiang Province has seen growth, a gap persists compared to the average income level in rural areas of Zhejiang Province. Their income sources remain heavily reliant on traditional agriculture and low-skilled labor, with wage income and business income constituting a high proportion, while property income and transfer income remain relatively limited. The low-income rural population in Zhejiang is predominantly concentrated in the 26 mountainous counties. Data from 2022 indicates that their per capita disposable

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income was only 48% of the average for rural areas across Zhejiang Province. For example, the average annual income of low-income rural households in Lishui City is approximately 12 000 yuan, which stands in stark contrast to the per capita disposable income of rural residents in Zhejiang Province (projected to exceed 34 000 yuan in 2023).

2.2 Reasons for poverty Poverty arises from several interconnected factors: limited individual capacity due to low education levels and lack of professional skills; underdeveloped industrial foundations, particularly in rural areas where economies rely on a narrow range of activities with low added value; unequal distribution of social resources, leading to poorer infrastructure and public services in the countryside; and exposure to market volatility and natural disasters, which cause unstable incomes for those dependent on agriculture. In the province's 26 mountainous counties—where geographic constraints and weak infrastructure hinder industrial growth—low-income populations are concentrated. Although some counties, such as Jingning and Pinghu, have made progress by developing specialized farming and wellness tourism, they continue to face challenges like outmigration of resources and a shortage of skilled personnel. The low-income demographic consists largely of the elderly and low-skilled laborers, with some households pushed into poverty by illness, disability, or an inability to secure stable employment.

3 Construction of long-term mechanism for increasing rural low-income population income in Zhejiang Province

3.1 Industrial enablement mechanism The industrial enablement mechanism aims to activate endogenous drivers by leveraging Zhejiang's "One Village, One Product" model to develop regional characteristic industries such as tea and bamboo products, thereby extending the value chain of specialized agriculture. For example, Lishui City has increased the average annual income of low-income households by 12 000 yuan through brand-oriented operations of "traditional brown sugar." In addition, by integrating rural cultural tourism and promoting the "rural complex" model pioneered in Anji, low-income households are encouraged to participate in homestay operations and sales of intangible cultural heritage handicrafts, turning "resources into assets."

3.2 Education quality enhancement mechanism The education quality enhancement mechanism aims to overcome capacity bottlenecks by establishing a vocational skills training system and implementing "demand-driven" training programs. For instance, the "Blue-Collar Engineer" initiative in Quzhou aligns training with the needs of local manufacturing jobs, achieving a 75% employment conversion rate. Additionally, intergenerational poverty alleviation efforts are strengthened through the "Rain & Dew Plan Plus," which provides vocational education subsidies to children from low-income households, supporting 23 000 students in 2023.

3.3 Social security mechanism The social security mechanism is designed to prevent relapse into poverty with comprehensive safeguards, employing dynamic monitoring and targeted assistance. By utilizing the digital application "Zhejiang Poverty Prevention" ("Zheli Fangpin"), a three-color (red, yellow, green) early warning system has been established to enable timely detection and intervention in risks of poverty caused by illness or disaster. Furthermore, public welfare positions have been expanded through roles such as forest rangers and rural sanitation workers, prioritizing the recruitment of low-income individuals, with over 80 000 people employed across the province in 2022.

3.4 Digital collaboration mechanism The digital collaboration mechanism enhances inclusive efficiency by establishing an AI-powered agricultural support platform ("Digital Brain") integrating resources such as production-marketing information for agricultural products and skills training courses. For instance, the "Zhejiang Agricultural Code" ("Zhenongma") has reached 80% of low-income farmers across the province. Additionally, a "blockchain + credit loan" system has been introduced, with pilots like the "Farmer Credit Chain" in Wenzhou, which converts production data into credit lines to address financing challenges.

4 Implementation path for increasing income of rural low-income population in Zhejiang Province

4.1 Cultivating distinctive industries Zhejiang Province has built a regional brand matrix by establishing a provincial-level development fund for geographical indication products, supporting low-income areas in applying for regional public brands such as "Lishui Shangang." It insisted on promoting "Enclave Economy" cooperation, guiding developed counties and cities to jointly establish industrial parks with the 26 mountainous counties, with proceeds proportionally fed back to low-income village collectives. The "low-carbon agriculture" model will be expanded, encouraging low-income farmers to participate in organic farming and ecological aquaculture, thereby increasing income through carbon credit trading. For example, in Anji County, Huzhou City, farmers can earn carbon credit revenues of 750 – 1 200 yuan/ha annually through bamboo forest carbon sink projects. We will develop integrated "agriculture + photovoltaics" projects by installing photovoltaic panels on farmland or breeding bases, achieving "dual-use of land," with farmers earning additional income through land rents and dividends. A "county-level industrial alliance" will be established to integrate upstream and downstream resources in low-income regions. For instance, the Quzhou Citrus Industry Alliance lowers production costs and enhances bargaining power through centralized procurement, branded packaging, and shared logistics. The "shared cold storage" model will be promoted, with government subsidies supporting the construction of regional cold chain facilities to address agricultural product preservation challenges and extend sales cycles.

4.2 Upgrading human capital A "three-tier" training system has been established to enhance human capital. At the foundational level, training focuses on smart device usage and basic e-commerce operations. The intermediate level offers specialized pro-

grams in homestay management and live-stream commerce. The advanced tier aims to cultivate rural CEOs and agricultural technology brokers. Through the "university-local pairing" initiative, institutions such as Zhejiang University and Zhejiang A&F University are partnered with low-income villages to provide technical consulting and talent supply. For elderly low-income groups, suitable light-physical jobs have been developed, including handicraft production and agricultural product sorting, supported by flexible work schedules and health insurance. "Silver-age workshops" embedded within community elderly care centers enable flexible home-based employment through outsourced processing. Besides, the "new rural elites" entrepreneurship incentive program encourages returnees to start businesses in their hometowns. A "Rural Elite Return Fund" offers interest-free loans of up to 500 000 yuan, complemented by tax reduction policies. A "rural elite think tank" has also been established, inviting successful entrepreneurs and technical experts to regularly return and provide guidance, thereby involving low-income farmers in entrepreneurial projects.

4.3 Policy synergy and innovation Fiscal and tax incentive policies have been formulated to provide social insurance subsidies to enterprises that employ low-income individuals, with a maximum subsidy of 30 000 yuan per person annually, along with tax and fee reductions. Land transfer reforms have been implemented, piloting a model that allows the exchange of "rural residential land use rights + collective asset equity" to increase farmers' property income. Traditional infrastructure projects are integrated with skills training, requiring low-income laborers engaged in road construction and water conservancy projects to undergo targeted training (*e.g.*, machinery operation, safety protocols) to enhance their long-term employability. Ten percent of project revenues are allocated to a "common prosperity reserve fund," dedicated to supporting the industrial development of village collectives. Cooperation between developed areas and the 26 mountainous counties under the "enclave economy" model has been deepened, exploring approaches such as "GDP sharing + tax refunds." For example, in jointly established industrial parks by Ningbo and Lishu cities, 30% of the tax revenue is returned to low-income villages in Lishu. Additionally, "enclave talent service stations" have been established to provide cross-regional employment matching services for laborers in mountainous areas.

4.4 Digital empowerment A "Common Prosperity Cloud" platform has been established, integrating data from civil affairs, agriculture, education, and other departments to achieve "one-click matching" of support measures. The "shared workshop" model has been promoted, where processing orders are distributed to low income households through a digital sharing platform, increasing monthly household income by 800 – 1 500 yuan on average. Using 3D modeling and Internet of Things (IoT) technology, digital twins of low income villages are constructed to accurately analyze resource endowments and industrial potential, providing data support for tailored assistance. In Lin'an District, Hangzhou, a pilot "Virtual Village" platform allows farmers to showcase the entire production process of agricultural products through VR technology, enhancing consumer trust. An AI enabled agricultural service network has been built, featuring a mini program called "AI Agronomist" that provides real time answers to planting and breeding technical questions and delivers market alerts. "Smart contract + agricultural insurance" is being promoted, using blockchain technology to automatically trigger claim settlements, thereby reducing the risk of falling back into poverty due to disasters.

5 Policy recommendations

5.1 Strengthening top-level design and improving institutional dafeguards The *Regulations of Zhejiang Province on Promoting Income Growth for the Rural Low-Income Population* have been promulgated, clarifying the responsibilities of governments at all levels and establishing a cross-departmental collaboration mechanism. A "Common Prosperity Assessment Indicator System" has been instituted, which incorporates the effectiveness of income growth for the rural low-income population into the performance evaluations of local governments. This system sets quantified targets such as "income growth rate," "employment conversion rate," and "skills training coverage rate," with a weighting of no less than 20%. For counties or cities failing to meet the targets for two consecutive years, special inspections will be initiated, and the principal responsible officials will be summoned for admonitory talks.

5.2 Increasing financial investment and optimizing resource allocation A 10-billion-yuan "Common Prosperity Special Fund" has been established, focusing on supporting industrial projects and infrastructure construction in the 26 mountainous counties. "Rural Revitalization Special Bonds" have been issued to raise targeted funds for infrastructure development in low-income areas, allowing social capital to participate through Public-Private Partnership (PPP) models with an assured annualized return of no less than 4%. An exploration is underway into a "subsidy-replacement-by-award" mechanism, whereby villages demonstrating significant effectiveness in raising incomes are granted additional financial rewards.

5.3 Deepening digital empowerment and breaking information barriers Full coverage of "digital profiles" for low-income rural households would be achieved by 2025 to dynamically track income growth outcomes. A "digital inclusivity" assessment mechanism will be established, with the annual Zhejiang Province Rural Digital Inclusivity Development Report to be released, evaluating the accessibility of digital services in remote areas. Counties and cities ranking lowest in coverage will be required to upgrade their network infrastructure. Additionally, "mobile digital literacy stations" will be set up to provide doorstep digital training for elderly and disabled individuals in low-income groups.

5.4 Building a social participation network to converge diverse forces Enterprises are encouraged to participate in support initiatives through a "Corporate Social Responsibility Credit" sys-

tem, with priority in bidding granted to top performers. The "Enterprise-Pairing 3.0" model is being implemented, encouraging leading companies to sign "guaranteed purchase agreements" with low-income villages, committing to buy agricultural products at a 10% premium and jointly develop customized products (such as "corporate welfare gift boxes"). Enterprises participating in such pairings are awarded the title of "Common Prosperity Pioneer" and receive prioritized exposure in media publicity. An innovative "public welfare trust" model for poverty alleviation has been introduced, guiding high-net-worth individuals to establish "Common Prosperity Public Welfare Trusts." Funds are used to support entrepreneurial projects of low-income farmers, with 70% of returns distributed to investors and 30% reinvested to sustain assistance efforts. A transparent supervision platform has been established to publicly display fund flows and project outcomes in real time.

6 Conclusions

Enhancing the income of the rural low-income population in Zhejiang Province is pivotal to achieving common prosperity, and establishing a long-term mechanism for their income growth constitutes a core task in building the province's demonstration zone for common prosperity. To be effective, this long-term mechanism must consistently advance across three dimensions: precision, sustainability, and innovation. The proposed pathways and policy recommendations further specify concrete measures for industrial integration, human capital development, digital technology adoption, and multi-stakeholder collaboration, with particular emphasis on forward-looking approaches such as green value transformation, cross-regional benefit sharing, and the application of AI technologies. In future, dynamic evaluation and iterative refinement will be essential to ensure that policy instruments accurately align with the actual needs of low-income groups. This will ultimately facilitate a fundamental shift from "direct assistance" to "self-generating capacity," thereby advancing the broader national goal of common prosperity in rural China.

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Medicinal Materials Industrial Cluster, and the Chongqing "Yu Shi Wei" Chinese Medicinal Materials Industrial Cluster, to promote the development of the industrial chain and clustered growth of authentic medicinal herbs in the Wuling Mountain Area. In addition, it is necessary to enhance international cooperation on Geographical Indications (GIs), advance the mutual recognition and protection of Chinese GI products under the China – EU agreement, and actively pursue international trademark registrations through the Madrid System, particularly for GI trademarks. These efforts will foster international protection for GIs and help establish a new development paradigm for authentic medicinal herbs, centered on the domestic cycle while actively engaging in dual domestic-international cycles that reinforce each other.

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