

AGRICULTURAL INDICATORS SYSTEM (AIS)

AGRICULTURAL CREDIT

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FOREWORD

The Agricultural Indicators System (AIS) is one of the statistical frameworks maintained by the Philippine Statistics Authority (PSA). AIS has twelve (12) modules and these are updated and released annually. This is the second module entitled Agricultural Credit. It provides information on loans for agricultural production granted by private and government institutions. The reference years are 2011 to 2015

The AIS hopes to cover more agricultural development indicators to support the information needs of our data users. We encourage our readers to give their comments and suggestions on the improvement of the AIS, in general, and the report, in particular.

The PSA would like to acknowledge the Agricultural Credit Policy Council (ACPC) for providing the basic data on this module.

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TABLE OF CONTENTS

FOREWORD		i
LIST OF TABLES		iii
AGRICULTURAL CREDIT		
Table 1.	Amount and share of agricultural production loans in agriculture and total loans, Philippines, 2011-2015	3
Table 2a.	Amount of agricultural production loans granted by institution, Philippines, 2011-2015	4
Table 2b.	Percentage distribution of agricultural production loans granted by institution, Philippines, 2011-2015	5
Table 3.	Growth rates of agricultural production loans (at current prices) granted by institution, Philippines, 2011-2015	6
Table 4a.	Agricultural production loans granted by commodity, Philippines, 2011-2015	7
Table 4b.	Percentage share of loans by commodity to total agricultural production loans, Philippines, 2011-2015	8
Table 5.	Agricultural production loans to output (GVA) ratio, Philippines, 2011-2015	9

AGRICULTURAL CREDIT



Agricultural Production Loans

Indicators on agricultural credit provide information on credit needs of the farmers and fishermen in financing their production activities and the extent of loans provided by the different financial institutions. These are important statistical information for planners and policy makers geared towards achieving the development of agricultural sector.

In 2015, the agricultural loans provided to farmers and fishermen increased to P832.59 billion. Of this amount, 32.21 percent or P268.14 billion were granted as loans used for production purposes. This was 8.70 percent higher than the 2014 record. The agricultural production loans comprised 0.62 percent of the total loans granted by banks for all economic activities which amounted to P43.07 trillion (Table 1).

Private Banks remained as the biggest provider of production loans. However, the shares of Private Banks had been decreasing from 2012 to 2015. By 2015, its share was reduced to 82.90 percent. Among the private lending institutions, Private Commercial Banks (PKBs) contributed the highest share at 34.0 percent of total production loans. Rural Banks (RBs) followed at 23.8 percent share. The smallest supply of loans came from Stocks Savings and Loan Association (SSLAs) accounting for 6.4 percent of the total agricultural production loans. Meanwhile, the Government Banks continued to increase their share of loans to 17.1 percent in 2015 (Table 2b).

In terms of growth rates, all banks expanded their lending volume for agricultural production in 2015. Government Banks indicated a higher loan increase by 20.37 percent in 2015 compared to 11.77 percent a year ago. The increment was attributed to Land Bank of the Philippines (LBP) who extended their credit assistance actively by 20.48 percent. On the other hand, the Development Bank of the Philippines (DBP) slowed down their credit support as it increased by only 16.59 percent in 2015 from 31.31 percent growth recorded in 2014. For the Private Banks, loan releases increased by 6.57 percent in 2015. The Private Commercial Banks (PKBs) posted the highest lending increment at 7.59 percent. Savings and Mortgage Banks (SMBs) and Rural Banks (RBs) came next with loan expansion by 6.98 percent and 6.83 percent, respectively. In contrast, shrinking credit assistance was given by the Private Development Banks (PDBs) whose volume of lending grew by 2.81 percent. Similar behavior

was noted for Stocks Savings and Loan Association (SSLAs) where the loan releases moved up slowly by 4.80 percent in 2015 (Table3).

The utilization of agricultural production loans was bigger for food commodities. In 2015, the share of food commodities amounting to P122.55 billion comprised 45.71 percent of the total agricultural production loans. In particular, the highest share of loan at 20.76 percent went to palay production, followed by livestock and poultry at 14.79 percent. Credit assistance for fruits, vegetables and rootcrops got the share of 4.39 percent, corn at 3.19 percent and fisheries at 2.49 percent. Loans intended to finance the production of export and commercial crops accounted for 9.72 percent. Of this share, 6.23 percent were used to support sugarcane production and 2.40 percent for coconut production. The least support of credit went to abaca and fiber, coffee and cacao, rubber and forestry at less than 1.0 percent each (Tables 4a and 4b).

Ratio of Agricultural Production Loans to GVA in Agriculture

The ratio of production loan to GVA in agriculture is an indicator of loan to output ratio which measures the portion of the agricultural output that is absorbed by bank for credit availment. It provides information on the most and least finance sectors or commodities.

In 2015, the agricultural production loan to output (GVA in agriculture) ratio increased to 19.63 percent by 2.4 percentage points. This means that for every peso value of agriculture output, about P0.20 was supported by bank loans. Among the crops, sugarcane continued to avail of high loan assistance as it indicated P0.56 of credit support in every peso value of sugarcane output. Palay had a loan output ratio of 18.65 percent while corn had 10.61 percent. This was 7.8 percent for coconut and 1.53 percent for rubber.

The credit support was high for livestock and poultry with their loan to output ratio at 12.58 percent in 2015. Fisheries appeared as one of the least financed sector absorbing only P0.03 of bank credit for every peso value of output. Higher loan to output ratio was noted for the forestry sector which showed tremendous increase to 22.65 percent in 2015 from 2014's 12.15 percent (Table 5).

Table 1.
Amount and share of agricultural production loans in agriculture and total loans, Philippines, 2011-2015

YEAR	AGRICULTURAL PRODUCTION LOANS		AGRICULTURAL LOANS (P) (in Million P)	TOTAL LOANS (P) (in Million P)	SHARE OF AGRI PRODUCTION LOANS TO	
	AMOUNT (in Million P)	GROWTH RATE (%)			AGRICULTURAL LOANS (%)	TOTAL LOANS (%)
2011	215,142.0	4.69	642,743.3	33,343,260.3	33.47	0.65
2012	211,421.1	-1.73	669,595.7	35,440,936.6	31.57	0.60
2013	227,871.5	7.78	721,728.4	37,804,845.3	31.57	0.60
2014	246,663.8	8.25	778,250.0	40,195,025.9	31.69	0.61
2015	268,135.5	8.70	832,588.0	43,067,679.4	32.21	0.62

Table 2a.
Amount of agricultural production loans granted by institution, Philippines, 2011-2015
 (Amount in Million Pesos)

YEAR	GOVERNMENT BANKS			PRIVATE BANKS					
	TOTAL	DBP	LB	TOTAL	PKBs	PDBs	SMBs	SSLAs	RBs
2011	29,741.5	661.8	29,079.7	185,400.5	64,948.9	15,070.0	32,560.0	20,024.0	52,797.7
2012	28,683.6	727.9	27,955.6	182,737.5	74,480.7	18,413.0	23,382.0	13,866.0	52,595.8
2013	34,132.0	800.7	33,331.2	193,739.5	78,585.6	19,333.7	25,014.0	14,534.1	56,272.2
2014	38,148.1	1,051.4	37,096.7	208,515.7	84,640.4	22,198.6	25,628.9	16,375.4	59,672.5
2015	45,919.0	1,225.8	44,693.2	222,216.2	91,066.0	22,822.3	27,418.9	17,161.9	63,747.1

Table 2b.
Percentage distribution of agricultural production loans granted by institution, Philippines, 2011-2015

YEAR	TOTAL	TOTAL GOVERNMENT BANKS	TOTAL PRIVATE BANKS	P R I V A T E				
				PKBs	PDBs	SMBs	SSLAs	RBs
2011	100.0	13.8	86.2	30.2	7.0	15.1	9.3	24.5
2012	100.0	13.6	86.4	35.2	8.7	11.1	6.6	24.9
2013	100.0	15.0	85.0	34.5	8.5	11.0	6.4	24.7
2014	100.0	15.5	84.5	34.3	9.0	10.4	6.6	24.2
2015	100.0	17.1	82.9	34.0	8.5	10.2	6.4	23.8

Private Banks include:

- PKBs - Private Commercial Banks*
- SMBs - Savings and Mortgage Banks*
- PDBs - Private Development Banks*
- RBs - Rural Banks*
- SSLAs - Stock Savings and Loan Associations*

Government Banks include:

- DBP - Development Bank of the Philippines*
- LBP - Land Bank of the Philippines*

Table 3.
Growth rates of agricultural production loans (at current prices) granted
by institution, Philippines, 2011-2015
(in percent)

FINANCIAL INSTITUTION	2011	2012	2013	2014	2015
Government Banks	13.10	-3.56	18.99	11.77	20.37
DBP	-38.89	9.99	10.00	31.31	16.59
LBP	15.33	-3.87	19.23	11.30	20.48
Private Banks	3.46	-1.44	6.02	7.63	6.57
PKBs	11.25	14.68	5.51	7.70	7.59
PDBs	-29.29	22.18	5.00	14.82	2.81
SMBs	-12.69	-28.19	6.98	2.46	6.98
SSLAs	13.64	-30.75	4.82	12.67	4.80
RBs	18.37	-0.38	6.99	6.04	6.83
ALL BANKS	4.69	-1.73	7.78	8.25	8.70

AGRICULTURAL CREDIT

Table 4a.
Agricultural production loans granted by commodity, Philippines, 2011-2015
 (Amounts in P Million)

ITEM	2011	2012	2013r	2014p	2015p
FOOD COMMODITIES	87,434.2	92,957.2	101,800.0	110,942.5	122,553.7
Cereals	40,885.0	45,711.4	50,864.9	56,229.0	64,447.3
<i>Palay</i>	36,547.5	40,078.7	44,313.5	48,979.0	55,672.3
<i>Corn</i>	4,288.1	5,509.7	6,421.2	7,112.7	8,551.8
<i>Sorghum</i>	39.3	36.1	37.7	39.1	54.9
<i>Soybean and Other</i>					
<i>Feedgrains</i>	10.0	86.8	92.5	98.3	168.3
Fruits, Vegetables and					
Rootcrops	8,743.0	8,780.4	9,673.8	10,610.9	11,778.1
Livestock and Poultry	32,590.0	32,677.8	35,139.0	37,598.4	39,644.6
Fisheries	5,216.2	5,787.5	6,122.3	6,504.3	6,683.6
EXPORT AND COMMERCIAL					
CROPS	16,701.8	19,268.4	21,216.2	23,150.5	26,072.1
Abaca and Other Fibers	127.4	133.8	143.2	150.2	154.7
Coconut	6,391.9	5,619.1	5,984.1	6,134.1	6,427.9
Coffee and Cacao	472.0	323.1	332.4	341.9	353.3
Rubber	84.7	85.7	87.9	99.7	118.4
Sugarcane	7,983.1	11,342.0	12,749.9	14,338.4	16,699.4
Tobacco	1,642.7	1,764.8	1,918.7	2,086.3	2,318.3
FORESTRY	315.5	529.8	551.9	574.8	644.2
OTHERS	43,036.5	43,004.7	45,421.7	47,793.2	51,462.4
Sub-Total	147,488.0	155,760.1	168,989.8	182,460.9	200,732.4
NO AVAILABLE BREAKDOWN					
PDB Loans a/	15,070.0	18,413.0	19,333.7	22,198.6	22,822.3
SMB Loans a/	32,560.0	23,382.0	25,014.0	25,628.9	27,418.9
SSLA Loans a/	20,024.0	13,866.0	14,534.1	16,375.4	17,161.9
TOTAL AGRICULTURAL					
PRODUCTION LOAN	215,142.0	211,421.1	227,871.5	246,663.8	268,135.5

a/ breakdown of commodity not available

Table 4b.
Percentage share of loans by commodity to total agricultural
production loans, Philippines, 2011-2015

ITEM	2011	2012	2013r	2014p	2015p
FOOD COMMODITIES	40.64	43.97	44.67	44.98	45.71
Cereals	19.00	21.62	22.32	22.80	24.04
<i>Palay</i>	16.99	18.96	19.45	19.86	20.76
<i>Corn</i>	1.99	2.61	2.82	2.88	3.19
<i>Sorghum</i>	0.02	0.02	0.02	0.02	0.02
<i>Soybean and Other</i>					
<i>Feedgrains</i>	0.00	0.04	0.04	0.04	0.06
Fruits, Vegetables and					
Rootcrops	4.06	4.15	4.25	4.30	4.39
Livestock and Poultry	15.15	15.46	15.42	15.24	14.79
Fisheries	2.42	2.74	2.69	2.64	2.49
EXPORT AND COMMERCIAL					
CROPS	7.76	9.11	9.31	9.39	9.72
Abaca and Other Fibers	0.06	0.06	0.06	0.06	0.06
Coconut	2.97	2.66	2.63	2.49	2.40
Coffee and Cacao	0.22	0.15	0.15	0.14	0.13
Rubber	0.04	0.04	0.04	0.04	0.04
Sugarcane	3.71	5.36	5.60	5.81	6.23
Tobacco	0.76	0.83	0.84	0.85	0.86
FORESTRY	0.15	0.25	0.24	0.23	0.24
OTHERS	20.00	20.34	19.93	19.38	19.19
Sub-Total	68.55	73.67	74.16	73.97	74.86
OTHER SOURCES OF LOANS					
PDB Loans a/	7.00	8.71	8.48	9.00	8.51
SMB Loans a/	15.13	11.06	10.98	10.39	10.23
SSLA Loans a/	9.31	6.56	6.38	6.64	6.40
TOTAL AGRICULTURAL					
PRODUCTION LOAN	100.00	100.00	100.00	100.00	100.00

a/ breakdown of commodity not available

Table 5.
Agricultural production loans to output (GVA) ratio, Philippines, 2011-2015
 (in percent)

ITEM	2011	2012	2013	2014	2015
% of Agric'l Prod'n Loans to GVA in Agriculture	17.42	16.92	17.55	17.23	19.63
Agricultural Crops					
<i>Palay</i>	15.00	14.34	14.71	13.51	18.65
<i>Corn</i>	5.59	6.71	8.19	8.11	10.61
<i>Coconut</i>	5.68	7.28	8.48	6.80	7.80
<i>Sugarcane</i>	20.85	39.04	45.60	49.99	55.66
<i>Rubber</i>	0.29	0.42	0.53	0.93	1.53
Livestock and Poultry	12.61	12.31	12.28	12.15	12.58
Fisheries	2.85	3.01	3.10	3.33	3.45
Forestry	8.15	16.36	11.85	12.15	22.65

MODULES OF THE AGRICULTURAL INDICATORS SYSTEM

1. Agricultural Structures and Resources
2. **Agricultural Credit**
3. Output and Productivity
4. Food Sufficiency and Security
5. Food Consumption and Nutrition
6. Population and Labor Force
7. Redistribution of Land
8. Agricultural Exports and Imports
9. Gender-based Indicators of Labor and Employment in Agriculture
10. Economic Growth
11. Prices and Marketing of Agricultural Commodities
12. Inputs

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