

Agricultural Indicators System (AIS)
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AGRICULTURAL CREDIT



JULY 2011



Republic of the Philippines
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BUREAU OF AGRICULTURAL STATISTICS

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FOREWORD

The Agricultural Indicators System (AIS) is one of the statistical frameworks maintained by the Bureau of Agricultural Statistics (BAS). It has twelve (12) modules and these are being updated and released annually. This is the second module entitled Agricultural Credit. It provides information on loans for agricultural production granted by the private and government institutions. The reference years are 2006 to 2010.

The AIS hopes to cover more agricultural development indicators to support the information needs of BAS clientele and stakeholders. Hence, the readers are encouraged to give their comments and suggestions on the improvement of the AIS, in general, and the report, in particular.

The BAS would like to acknowledge the Agricultural Credit Policy Council (ACPC) for providing the basic data on agricultural credit.


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July 2011

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AGRICULTURAL
CREDIT

Agricultural Production Loans

Indicators of 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 information for planners and policy makers to support the implementation of credit programs and policies geared towards achieving development of the agriculture sector.



In 2010, loans for agricultural production reached P239.68 billion at current prices. This was 5.2 percent increase from the 2009 record. The amount of production loans comprised 38.4 percent of the total agricultural loans while it was only 1.0 percent of the total loans. At constant 2000 prices, the amount of production loans slightly went down to P143.3 billion by 0.6 percent (Table 1).



By sources of loans, private banks continued to dominate in the extension of production loans throughout the reference period. In 2010, the share of private banks increased to 88.6 percent while the share of the government banks declined to 11.4 percent. Among the private banks, Savings and Mortgage Banks (SMBs) and Private Commercial Banks (PKBs) still contributed the bigger share at around 30.0 percent each. The smallest shares were continuously reported by the Private Development Banks (PDBs) and Stock Savings and Loan Associations (SSLA) at 2 to 3 percent (Table 2).

The growth rates in the agricultural production loan provided by both the private and government banks in 2010 were lower than in 2009. The increase in the volume of lendings from the private banks was 5.54 percent compared with the 2009 growth of 14.98 percent. In particular, the slowdown in the growth of loan releases was noted in the Private

Commercial Banks, from 44.41 percent in 2009 to 6.63 percent in 2010. On the other hand, the volume of loans provided by the government banks in 2010 grew by 2.51 percent while there was a significant increase of 47.41 percent in 2009. The Development Bank of the Philippines rapidly decreased financial assistance as evidenced by its loan expansion from 337.93 percent in 2009 to 0.92 percent in 2010 (Table 3).

The major allocation of agricultural production loans went to food commodities. In 2010, about 44.23 percent were intended for food production, of which 16 percent were utilized for palay and 13 percent were provided for livestock and poultry. The export and commercial commodities accounted for 8.24 percent share in the total production loan. Of this share, 4.03 percent were absorbed by coconut and 3.31 percent, by sugarcane (Table 4).

Agricultural Production Loans to GVA in Agriculture Ratio

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 financed sectors or commodities.



The loan to output ratio remained at 20.0 percent in 2010. This indicated that for every peso value of agricultural output, P0.20 was financed by bank loan.

Among crops, sugarcane was continuously reported as the heavily financed crop. However, its loan to output ratio went down to 23.97 percent in 2010. The ratios for palay and corn increased to 19.68 and 4.25 percent, respectively. Loan assistance for coconut declined to 15.57 percent. The fisheries was the least financed sector. About 4.12 percent of the value of fisheries output was supported by bank credit. For livestock and poultry sector, the loan to output ratio slightly dropped to 13.08 percent in 2010 (Table 5).

Table 1.
Share of agricultural production loans in agriculture and total loans, Philippines, 2006-2010

YEAR	AGRICULTURAL PRODUCTION LOANS GRANTED				AGRICULTURAL LOANS GRANTED (AMOUNT IN BILLION P)	SHARE IN TOTAL AGRICULTURAL LOANS (%)	TOTAL LOANS GRANTED (AMOUNT IN BILLION P)	SHARE IN TOTAL LOANS (%)
	AMOUNT (BILLION P)		GROWTH RATE (%)					
	CURRENT PRICES	2000 PRICES	CURRENT PRICES	2000 PRICES				
2006	93.23	74.3	-14.4	-17.8	302.16	30.9	17,479.54	0.5
2007	153.83	115.7	65.0	55.6	386.07	39.8	17,459.08	0.9
2008	193.06	126.2	25.5	9.1	463.18	41.7	21,038.35	0.9
2009	227.86	144.1	18.0	14.2	606.61	37.6	24,727.48	0.9
2010	239.68	143.3	5.2	-0.6	624.54	38.4	25,080.62	1.0

Table 2.
Percentage distribution of agricultural production loans granted by institution,
Philippines, 2006-2010

YEAR	TOTAL	TOTAL SPECIALIZED GOVERNMENT BANKS	TOTAL PRIVATE BANKS	P R I V A T E					TOTAL AGRICULTURAL PROD'N LOAN (Million P)
				PKBs	SMBs	PDBs	SSLAs	RBs	
2006	100.00	10.6	89.4	22.3	22.1	1.2	1.7	42.2	93,228.0
2007	100.00	6.5	93.5	21.9	33.9	2.8	3.6	31.2	153,832.2
2008	100.00	9.3	90.7	23.8	34.0	2.4	3.5	26.9	193,055.3
2009	100.00	11.7	88.3	29.1	30.3	2.2	3.1	23.7	227,861.1
2010	100.00	11.4	88.6	29.5	30.2	2.3	3.0	23.7	239,680.9

Private Institutions:

PKBs - Private Commercial Banks

SMBs - Savings and Mortgage Banks

PDBs - Private Development Banks

RBs - Rural Banks

SSLAs - Stock Savings and Loan Associations

Specialized Government Banks include:

PNB - Philippine National Bank

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, 2006-2010
 (in percent)

FINANCIAL INSTITUTION	2006	2007	2008	2009	2010
Government Banks	14.85	1.10	80.08	47.71	2.51
DBP	51.89	-6.45	37.43	337.93	0.92
LBP	12.71	1.69	83.14	32.09	2.79
Private Banks	-16.93	72.57	21.71	14.98	5.54
PKBs	-55.49	61.62	36.29	44.41	6.63
PDBs	21.30	303.51	7.68	7.46	7.46
SMBs	67.65	153.53	25.84	4.98	4.98
SSLAs	-21.64	264.07	20.87	3.12	3.11
RBs	2.36	22.12	8.37	3.90	5.06
ALL BANKS	-14.42	65.01	25.50	18.03	5.19

Table 4.
Percentage share of production loans by commodity in
total production loans, Philippines, 2006-2010

ITEM	2006	2007	2008	2009r	2010p
FOOD COMMODITIES	47.28	38.16	36.87	44.25	44.23
Cereals	17.37	12.93	14.93	16.29	16.59
Palay	16.17	12.03	14.04	15.28	15.58
Corn	1.08	0.77	0.87	0.99	0.99
Sorghum	0.03	0.03	0.01	0.01	0.01
Soybean and Other Feedgrains	0.09	0.10	0.02	0.01	0.01
Fruits, Vegetables and Rootcrops	6.88	7.26	6.70	11.83	11.56
Livestock and Poultry	14.93	14.09	12.33	13.14	13.08
Fisheries	8.10	3.87	2.91	2.99	3.00
EXPORT AND COMMERCIAL COMMODITIES	13.00	8.98	7.47	8.31	8.24
Abaca and Other Fibers	0.33	0.15	0.10	0.05	0.05
Coconut	5.98	3.96	3.07	4.13	4.03
Coffee and Cacao	1.03	0.63	0.63	0.48	0.47
Cotton	-	0.00	-		
Rubber	0.03	0.02	0.05	0.08	0.08
Sugarcane	5.50	2.91	3.38	3.25	3.31
Tobacco	0.13	1.31	0.24	0.31	0.30
FORESTRY	1.86	0.85	0.08	0.09	0.09
OTHERS	12.96	11.59	15.60	11.80	11.97
Sub-Total	75.10	59.58	60.02	64.45	64.52
OTHER SOURCES OF LOANS					
PDB Loans ^{a/}	1.16	2.84	2.44	2.22	2.26
SMB Loans ^{a/}	22.09	33.94	34.04	30.27	30.21
SSLA Loans ^{a/}	1.65	3.64	3.51	3.06	3.00
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, 2006-2010
 (in percent)

COMMODITY	2006	2007	2008	2009	2010
% of Agric'l Prod'n Loans to GVA in Agriculture	10.92	16.30	17.51	20.02	20.27
Agricultural Crops					
Palay	11.43	12.29	13.98	17.66	19.68
Corn	2.22	2.14	2.64	3.55	4.25
Coconut	14.26	13.26	9.36	18.58	15.57
Sugarcane	18.54	18.72	24.93	29.47	23.97
Livestock and Poultry	7.94	11.68	11.48	13.30	13.08
Fisheries	5.82	4.16	3.29	4.00	4.12
Forestry	30.57	27.70	3.47	4.70	7.61

Modules of the Agricultural Indicators System

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

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