

Agricultural Indicators System (AIS)
REPORT No. 2012-02

AGRICULTURAL *Credit*



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Republic of the Philippines
Department of Agriculture
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 private and government institutions. The reference years are 2007 to 2011.

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 2012

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



In 2011, agricultural loans granted to farmers reached P669.36 billion. This was higher by 7.76 percent from the 2010 record. Of this amount, 34.6 percent or P231.79 billion at current prices were used to finance production activities. Production loans grew by 8.2 percent recovering from the negative growth of 2.6 percent in 2010. At constant 2000 prices, the amount of production loans was reduced by 1.1 percent to P126.67 billion (Table 1.)

Among the lending institutions, private banks remained as the biggest source of production loans. However, the share of private banks was continuously declining. In 2011, they provided 86.3 percent of the total production loan. On the other hand, government banks increased their extension of production credit with share going up to 13.7 percent in 2011. Among the private banks, Savings and Mortgage Banks (SMBs) had the biggest share at 33.4 percent followed by Private Commercial Banks (PKBs) at 26.6 percent. The least sources of credit were the Private Development Banks (PDBs) and Stock Savings and Loan Associations (SSLAs) accounting for around 3.0 percent share each in the total agricultural production loans (Table 2.)

In 2011, government and private banks were active in providing loans compared to last year's performance when the volume of lendings dropped. Loans from the government banks expanded by 20.82 percent and those from private banks by 6.38 percent. Credit extension of the Development Bank of the Philippines (DBP) soared by 10.0 percent

compared to last year's decline of 73.05 percent. Land Bank of the Philippines increased its lending portfolio by 21.29 percent. Among the private banks, the Private Development Banks (PDBs) reported the highest increase in lendings by 10.01 percent. From last year's slump, Private Commercial banks (PKBs) and Rural Banks (RBs) increased its lending volumes by 5.51 percent and 6.67 percent, respectively in 2011. A 3.82 percent growth was reported by Stock Savings and Loan Associations (SSLAs) (Table 3.)

The utilization of production loan was bigger for food commodities. This group accounted for 36.56 percent of the total production loans in 2011. Specifically, the bigger share of credit was used in palay production at 15.61 percent, followed by livestock and poultry at 13.84 percent. The fishery sector got 2.4 percent share in credit assistance. Loans intended to finance production of export and commercial commodities shared 8.22 percent of which sugarcane absorbed 4.29 percent. Coconut farmers used up 2.79 percent. Financial assistance was least for the production of forest products (Table 4.)

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 financed sectors or commodities.

Ratio of production loan to GVA in agriculture slightly declined to 18.62 percent in 2011. Indicating that for every peso value of agricultural output, P0.18 was financed through credit. In particular, sugarcane continued to be the most financed commodity. It had a loan to output ratio of 25 percent or P0.26 in every peso value of sugarcane output was provided by bank loan. Palay had a ratio of 14 percent while corn had 3.11 percent. Lower credit support was given to rubber with a ratio of 0.13 percent.

The loan to output ratio for livestock and poultry sector was 12.41 percent in 2011. It was 3.08 percent for fisheries (Table 5).

Table 1.
Share of agricultural production loans in agriculture and total loans, Philippines, 2007-2011

YEAR	AGRICULTURAL PRODUCTION LOANS GRANTED			GROWTH RATE (%)	2001 PRICES	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)		CURRENT PRICES						
	CURRENT PRICES	2000 PRICES							
2007	153.83	115.67	65.0	55.6	386.07	39.8	17,525.44	0.9	
2008	193.06	126.23	25.5	9.1	463.16	41.7	21,038.35	0.9	
2009	220.13	139.17	14.0	10.3	605.57	36.4	24,727.48	0.9	
2010	214.32	128.10	-2.6	-8.0	621.15	34.5	33,172.50	0.6	
2011	231.79	126.67	8.2	-1.1	669.36	34.6	36,646.55	0.6	

Table 2.
Percentage distribution of agricultural production loans granted by institution,
Philippines, 2007-2011

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	
2007	100.0	6.5	93.5	21.9	33.9	2.8	3.6	31.2	153,832.2
2008	100.0	9.3	90.7	23.8	34	2.4	3.5	26.9	193,055.3
2009	100.0	12.1	87.9	30.1	31.3	2.3	3.2	21.0	220,127.0
2010	100.0	12.3	87.7	27.2	33.8	2.5	3.4	20.8	214,322.3
2011	100.0	13.7	86.3	26.6	33.4	2.6	3.2	20.5	231,794.7

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, 2007-2011

(in percent)

FINANCIAL INSTITUTION	2007	2008	2009	2010	2011
Government Banks	1.10	80.08	47.71	-0.95	20.82
<i>DBP</i>	-6.45	37.43	337.93	-73.05	10.00
<i>LBP</i>	1.69	83.14	32.10	11.91	21.29
Private Banks	72.57	21.71	10.56	-2.87	6.38
<i>PKBs</i>	61.62	36.29	44.41	-11.87	5.51
<i>PDBs</i>	303.51	7.68	7.46	7.45	10.01
<i>SMBs</i>	153.53	25.84	4.98	4.98	6.89
<i>SSLAs</i>	264.07	20.87	3.12	3.12	3.82
<i>RBs</i>	22.12	8.37	-10.97	-3.71	6.67
ALL BANKS	65.01	25.50	14.02	-2.64	8.15

Table 4.
Percentage share of production loans by commodity in total production loans,
Philippines, 2007-2011

ITEM	2007	2008	2009r	2010p	2011p
FOOD COMMODITIES	38.16	36.87	42.84	35.87	36.56
Cereals	12.93	14.93	15.88	16.32	16.68
<i>Palay</i>	12.03	14.04	14.97	15.29	15.61
<i>Corn</i>	0.77	0.87	0.89	1.00	1.03
<i>Sorghum</i>	0.03	0.01	0.01	0.00	0.00
<i>Soybean and Other Feedgrains</i>	0.10	0.02	0.00	0.03	0.04
Fruits, Vegetables & Rootcrops	7.26	6.70	11.01	3.63	3.62
Livestock and Poultry	14.09	12.33	12.97	13.50	13.84
Fisheries	3.87	2.91	2.34	2.40	2.43
EXPORT AND COMMERCIAL COMMODITIES	8.98	7.47	8.20	8.12	8.22
Abaca and Other Fibers	0.15	0.10	0.04	0.04	0.04
Coconut	3.96	3.07	4.11	2.92	2.79
Coffee and Cacao	0.63	0.63	0.36	0.36	0.38
Cotton	0.00	-	-	-	-
Rubber	0.02	0.05	0.09	0.02	0.02
Sugarcane	2.91	3.38	3.29	4.14	4.29
Tobacco	1.31	0.24	0.32	0.65	0.71
FORESTRY	0.85	0.08	0.09	0.15	0.17
OTHERS	11.59	15.60	12.07	16.20	15.86
Sub-Total	59.58	60.02	63.20	60.32	60.81
OTHER SOURCES OF LOANS					
PDB Loans ^{a/}	2.84	2.44	2.30	2.53	2.58
SMB Loans ^{a/}	33.94	34.04	31.34	33.79	33.39
SSLA Loans ^{a/}	3.64	3.51	3.17	3.36	3.23
TOTAL AGRI PRODN LOAN	100.00	100.00	100.00	100.00	100.00

a/ breakdown of commodity not available

- no data

Table 5.
Agricultural production loans to output (GVA) ratio,
Philippines, 2008 - 2011
 (in percent)

COMMODITY	2008	2009	2010	2011
% of Agric'l Prod'n Loans to GVA in Agriculture	18.88	20.97	19.33	18.62
Agricultural Crops				
<i>Palay</i>	12.79	14.99	14.81	14.85
<i>Corn</i>	2.72	3.02	3.53	3.11
<i>Coconut</i>	7.83	14.86	8.14	5.49
<i>Sugarcane</i>	27.63	37.33	32.42	25.95
<i>Rubber</i>	0.58	1.61	0.16	0.13
Livestock and Poultry	10.92	12.21	11.47	12.41
Fisheries	3.15	3.67	2.86	3.08
Forestry	4.36	5.25	12.93	9.95

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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