

AGRICULTURAL INDICATORS SYSTEM (AIS)

AGRICULTURAL CREDIT

REPORT No. 2015-2



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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 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 2010 to 2014.

The AIS hopes to cover more agricultural development indicators to support the information needs of our data users. 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 PSA would like to acknowledge the Agricultural Credit Policy Council (ACPC) for providing the basic data on agricultural credit.

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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 geared towards achieving the development of agricultural sector.

In 2014, the agricultural loans granted to farmers reached P778.25 billion. About 32.0 percent of the agricultural loans or P246.66 billion at current prices were utilized for production purposes. This amount was 7.3 percent higher than the 2013 record. At constant 2000 prices, production loans in 2014 valued at P123.98 billion were lower by 1.0 percent from the year ago level (Table 1).

Among the sources of loans, the private banks continued to supply the biggest amount of production loans. However, their shares were slowly decreasing throughout the five-year reference period. In 2014, the share of private banks went down to 84.6 percent. Among the private banks, the Private Commercial Banks (PKBs) were the biggest provider of loans whose share was 34.4 percent. Rural Banks (RBs) came next at 24.2 percent share. The smallest grant of loans came from Stock Savings and Loans Associations (SSLAs) which accounted for 6.6 percent of the total agricultural production loans. Meanwhile, the specialized government banks increased their share to 15.4 percent in 2014 (Table 2).

The volumes of lendings provided by the private and government banks were increasing in 2014 but at a slower rate compared to 2013. The credit extension of the government banks went up by 11.21 percent compared to last year's 19.0 percent. In particular, the Land Bank being the biggest financing arm of the government had a sluggish growth in their loan assistance at 11.30 percent from 19.23 percent a year ago. Private banks indicated a 6.67 percent gain in their lending portfolio. The Stock Savings and Loan Associations weakened their credit assistance as it grew by only 1.74 percent in 2014 (Table 3).

Food commodities comprised a bigger share in the total production loans. About 45 percent were utilized for food production in 2014. Specifically, the bulk of loan support went to palay at 19.86 percent and 15.24 percent to livestock and poultry. Fruits, vegetables and rootcrops accounted for only 4.30 percent of the total production loans. Credit financing for the production of export and commercial commodities accounted for 9.39 percent, of which 5.81 percent were allocated for sugarcane and 2.49 percent for coconut (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.

In 2014, the ratio of production loan to GVA in agriculture decreased minimally to 17.27 percent. This indicated that for every peso value of agricultural output, P0.17 was financed by bank loans. Among the crops, sugarcane was the most financed crop throughout the five reference years. It recorded a ratio which went up to 50.24 percent in 2014 or P0.50 of credit assistance for every peso of sugarcane output. Palay had a loan to output ratio of 13.51 percent. This was 8.11 percent for corn and 6.21 percent for coconut. Rubber sought the least credit support at 0.93 percent.

The loan to output ratio of livestock and poultry sector was 12.29 percent. Fisheries had lower utilization of loans with a ratio of 3.30 percent (Table 5).

Table 1.
Share of agricultural production loans in agriculture and total loans, Philippines, 2010-2014

YEAR	AGRICULTURAL PRODUCTION LOANS GRANTED		AGRICULTURAL LOANS GRANTED		SHARE IN TOTAL AGRICULTURAL LOANS (%)	TOTAL LOANS GRANTED (AMOUNT IN BILLION P)	SHARE IN TOTAL LOANS (%)
	AMOUNT (BILLION P)		(AMOUNT IN BILLION P)				
	AT CURRENT PRICES	AT CONSTANT 2000 PRICES	CURRENT PRICES	AT CONSTANT 2000 PRICES			
2010	205.50	122.83	-3.4	-8.7	33.6	30,303.46	0.7
2011	215.14	118.43	4.7	-3.6	33.5	33,343.26	0.7
2012	211.42	118.24	-1.7	-0.2	31.6	35,440.94	0.6
2013	229.78	125.17	8.7	5.9	31.8	37,708.48	0.6
2014	246.66	123.98	7.3	-1.0	31.7	40,195.03	0.6

Table 2.
Percentage distribution of agricultural production loans granted by institution, Philippines, 2010-2014

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	
2010	100.0	12.8	87.2	28.4	18.1	10.4	8.6	21.7	205,503.8
2011	100.0	13.8	86.2	30.2	15.1	7.0	9.3	24.5	215,142.0
2012	100.0	13.6	86.4	35.2	11.1	8.7	6.6	24.9	211,421.1
2013	100.0	14.9	85.1	34.2	10.7	8.8	7.0	24.5	229,782.9
2014	100.0	15.4	84.6	34.4	10.4	9.0	6.6	24.2	246,663.8

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, 2010-2014
 (in percent)

FINANCIAL INSTITUTION	2010	2011	2012	2013	2014
Government Banks	-0.95	13.10	-3.56	18.99	11.21
DBP	-73.05	-38.89	9.99	10.00	7.62
LBP	11.91	15.33	-3.87	19.23	11.30
Private Banks	-3.73	3.46	-1.44	7.07	6.67
PKBs	-11.87	11.25	14.68	5.51	7.95
PDBs	50.61	-29.29	22.18	9.80	9.80
SMBS	-3.43	-12.69	-28.19	4.69	4.69
SSLAS	-15.37	13.64	-30.75	16.08	1.74
RBs	-3.71	18.37	-0.38	6.99	6.04
ALL BANKS	-3.38	4.69	-1.73	8.68	7.35

Table 4.
Percentage share of production loans by commodity in total production loans,
Philippines, 2010-2014

ITEM	2010	2011	2012	2013	2014
FOOD COMMODITIES	37.39	40.64	43.97	44.30	44.98
Cereals	17.02	19.00	21.62	22.14	22.80
<i>Palay</i>	15.95	16.99	18.96	19.28	19.86
<i>Corn</i>	1.04	1.99	2.61	2.79	2.88
<i>Sorghum</i>	0.00	0.02	0.02	0.02	0.02
<i>Soybean and Other Feedgrains</i>	0.03	0.00	0.04	0.04	0.04
Fruits, Vegetables & Rootcrops	3.79	4.06	4.15	4.21	4.30
Livestock and Poultry	14.08	15.15	15.46	15.29	15.24
Fisheries	2.51	2.42	2.74	2.66	2.64
EXPORT AND COMMERCIAL COMMODITIES	8.47	7.76	9.11	9.23	9.39
Abaca and Other Fibers	0.04	0.06	0.06	0.06	0.06
Coconut	3.05	2.97	2.66	2.60	2.49
Coffee and Cacao	0.38	0.22	0.15	0.14	0.14
Cotton					
Rubber	0.02	0.04	0.04	0.04	0.04
Sugarcane	4.31	3.71	5.36	5.55	5.81
Tobacco	0.67	0.76	0.83	0.84	0.85
FORESTRY	0.15	0.15	0.25	0.24	0.23
OTHERS	16.90	20.00	20.34	19.77	19.38
Sub-Total	62.91	68.55	73.67	73.54	73.97
OTHER SOURCES OF LOANS					
PDB Loans ^{a/}	10.37	7.00	8.71	8.80	9.00
SMB Loans ^{a/}	18.15	15.13	11.06	10.65	10.39
SSLA Loans ^{a/}	8.57	9.31	6.56	7.00	6.64
TOTAL AGRI PRODN 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, 2010-2014
 (in percent)

COMMODITY	2010	2011	2012	2013	2014
% of Agric'l Prod'n Loans to GVA in Agriculture	18.54	17.42	16.92	17.71	17.27
Agricultural Crops					
Palay	14.81	15.00	14.34	14.71	13.51
Corn	3.53	5.59	6.71	8.19	8.11
Coconut	8.14	5.68	7.28	7.76	6.21
Sugarcane	32.42	20.85	39.04	45.37	50.24
Rubber	0.16	0.29	0.42	0.53	0.93
Livestock and Poultry	11.47	12.61	12.31	12.32	12.29
Fisheries	2.86	2.85	3.01	3.07	3.30
Forestry	12.93	8.15	16.36	11.60	11.98

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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