

BREAKDOWN OF AGRICULTURAL CREDIT GRANTED BY DBP AND PRIVATE DEVELOPMENT BANK (thousand pesos)

Period	TOTAL	Palay or Rice	Coconut	Livestock & Poultry	Sugar	Others
1974						
January	9,827	2,341	911	3,910	1,563	1,102
February	8,007	1,363	952	3,593	372	1,727
March	6,615	1,405	959	2,783	675	793
April	12,140	2,303	1,507	5,310	1,157	1,863
May	19,498	8,130	1,569	6,455	1,297	2,047
June	20,726	7,239	4,226	4,461	1,331	3,469
July	11,238	3,430	1,171	3,583	1,305	1,749
August	22,019	8,232	2,879	5,368	2,297	3,243
September	14,096	4,181	2,580	3,638	1,052	2,645
October	21,505	10,204	2,117	5,521	1,134	2,529
November	46,014	8,602	2,031	8,498	1,741	25,142
December	19,837	3,982	1,933	4,501	2,312	7,109
1975						
January	79,124	50,865	3,271	9,387	1,746	3,864
February	26,375	7,392	4,645	6,808	2,386	5,144
March	50,390	21,835	5,667	13,965	2,904	6,119
April	130,933	8,305	6,243	110,224	1,683	4,478
May	47,200	28,235	4,232	8,377	1,583	4,781
* June	79,128	26,338	5,123	38,600	2,238	6,829
* July	94,605	28,047	5,368	41,920	2,302	6,988
* August	90,082	29,756	5,613	45,240	2,366	7,107
* September	95,559	31,466	5,858	48,560	2,430	7,246
* October	101,036	33,174	6,103	51,880	2,494	7,385
* November	106,513	34,883	6,345	55,200	2,568	7,524
* December	111,990	36,592	6,593	58,520	2,622	7,663

* PROJECTIONS

Government's stress on food production efforts has hiked agriculture's share in the net national product

To combat inflation, monetary and fiscal measures were centered on agricultural development, especially rice production. Hence, July and August, which are traditionally lean months (September included), have passed without any major food crisis this year. It is unlikely that the country will experience any during September and the remaining months of 1975. This was also true for 1974.

The main reason for such an optimistic outlook springs from the many forms of assistance the agricultural sector has received from the government. The greater availability of funds for agricultural projects supported by the necessary inputs, cre-

dits and technical supervision have greatly improved the output of the agricultural sector.

Figures from the Central Bank show that total loans granted to the agricultural sector by the banking system from 1970-1974 amounted to P18,458.3 million. On the other hand, total loans granted by the non-bank financial institutions for the same period amounted to P375.8 million. Of the total loans granted, commercial banks contributed the largest amounting to P13,348.3 million or 72 per cent with the rural banks contributing P4,461 or 24 per cent; development banks P641.9 or 3 per cent and savings banks P7.1 or .03 per cent.

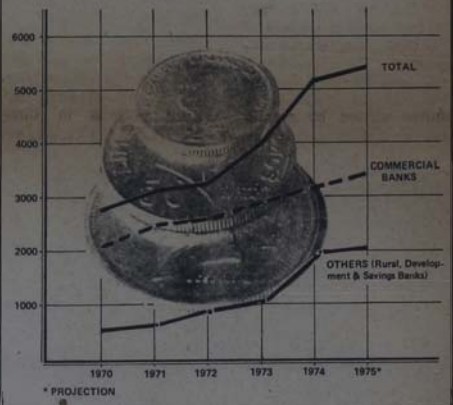
hectares target for the same phase.

A sister project of the Masagana 99 rice production program is the "Masaganang Maisan" of which Phase II was started in January and ended in March this year. This program is said to have surpassed the 95,640 hectare target by 37 per cent or 35,640 hectares in the corn and feedgrain planting.

Total credit assistance for the Masaganang Maisan amounted to P37.14 million.

The PNB's tasks have been enlarged to include the massive financing for rice and corn production. For 1974 alone, PNB had a total lending outlay of P6.27 billion for agri-business. It has extended P500 million to

Loans Granted to the Agriculture Sector by the Banking System



As projected by Business Day, total loans to be granted by the banking system for 1975 will amount to P5,415.4 million as compared to P5,189.3 million in 1974. This is an increase of P226.1 million.

Philippine National Bank loans alone amounted to P1,951.4 million in 1974, reflecting an increase of P1,050.2 or 115 per cent over 1973's figure of P901.2 million.

Masagana 99

In rice production, Masagana 99, Phase V, projects a total harvest of 88 million cavans, assuming a conservative yield of 80 cavans per hectare. This program involves more than P1 billion worth of production loans under the supervised credit scheme. Masagana 99, Phase V also aims to plant rice in 56 provinces with a total area of 1.1 million hectares. Under this program, about 700 thousand small farmers are expected to be the beneficiaries.

A review of Phase IV (Nov. 1974-Apr. 1975) of the Masagana 99 program reveals a total area of 620,000 hectares utilized. This represents a 10 per cent increase over the 580,000

382,849 rice farmers under the Masagana 99 program. For white corn and feedgrain, PNB extended P137.3 million in production loans to finance crops planted to 285,117 hectares.

G.O. 47

Varied measures have been undertaken by the government in its concern for food production. One is General Order No. 47 which requires all corporations, whether foreign or domestic, with more than 500 employees to either produce or import rice for their employees at low prices set by the government.

As of July 23, there were 117 firms in actual rice production in compliance with the presidential order.

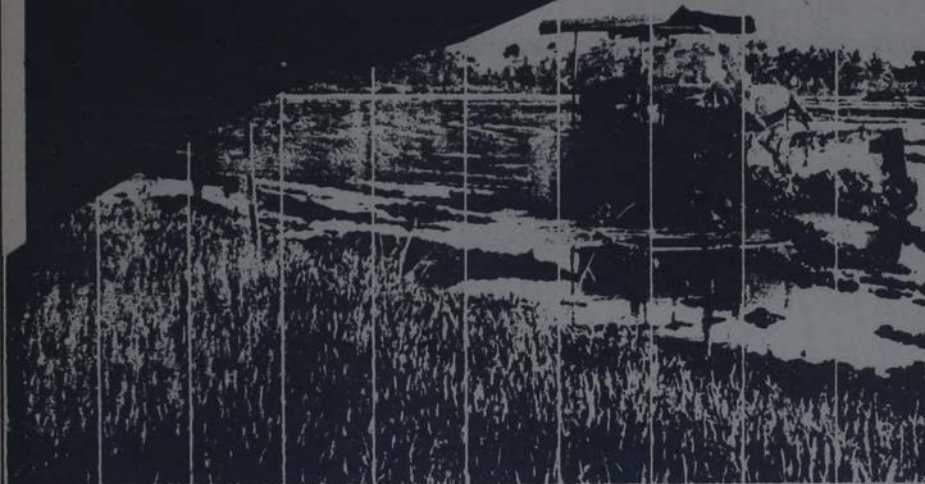
Another 132 firms as of July 2 had taken concrete steps towards compliance.

The 117 firms in actual rice production are expected to produce an approximate 3,228,160 bags of palay (one bag equals 50 kilos).

Studies are being conducted as to the possibility of broadening the coverage of the G.O. 47 to cover firms with at least 100 employees.

San Miguel Corporation, one of the country's major employers whose act-

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NATIONAL GRAINS AUTHORITY
The growth-oriented agency

ivities range from mining, manufacturing, and the services, intends to go into agricultural production itself. It plans to open up agricultural areas for corn and rice cultivation which would produce enough supply for the 30,000 people it now employs.

Planters Products, Inc., on the other hand, Asia's biggest fertilizer firm, has joined hands with the government to increase food production. Planters will train special distributors for its fertilizers and agricultural chemicals. Letter of Instructions No. 178, eventually makes the end users of the fertilizers part owners of Planters.

Boosts

A great boost to food production was the reduction of fertilizer prices by 25 per cent. Before this subsidy, which amounts to P350 million, there was a 29 per cent decrease in the use of fertilizer due to high prices.

Another boost was P29 million which was released to the Department of Agriculture. Part of this amount will be used in the purchase of early-maturing seed varieties. Some will be spent for the department's rat extermination program, while the rest will be used to hire additional farm production technicians to augment the department's field force.

The Central Bank, on the other hand, in June released guidelines on how farmers can become part owners of rural banks they are borrowing from. These guidelines implement PD No. 584. This adds to the various incentives offered by government to hike production. In

July, the DBP approved an emergency financing program of P50 million for the acquisition of tractors and farm machinery. The Land Bank also set aside P24 million for the same purpose, the LOI No. 298 provided for the allocation of P18.2 million from the calamity fund for the purchase of vaccines. To further help farmers meet obligations, the Land Bank has completed the implementing guidelines for LOI No. 273 which concerns liberalized payments for small landowners of tenanted rice and corn lands transferred to tenant-farmers.

Masaganang Samahan, a Land Bank subsidiary, will assist farmer-beneficiaries to greatly increase their production capacity and thereby improve their incomes by making available to them vital agri-business services like the leasing of tractors, rice thresher and other agricultural machineries; provision of farm inputs; warehousing; rice milling; certified seed products and management and consultancy services.

Also, the abaca production in the country was given a boost such that the Fertilizer Industry Authority had been asked to include abaca as one of the priority commodities in allocating subsidized fertilizer. Furthermore, the Department of Agriculture is procuring new additional stripping machines for distribution to selected abaca farm associations.

The Royal Savings and Loan Association also has initially set aside P3 million for backyard livestock fattening projects in three

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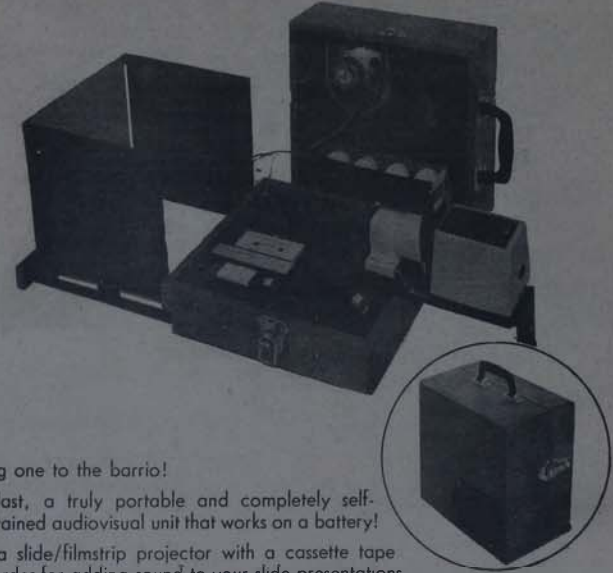
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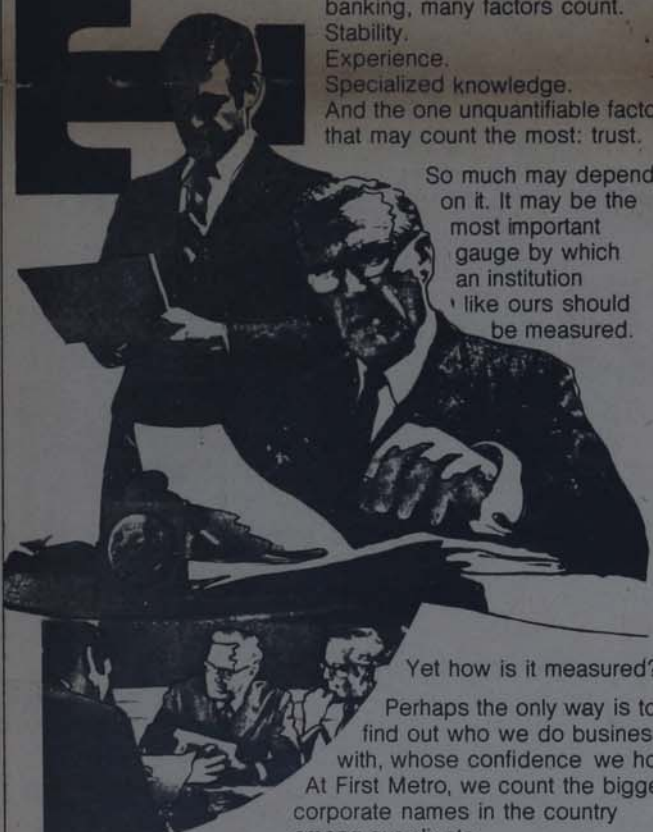
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Southern Luzon provinces. Under this program, a borrower is entitled to a maximum of P3,000 loan payable from a year to three years.

Other sectors

Likewise, the agriculture secretary has been instructed by the President to create an inter-agency committee to look into the sugar industry and increase its productivity. The government has also launched a trade offensive to complement the effort.

Presidential Decree 791, issued last September 4, grants tax exemptions for five years on importations of machinery and spare parts used in sugar production.

Presidential Decree No. 788, which increased by P0.10 to P1.10 the "stabilization" fee collected for every picul of sugar produced in the country, reflects increasing government attention to the welfare of sugar farm workers. The collection will be used to see to it that labor laws relating to sugar workers are strictly enforced.

The President likewise authorized the Philippine Virginia Tobacco Administration to undertake a joint project with the University of the Philippines (Los Baños) for the training of manpower and cooperative research.

The President has similarly directed the Central Bank, through the rural banks, to make available to Virginia tobacco growers an initial amount of P20 million to help them increase their production.

Likewise, PD 389 or the Forestry Reform Code of the Philippines, has been revised by PD 705. This gives certain incentives to qualified persons who will engage in industrial tree planting and farming. The Bureau of Forest Development, as an added incentive, will give free technical advice and assistance to persons who will develop their private lands into industrial free plantations and farms.

The Fisheries Decree of 1975, likewise, gives the Bureau of Fisheries and Aquatic Resources complete

jurisdiction and sole responsibility in the management of all fisheries and aquatic resources throughout the country except in municipal waters.

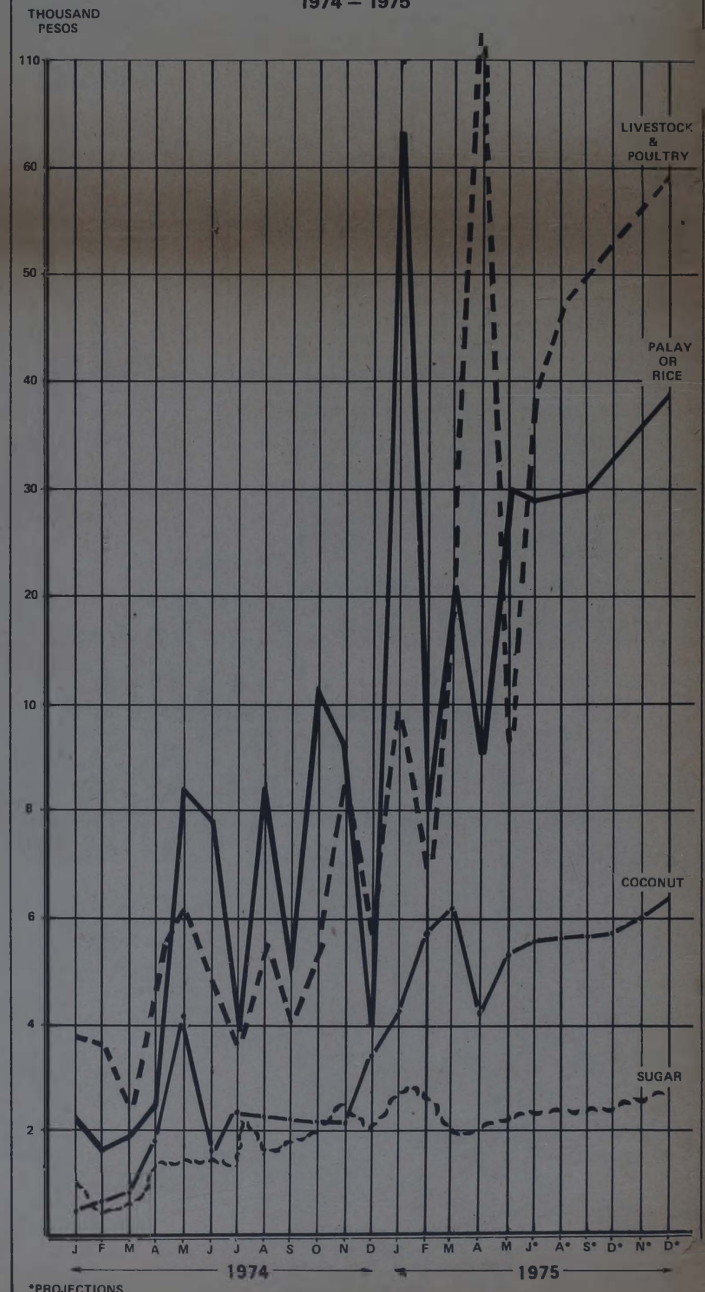
The President also appropriated P21 million to the Bureau, P1 million of which shall be operational expenses of the council for the current fiscal year and the balance to constitute a Fishery Loan and Guarantee Fund.

The government's intensified action regarding food production is clearly shown in the national budget for FY 1976.

A breakdown of the budget shows the Department of Agriculture getting an allotment of P212.5 million for its various programs. Similarly, the Bureau of Animal Industry gets P63.5 million, the Bureau of Fisheries and Aquatic Resources P77.2 million, and the Bureau of Forestry a total of P142.3 million.

Summing up, all indications point to more action on the food production front for 1976.

AGRICULTURAL CREDIT GRANTED BY DBP And PRIVATE DEVELOPMENT BANK 1974 - 1975



*PROJECTIONS