

Credit Access of Rice Farmer-Borrowers and Financial Performance of Banca Banca Primary Multipurpose Cooperative under the Laguna Credit Surety Fund Program in Victoria and Pila, Laguna, Philippines: 2010–2014

Marilyn M. Elauria and Dianne Therese E. Dizon

University of the Philippines Los Baños, Philippines

*Correspondence

Department of Applied and Agricultural Economics,
College of Economics and Management,
University of the Philippines
Los Baños, College 4031,
Laguna, Philippines

T +63 49 536 3292

E mmelauria@up.edu.ph

Keywords

credit, cooperative, Laguna, surety fund

Abstract

The province of Laguna and BSP launched the LCSF to help the mSMEs and most especially the cooperatives in increasing their worthiness to formal institutions. LCSF is a trust fund designed to enhance the credit worthiness and mitigate the risk of banks in extending credit to mSMEs. This program was pursued by the local government to facilitate credit access among small farmers and other small scale borrowers. BBPMPC was one of the 15 member-cooperatives of LCSF which contributed PhP100,000 to the program. The cooperative also availed loan through DBP's credit line that was secured by LCSF, which was used to provide cash and inputs to its rice farmer-borrowers on credit. This study analyzed credit access of rice farmer-borrowers and the financial performance of Banca Banca Primary Multi-Purpose Cooperative under the Laguna Credit Surety Fund Program in Laguna covering the period 2010 to 2014. Thirty five rice farmer-borrowers of BBPMPC in the municipalities of Victoria and Pila in Laguna were interviewed during the conduct of the study. The result of the study showed that the rice farmer-borrowers reduced their borrowing from other sources after the cooperative availed LCSF. It was due to increased amount of loan granted to the rice farmer-borrowers. As for the loan utilization and repayment performance of the rice farmer-borrowers, most of them utilized funds only for farm operations and had fully paid their loans from the cooperative. The rice farmer-borrowers were also very satisfied with the lending operation of the cooperative. In general, it was found out that: LCSF was seen to be beneficial to BBPMPC because it provided the rice farmer-borrowers easier access to credit and LCSF helped improve the financial standing of BBPMPC. Therefore, LCSF should improve information dissemination to encourage more cooperatives into their program. This would further extend credit to farmers and provide technical assistance to its members.