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FAOSTAT ANALYTICAL BRIEF 38

Credit to agriculture

Global and regional trends

2012–2020

HIGHLIGHTS

- **Credit to agriculture* went up 21 percent in nominal terms, or USD 201 billion, between 2012 and 2020, from USD 935 billion to USD 1 136 billion.**
- **The global share of agriculture in total credit decreased from 2.67 percent in 2012 to 2.38 percent in 2020.**
- **The share of Asia in total credit to agriculture increased from 37 percent in 2012 to 49 percent in 2020, while that of Europe decreased from 38 percent to 30 percent over the same period.**
- **Credit to agriculture was largest in China (with USD 194 billion loaned on average each year between 2016 and 2020) and India (USD 157 billion). India also has one of the highest shares of agriculture in total credit: 12 percent on average during 2016–2020.**

* The term “agriculture” includes forestry and logging, and fishing and aquaculture, as per ISIC Rev. 4, A_01-03.

Note: Values in this brief are based on the 126 countries for which data are available or imputable for the period 2012–2020.

FAOSTAT CREDIT TO AGRICULTURE

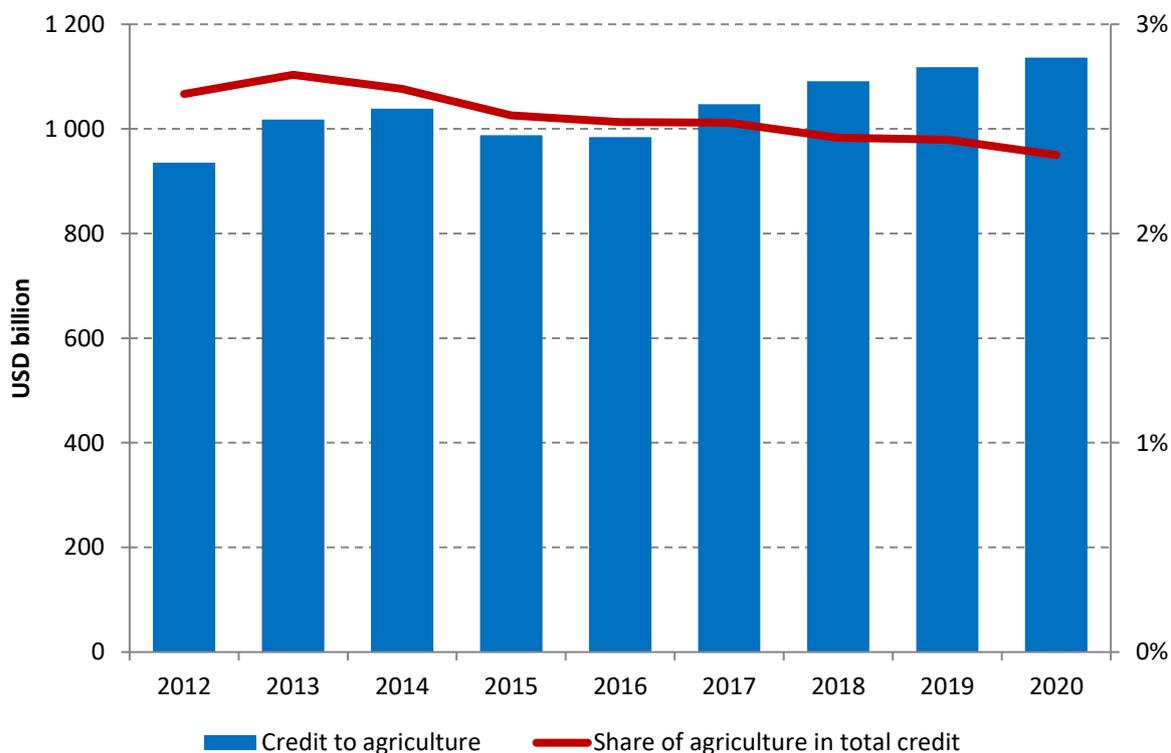
BACKGROUND

Access to formal credit is critical to farmers for purchasing inputs such as seeds, fertilizers, plant protection materials or animal feed. In the absence of personal savings, borrowing from informal sources (such as moneylenders, relatives and friends) may involve unduly high interest rates and unfavourable conditions, which may make many agricultural operations uneconomical. The lack of access to credit is particularly problematic for farmers as there is a gap between the time that money is spent on cultivating crops or raising livestock, and the time money is made from the sale of the products.

GLOBAL

In 2020, credit to agriculture reached USD 1 136 billion, an increase of USD 201 billion (or 21 percent) compared with USD 935 billion in 2012. Yet, the growth in credit to agriculture was slower than in other sectors, as the share of agriculture in total credit slowly declined between 2012 and 2020 from 2.67 percent to 2.38 percent, with a peak in 2013 at 2.76 percent (Figure 1).

Figure 1: Global credit to agriculture and share of agriculture in total credit



Source: FAO. 2022. FAOSTAT: Credit to agriculture. In: FAO. Rome. Cited February 2022. <http://www.fao.org/faostat/en/#data/IC>

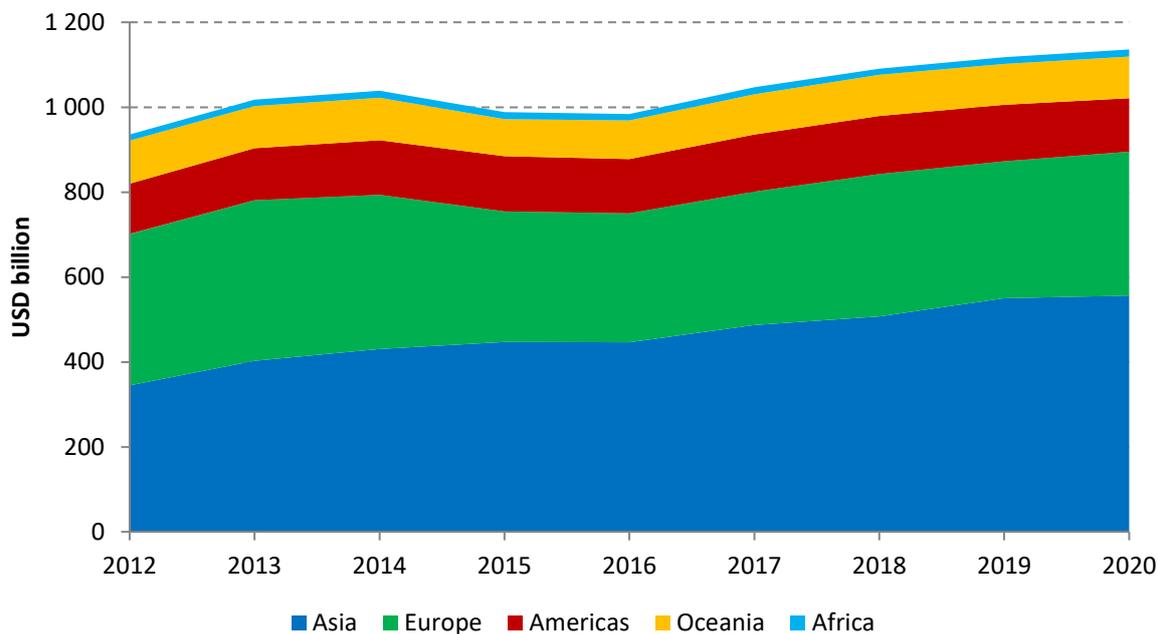
REGIONAL

Asia dominates the regional breakdown of credit to agriculture, accounting for 37 percent of the global amount in 2012 and 49 percent in 2020. The amount loaned in the region increased dramatically by 61 percent between 2012 and 2020, from USD 345 billion to USD 556 billion, led mainly by China and India. The growth in Asia is, by a wide margin, the main driver of the global increase in credit to agriculture (Figure 2).

This is in sharp contrast with Europe, where the amount of credit to agriculture decreased by USD 18 billion between 2012 and 2020, resulting in a reduced share in the world total: 30 percent in 2020 compared with 38 percent in 2012. The large drop in global credit observed between 2014 and 2015 is almost entirely due to this region, driven by decreases in Italy, the Netherlands, France and Germany.

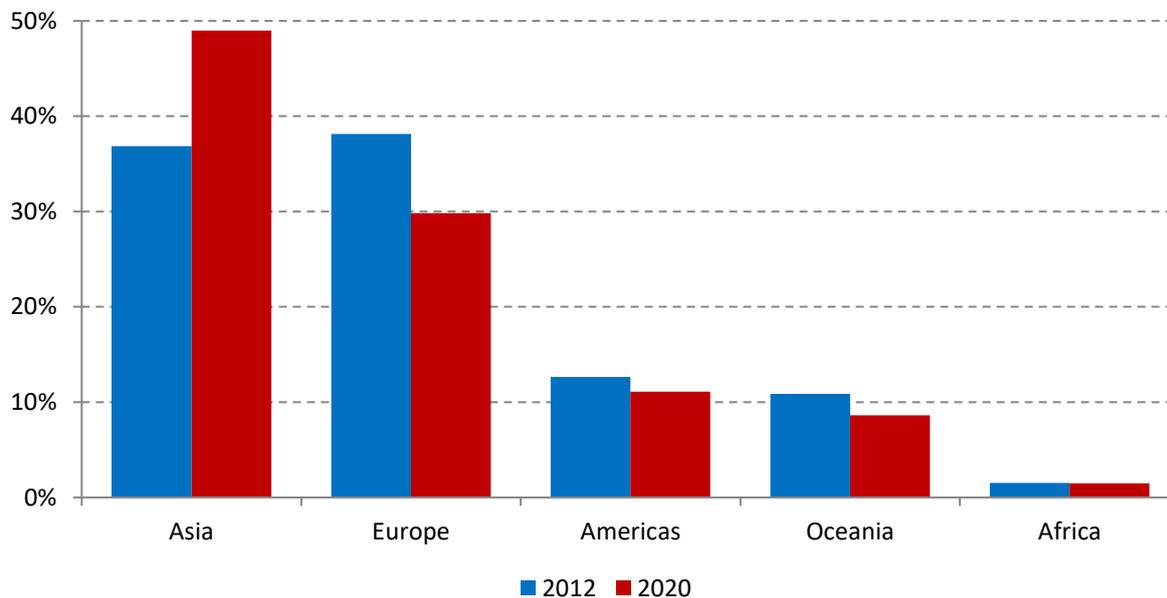
Compared with Europe and Asia, the changes in the shares of the Americas, Oceania and Africa were smaller: -2 percentage points for Oceania (from 11 percent in 2012 to 9 percent in 2020), -2 percentage points for the Americas (from 13 percent in 2012 to 11 percent in 2020), and less than -1 percentage point for Africa (from 2 percent in 2012 to 1 percent in 2020) (Figure 3).

Figure 2: Credit to agriculture by region



Source: FAO. 2022. FAOSTAT: Credit to agriculture. In: *FAO*. Rome. Cited February 2022. <http://www.fao.org/faostat/en/#data/IC>

Figure 3: Regional shares of credit to agriculture in global total



Source: FAO. 2022. FAOSTAT: Credit to agriculture. In: *FAO*. Rome. Cited February 2022. <http://www.fao.org/faostat/en/#data/IC>

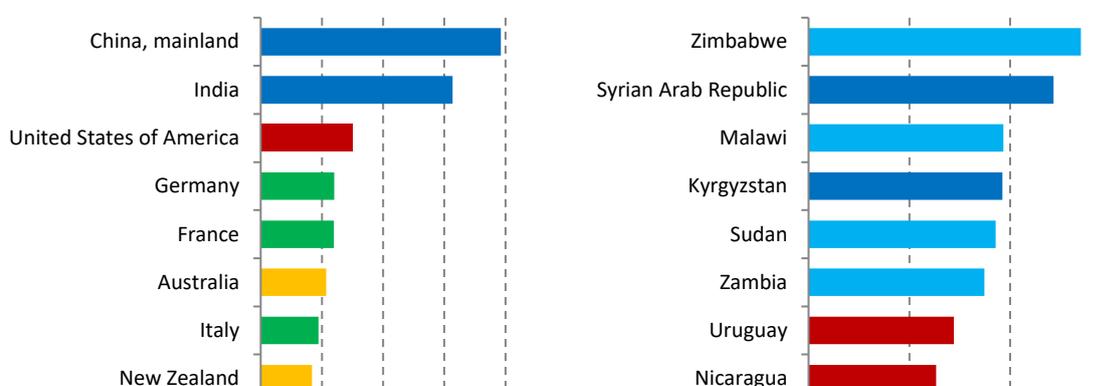
COUNTRY

Countries with the highest amounts of credit to agriculture are by far China (with USD 194 billion loaned between 2016 and 2020 on average) and India (with USD 157 billion) as a clear sign of their economic and physical sizes. Credit to agriculture is also high in high-income countries with large-size economies and an intensively mechanized agriculture: four members of the G7 (the United States of America, Germany, France and Italy) and Australia, New Zealand, the Netherlands and the Republic of Korea. Banks in these countries disbursed USD 36–75 billion each year on average between 2016 and 2020.

China has developed various lending systems to deal with credit demands for expanding its agriculture sector since the mid-1990s: the Rural Credit Cooperatives, the Agricultural Bank of China (which was the fourth-largest bank in the world in 2016), the Agricultural Development Bank of China, and many small lending institutions such as micro-credit corporations, village and township banks, and credit-only financial institutions. In India, agriculture is one of the sectors benefiting from the Priority Sector Lending scheme, which relaxes the lending norms for poor and small businesses and sets targets for the share of each sector in the adjusted net bank credit or the credit equivalent amount of off-balance sheet exposure.

Countries with the highest shares of agriculture in total credit are mostly low and middle-income countries where agriculture represents a high share of GDP or employment. Eight of these countries are in Asia and Africa: the Syrian Arab Republic, Zimbabwe, Kyrgyzstan, Malawi, Sudan, Zambia, Uganda and India. India stands out as it has some of the highest amounts of credit to agriculture and shares of agriculture in total credit.

Figure 4: Credit to agriculture and share of agriculture in total credit, top countries (2016–2020 average)



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