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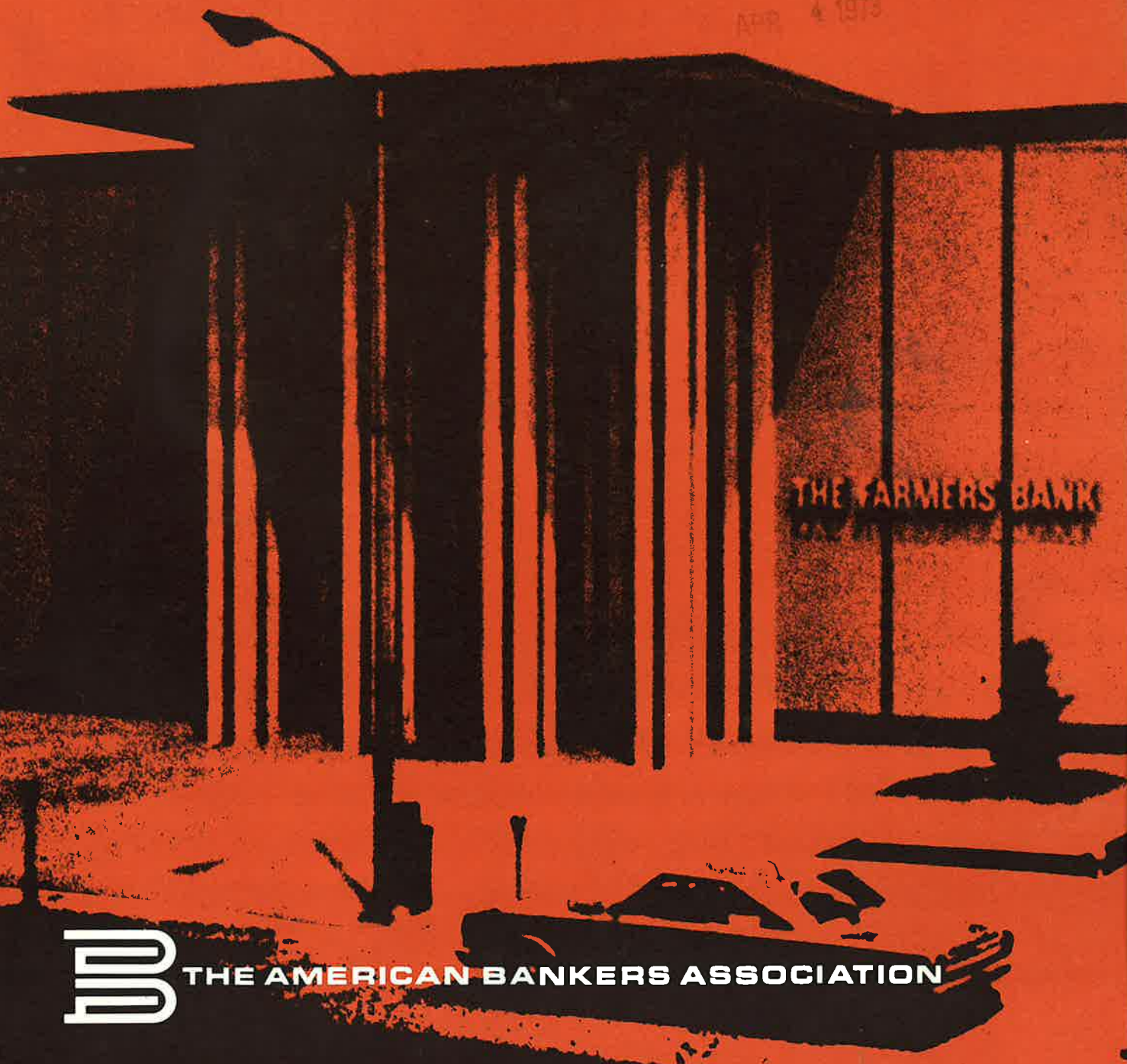
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Agricultural Banking Developments 1972

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Agricultural Banking Developments 1972



AGRICULTURAL AND COMMUNITY BANKER DIVISION

THE AMERICAN BANKERS ASSOCIATION

1120 CONNECTICUT AVENUE, N.W., WASHINGTON, D.C. 20036

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Foreword

For many years the Agricultural Committee of The American Bankers Association has conducted an annual survey of banks involved in agricultural lending. In 1962 this survey was formalized, thus providing the Committee and interested parties with extensive information about agricultural banking. For several years this information was reported in the publication, "Trends in Agricultural Banking." In 1970 the survey information was combined with loan data on the other major lenders to agriculture and presented in the publication, "Agricultural Banking Developments." This year marks the tenth anniversary of the Agricultural Credit Situation Survey and enables the presentation of not only one-year comparisons but also some important trends that have taken place during the past decade.

Agriculture and agricultural lending have made dramatic changes in the 10-year period ending January 1, 1972. With the ever increasing size of farms and the introduction of new technology into the production of food and fiber, the need for capital has grown as never before. Both farmers and ranchers have found that by substituting automation for labor, their farm production and profits can be increased. This new agriculture has demanded a greater amount of services and capital than have traditionally been provided by lenders. Lenders have willingly responded to this demand and today we find that agricultural lenders are not only providing enormous amounts of credit to farmers but, in addition, are providing such services as EDP farm recordkeeping, farm management assistance, farm equipment and building leasing, and numerous others.

Presented in this report is an analysis of current bank information derived from the annual survey and data from banks which has been submitted to supervisory agencies. These data are compared in many instances to those of one year ago and those of 10 years ago. Following this discussion is a comparison of all major lenders and the loan volumes of other institutional lenders to agriculture. A section of related information containing the Income Statement and Balance Sheet of the Farming Sector is included to complete the agricultural finance picture.

The Agricultural Banker Administrative Committee would like to express its appreciation for the aid and information supplied by the various agencies noted in the text. Special recognition is given to the 775 agricultural bankers who responded to the survey questionnaire and made that portion of the book meaningful.

The Agricultural Banker Administrative Committee wishes to emphasize that the information presented in this report is not intended as a substitute for individual analysis by each bank of its own practices, costs, charges, and policies. As for these, each bank, exercising independent judgment, should make its own determinations. The Committee does feel, however, that individual banks will find this information helpful in evaluating important relationships among factors influencing agricultural banking.

Highlights

1. Agricultural loans held by all operating banks in the United States totaled \$16.7 billion on January 1, 1972. This is nearly a 7½ per cent increase over 1971 and represents a 135 per cent increase since 1962.
2. Total non-real estate loans held by banks increased over 12 per cent. This compares with a 7 per cent growth during 1971.
3. Total farm loans held by all lenders were up 9 per cent during the 12-month period ending January 1, 1972, and up 133 per cent since 1962.
4. On January 1, 1972, total farm debt stood at \$66.0 billion, up \$38.2 billion since 1962. Total investment increased by 59 per cent during the decade and reached \$339 billion by the beginning of the year. Of this figure, 19.7 per cent was borrowed capital.
5. Loan-to-deposit ratios of surveyed agricultural banks have generally increased since 1962. The percentage of banks having ratios of 60 per cent or above has increased from 25 per cent to 49 per cent during this period. Only 23 per cent of the banks presently have ratios under 50 per cent.
6. The 18-month period ending June 1, 1972, showed interest rates slowly easing downward. This contrasted with the overall increases in interest rates that occurred from 1962 through 1970.
7. The individual legal lending limit of surveyed agricultural banks has continued rising since 1962 when only 25 per cent of the banks had lending limits of \$150,000 or above. Presently the proportion of banks able to make individual loans of \$150,000 and above is 52 per cent. Only 12 per cent of the banks now have lending limits under \$50,000 compared to 43 per cent in 1962.
8. Slightly over one-third of the surveyed agricultural banks received acceptable farm loan applications which exceeded their legal lending limit during the six-month period ending June 1, 1972. Regionally, the range of such applications went from a low of 11 per cent in the South to a high of 55 per cent in the Plains.
9. Approximately two-thirds of the banks with acceptable farm loan applications exceeding their resources sold participations to correspondents.
10. The proportion of agricultural banks having farm specialists on their staffs has steadily increased. Presently 69 per cent of the banks surveyed have farm specialists, and about one-half of them spend full time on agricultural activities.
11. The number of responding agricultural banks that offer an agriculturally oriented computer customer service has risen noticeably during the past five years. Fifteen per cent of the banks now offer such a service compared to 9 per cent in 1967 and 3 per cent in 1966. Farm management services are now provided by 21 per cent of the banks.

Agricultural Lending by Banks

Eighty-eight per cent of the banks in the country are providing farmers and ranchers with over one-fourth of their total credit needs. Table 1 gives a state-by-state comparison of banks holding agricultural paper. As has been the case for many years, the percentage of banks making loans to farmers is higher than the average in the strong agricultural states—the Corn Belt and the Plains—and somewhat less than average in the North-East, the South, and the West.

1972 Survey Results, with Comparisons

LOAN VOLUME—

The single factor which best relates the active involvement of agricultural banks to the dynamic growth of agriculture is, perhaps, the total farm loan volume of these banks. During the 10-year period ending January 1, 1972, banks increased their total farm loans by 135 per cent and have retained approximately the same proportion of the total farm loan volume. In the 12-month period ending January 1, 1972, agricultural banks increased their farm operating loans by 13 per cent and their total farm loans by over 7 per cent. Their volume of farm real estate loans has increased by 136 per cent since 1962 and by 33 per cent since 1967. A special explanation is required in regard to the reporting of farm real estate loans by commercial banks. As of the June 1971 Call Report, Farmers Home Administration insured real estate notes were reclassified from "loans" to "investments."

As illustrated in Table 2, four out of the five regions experienced increased total farm loan volumes during the 12-month period ending January 1, 1972. The gains ranged from 7.6 per cent in the South to 13.1 per cent in the Plains. The North-East experienced an increase of 11.8 per cent in non-real estate loans but suffered from a 20.9 per cent decrease in real estate loans for a net decline of 2.7 per cent in total farm loan volume. The decrease in real estate loan volume is again due to the change in the reporting of FHA paper. Several large city banks had substantial holdings in FHA insured real estate notes. This undoubtedly accounts for the large decreases in real estate loan volumes in many states and for what appears to be smaller-than-normal gains than is actually the case. The U. S. Department of Agriculture currently has a project under way to adjust previous years totals for the FHA notes which will provide true comparisons.

Table 2 also shows 10-year changes in total bank loan volumes. The Plains region shows the greatest increase—180 per cent, with both Oklahoma and South Dakota reporting increases of 200 per cent or greater. The South shows a net increase of 151 per cent led by a 238 per cent growth in Georgia's bank farm loan volume. It is not surprising to find smaller growth and some declines in loan volumes in the more urbanized areas of the North-East.

Eighty-nine per cent of the surveyed agricultural banks were able to handle loan demands from their own sources, however 7 per cent said that higher-than-desired loan-to-deposit ratios had resulted by year-end 1971. Only 11 per cent of the banks responding indicated that their requests for loans had exceeded their sources during 1971.

TABLE 1
Insured Commercial Banks Holding Agricultural Loans
by Types of Loans, January 1, 1972

	Total Number Insured Commercial Banks	Per Cent of Banks Reporting		
		Non-Real Estate Farm Loans	Real Estate Farm Loans	One or More Types of Loans to Farmers (1)
Maine	40	83%	78%	85%
New Hampshire	72	63	46	72
Massachusetts	154	39	28	43
Vermont	41	93	93	100
Connecticut	62	47	35	53
Rhode Island	11	18	18	27
New York	285	71	70	76
New Jersey	209	36	37	43
Pennsylvania	447	78	87	89
Maryland & D.C.	126	67	77	81
Delaware	18	67	78	78
Michigan	329	85	87	91
Wisconsin	607	88	88	91
Minnesota	728	87	85	90
NORTH-EAST - TOTAL	3,129	76%	76%	82%
Ohio	512	89	93	95
Indiana	405	95	95	97
Illinois	1,131	76	76	82
Iowa	658	99	96	100
Missouri	666	86	91	93
CORN BELT - TOTAL	3,372	87%	87%	91%
Virginia	245	69	71	76
West Virginia	199	52	70	74
Kentucky	339	88	95	97
South Carolina	99	91	95	97
North Carolina	94	86	87	90
Tennessee	307	91	94	96
Georgia	428	82	85	88
Alabama	273	93	92	96
Mississippi	183	95	96	97
Arkansas	251	96	95	98
Louisiana	234	77	73	85
Florida	535	45	49	60
SOUTH - TOTAL	3,187	78%	81%	85%
North Dakota	166	100	98	100
South Dakota	159	100	92	100
Nebraska	438	97	77	98
Kansas	602	97	91	98
Oklahoma	435	94	90	97
Texas	1,207	81	71	86
PLAINS - TOTAL	3,007	91%	81%	93%
Montana	143	95	76	97
Idaho	24	96	83	100
Wyoming	71	97	76	99
Colorado	235	83	63	86
Utah	50	88	78	94
New Mexico	68	90	82	91
Arizona	13	100	54	100
Washington	90	74	67	81
Oregon	44	91	82	95
Nevada	8	88	75	88
California	144	50	52	57
Hawaii	7	71	71	71
Alaska	10	10	20	20
WEST - TOTAL	907	81%	68%	85%
U. S. TOTAL	13,602	82%	81%	88%

(1) Types of Loans to Farmers include: "Other Loans to Farmers" and "Real Estate Loans on Farm Land."
Source: Data compiled from unpublished report of Federal Deposit Insurance Company.

TABLE 2
Agricultural Loans Held by All Operating Banks by States
January 1, 1972, with Comparisons
(In Thousands of Dollars)

State	Non-Real Estate (1)	% Change 1971-72	Real Estate	% Change 1971-72	Total (1)	% Change 1971-72	% Change 1962-72
Maine	\$ 13,787	1.6	\$ 6,716	.7	\$ 20,503	1.3	*
New Hampshire	5,518	7.6	8,558	43.9	14,078	27.1	29
Vermont	19,003	15.1	21,629	1.9	40,632	7.7	8
Massachusetts	10,804	32.5	11,862	31.3	22,666	31.9	14
Connecticut	5,636	12.85	5,164	-2.7	10,800	4.8	-29
Rhode Island	238	-10.5	615	17.3	853	7.9	-64
New York	183,646	11.9	95,198	-75.1	278,844	-49.0	50
New Jersey	16,168	-32.3	16,148	-22.9	32,316	-27.9	-5
Pennsylvania	203,153	16.7	182,212	8.7	385,365	12.8	89
Maryland & D.C.	40,257	4.3	72,344	6.8	112,601	5.9	97
Delaware	3,594	-26.7	17,755	7.5	21,349	*	19
Michigan	195,473	6.6	128,823	6.6	324,296	6.7	86
Wisconsin	338,288	14.4	239,077	7.5	577,365	11.5	150
Minnesota	630,123	13.7	133,870	-4.7	763,993	10.0	133
NORTH-EAST - TOTAL	1,665,688	11.8	939,973	-20.9	2,605,661	-2.7	95
Ohio	218,460	14.0	237,745	8.4	456,205	11.0	99
Indiana	330,074	8.6	212,981	5.9	543,055	7.6	147
Illinois	796,094	7.7	263,447	-8.9	1,059,541	3.0	139
Iowa	1,258,635	14.7	142,553	2.0	1,401,188	13.2	138
Missouri	473,714	11.0	220,393	-6.6	694,107	4.7	162
CORN BELT - TOTAL	3,076,977	11.54	1,077,119	-7	4,154,096	8.1	137
Virginia	109,795	7.2	96,305	6.4	206,100	6.8	81
West Virginia	20,210	2.6	35,583	7.2	55,793	5.6	137
Kentucky	196,535	10.6	195,581	13.3	392,116	11.9	142
North Carolina	108,868	5.8	74,038	6.9	182,906	6.3	106
South Carolina	35,505	7.3	33,041	7.1	68,546	7.2	134
Tennessee	135,686	9.1	158,894	10.8	294,580	10.0	124
Georgia	127,747	10.1	197,324	11.5	325,071	10.9	238
Alabama	96,336	14.9	98,405	9.6	194,741	12.2	135
Mississippi	123,715	8.4	133,229	-4.3	256,944	1.4	192
Arkansas	146,780	9.7	138,592	3.6	285,372	6.6	195
Louisiana	84,090	13.0	83,455	4.6	167,545	8.7	181
Florida	111,524	4.6	79,271	-8.7	190,795	-1.3	160
SOUTH - TOTAL	1,296,791	9.1	1,323,718	6.2	2,620,509	7.6	151
North Dakota	244,712	8.0	60,020	-23.6	304,732	*	195
South Dakota	413,869	12.4	21,288	-33.7	435,157	8.9	200
Nebraska	929,512	18.4	36,986	-17.5	966,498	16.4	173
Kansas	798,584	14.0	86,353	-19.0	884,937	9.8	153
Oklahoma	424,693	14.0	102,377	5.0	527,070	12.0	208
Texas	999,148	23.0	207,817	8.0	1,206,965	19.3	186
PLAINS - TOTAL	3,810,518	16.6	514,841	-7.0	4,325,359	13.1	180
Montana	239,758	6.0	16,709	5.0	256,467	5.6	199
Idaho	185,479	10.0	6,959	21.0	192,438	10.5	179
Wyoming	120,018	8.0	6,411	-32.0	126,429	5.0	147
Colorado	358,190	7.0	22,856	-4.0	381,046	6.6	126
Utah	68,022	10.0	12,080	17.0	80,102	11.1	80
New Mexico	108,514	28	12,266	16.0	120,780	26.6	195
Arizona	223,977	1.0	5,380	-24.0	229,357	.6	113
Washington	200,403	7.0	26,042	-13.0	226,445	3.2	106
Oregon	129,362	2.0	18,964	-9.0	148,326	*	85
Nevada	10,758	6.0	1,693	-35.0	12,451	-2.0	*
California	989,744	16.0	227,083	-1.0	1,216,827	12.2	89
Hawaii	10,521	-4.0	2,946	-5.0	13,467	*	25
Alaska	1,109	-11.0	1,212	34.0	2,321	8.2	154
WEST - TOTAL	2,645,855	10.2	360,601	-2.9	3,006,456	8.5	111
U. S. TOTAL	\$12,495,829	12.6	\$4,216,332	-5.4	\$16,712,081	7.4	135

(1) Excludes Commodity Credit Corporation.
Source: Data from Economic Research Service, U.S.D.A.

LOAN-TO-DEPOSIT RATIO

As shown in Table 3, loan-to-deposit ratios have generally increased since 1962 in agricultural banks. Between 1962 and 1972 the proportion of agricultural banks reporting ratios of 60 per cent or above increased from 25 per cent to 49 per cent. Only 23 per cent of the banks presently have ratios of under 50 per cent compared to 41 per cent in 1962; and as of June 1972, 16 per cent of the banks had ratios of 70 per cent and above.

This year, as in the past, the banks in the West and the North-East have the highest loan-to-deposit ratios, while the Corn Belt has the lowest ratios. The number of Corn Belt banks with rates of 70 per cent decreased from the previous year. Highest ratios are also generally held by the larger banks and at midyear.

As of June 1972, 37 per cent of the banks indicated a desire to increase their loan-to-deposit ratios. The strongest desire to do so came from the \$5-10 million banks and from the Corn Belt where 46 per cent of the banks said they hoped to increase their ratios by

TABLE 3
Distribution of Agricultural Banks By Loan-To-Deposit Ratio
(1962-1972)

1962 MIDYEAR						
Ratio	REGIONS					
	All Regions	North- East	Corn Belt	South	Plains	West
Total	100%	100%	100%	100%	100%	100%
Under 50%	41	27	47	48	48	28
50-59%	34	37	31	33	32	38
60% and over	25	36	22	19	20	34
1967 MIDYEAR						
Total	100%	100%	100%	100%	100%	100%
Under 50%	21	17	22	23	24	18
50-59%	33	25	40	31	39	24
60-69%	33	39	29	31	27	45
70% and over	13	19	9	15	10	13
1972 MIDYEAR						
Total	100%	100%	100%	100%	100%	100%
Under 50%	23	17	31	25	26	10
50-59%	28	22	31	27	28	27
60-69%	33	39	30	32	28	46
70% and over	16	22	8	16	18	17

June 1973. A strong desire for higher ratios was indicated by 40 per cent of the banks in the West.

Only 5 per cent of the total number of agricultural banks indicated that they would like to decrease their ratios by June 1973. This desire was strongest in the banks under \$5 million and in all banks in the West. The 1972 5 per cent figure is somewhat higher than the 1971 figure when 12 per cent of the agricultural banks said they would prefer to lower their ratios.

INTEREST RATES

Interest rates on all types of farm loans slowly continued to decrease. Interest rate levels on all types of farm loans are below those of 18 months ago. The largest change occurred on cattle loans where rates decreased by .33 points. The change in operating and farm real-estate loans was slightly less at .27 points. The Plains and the West, where rates are generally higher, experienced the most substantial change, while the least change occurred in the South. It is interesting to note that in the West during this 18-month period, interest rates on cattle loans and on operating loans dropped 63 points and 40 points respectively. Operating loans in the South had a 12-point decrease. Although the most noticeable changes occurred in the West and the Plains, the interest rates continued to be generally lower in the East and the Corn Belt. (See Table 4)

TABLE 4
Farm Loan Interest Rates* Midyear 1972
(With Changes from Year-End 1970)

Types and Sizes of Loans	REGIONS					
	All Regions	North- East	Corn Belt	South	Plains	West
Real Estate						
\$15,000	7.89	7.75	7.76	7.82	8.05	8.26
(change)	-.27	-.19	-.26	-.18	-.40	-.33
Operating						
\$10,000	7.90	7.72	7.73	7.83	8.10	8.30
(change)	-.27	-.28	-.25	-.12	-.27	-.40
Cattle						
\$10,000	7.80	7.70	7.61	7.82	7.93	8.11
(change)	-.33	-.23	-.28	-.17	-.29	-.63

*The rates indicated represent the mean for each classification. The mean shown is the arithmetical average of all rates reported, calculated from 10 groups.

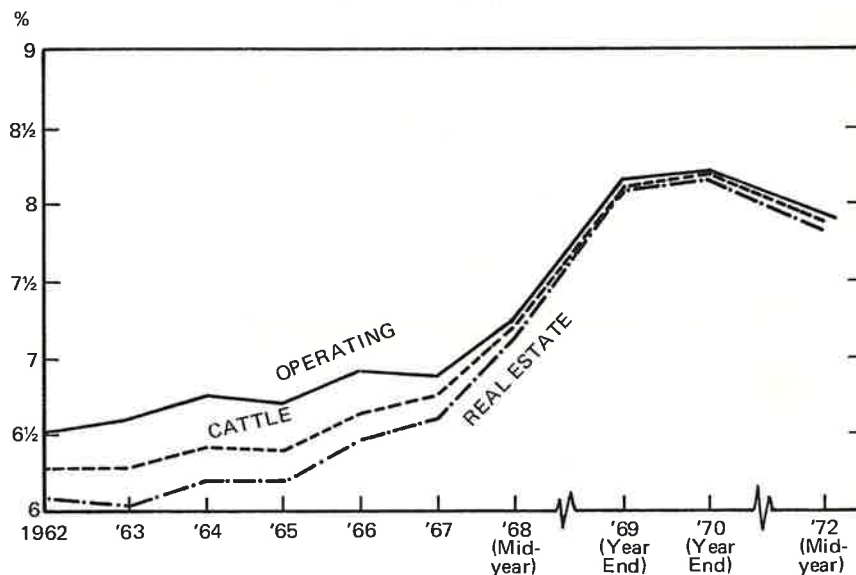
Over 80 per cent of the surveyed agricultural bankers felt that interest rates would remain unchanged during the last of 1972. Another 8 per cent anticipated higher interest

rates, and only 3 per cent of the bankers looked for lower rates. Those who expected higher interest rates felt they would vary according to loan type. Twelve per cent anticipated higher rates on operating loans; 8 per cent looked for higher rates on real estate loans. Still wider variations exist when regional rates are compared. Twenty-one per cent of the bankers in the West, compared to 8 per cent of the bankers in the Corn Belt, foresaw higher rates on operating loans. The proportion of respondents expecting higher interest rates on cattle and real estate loans was also higher in the West.

As shown in the chart, the general increase in farm loan interest rates was most pronounced during the tight money period of 1967-1969. Survey results show that rates on all types of loans increased, with real estate loan rates rising most noticeably.

Interest rates on bank farm loans were generally 1.5 per cent above the level of 10 years earlier.

**FARM LOAN INTEREST RATES
MIDYEAR 1962-1972**



LENDING LIMITATIONS

The upward trend in the legal lending limitations of agricultural banks has continued steadily since 1962. As pointed out in Table 5, the proportion of agricultural banks with lending limits of \$150,000 and above has grown from 25 per cent 10 years ago to over 50 per cent now.

In 1967 the proportion stood at 35 per cent. The proportion of banks having lending limits of under \$50,000 has dramatically declined during the past decade. Presently only 12 per cent of the agricultural banks have such limits, while in 1962 the \$50,000-or-under limit applied to 43 per cent of the banks. In 1967 the proportion was 21 per cent. It is interesting to note that in the most recent survey only one per cent of the agricultural banks in the South reported having a lending limit of under \$50,000 and that 4 per cent of the banks could make loans of \$5 million and over. For the West, the latter percentage was 8 per cent. Roughly 16 per cent of the banks with lending limits of over \$150,000 had loan-to-deposit ratios of 70 per cent and over. There were no banks with lending limits of over \$1 million with loan-to-deposit ratios of under 40 per cent.

TABLE 5
LEGAL LOAN LIMITS
Agricultural Banks
(1962-1972)

Legal Loan Limit											
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Under \$50,000	43	40	38	31	27	21	23	15	12	12	
\$50,000 - \$149,999	32	37	37	42	42	44	40	43	43	36	
\$150,000 & Above	25	23	25	27	31	35	37	42	45	52	
	* '62	'63	'64	'65	'66	'67	'68	'69	'70	'72	
							(Mid Year)			(Mid Year)	

*Year-end unless otherwise indicated.

EXCESS LOAN APPLICATIONS

A total of 35 per cent of the responding agricultural banks reported that they had received acceptable farm loan applications during the first six months of 1972 which exceeded their legal loan limit. The highest proportion of banks receiving such applications was in the Plains (55 per cent) and in the West (47 per cent). Only 11 per cent of the banks in the South reported having received such applications. Also of interest is the fact that of the banks with deposits under \$5 million, 61 per cent had acceptable farm loan applications that they were unable to meet.

In handling loan applications which exceeded their legal limits, 67 per cent of the banks turned to their correspondent bank and handled the loan on a participation basis. An additional 17 per cent handled the loans on a participation basis with other local banks. Of the remaining applications, 5 per cent were lost to other institutions and 11 per cent were referred to city correspondent banks. The proportion of banks that participate with city correspondents in handling these applications continues to be highest in the Plains and lowest in the North-East. Fifty-five per cent of the total dollar volume in participations was retained by the originating bank during the past year, and only 6 per cent was lost to other institutions. Four per cent of the banks indicated that they had affiliated agricultural credit corporations; and of these, 70 per cent had placed farm loans with them during the 12-month period ending June 30, 1972.

CITY CORRESPONDENTS

Fifty-four per cent of the respondents use city correspondent banks for overline participations on agricultural loans. Of that number, 98 per cent felt that their city correspondent bank was willing and cooperative in handling overline participations in agricultural loans.

Various reasons were given by the remaining 46 per cent of the banks for not using city correspondents. Cited by 77 per cent of these banks was the lack of need for additional loan funds for agriculture. Fifteen per cent said that agricultural overlimes were satisfactorily being handled by other banks in their area. A very small number of the

banks gave other reasons for not using city correspondents, and only one per cent of the banks feared that the city correspondent would take over their customers' accounts.

When asked about the service received from their primary city correspondent bank during periods of "tight money," 68 per cent of the banks said there was no noticeable change. Ten per cent said their correspondent continued to handle participations but either required an additional correspondent balance or charged interest rates above those of local money markets. Only 1 per cent of the banks said that their correspondent had withdrawn completely.

AGRICULTURAL SPECIALISTS

As stated earlier, the services which agricultural banks have offered their customers have changed dramatically during the last decade to meet the needs of modern farmers and ranchers. Much of the change in the services offered has been brought about by the increased use of professionally trained agricultural specialists. With 69 per cent of the surveyed banks presently having agricultural specialists on their staffs (compared to 47 per cent in 1963 and 51 per cent in 1967), farmers and ranchers today are getting the specialized assistance they need. Nearly one-half of the agricultural specialists devote their full time to agriculturally related activities. The proportion of banks with farm specialists is highest in the West, where 79 per cent have such employees and where slightly over three-fourths of them devote their full time to agricultural matters. The smallest proportion of banks with agricultural specialists is in the South. The proportion of agricultural specialists who spend their full time on agricultural activities is also smallest there.

The agricultural specialists in banks of under \$25 million will usually spend only part of their time on agricultural matters, while those in the larger banks will spend full time. There is no dramatic difference in the proportion of banks with agricultural specialists by farm-loan-to-assets ratio, although the proportion increases slightly as the ratio rises. There is however, a direct relationship between the proportion of banks with agricultural specialists on their staffs and the loan-to-deposit ratio of banks. Roughly two-thirds of the banks with loan-to-deposit ratios of 70 per cent and above have farm specialists, compared with only 39 per cent of the banks with ratios of under 40 per cent.

OTHER SERVICES

Agricultural banks have introduced numerous services for their agricultural customers during the last decade. Factors which have influenced the introduction of these services have included (1) the banks' desire to serve their customers better, (2) the increased use of agricultural specialists, (3) the customers' changing needs, and (4) competition from other agricultural lenders. Because the services which banks now offer are too numerous to list, only those which have been defined in the questionnaires will be touched upon.

The survey response shows that about 15 per cent of the banks are providing their agricultural customers with an EDP farm record service. This proportion represents a slight increase over last year's figure but compares favorably with the 3 per cent figure in 1966. The percentage of banks offering this service is highest in the West (26 per cent) and Corn Belt (20 per cent) regions. Though these regions have generally had the highest proportion of banks offering EDP services, it is interesting to note that in 1966 only 3 per cent of the banks in the Corn Belt provided such a service.

New services which agricultural banks have offered their farm customers in recent years

have been geared to provide the farmer with financial advice, simplified recordkeeping forms, informational bulletins which help the farmer make decisions, and farm management assistance. Presently 21 per cent of all agricultural banks provide a farm management service. The Corn Belt has the highest proportion (33 per cent) of banks offering this service. Eight per cent of the agricultural banks offer income tax service, 5 per cent offer farm equipment leasing service, and 2 per cent offer leases of farm buildings. In addition, 32 per cent of all agricultural banks provide their farm customers with news letters. The proportion of banks furnishing news letters is highest in the Corn Belt and the Plains, where 44 per cent and 37 per cent respectively provide this service. Financial counseling is provided by 69 per cent of all agricultural banks, and about 37 per cent of the banks offer their customers an estate planning service.

Agricultural banking has changed to meet the needs of its customers during the last decade, and there is every indication that it will respond to change in this decade.

Comparison of Other Agricultural Lenders with Banks

On January 1, 1972, a total of \$66.6 billion in agricultural loans was held by reporting and nonreporting lenders. This total is comprised of \$33.3 billion in non-real estate loans, \$31.0 billion in real estate loans, and \$2.3 billion held by the Commodity Credit Corporation. The non-real estate total represents a 12 per cent increase over 1971, while the real estate volume is 5 per cent greater than a year ago. Table 6 gives the volumes for all major lenders as well as the percentage changes occurring during the past one-, five-, and 10-year periods.

The last decade has produced strong growth by many lenders, particularly the Farm Credit System and commercial banks. Production Credit Associations display a 271 per cent growth in non-real estate loan, and Federal Land Banks increased their real estate loan outstandings by 181 per cent. In the same categories, banks increased 135 per cent and 136 per cent respectively. It should be noted that although the Farm Credit System's percentage growth is greater, banks remain the largest institutional lender to farmers and ranchers. The volume of non-real estate credit held by banks increased 13 per cent as compared to 7 per cent during the previous year. PCA growth was 15 per cent—slightly

TABLE 6
Farm Loans Held by Lenders Plus Changes, United States,
January 1, Selected Years

	Volume Outstanding (In Millions of Dollars)				Percent Change in Volume		
	1962	1967	1971	1972	Past Year	Past 5 Years	Past 10 Years
NON-REAL ESTATE							
Banks	\$ 5,316	\$ 8,533	\$11,102	\$12,498	13%	46%	135%
Production Credit Associations	1,640	3,016	5,295	6,078	15	102	271
Federal Intermediate Credit Banks	99	157	220	237	8	51	139
Farmers Home Administration	496	737	795	771	-3	5	55
Merchants, Dealers, Finance Companies and Others	5,400	8,800	12,340	13,700	11	56	154
Total	\$12,951	\$21,243	\$29,752	\$33,284	12	57	157
REAL ESTATE							
Banks	\$ 1,789	\$ 3,169	\$ 4,445	\$ 4,218	-5	33	136
Life Insurance Companies	3,162	5,214	5,610	5,576	-8	69	76
Federal Land Banks	2,803	4,915	7,145	7,880	10	60	181
Farmers Home Administration (2)	569	585	347	312	-10	47	-45
Individuals and Others	5,576	9,418	11,986	13,066	9	39	134
Total	\$13,899	\$23,301	\$29,533	\$31,053	5	33	123

(1) Preliminary.

(2) Direct only.

Source: Compiled from data furnished by Economic Research Service, U.S.D.A.

less than last year's 17 per cent. The Farmers Home Administration showed a slight decrease in non-real estate loans and a larger (10 per cent) decline in real estate loan volume. Individuals, merchants, dealers, and others continue to represent a major source of credit for agricultural production.

NONBANK LENDERS

THE FARM CREDIT SYSTEM

On January 1, 1972, the Farm Credit System held \$16.2 billion in loans to farmers/ranchers and cooperatives. This represents a 9 per cent increase over last year. The total is comprised of \$6.1 billion in non-real estate loans made by Production Credit Associations, \$7.9 billion in real estate loans of Federal Land Banks, \$2.0 billion in loans to cooperatives made by the Bank for Cooperatives, and \$237,000 in discounts outstanding to other financial institutions by the Federal Intermediate Credit Banks.

The Delta area of the U. S. showed strong growth in PCA loans as it did during 1970. Some of the Corn Belt states, particularly Ohio, Indiana, and Illinois also displayed large increases in PCA activity. In the North-East, New York experienced a large percentage increase in PCA loans. In the South, Florida PCA outstandings remained almost constant over last year.

As a point of interest, Table 7 has been included this year to show the relative change in the percentage of non-real estate loans held by banks and Production Credit Associations during the past 10 years. In 1962, banks held 76 per cent of the combined total loan volume while PCA's held 24 per cent. In 1972 the percentages were 67 and 33 respectively, confirming that, from the standpoint of percentages, PCAs are growing more rapidly than banks in non-real estate farm loans.

Banks still hold a greater percentage of the loan volumes in all regions with the exception of the South, where PCAs now hold 55 per cent while banks hold 45 per cent. This points out the strong activity of the Farm Credit System in this region.

In the North-East, banks still have the majority of the non-real estate loans although PCAs have grown rapidly in this region. Only in one state, West Virginia, have banks grown faster than the Production Credit Associations.

LIFE INSURANCE COMPANIES

The volume of agricultural real estate loans held by life insurance companies continued to decrease, as a 1 per cent decline in volume was recorded during 1971. During 1970 the decline was 2 per cent. All regions showed net decreases except the West where loans were up 3 per cent led by a large dollar volume increase in California. The largest dollar decrease was in Texas where a decline of 2 per cent was recorded on a volume of over a half billion dollars. (See Table 8)

FARMERS HOME ADMINISTRATION

Table 9 reports the volume of loans held by the Farmers Home Administration in the various FHA categories. Large percentage increases were experienced in Farm Ownership, Rural Housing, and Soil and Water Conservation loans. Net decreases were reported in the Operating and Emergency categories.

TABLE 7
Loans Held by Farm Credit Administration Agencies
by States, January 1, 1972
(In Thousands of Dollars)

	Production Credit Associations	Federal Land Banks	Intermediate Credit Banks(1)	Banks for Cooperatives
Maine	\$ 17,377	\$ 9,018	\$ —	\$ 2,132
New Hampshire(2)	4,932	3,911	—	—
Vermont(2)	23,074	22,638	—	1,707
Massachusetts	14,564	14,692	—	28,105
Connecticut (2)	24,905	21,583	—	1,614
Rhode Island(2)	3,061	3,117	—	—
New York	173,888	134,039	—	90,784
New Jersey	26,340	41,097	—	1,296
Pennsylvania	88,543	83,312	1,908	40,825
Maryland & D.C.	43,304	68,105	—	1,229
Delaware	11,061	12,639	—	—
Michigan	114,355	236,800	—	26,031
Wisconsin	338,893	179,916	3,826	26,928
Minnesota	277,192	311,540	9,847	134,475
NORTH-EAST — TOTAL	1,161,489	1,142,407	15,581	355,126
Ohio	220,081	226,543	3,713	28,752
Indiana	208,290	298,241	800	65,251
Illinois	217,877	379,730	10,144	57,828
Iowa	295,286	455,942	7,611	74,711
Missouri	167,376	221,621	238	53,790
CORN BELT — TOTAL	1,108,910	1,582,077	22,506	280,332
Virginia	63,982	124,915	5,177	31,632
West Virginia	9,407	13,323	4	—
Kentucky	199,208	151,352	208	13,093
North Carolina	214,878	216,622	—	28,747
South Carolina	100,763	126,813	—	990
Tennessee	197,151	152,695	—	68,258
Georgia	215,111	272,846	209	78,770
Alabama	70,215	133,224	—	19,750
Mississippi	88,768	176,803	9,841	106,305
Arkansas	164,338	129,733	—	48,995
Louisiana	71,616	172,487	858	63,517
Florida	172,045	194,289	964	84,408
SOUTH — TOTAL	1,567,482	1,865,102	16,901	544,465
North Dakota	129,894	174,141	6,839	3,570
South Dakota	119,823	178,533	260	3,520
Nebraska	235,526	251,369	91	18,943
Kansas	151,430	290,162	8,776	137,006
Oklahoma	168,305	157,528	28,017	20,916
Texas	409,943	577,371	50,825	124,510
PLAINS — TOTAL	1,214,921	1,629,104	94,808	308,465
Montana	126,775	211,046	—	3,902
Idaho	112,817	197,630	1,028	6,597
Wyoming	49,005	56,330	3,892	447
Colorado	193,907	202,866	22,594	9,838
Utah	36,934	35,146	19,233	19,603
New Mexico	59,450	66,068	10,967	2,209
Arizona	21,137	37,346	1,648	1,149
Washington	50,990	153,039	—	97,480
Oregon	120,894	148,593	—	92,522
Nevada	3,101	15,207	—	7
California	249,936	510,709	27,934	281,946
Hawaii	—	16,583	—	—
Alaska	—	1,529	—	150
WEST — TOTAL	1,024,946	1,652,092	87,296	515,850
U. S. TOTAL	\$6,077,748	\$7,870,782	\$237,092	\$2,004,238

(1) Loans to and discounts for livestock loan companies and agricultural credit corporations.
(2) One PCA services the four states of New Hampshire, Massachusetts, Connecticut, and Rhode Island.

Note: District and United States total figures may not equal totals of states due to rounding.
Source: Annual Report of Farm Credit Administration.

TABLE 8
Agricultural Loans Held by Life Insurance Companies
by States, January 1, 1972⁽¹⁾
(In Thousands of Dollars)

State	1972	% Change 1971-1972
Maine	\$ 282	-6
New Hampshire	801	-11
Vermont	351	-12
Massachusetts	179	-11
Connecticut	1,431	-11
Rhode Island	0	0
New York	8,263	-2
New Jersey	4,180	-16
Pennsylvania	14,806	4
Maryland & D.C.	5,895	-8
Delaware	1,036	-6
Michigan	35,263	-4
Wisconsin	45,757	-4
Minnesota	197,107	-3
NORTH-EAST - TOTAL	315,351	-3
Ohio	97,603	-6
Indiana	172,259	-3
Illinois	322,586	(2)
Iowa	465,570	(2)
Missouri	206,391	-3
CORN BELT - TOTAL	1,264,409	-1
Virginia	33,257	-2
West Virginia	1,631	-18
Kentucky	65,940	-8
North Carolina	54,096	-5
South Carolina	23,774	-6
Tennessee	32,697	1
Georgia	64,749	3
Alabama	45,983	(2)
Mississippi	186,896	-5
Arkansas	258,356	-1
Louisiana	133,389	-4
Florida	201,854	2
SOUTH - TOTAL	1,102,622	-2
North Dakota	23,575	-3
South Dakota	78,422	-4
Nebraska	248,962	3
Kansas	234,733	-2
Oklahoma	163,592	-4
Texas	571,645	-2
PLAINS - TOTAL	1,320,929	-2
Montana	114,759	5
Idaho	141,386	1
Wyoming	63,558	6
Colorado	162,871	4
Utah	13,455	-6
New Mexico	80,445	-2
Arizona	106,755	1
Washington	155,003	4
Oregon	90,426	2
Nevada	30,746	-8
California	611,147	3
Hawaii	1,949	-3
Alaska	0	0
WEST - TOTAL	1,572,500	3
U. S. TOTAL	\$5,575,811	-1

(1) Preliminary estimate

(2) Less than 0.5 per cent.

General Note: Includes regular mortgages and purchase-money mortgages; excludes sales contracts.

Source: Economic Research Service, U.S.D.A.

TABLE 9
FHA Loans Outstanding
by States, January 1, 1972

State	Farm Ownership	Soil & Water Conservation	Rural Housing	Operating	Emergency
Maine	\$ 33,227	\$ 158	\$ 83,599	\$ 26,361	\$ 6,373
New Hampshire	2,507	4	19,610	1,654	23
Vermont	16,428	35	34,208	8,644	81
Massachusetts	2,170	84	9,509	1,429	79
Connecticut	2,331	12	14,661	1,480	127
Rhode Island	277	15	3,556	194	21
New York	40,504	100	111,672	27,185	909
New Jersey	6,215	128	64,886	4,254	1,143
Pennsylvania	23,373	44	75,950	13,599	247
Maryland & D.C.	6,923	11	47,621	3,271	38
Delaware	2,713	24	11,623	762	24
Michigan	29,438	337	114,423	16,888	303
Wisconsin	89,085	914	116,750	32,943	54
Minnesota	93,407	467	70,477	25,938	649
NORTH-EAST - TOTAL	348,598	2,333	778,545	164,602	10,070
Ohio	27,578	101	90,312	8,922	575
Indiana	45,787	161	115,580	12,903	1,085
Illinois	64,962	110	88,212	23,335	1,664
Iowa	107,656	1,194	83,338	37,094	662
Missouri	115,991	1,775	170,464	21,962	2,917
CORN BELT - TOTAL	361,975	3,321	547,906	104,216	6,903
Virginia	21,744	18	128,592	6,621	317
West Virginia	11,124	12	76,842	9,767	123
Kentucky	56,411	491	136,450	15,165	228
North Carolina	57,266	339	281,273	13,815	1,860
South Carolina	26,529	157	221,793	6,160	917
Tennessee	59,849	259	170,510	11,030	582
Georgia	45,380	87	200,398	25,482	1,345
Alabama	42,959	534	179,712	9,832	658
Mississippi	64,854	888	270,048	22,496	4,877
Arkansas	57,699	1,873	186,437	13,604	1,332
Louisiana	27,025	726	70,469	13,092	2,534
Florida	17,528	401	75,545	6,199	2,679
SOUTH - TOTAL	488,368	5,785	1,998,069	153,263	17,452
North Dakota	117,994	409	49,602	31,483	498
South Dakota	107,150	917	32,922	40,261	893
Nebraska	94,263	2,567	32,473	17,998	1,559
Kansas	70,678	765	46,051	13,283	1,580
Oklahoma	76,966	1,942	118,191	22,613	7,235
Texas	106,340	4,055	222,763	49,303	19,670
PLAINS - TOTAL	573,391	10,655	502,002	174,941	31,435
Montana	37,384	517	15,683	15,050	245
Idaho	66,929	1,696	64,491	24,292	1,971
Wyoming	22,188	361	20,459	7,830	181
Colorado	46,203	680	25,608	9,263	1,527
Utah	23,428	937	38,856	9,950	277
New Mexico	18,499	729	19,264	5,860	582
Arizona	12,693	1,033	50,215	3,802	722
Washington	50,393	1,540	66,159	14,232	1,935
Oregon	23,577	610	33,570	6,192	719
Nevada	2,947	220	3,968	2,573	50
California	15,125	466	58,823	7,732	1,530
Hawaii	3,055	103	26,263	740	<1
Alaska	411	0	11,399	748	48
TOTAL - WEST	\$ 322,832	\$ 8,892	\$ 434,758	\$108,264	\$ 9,787
U. S. TOTAL	\$2,095,164	\$30,986	\$4,261,280	\$705,286	\$75,647

Related Agricultural Data

TABLE 10
Non-Real Estate Loans Held by Banks and Principal Federal Agencies,
United States, Specified Dates 1930-1972⁽¹⁾
(In Thousands of Dollars)

Beginning of Year or Month	— Farmers Home Administration —							Total
	All Operating Banks	Production Credit Associations	Federal Intermediate Credit Banks ⁽²⁾	Operating Loans	Prod and Econ. Emer- gency Loans	Emergency Crop & Feed		
1930	\$ 2,490,742		\$ 47,283			\$ 7,976	\$ 2,546,104	
1935	627,878	\$ 60,459	55,083	\$ 5,600	\$ 87,087	111,238	947,345	
1940	900,079	153,425	32,316	242,200	8,005	167,795	1,503,820	
1945	948,829	188,306	29,792	300,908	13,618	138,068	1,619,521	
1950	2,048,819	387,454	50,825	262,714	12,771	71,186	2,833,769	
1951	2,524,153	450,673	62,073	253,538	22,544	53,283	3,366,264	
1952	3,120,196	561,371	77,841	245,754	20,110	38,191	4,063,463	
1953	3,195,058	599,295	82,931	281,054	28,739	27,919	4,214,996	
1954	2,762,562	541,786	63,557	304,900	50,792	19,946	3,743,543	
1955	2,933,851	576,997	58,276	330,345	70,532	16,327	3,986,328	
1956	3,308,443	644,449	61,907	319,443	72,747	13,494	4,420,483	
1957	3,279,911	699,283	60,007	337,832	81,776	11,079	4,469,888	
1958	3,605,183	885,918	67,192	348,181	79,203	8,306	4,993,983	
1959	4,160,660	1,114,694	83,722	339,702	60,071	5,852	5,764,701	
1960	4,819,340	1,361,198	89,576	346,526	47,031	4,028	6,667,699	
1961	4,991,473	1,479,473	88,446	377,504	39,031	2,977	6,979,236	
1962	5,315,852	1,640,219	98,784	447,603	46,097	2,381	7,550,936	
1963	5,979,484	1,838,977	109,667	500,905	53,155	2,133	8,484,321	
1964	6,652,171	2,105,490	125,681	539,256	52,695	1,830	9,477,123	
1965: January	6,990,021	2,277,510	124,707	586,253	56,083	1,577	10,036,151	
July	7,660,348	2,726,821	138,480	723,496	104,550	1,500	11,355,195	
1966: January	7,676,853	2,578,929	139,520	651,335	64,277	1,408	11,112,322	
July	8,490,178	3,121,806	165,170	734,089	120,394	1,322	12,632,959	
1967: January	8,533,489	3,015,639	156,930	665,827	70,516	1,115	12,443,516	
July	9,334,871	3,622,795	181,859	779,022	124,275	900	14,043,722	
1968: January	9,271,660	3,517,903	176,415	720,591	76,700	753	13,764,022	
July	9,980,678	4,065,235	201,684	798,279	139,103	615	15,859,594	
1969: January	9,719,738	3,825,821	180,181	731,315	89,877	487	14,547,419	
July	10,534,138	4,535,035	219,108	790,102	148,319	415	16,227,117	
1970: January	10,339,795	4,533,205	224,425	714,783	70,003	323	15,882,534	
July	11,202,101	5,321,300	247,357	783,655	127,865	254	17,682,532	
1971: January	11,101,768	5,294,808	220,066	723,075	71,659	185	17,411,561	
1972: January	12,495,829	6,077,748	237,092	705,286	74,958	116	19,591,029	

(1) Beginning 1960, Alaska and Hawaii are included.

(2) Loans to and discounts for private financing institutions.

Source: Data from Economic Research Service, U.S.D.A.

TABLE 11
Farm Mortgage Debt: Total Outstanding and Amounts
Held by Principal Lenders, United States,
Specified Dates, January 1, 1910-1972 ⁽¹⁾
(In Thousands of Dollars)

	Total Farm Mortgage Debt	Commercial And Savings Banks ⁽²⁾	Federal Land Banks ^{(3) (4)}	Life Insurance Companies ⁽³⁾	Farmers Home Administration	Individuals and Other ⁽⁵⁾
1910	\$ 3,207,863	\$ 406,248		\$ 386,961		\$ 2,414,654
1920	8,448,772	1,204,383	\$ 293,595	974,826		5,975,968
1930	9,630,768	997,468	1,201,732	2,118,439		5,313,129
1940	6,586,399	534,170	2,723,110	984,290	\$ 32,178	2,312,651
1945	4,940,915	449,582	1,558,983	938,275	195,519	1,800,556
1946	4,760,464	507,298	1,318,317	891,263	184,091	1,859,495
1947	4,896,970	683,229	1,123,369	888,665	191,954	2,009,753
1948	5,064,245	840,647	995,999	959,715	197,927	2,069,957
1949	5,288,331	900,843	946,076	1,036,383	192,328	2,212,701
1950	5,579,278	937,144	964,727	1,172,326	193,301	2,311,780
1951	6,112,286	1,008,359	991,439	1,352,635	220,104	2,539,749
1952	6,662,327	1,046,923	1,026,906	1,541,874	240,809	2,805,815
1953	7,240,937	1,105,096	1,095,257	1,716,022	268,257	3,056,305
1954	7,739,931	1,131,214	1,187,046	1,892,773	282,098	3,246,800
1955	8,245,278	1,210,676	1,279,787	2,051,784	287,171	3,415,860
1956	9,012,016	1,346,287	1,480,204	2,271,784	277,869	3,635,872
1957	9,821,525	1,386,270	1,722,381	2,476,543	289,546	3,946,785
1958	10,382,475	1,414,207	1,897,168	2,578,958	339,865	4,152,258
1959	11,091,390	1,511,859	2,065,372	2,661,229	388,010	4,464,920
1960	12,082,409	1,631,271	2,335,124	2,819,542	439,269	4,857,203
1961	12,820,304	1,691,239	2,539,044	2,974,609	483,985	5,131,427
1962	13,899,105	1,789,103	2,803,103	3,161,757	569,093	5,576,049
1963	15,167,821	2,056,944	3,024,013	3,391,183	588,802 ⁽⁶⁾	6,106,879
1964	16,803,505	2,360,320	3,281,797	3,780,537	605,307 ⁽⁶⁾	6,775,544
1965	18,894,240	2,668,535	3,685,755	4,287,671	619,492 ⁽⁶⁾	7,631,787
1966	21,186,886	2,939,046	4,240,227	4,801,677	631,147 ⁽⁶⁾	8,574,789
1967	23,301,235	3,169,469	4,914,522	5,213,587	585,246 ⁽⁶⁾	9,418,231
1968	25,485,372	3,541,927	5,563,204	5,539,600	536,221 ⁽⁶⁾	10,305,420
1969	27,139,309	3,856,514	6,081,229	5,763,500	493,522 ⁽⁶⁾	10,944,544
1970	28,407,291	4,113,251	6,671,222	5,733,900	455,338 ⁽⁶⁾	11,433,580
1971	29,532,521	4,444,769	7,145,363	5,610,300	346,569 ⁽⁶⁾	11,985,520
1972	31,052,640 ⁽⁷⁾	4,218,482	7,879,914	5,575,811 ⁽⁷⁾	312,221 ⁽⁶⁾	13,066,212 ⁽⁷⁾

(1) Beginning 1960, data for reporting institutions in Alaska and Hawaii are included.

(2) Before 1935, open state and national banks; 1935-1947, insured commercial banks; and 1948 to date, all operating commercial and savings banks.

(3) 1910-1929, regular mortgages only; 1930-1964, regular mortgages, purchase-money mortgages, and sales contracts; beginning 1965, life insurance company data exclude sales contracts.

(4) Includes mortgages held by the Federal Farm Mortgage Corporation that were made on its behalf by Land Bank Commissioner. Authority expired July 1, 1947.

(5) 1920-1950 includes loans held by Joint Stock Land Banks.

(6) Excludes rural nonfarm housing.

(7) Preliminary.

Source: Compiled from reports and unpublished data of the Economic Research Service, U.S.D.A.

TABLE 12
Balance Sheet of The Farming Sector, United States (1)
January 1, Selected Years
(In Billions of Dollars)

	1940	1950	1960	1970	1971	1972 ⁽²⁾
ASSETS						
Physical assets:						
Real estate	\$33.6	\$ 75.3	\$130.2	\$207.1	\$213.0	\$228.6
Non-real estate						
Livestock	5.1	12.9	15.2	23.5	23.7	} 85.5
Machinery and motor vehicles.	3.1	12.2	22.7	31.8	33.9	
Crops stored on and off farms ⁽³⁾	2.7	7.6	7.7	10.9	10.7	
Household furnishings and equipment	4.2	8.6	9.6	9.7	9.8	
Financial assets:						
Deposit and currency	3.2	9.1	9.2	11.9	12.4	} 24.8
United States savings bonds . . . . .	.2	4.7	4.7	3.7	3.6	
Investments in cooperatives . . . . .	.8	2.1	4.2	7.2	7.6	
Total	\$52.9	\$132.5	\$203.5	\$305.8	\$314.7	\$338.9
CLAIMS						
Liabilities:						
Real estate debt	\$ 6.6	\$ 5.6	\$ 12.1	\$ 28.4	\$ 29.5	\$ 31.0
Non-real estate debt to:						
Commodity Credit Corporation ⁽⁴⁾4	1.7	1.1	2.7	1.9	2.3
Other reporting institutions ⁽⁵⁾	1.5	2.8	6.7	15.8	17.4	19.6
Nonreporting creditors ⁽⁶⁾	1.5	2.3	4.9	11.2	12.4	13.7
Total	\$10.0	\$ 12.4	\$ 24.8	\$ 58.1	\$61.2	\$ 66.6
Proprietors' equities	42.9	120.1	178.7	247.7	253.5	272.3
Total	\$52.9	\$132.5	\$203.5	\$305.8	\$314.7	\$338.9

(1) Data for 48 states only.

(2) Preliminary estimates.

(3) Includes all crops held on farms for whatever purpose and crops held off farm as security for CCC loans.

(4) Nonrecourse CCC loans secured by crops.

(5) Loans of all operating banks, the PCAs, and the FHA, and discounts of the FICBs for agricultural credit corporations and livestock loan companies.

(6) Loans and credits extended by dealers, merchants, finance companies, individuals, and others.

Source: Economic Research Service, U.S.D.A.

TABLE 13
Comparative Income Statement for Agriculture,
United States, Selected Years 1940-1971⁽¹⁾
(In Billions of Dollars)

	1940 ⁽¹⁾	1950 ⁽¹⁾	1960	1970 ⁽²⁾	1971 ⁽³⁾
REALIZED NET FARM INCOME OF FARM OPERATORS					
Realized gross farm income:					
Cash receipts from farm marketings	\$ 8,382	\$28,461	\$33,999	\$50,304	\$52,838
Government payments to farm operators and landlords	733	283	693	3,706	3,134
Home consumption of farm products	1,210	2,063	1,248	772	730
Rental value of farm dwellings	744	1,464	1,975	2,906	3,111
Total	\$11,059	\$32,271	\$37,915	\$57,688	\$59,813
Production costs:					
Feed bought	998	3,283	4,911	7,174	7,938
Livestock bought, except horses and mules	517	2,004	2,500	4,343	4,757
Fertilizer and lime bought	306	975	1,305	2,207	2,504
Repairs and operation of capital items	1,038	2,975	3,957	5,018	5,223
Depreciation and other consumption of farm capital	797	2,665	4,237	6,710	7,175
Taxes on farm real estate and personal property	451	919	1,500	2,952	3,087
Seed bought	197	518	509	828	977
Wages to hired labor (cash and perquisites)	1,029	2,811	2,864	3,562	3,734
Net rent and Government payments to land- lords not living on farms ⁽³⁾	448	1,233	1,007	1,298	1,324
Interest on farm mortgage debt	293	264	627	1,715	1,847
Miscellaneous	784	1,763	2,825	5,126	5,280
Total	6,858	19,410	26,242	40,933	43,846
Realized net farm income of farm operators ⁽⁴⁾	4,201	12,861	11,673	16,755	15,967
Realized net farm income per farm (dollars) . .	662	2,277	2,952	5,736	6,029
REALIZED NET FARM INCOME OF PROPRIETORS⁽⁴⁾					
Realized net farm income of farm operators . .	4,201	12,861	11,673	16,755	15,967
Net rent and Government payments to land- lords not living on farms ⁽³⁾	448	1,233	1,007	1,298	1,324
Realized net farm income of proprietors	4,649	14,094	12,680	18,053	17,291

(1) For 48 States.

(2) Revised.

(3) After subtraction of taxes, mortgage interest, and other expenses by landlords.

(4) Realized net farm income excludes net changes in farm inventories.

Source: Economic Research Service, U.S.D.A.

TABLE 14
Cash Income Received by Farmers from Crops and Livestock,
by States, 1971, with Comparisons
(In Thousands of Dollars)

State	Cash Receipts-	
	1971	% Change 1970-1971
Maine	\$ 243,652	-5
New Hampshire	55,390	-1
Vermont	170,335	5
Massachusetts	164,725	-5
Connecticut	165,636	-1
Rhode Island	19,932	-7
New York	1,123,186	1
New Jersey	240,114	-3
Pennsylvania	1,068,942	2
Maryland & D.C.	396,537	1
Delaware	143,035	-3
Michigan	971,315	8
Wisconsin	1,665,385	4
Minnesota	2,283,198	13
NORTH-EAST - TOTAL	8,711,382	5
Ohio	1,415,405	6
Indiana	1,639,398	9
Illinois	2,798,517	2
Iowa	4,024,880	4
Missouri	1,702,644	15
CORN BELT - TOTAL	11,580,844	6
Virginia	618,535	3
West Virginia	106,701	-2
Kentucky	945,627	2
North Carolina	1,526,480	*
South Carolina	466,498	6
Tennessee	746,573	6
Georgia	1,258,849	10
Alabama	810,355	10
Mississippi	1,016,426	12
Arkansas	1,239,962	17
Louisiana	697,793	9
Florida	1,421,908	13
SOUTH - TOTAL	10,855,707	8
North Dakota	854,001	23
South Dakota	1,114,440	10
Nebraska	2,242,809	13
Kansas	2,255,907	29
Oklahoma	1,127,487	19
Texas	3,253,862	5
PLAINS - TOTAL	10,845,506	14
Montana	633,828	14
Idaho	710,189	11
Wyoming	264,005	17
Colorado	1,348,962	26
Utah	223,335	3
New Mexico	481,627	22
Arizona	729,682	10
Washington	849,295	8
Oregon	587,526	5
Nevada	88,570	10
California	4,924,315	10
Hawaii	220,677	7
Alaska	4,484	6
WEST - TOTAL	11,066,495	12
U. S. TOTAL	\$53,059,934	9

*Less than 0.5%.

Source: Data from Farm Income Situation, Economic Research Service, U.S.D.A.

TABLE 15
Bank Non-Real Estate Farm Loans & PCA Loans Held,
By States, January 1, 1962 & January 1, 1972

State	Per Cent of Total			
	1962		1972	
	Banks	PCA's	Banks	PCA's
Maine	58%	42%	44%	56%
New Hampshire	76	24	52	48
Massachusetts	79	21	43	57
Connecticut-Rhode Island	58	42	17	83
Vermont	66	34	44	56
New York	67	33	51	49
New Jersey	82	18	38	62
Pennsylvania	80	20	70	30
Maryland & D.C.	63	37	48	52
Delaware	68	32	25	75
Michigan	78	22	63	37
Wisconsin	66	34	50	50
Minnesota	79	21	69	31
NORTH-EAST - TOTAL	76	24	59	41
Ohio	59	41	50	50
Indiana	68	32	61	39
Illinois	81	19	79	21
Iowa	93	7	81	19
Missouri	78	22	74	26
CORN BELT - TOTAL	80	20	73	27
Virginia	77	23	63	37
West Virginia	67	33	68	32
Kentucky	62	38	50	50
North Carolina	50	50	34	66
South Carolina	35	65	26	74
Tennessee	57	43	41	59
Georgia	50	50	37	63
Alabama	71	29	58	42
Mississippi	60	40	58	42
Arkansas	61	39	47	53
Louisiana	59	41	54	46
Florida	44	56	39	61
SOUTH - TOTAL	58	42	45	55
North Dakota	74	26	65	35
South Dakota	83	17	78	22
Nebraska	89	11	80	20
Kansas	88	12	84	16
Oklahoma	80	20	72	28
Texas	75	25	71	29
PLAINS - TOTAL	82	18	76	24
Montana	71	29	65	35
Idaho	64	36	62	38
Wyoming	81	19	71	29
Colorado	76	24	65	35
Utah	74	26	65	35
New Mexico	69	31	65	35
Arizona	91	9	91	9
Washington	86	14	80	20
Oregon	63	37	52	48
Nevada	79	21	78	22
California	87	13	80	20
Hawaii	100	0	100	0
Alaska	100	0	100	0
WEST - TOTAL	80	20	72	28
U. S. - TOTAL	76	24	67	33

Appendix

SURVEY BACKGROUND

The 1972 Bank Agricultural Credit Situation Survey reflecting year-end 1971 data was mailed to the members of the agricultural panel of banks in June. These banks are selected from a group which meets the following criteria:

Banks with under \$5 million in assets having 5 per cent or more of their assets outstanding as farm loans.

Banks with \$5 million or more in assets having 1 per cent or more of their assets in farm loans.

A total of 775 banks, or 62 per cent of those receiving this questionnaire, responded to the survey and were broken down into two major categories — region and size of bank. Most of the information given in this report is categorized by the following five regions:

- North-East** — The Northeast and Lake States areas where dairying is important.
- Corn Belt** — The five Corn Belt states where corn and other row crops, along with hogs and cattle, are predominant.
- South** — A 12-state area stretching from the South Atlantic Coast on the east to and including the Mississippi Delta on the west — a section experiencing considerable transition in agricultural production, with less dependency on traditional crops such as cotton and tobacco and with increased emphasis on corn, soybeans, cattle, and poultry.
- Plains** — A combination of the northern and southern plains resulting in a six-state belt stretching through the middle of the country running from the Canadian border on the north to the Mexican border on the south — a section of the country where agriculture is by far the most important industry and where a large proportion of production involves wheat and cattle.
- West** — A vast land area consisting of the Mountain States on the east with its range livestock and irrigated crop production to the highly intensified and diversified crop production along the Pacific Coast.

The three size categories used are: banks with deposits of under \$5 million, \$5 million to \$10 million, and \$10 million and over. These are arbitrarily called “small,” “medium,” and “large” banks.

As shown in the table below, the median survey bank in the United States had deposits of \$15,571,000. This represents an increase in deposits of 10 per cent since last year and 129 per cent since 1962. Banks in the West and South have displayed the greatest growth with increases of 216 per cent and 182 per cent respectively during the 10-year period.

Total farm loans held by the survey banks were up 11 per cent over a year ago and 130 per cent in the last decade. Percentagewise, the West and the South banks again exhibited the largest increases with total farm loan volumes growing 230 per cent and 152 per cent respectively.

TABLE 16
Median Bank Deposits and Loans
(December 1971)

TERM	REGIONS					
	All Regions	North-East	Corn Belt	South	Plains	West
General						
Total Deposits . .	\$15,571	\$16,063	\$15,787	\$19,540	\$11,044	\$25,048
(Median banks— \$000 omitted)						
Farm Loans						
Real Estate	357	426	464	643	127	174
All other	<u>1,390</u>	<u>1,011</u>	<u>1,395</u>	<u>700</u>	<u>1,924</u>	<u>3,172</u>
Total	1,747	1,437	1,895	1,343	2,051	3,346
(\$000 omitted)						
Ratios						
(Median Banks)						
Total Time & Savings Deposits						
Total Deposits .	60.3%	69.5%	60.9%	55.9%	57.3%	58.0%
Total Farm Loans						
Total Assets	12.3%	10.1%	12.5%	7.0%	22.7%	11.7%

Specific Agricultural Finance Data and Their Sources

Agricultural Finance Review Supplement – Provides data related particularly to farm credit, with many items reported by states. Published annually, usually in the fall.

Agricultural Situation – A discussion of the agricultural situation on a national scale is available in the U.S.D.A. publication, *Demand and Price Situation*. There is also a discussion of the general economic factors which affect agriculture in some way. The publication is a quarterly, usually coming out in January, May, August, and November.

Balance Sheet of The Farming Sector – Preliminary estimates are given in *Agricultural Finance Outlook* which is published for the Outlook Conference held by the U.S.D.A. each year. A detailed analysis of assets, liabilities, and net worth is contained in *Balance Sheet of The Farming Sector* which is usually released in late summer.

Farm Income Data – Information on total cash receipts by state and U.S. totals for various commodity groups may be found in the U.S.D.A. publication, *Farm Income Situation*, which is published in February, April, July, and November.

Farm Real Estate Index Numbers – Current values are available in *Farm Real Estate Market Developments* which is published semiannually by the U.S.D.A. Other data relative to the changing real estate market are also contained in this publication.

Farm Tax Data – State real estate totals, amount per acre, amount per \$100 of value, and other information are presented in the statistical supplement of U.S.D.A.'s *Agricultural Finance Review*. This supplement, normally published near the end of the year, also contains data on fire and crop insurance, Commodity Credit Corporation loans, and interest and money rates as well as the Balance Sheet and Income Statement of Agriculture.

Production Credit Association Data – Breakdowns of individual state PCA information is presented in *Annual Summary of Operations—Production Credit Associations* published by the Farm Credit Administration. Detailed comparative PCA figures are available on an individual state basis from The American Bankers Association.

USDA publications may be obtained by writing:

Office of Information
United States Department of Agriculture
Washington, D. C. 20250

Farm Credit Administration publications may be obtained by writing:

Research and Information Division
Farm Credit Administration
Washington, D. C. 20250