

## [ **BSP CIRCULAR NO. 1288, June 04, 1991** ]

### **MANDATORY ALLOCATION OF CREDIT RESOURCES TO SMALL ENTERPRISES**

Pursuant to Republic Act No. 6977, the Monetary Board, in its Resolution No. 520 dated May 17, 1991, approved the following rules to govern the mandatory allocation of credit resources to small enterprises:

*SECTION 1. Definition of Terms* — For purposes of this Circular, the following definitions shall apply:

a. Lending institutions — shall refer to and include all banks, namely, expanded commercial banks, commercial banks, local branches of foreign banks, specialized government banks, thrift banks and rural banks.

b. Loan portfolio — shall include all loans and advances (net of valuation reserves) in the Statement of Condition/Balance Sheet excluding the following: Interbank Loans Receivable; Agrarian Reform/Other Agricultural Credit Loans — P.D. No. 717; loans granted under Special Financing Programs; foreign currency denominated loans and advances; and loans from multilateral and bilateral sources which are relented by a bank on a wholesale basis to conduit financial institutions.

c. Small enterprises — shall refer to any business activity or enterprises engaged in industry, agribusiness and/or services, excluding trading, whether single proprietorship, cooperative, partnership or corporation:

1. whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, amounts to five million pesos (P5,000,000) and below;
2. duly registered with the appropriate agencies as presently provided by law: Provided, That, in the case of micro enterprises (with total assets, as similarly determined in Item c.1 above, of less than P50,000), registration with the office of the municipal or city treasurer shall be deemed sufficient compliance with this requirement;
3. one hundred percent (100%) owned and capitalized by Filipino citizens if single proprietorship or partnership. If the enterprise is a juridical entity at least 60% of its capital or outstanding stocks must be owned by Filipino citizens;
4. primarily engaged in manufacturing, processing, and/or production excluding farm level agricultural/crop production; and
5. it must not be a branch, subsidiary or division of a large scale enterprise nor may its policies be determined by a large scale enterprise or by persons who