

*Recent Legislations*

FIFTH CONGRESS OF THE REPUBLIC OF THE  
PHILIPPINES  
*First Session*

H. No. 339

[REPUBLIC ACT No. 3452]

AN ACT TO ADOPT A PROGRAM TO STABILIZE THE PRICE  
OF PALAY, RICE AND CORN, TO PROVIDE INCENTIVES  
FOR PRODUCTION, AND TO CREATE A RICE AND CORN  
ADMINISTRATION TO IMPLEMENT THE SAME, AND TO  
PROVIDE FUNDS THEREFOR.

*Be it enacted by the Senate and House of Representatives of the  
Philippines in Congress assembled:*

SECTION 1. It is hereby declared to be the policy of the Government that in order to stabilize the price of palay, rice and corn, it shall engage in the purchase of these basic foods directly from those tenants, farmers, growers, producers and landowners in the Philippines who wish to dispose of their produce at a price that will afford them a fair and just return for their labor and capital investment, and whenever circumstances brought about by any cause, natural or artificial, should so require, shall sell and dispose of these commodities to the consumers at areas of consumption at a price that is within their reach.

SEC. 2. To carry out the foregoing policy, there is hereby created the Rice and Corn Administration under the Office of the President of the Philippines. The Administration shall maintain regional offices in Luzon, Visayas, and Mindanao.

SEC. 3. With a view to regulating the level of supply of rice and corn throughout the country, the Administration is authorized to accumulate stocks as a national reserve in such quantities as it may deem proper and necessary to meet any contingencies. The buffer stocks held as a national reserve shall be deposited by the Administration throughout the country under appropriate dispersal plans in bonded warehouses, either government-owned or privately-owned, and may be released only upon the occurrence of calamities or emergencies, or when there is a spiralling of local prices or if a declared surplus is announced by the government agencies concerned the same may be exported.

SEC. 4. The powers of the Administration shall be vested in, and exercised by, a Board of Administrators to be composed of a chairman and four members, two of whom shall be representatives, respectively, of the rice and corn consumers, and the other two, respectively, of the rice and corn producers, one of whom shall at the same time be a miller, to be appointed by the President of the Philippines with the consent of the Commission on Appointments. The chairman and the four members of the Board shall be natural-born citizens of the Philippines and shall possess unquestioned probity and wide experience in the rice and corn industry and shall hold office for four years unless sooner removed for cause. The chairman and each member of the Board shall receive a *per diem* of twenty-five pesos for each meeting actually attended by them; *Provided, however*, That in no case shall they receive more than four hundred pesos a month including privileges, allowances and expenses.

SEC. 5. The management of the Administration shall be vested in a General Manager who shall be appointed by the Board and shall receive compensation at the rate of eighteen thousand pesos *per annum*. The General Manager shall direct and manage the affairs of the Administration in behalf of the Board of Administrators and subject to its control and supervision. He shall fix the number and, subject to WAPCO salary plan allowed by the Civil Service, salaries of, and appoint, subject to the Civil Service Law and with the consent of the Board of Administrators, such subordinate employees as may be necessary for the proper discharge of the duties of the Administration. He shall suspend or otherwise discipline, for cause and subject to Civil Service Law, any subordinate employee of the Administration with the consent of the Board of Administrators and perform such other duties as may be assigned by the Board.

SEC. 6. There shall be an Assistant General Manager, who shall receive compensation at the rate of eight thousand pesos *per annum*. The Assistant General Manager shall assist the General Manager and perform such other functions as may be assigned to him by the Board and/or General Manager.

SEC. 7. The General Manager and the Assistant General Manager shall be natural-born citizens of the Philippines, not less than forty years of age, of proven honesty and integrity and with experience in the rice and corn business for not less than five years.

SEC. 8. To enable the rice and/or corn growers, producers and landowners, including the small farmers and tenants to avail of the benefits of this Act, the Administration or any of its agencies must

buy at the price that will afford producers a fair and just return for their labor and capital investment as hereunder provided.

1. For each cavan of clean and dry palay of ordinary variety as classified by the Administration weighing forty-five kilos, F.O.B. nearest Rice and Corn Administration center, not less than ₱11.50 nor more than ₱12.50.

2. For each cavan of corn of fifty-six kilos, F.O.B. nearest Rice and Corn Administration center, not less than ₱9.00: *Provided, however*, That a farmer or tenant to be entitled to sell to the Administration must first certify his total production for the year. Farmers and tenants with production of not more than one hundred cavanese are entitled to priorities and those whose total production exceeds one hundred cavanese shall be entitled to sell not more than twenty-five per cent of the excess of the one hundred cavanese.

The Administration shall announce any changes in the floor price for palay and the ceiling price for rice and corn at least two months before the regular rice or corn planting season, which announcement shall be given as wide a publicity as possible.

SEC. 9. In order to afford the consumers adequate supply of rice and corn at minimum prices, the Administration is directed to sell the rice recovered from the palay purchased by it at not less than eighty centavos nor more than one peso per ganta of the ordinary variety, and the corn grits at not less than forty centavos nor more than forty-five centavos per ganta.

SEC. 10. The Administration shall coordinate, supervise, direct and control the activities of all existing governmental agencies; provide incentives to farmers, growers and producers; acquire adequate motor vehicles to be used in the procurement and distribution of rice, corn and palay: *Provided, however*, That the acquisition of motor vehicles shall be done by public bidding and such vehicles shall be of the diesel types if available: *Provided, further*, That the offer at such public bidding shall in no case be more than the market price of such vehicles; and issue rules and regulations as may be necessary to carry out the purposes of this Act or effectively implement and execute the rice and corn program; *Provided*, That the Rice and Corn Administration or any other government agency is hereby prohibited from importing rice and corn: *Provided, further*, That the importation of rice and corn is left to private parties upon payment of the corresponding taxes.

SEC. 11. The Administration is authorized to inspect and take records of palay, rice, and corn stocks stored by any person, partner-

ship or corporation, and to enter the premises where these commodities may be found for inspection and record.

SEC. 12. The President of the Philippines is hereby authorized to declare a rice and corn emergency any time he deems necessary in the public interest. During the emergency period, the Rice and Corn Administration, upon the direction of the President, shall, subject to constitutional limitation, conduct raids, seizures, and confiscation of rice and corn hoarded in any private warehouse or bodega: *Provided*, That the Rice and Corn Administration shall pay such confiscated rice and corn at the prevailing consumer's price of the Rice and Corn Administration.

SEC. 13. The National Rice and Corn Corporation is hereby abolished and all its assets, liabilities, functions, powers which are not inconsistent with the provisions of this Act, and all personnel are transferred to the Administration.

SEC. 14. The sum of one hundred million pesos is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated, for the capitalization of the Administration: *Provided*, That the annual operational expenses of the Administration shall not exceed three million pesos of the said amount: *Provided further*, That the budget of the Rice and Corn Administration for the fiscal year nineteen hundred and sixty-three to nineteen hundred and sixty-four and the years thereafter shall be included in the General Appropriations submitted to Congress.

SEC. 15. Any person who shall violate any provision of this Act or any rule and regulation promulgated pursuant thereto shall be punished by a fine of not more than ten thousand pesos and imprisonment of not more than five years. If the offender is a public official and/or employee, he shall in addition suffer perpetual disqualification to hold public office.

SEC. 16. All laws or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 17. This Act shall take effect upon its approval.

Approved, June 14, 1962.

FIFTH CONGRESS OF THE REPUBLIC OF THE  
PHILIPPINES  
*First Session*

H. No. 484

[REPUBLIC ACT NO. 3456]

AN ACT PROVIDING FOR THE CREATION, ORGANIZATION  
AND OPERATION OF INTERNAL AUDIT SERVICES IN  
ALL DEPARTMENTS, BUREAUS AND OFFICES OF THE  
NATIONAL GOVERNMENT.

*Be it enacted by the Senate and House of Representatives of the  
Philippines in Congress assembled:*

SECTION 1. The title of this Act shall be "Internal Auditing Act  
of 1962."

SEC. 2. There shall be created, organized and operated in all  
departments, bureaus and offices of the National Government, internal  
audit services which shall assist management to achieve an efficient  
and effective fiscal administration and performance of agency  
affairs and functions.

SEC. 3. The Internal Audit Service shall be under the direct  
administrative supervision and control of the chief and/or assistant  
chief of the agency. It shall be organized as an independent staff  
unit and shall correspondingly perform staff functions. It shall  
be responsible for instituting and conducting a program of internal  
audit for the agency. The chief of the Internal Audit Service shall  
have the rank and salary equivalent to the third ranking official of  
the agency. He shall report directly to the chief or assistant chief  
of the agency.

SEC. 4. The Auditor General shall be responsible for the promul-  
gation and enforcement of general policies, rules and regulations on  
internal auditing. He shall coordinate and schedule the gradual  
installation of internal audit services in all departments, bureaus  
and offices in the National Government, and shall develop for execu-  
tion, working plans and training programs to maintain continuously  
the effectiveness of these internal audit services. The Internal  
Auditing Coordinating Staff of the General Auditing Office shall  
assist the Auditor General in the discharge of these responsibilities.

SEC. 5. Such sums as may be necessary for the implementation of this Act shall be included in the annual General Appropriations Act beginning with the fiscal year nineteen hundred and sixty-three.

SEC. 6. This Act shall take effect upon its approval.

Approved, June 16, 1962.

FIFTH CONGRESS OF THE REPUBLIC OF THE  
PHILIPPINES  
*First Session*

H. No. 1505

[REPUBLIC ACT No. 3463]

AN ACT TO EXEMPT THE PEOPLE'S HOMESITE AND HOUSING CORPORATION FROM THE PAYMENT OF ALL TAXES, DUTIES, FEES AND OTHER CHARGES.

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. *People's Homesite and Housing Corporation taxes.*—The provision of law to the contrary notwithstanding, the People's Homesite and Housing Corporation is hereby exempted from the payment of any and all fees and taxes of any kind, whether local or general, such as income and realty taxes, special assessments, customs duties, exchange tax, building fees and others.

SEC. 2. *Documents and contracts.*—All documents or contracts executed by or in favor of the People's Homesite and Housing Corporation shall also be exempt from the payment of documentary stamp tax and registration fees, including fees for the issuance of titles.

SEC. 3. *Condonation of unpaid taxes.*—All taxes remaining unpaid by the People's Homesite and Housing Corporation up to the passage of this Act are hereby condoned.

SEC. 4. This Act shall take effect upon its approval.

Approved, June 16, 1962.

FIFTH CONGRESS OF THE REPUBLIC OF THE  
PHILIPPINES  
*First Session*

H. No. 1667

[REPUBLIC ACT No. 3466]

AN ACT TO PROVIDE MAXIMUM EMPLOYMENT IN PUBLIC  
ECONOMIC DEVELOPMENT PROJECTS, CREATING AN  
EMERGENCY EMPLOYMENT ADMINISTRATION, AND  
FOR OTHER PURPOSES.

*Be it enacted by the Senate and House of Representatives of the  
Philippines in Congress assembled:*

SECTION 1. This Act shall be known as the Emergency Employment Act of 1962.

SEC. 2. It is hereby declared to be the continuing policy and responsibility of the State to utilize every possible means to create maximum employment opportunities for all who are able, willing and seeking to work but cannot find employment, thus increasing mass purchasing power, developing income in rural areas, and stimulating economic activity in general.

It shall be part of the policy to de-mechanize construction and maintenance operations of the government as much as possible by utilizing man-power and draft-animal power instead of labor-saving machines, whenever permissible, if such a policy is not uneconomic.

SEC. 3. There is hereby created the Emergency Employment Administration, hereafter called the Administration, under the Office of the President of the Philippines, which shall be responsible for planning out and helping to execute an emergency public employment program designed to create maximum employment opportunities in the following government-financed projects: large-scale land clearance and establishment of agricultural estates; agricultural extension; promotion of cottage industries; conservation and reforestation of forest resources; public works projects which promote economic growth, such as power development projects, national and communal irrigation, river control and drainage; airports and ports construction and improvements; shore protection; construction and maintenance of highways and feeder roads connecting agricultural areas with market centers: *Provided*, That the planning and execution of the emergency employment program shall give priority to projects authorized under the Public Works Appropriation Acts

and other Acts of Congress and projects which will promote economic growth, which are already started but requiring additional funds for completion, such as the Manila South Road from Quezon Province to Camarines Norte; Tambo-Calo irrigation project, Hermosa, Bataan; Bongabon irrigation project, Nueva Ecija; Bago irrigation project, Negros Occidental; Zambales-Tarlac to Dingalan Bay road; Agoo irrigation project, La Union; Malalag-Malita road; Mati-Manay-Caraga-Baganga road; for the construction of the Nagnahan-Pandacan bridge and dredging of esteros and other flood control works in Manila; Camiling, Tarlac irrigation; Sta. Ignacia, Tarlac irrigation; Pura, Tarlac-Guimba, Nueva Ecija road; San Mariano-Palanan road, Isabela; Cagayan Valley road, Cagayan-Mt. Province; Abra-Ilocos Sur road; Abulo-Mt. Province irrigation project; Pangasinan-Nueva Vizcaya road; Zambales to Tarlac via Mangatarem road; to complete the unfinished buildings at the Capitol site portions of which are already completed and which are now rusting; to complete the circumferential road around Manila; to complete the construction of the national highway of the Dalaguete-Badian road, Cebu; to complete the construction of Malalay-Buangon road, Cebu; the completion of the Baguio waterworks; Davao waterworks; and the road system around the Island of Basilan; circumferential road around Lake Taal; the construction of a new concrete bridge across the Pasig river in barrio Rosario, Pasig, along Ortigas Avenue and the cementing of the national highway from Ortigas Avenue running northwards to Pililia, Rizal, and national roads in Bulacan; *Provided, however*, That at least sixty per cent of the annual available funds shall be spent for self-liquidating and revenue-producing projects: *Provided, further*, That in no case shall the expenditure for labor and tools exceed the certified engineer's estimate for such expense item: *Provided, finally*, That the Administration shall, in the planning, framing and execution of the projects mentioned in the law, act in consultation with the officials of the provinces, chartered cities and municipalities affected by these projects.

SEC. 4. The Administration shall have the following powers and duties:

a. To authorize the expenditure of such amounts from the appropriation provided for in this Act as are necessary for the employment of unemployed workers in the projects specified in Section three;

b. To recommend to the office concerned projects to be undertaken which projects shall be distributed on a nationwide basis: *Provided*, That preference shall be given to projects in which not



less than sixty per cent of the total expenditures shall be for wages of emergency employees;

c. To recruit and hire, on a project-to-project basis such personnel as may be required: *Provided*, That preference shall be given to the most needy in the locality where the project will be undertaken;

d. To coordinate the activities of the different government offices and agencies performing functions and duties relating to or in furtherance of the objectives of this Act; and

e. To perform all functions necessary to carry out the purposes of this Act within the appropriation provided for in this Act and for purposes herein indicated.

SEC. 5. The Administration shall be composed of an Emergency Employment Board of seven members, as follows: an Administrator, preferably an economist or a civil engineer of recognized competence; the Secretary of Public Works and Communications; the Secretary of Agriculture and Natural Resources; the Secretary of Labor; the Chairman of the National Economic Council; one representative from the minority party to be nominated by the president of the party; and one representative from the majority party.

The Board shall elect its Chairman. The Administrator shall implement and carry out the decisions of the Board.

The Administrator and a Deputy Administrator, who shall assist him, shall both be appointed by the President of the Philippines with the consent of the Commission on Appointments. They shall receive the salaries of eighteen thousand pesos and twelve thousand pesos *per annum*, respectively, and shall serve at the pleasure of the President.

The Administrator, with the previous approval of the Board, shall appoint such personnel as may be necessary to carry out the purposes of this Act.

SEC. 6. The Administration is also authorized to employ any number of unemployed able-bodied youth below the age of majority.

SEC. 7. During the effectivity of this Act, the compensation of the laborers, technicians, helpers and employees to be employed for the projects herein authorized shall be in accordance with the salary and wage schedule prescribed by the Administration as approved by the President.

SEC. 8. The Administration shall transmit to the President of the Philippines and to Congress an annual economic report setting

forth: (1) the levels of employment, production and purchasing power generated by the projects undertaken by the Administration and such levels as may be needed to carry out the declared policy in Section two of this Act; (2) current and foreseeable trends in the levels of employment, production and purchasing power; (3) a review of the economic situation affecting employment in the Philippines; (4) a progress report showing in detail the projects undertaken and the corresponding expenditure thereof; and (5) a program for carrying out the policy together with such recommendations for legislation as it may deem necessary or desirable.

SEC. 9. The Administrator shall promulgate, with the written approval of the President, rules and regulations to implement this Act.

SEC. 10. There is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated, the sum of one hundred million pesos or so much thereof as may be necessary to carry out the purposes of this Act; *Provided*, That the Administration may, with the guarantee of the Republic of the Philippines, negotiate for long term loans from foreign financial institutions, such as the Industrial Development Assistance (IDA) to finance preferential development projects: *And provided, finally*, That the provisions of any existing law to the contrary notwithstanding, within forty-five days before every general or special election other than for barrio officials, no laborer shall be employed in, or money spent for, any project under this Act even if the money is actually released before or within such period except for:

(a) Ordinary maintenance of existing and/or completed projects: *Provided*, That no more than the number of employees or laborers already employed therein sixty days prior to the beginning of the forty-five day period shall be permitted to work: *Provided, further*, That no extra laborers are employed within the said period of forty-five days;

(b) Payment for the usual cost of preparation of working drawings, specifications, bills of materials, estimates, and other procedures preparatory to actual construction, including the purchase of materials and equipment, and all incidental expenses for wages of watchmen and other laborers employed for such work in the central offices and field storehouses before the beginning of such period.

No payment should be made five days before the date of election to laborers who rendered service in projects that were overdraft at the time the work was rendered, except those laborers falling under subsections (a) and (b) of this section.

Any violation of the foregoing provisions shall constitute a serious offense punishable under the provisions of the Revised Election Code.

This sum may also be taken from the sale of bonds which may be floated for this purpose: *Provided*, That the proceeds from the sale of said bonds shall be used solely and exclusively for self-liquidating projects.

SEC. 11. This Act shall take effect upon its approval and shall be in force for a period of five years therefrom.

Approved, June 16, 1962.

FIFTH CONGRESS OF THE REPUBLIC OF THE  
PHILIPPINES  
*First Session*

H. No. 340

[REPUBLIC ACT No. 3469]

AN ACT AUTHORIZING THE CONSTRUCTION OF MULTI-STOREY TENEMENT BUILDING PROJECTS FOR THE POOR AND HOMELESS AND APPROPRIATING FUNDS THEREFOR.

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. It is hereby declared to be the policy of the Government to alleviate the substandard living conditions of the masses. To this end, the Government shall provide, wherever practicable, tenement buildings for the poor and the homeless at nominal rental rates, consistently with the policy of avoiding concentration of population in densely inhabited areas.

The phrase "poor and homeless" shall include any family head whose gross income together with that of the spouse shall not exceed one thousand eight hundred pesos annually, and shall also include any family head whose gross annual income together with that of the spouse exceeds such amount provided the excess shall not be more than the number of immediate dependents times one hundred twenty pesos.

SEC. 2. The Department of Public Works and Communications is hereby authorized to plan, design and call for public bidding for

the construction of the tenement buildings: *Provided*, That at least seventy-five per cent of the construction materials to be used in the multi-storey buildings must be of Philippine origin or locally produced or manufactured materials as far as practicable. Each apartment in such tenement buildings shall contain complete separate sanitary facilities and shall be so designed and constructed as to provide privacy and security to the family and adequate playground space for children as may be appropriate for the number of tenants therein; and the ground floor of such tenement buildings shall be built to be rented as stores to citizens of the Philipines.

SEC. 3. After the completion of the tenement buildings, the Department of Public Works and Communications shall turn them over for purposes of maintenance, repair, improvement, expansion and administration to the People's Homesite and Housing Corporation which shall, in all cases, allocate by lottery the rooms of the tenement buildings.

SEC. 4. A special committee is hereby created, composed of the Auditor General, as chairman, and the Secretary of Public Works and Communications, the Chairman of the People's Homesite and Housing Corporation, the Director of the National Planning Commission and the Social Welfare Administrator, as members, for the purpose of determining the proper sites, and the most equitable and minimum rental which prospective lessees should pay.

The special committee is authorized to promulgate, subject to the approval of the President of the Philippines, such guiding principles or sets of rules and regulations as are necessary to carry out the provisions of this Act in the determination of the prospective lessees of these tenements. One of the guiding factors shall be the elimination of slums from our cities and towns and priority should be given to slum dwellers whenever this would facilitate the elimination of said slums.

SEC. 5. All accruals derived from rentals, consistent with Section four hereof, shall constitute a revolving fund to be used exclusively for purposes of maintenance, repair, improvement, expansion, and administration incident to billing and collection, janitorial, security and other similar expenditures in the operation of the tenement building projects after their completion.

SEC. 6. For carrying out the provisions of this Act, the amount of fifteen million pesos is hereby appropriated, out of the General Funds in the National Treasury not otherwise appropriated, and from the proceeds of the reparations from Japan: *Provided*, That

the priority for cash reparations for war veterans, widows and orphans provided for in the Reparations Act, as amended, shall be respected and not more than five per cent of the total reparations can be used for this purpose.

SEC. 7. This Act shall prevail over any Act or provisions thereof inconsistent herewith.

SEC. 8. This Act shall take effect upon its approval.

Approved, June 16, 1962.

FIFTH CONGRESS OF THE REPUBLIC OF THE  
PHILIPPINES  
*First Session*

} S. No. 233  
H. No. 1919

[REPUBLIC ACT No. 3472]

AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC  
ACT NUMBERED THREE THOUSAND EIGHTY-NINE  
OTHERWISE KNOWN AS THE GOLD MINING INDUSTRY  
ASSISTANCE ACT OF 1961.

*Be it enacted by the Senate and House of Representatives of the  
Philippines in Congress assembled:*

SECTION 1. Section 2 (r) of Republic Act Numbered Three thousand and eighty-nine is hereby amended to read as follows:

"SEC. 2. *Definition of terms.*—

(r) "Official Price" means the equivalent in Philippine pesos of the official world price of gold, which is presently fixed at \$35 per ounce based on the weighted banks, average buying rate of the U.S. dollar on the date that the gold is delivered to the federal reserve bank for the account of the Central Bank;"

SEC. 2. Section 4 of Republic Act Numbered Three Thousand eighty-nine is hereby amended to read as follows:

"SEC. 4. *Gold producers qualified to receive assistance.*—To be entitled to the assistance provided in this Act, a gold producer must sell to the Central Bank, and the Central Bank is hereby directed to purchase, its entire production of newly-mined gold, whether produced as principal product or as by-product, at the official price defined in Section 2(r) hereof. Should a gold producer sell his gold

in violation of this section at any time during a certain year, the entire production for that year shall not be entitled to assistance. Any assistance already given shall be refunded, and the manager or person in-charge of the mining corporation that sells its gold produce or part thereof in violation of this section shall, upon conviction, be punished by a fine of not more than ₱5,000 or an imprisonment of not more than two years or both in the discretion of the court. The Central Bank shall issue a receipt for all gold purchased by it under this Act, which receipt shall show the number of ounces of gold purchased: *Provided*, That mines producing gold as by-product shall only be entitled to the assistance given to over-marginal gold mines."

SEC. 3. Section 5 of Republic Act Numbered Three thousand eighty-nine is hereby amended to read as follows:

"SEC. 5. *Manner of payment under this Act.*—(a) Any marginal gold producer shall be entitled to the official price as hereinbefore defined under Section 2(r) plus an assistance of sixty-five pesos per ounce from the Government for its production within the effectivity of this Act. (b) In cases of over-marginal gold mine or mines producing gold as by-product, such mines shall be entitled to the official price as hereinbefore defined under Section 2(r) plus an assistance of fifty pesos per ounce from the Government within the effectivity of this Act: *Provided, however*, That the above provisions notwithstanding, no mine producing gold as principal product or by-product shall receive more than two hundred pesos nor less than one hundred sixty pesos per ounce of gold in official price and assistance; *Provided, finally*, That during the term of this assistance the gold producer enjoying the same shall give a bonus equivalent to seven and one-half per cent of the assistance it receives to be distributed among the employees whose salaries do not exceed five hundred pesos per month."

SEC. 4. This Act shall take effect upon its approval.

Approved, June 16, 1962.

FIFTH CONGRESS OF THE REPUBLIC OF THE  
PHILIPPINES

*First Session*

H. No. 422

[REPUBLIC ACT No. 3470]

AN ACT CREATING THE NATIONAL COTTAGE INDUSTRIES  
DEVELOPMENT AUTHORITY (NACIDA) UNDER THE  
DEPARTMENT OF COMMERCE AND INDUSTRY, PRE-  
SCRIBING ITS DUTIES, POWERS AND FUNCTIONS, AND  
APROPRIATING FUNDS THEREFOR.

*Be it enacted by the Senate and House of Representatives of the  
Philippines in Congress assembled:*

SECTION 1. Within thirty days after the approval of this Act, the President of the Philippines shall create a board known as the National Cottage Industries Development Authority, hereinafter referred to as the Board, under the Department of Commerce and Industry, which shall be composed of a chairman and four members, one of whom shall be the Chief of the Division of Home Industries of the Bureau of Public Schools: *Provided*, That no person appointed to this Board shall simultaneously serve as director of any government-owned or controlled corporation: *Provided, further*, That no person who is a candidate for a public elective office at the time of his appointment or was such a candidate at the general or special elections immediately preceding the same shall be eligible for appointment as administrator, deputy administrator, member of the board of directors or director of regional institutes: *Provided, further*, That one of the members of the Board must come from the minority party to be nominated by the president of said party. The chairman and members of the Board who shall be appointed by the President of the Philippines, with the consent of the Commission on Appointments, shall hold office for a term of six years unless sooner removed or otherwise separated from the service for causes provided by law, in which case a successor may be appointed for the unexpired term. The chairman and members of the Board shall be entitled to a *per diem* of twenty-five pesos for each session actually attended by them: *Provided, however*, That in no case shall the regular or special sessions exceed ten sessions monthly but under no circumstance shall a member receive more than five hundred pesos a month including privileges, allowances and expenses. The President of the Philippines shall appoint the Administrator of the Board with a compensation of fifteen thousand pesos *per annum*.

There shall also be a Deputy Administrator to be appointed by the President with a compensation of twelve thousand pesos *per annum*. The other officers and personnel of the Board shall be appointed and their compensation fixed by the Board in accordance with the Civil Service Law and Rules and Salary Law.

SEC. 2. The National Cottage Industries Development Authority, shall perform the following duties:

(a) To organize, revive, encourage, and promote the establishment of cottage industries; however, projects for the establishment, expansion and development of cottage industries now being undertaken by other governmental agencies or offices shall be transferred to the Board and the personnel, know-how and technology from these governmental agencies shall be absorbed by the Board;

(b) To survey and evaluate existing skills, machinery and equipment, and raw materials available in industrial quantities;

(c) To promote the effective merchandising of cottage products in domestic and foreign market so that those engaged in such industries will be placed on a basis of economic security and towards this end the Board itself may, if necessary, market the cottage products for the producers;

(d) To promote the standardization of cottage industries products, prescribe rules and regulations governing the grading, classifying, and inspecting of cottage industries products especially those for export;

(e) To grant small loans under such terms and conditions as may be prescribed by the Board or arrange for necessary loans with public or private credit institutions and banks, including such other loans intended for the planting, cultivation, and production of needed raw materials for the cottage industries covered under this Act.

(f) To extend assistance to cottage industries producers in their problems relating to financing, production and marketing;

(g) To render consultation services, provide technical know-how and field assistance to cottage industries producers;

(h) To undertake research and training programs designed to improve cottage industries products;

(i) To administer and maintain a tool and dye development program responsive to the technological needs of the cottage industries; and

(j) To adopt such measures as may be deemed necessary and proper to carry out the purposes of this Act.



SEC. 3. *General Powers.*—The National Cottage Industries Development Authority is hereby authorized to make contracts; to lease or own real and personal property, and to sell or otherwise dispose of the same; to sue or be sued; to prescribe such rules and regulations as are necessary to carry out the functions vested it by this Act; to make such expenditure to carry out the purposes and functions of the Board; and to acquire and hold such assets resulting directly from operations authorized by the provisions of this Act, or as are essential or incidental to the proper conduct of such operations. The rules and regulations issued by the Board shall take effect fifteen days after their publication in a newspaper of general circulation in the Philippines.

SEC. 4. *Powers and duties of the Board of Directors.*—The Board of Directors shall have the following powers and duties:

- (a) To fix the compensation and number of officers and employees of the Board;
- (b) To approve the annual and/or such supplemental budget of the Board which may be submitted to it from time to time; and
- (c) To enunciate the policies that shall guide the operations of the Board.

SEC. 5. *Managing Head.*—The Head of the Technical Office of the Board shall be known as Administrator who, together with the Deputy Administrator, shall be appointed by the President with the consent of the Commission on Appointments.

SEC. 6. *Powers and Duties of the Administrator.*—The Administrator shall have the following powers and duties:

- (a) To manage the affairs of the Board subject to the policies of the Board of Directors;
- (b) To submit within sixty days before the beginning of each fiscal year an annual budget to the Board of Directors;
- (c) To appoint such subordinate officials and employees as may be provided in the annual plantilla or budget necessary for the proper discharge of the duties and functions of the Board. Appointments to supervisory positions shall be subject to the confirmation of the Board of Directors;
- (d) To submit within sixty days after the close of the fiscal year an annual report to the President and Congress through the Board of Directors. Said report shall contain a detailed account of all activities, achievements, receipts and disbursements, financial condition of the institution, problems encountered, solved and unsolved, recommendations, and a program of future activities; and

(e) To perform such other duties as may be assigned to him by the Board of Directors.

SEC. 7. *Regional Institutes.*—There shall be at least nine institutes suitably located in Northern Luzon, Central Luzon, Tagalog Region, Bicol Region, Western Visayas, Central Visayas, Eastern Visayas, Western Mindanao and Eastern Mindanao, which will be charged with the conduct of research, the determination of which cottage industry products shall be produced in specified regions or localities in a commercial manner, the standardization of products and such other functions as the Secretary of Commerce and Industry may fix in relation to the promotion of cottage industries.

Each of these institutes will be headed by a Director who will likewise be appointed by the President upon the recommendation of the Board with compensation of six thousand pesos *per annum*.

SEC. 8. *Funds.*—The sum of four million pesos as initial fund for the National Cottage Industries Development Authority is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated. Hereafter, the necessary amount to carry out the purposes of this Act shall be included in the annual General Appropriation Acts.

SEC. 9. Within one year after the organization of the National Cottage Industries Development Authority and from time to time thereafter, it shall furnish the Bureau of Supply with a list and samples of items produced by cottage industries and thereafter the Bureau of Supply shall give priority in the procurement of these cottage products for government use.

SEC. 10. The Development Bank of the Philippines shall allocate an amount of fifty million pesos of its available funds for loans to cottage industries under its program of loan assistance to industries: *Provided*, That a guaranty of mortgage or pledge on cottage industries products shall be considered sufficient in granting said loans. Likewise, the Philippine National Bank shall allocate an amount of fifty million pesos of its available fund for loans to cottage industries under the terms and conditions similar to that of the Development Bank of the Philippines. The loans to be granted under this section shall bear interest not exceeding four per cent annually. Real estate which has no Torrens Title may be accepted as security for the loans.

SEC. 11. *Definition.*—The term "cottage industry" as used in this Act shall mean an economic activity in a small scale which is carried on mainly in the homes or in other places for profit and

which is mainly done with the help of the members of the family. It shall include the following: (1) fiber crafts such as making of abaca ropes and twines, buntal fiber extracting and buri leaf braiding; (2) woodcraft such as making of wooden shoes, wooden fans, walking sticks (canes) and wood carvings; (3) hat weaving such as Calasiao, buri, rafia, buntal and bamboo hats, salakots and helmets; (4) mat weaving such door, sleeping, buri, pandan, balilan, and sabutan mats; (5) metal craft such as making of jewelries, knives, boloes, scissors, razors, silverwares, and brassworks; (6) ceramics such as making of potteries, hollow blocks, tiles, firebricks, clay stoves and other ceramic products; (7) shell craft such as making of sea shell buttons and coconut shell products; (8) bamboo and rattan crafts such as making of hammocks, basketry, making of sawali and other bamboo and rattan furniture and articles; (9) small agricultural hand tools such as plow points; (10) tow craft such as making of dolls and toys; (11) embroidery industries; (12) needle craft (including knitting and crocheting); (13) loom weaving such as making of fish nets, making of mosquito nets, weaving of Ilocano cloth, Igorot weaving, piña "barong Filipino," jusi and sinamay; (14) machine parts manufacture such as wheels and stone mortars; (15) poultry including duck raising and "balut" making; (16) pig-gery; (17) home cigar making; (18) food preservation and canning, including the making of vinegar wine, "bagoong," "mazapan" pili, "tostado comitado" de pili, "bucayo"; (19) small mining operations; (20) other related crafts such as making of brooms, nito and buri bags, "karagomoy" bags, bead making, guitar and other musical instruments; and (21) such other industries done in the home with the aid of electrical gadgets and/or by hand manipulation. The cottage industries shall be owned and operated by Filipino citizens, or if a corporation, partnership or cooperative, at least seventy-five per cent of its capital and its stockholders and all members of its Board of Directors shall be Filipino citizens.

The term "cottage products" shall mean products produced by cottage industries and shall be labeled as "Cottage Products—Made in the Philippines."

SEC. 12. Any person, corporation, partnership, or association who desires to avail of the benefits and assistance under this Act may register with the Board, and any such registered person or firm who fails to comply with the rules and regulations issued by the Board shall not be entitled to the assistance and benefits of this law, including but not limited to those provided in Section ten of this Act.

SEC. 13. Notwithstanding any provision of law to the contrary, the export of any local raw materials which may be needed for the

promotion of cottage industries herein provided shall be prohibited as long as local demands therefor have not yet been satisfied.

SEC. 14. *Producers and Marketing Cooperatives.*—The Board shall stimulate the organization and establishment of producers and marketing cooperatives in coordination with the activities of the Cooperatives Administration Office and train and develop a competent management pool for the operation of producers and marketing cooperatives and cottage industries.

SEC. 15. The Reparations Commission shall give priority allocation for capital goods and fields of studies intended for cottage industry projects certified by the Board.

SEC. 16. The production, manufacture and sale of cottage products shall be exempt from all taxes for a period of five years from the date of registration of the person or firm engaged in the production or manufacture of cottage products with the Board.

SEC. 17. Any person who utilizes or abstains from the utilization of any funds borrowed under the provisions of this Act for any purpose or purposes other than those applied for in their loans shall be punished by imprisonment of one year and a fine of two thousand pesos.

SEC. 18. *Repealing clause.*—All Acts, executive orders, administrative orders, proclamations, rules and regulations, or parts thereof, inconsistent with any of the provisions of this Act are repealed or modified accordingly.

SEC. 19. This Act shall take effect upon its approval.

Approved, June 16, 1962.

