

**Republic of the Philippines**  
**OFFICE OF THE PRESIDENT OF THE PHILIPPINES**  
**Malacañang, Manila**

**PRESIDENTIAL DECREE NO. 4 AS AMENDED BY PRESIDENTIAL DECREE NOS. 699  
AND 1485**

**PROCLAIMING THE CREATION OF THE NATIONAL GRAINS AUTHORITY  
AND PROVIDING FUNDS THEREFOR**

Pursuant to Proclamation No. 1081, dated September 21, 1972, **I, FERDINAND E. MARCOS**, President of the Philippines and Commander-in-Chief of all the Armed Forces, by virtue of the powers vested in me by the Constitution of the Republic of the Philippines, do hereby declare as a law of the land, the creation of the National Grains Authority which shall be under the Office of the President. The provisions of this Decree are contained herein below.

**Section 1. *Title of the Act*** - This law shall be known as the National Grains Authority Act. (P.D. 1485)

**Section 2. *Declaration of Policy*** - It shall be the policy of the State to promote the integrated growth and development of the grains industry (rice, corn, wheat, and other grains and their substitutes such as but not limited to mungo, soybeans and cassava) (Sec. 3, P.D. 1485) so that it can adequately function as an institution conscious of its social responsibilities and capable of providing adequate and continuous food supply to the nation and of contributing to its proper share to national economy.

**Section 3. *Policy Goals and Objectives*** - To carry out the foregoing policy, the government shall orient its programs towards the immediate attainment of the following goals and objectives:

- a) Encourage increased and efficient productivity by assuring a fair return on investment of producers and their enjoyment of a decent rising level of income;
- b) Provide comprehensive guidance for the development of the industry in all its aspects, delineating and coordinating the respective roles of both government and private sectors and their respective components and earmarking adequate financing from credit (Sec. 4 (b)) resources to support the program: Provided, however, That the credit and other (Sec. 4, (b)) resources contemplated in this Act for the development of grains industry shall be complementary and supplementary to those earmarked under existing laws;
- c) Encourage the adoption, in the production, processing and marketing phases, of such proven systems as will reduce costs and improve the quality of these grains and thereby bring about ultimately reasonable prices within the reach of the great masses of the people;
- d) Institute measures to fully establish the integrity and assure the negotiability of warehouse receipts evidencing grains in storage;
- e) Limit its participation only to such extent and in such phases of the operations of the industry as the private sector has not shown the capability to adequately perform its function and discharge its responsibility, particularly in the stabilization of producers' and consumers' prices;

f) Adopt all other measures for the grains industry as may be necessary to achieve the foregoing policy (Sec. 1 (F) P.D. 1485).

**Section 4. Policy Implementation** - To execute the foregoing policy, there is hereby created a body corporate known as the National Grains Authority, hereinafter simply referred to as the Administration, which shall be governed by a Board of Directors, known as the National Grains Authority Council, hereinafter referred to as the Council. (Sec. 5, P.D 1485) The powers and functions of the Authority shall be vested in the Council which shall have the overall responsibility for formulating and coordinating a comprehensive program for the development of the grains industry. The Council shall be composed of the following:

**Chairman:**

Secretary of Agriculture and Natural Resources

**Members:**

The Administrator, National Grains Authority  
The Governor of the Central Bank  
The President of the Philippine National Bank  
The Chairman of the Development Bank of the Philippines  
Representative of the Office of the President  
The Secretary of the Department of Trade  
The Secretary of the Department of Industry  
A Representative from the consuming sector

In the absence of the Chairman, the Administrator of the National Grains Authority shall act as the Chairman of the Council.

Within thirty days from the approval of this decree, the President of the Philippines shall constitute the Council.

The representative of the consuming sector shall not be less than thirty-five years of age, with sufficient education, of proven honesty, integrity and recognized competence. He shall be appointed by the President of the Philippines to hold office for a term of four years unless sooner removed for cause or until his successor shall have been appointed and qualified.

The Council shall meet regularly at least once a month on any date to be determined by the Chairman: Provided, That the Chairman may convene special meetings to discuss any urgent matters needing immediate resolution. The Council members shall be entitled to per diem of P400.00 for each meeting actually attended by them and other remuneration as may be determined by the Council. If for any reason a member of the Council, who is a public official, is unable to attend a meeting, he shall be represented therein by the next ranking officials or officer of the office, agency or organization he represents.

The Council shall adopt rules and regulations to govern its proceedings, call on any government agency or institution for assistance or support, and determine its official location and address.

**Section 5. *Implementing Agencies*** - Within the framework of the grains industry development program adopted by the Council, primary and direct responsibilities and functions shall be vested in specified agencies, as follows:

a) The Department of Agriculture and Natural Resources shall assume primary responsibility for undertaking and coordinating all government activities directly relating to grain production. It shall -

- i. Determine the comparative productivity of lands cultivated to rice and corn, and cropping patterns, for the purpose of establishing priorities and optimizing their utilization;
- ii. Maintain a system for regularly obtaining information on current and future production;
- iii. Draw up the funding requirements in support of production programs, and recommend to the Council a schedule of priorities in the use of credit made available under this Act;
- iv. Coordinate, with the government agencies concerned, the program of extension services and infra-structural facilities in support of the industry;
- v. Study and recommend to the Council a system of crop insurance; and
- vi. Coordinate all other activities directly related to or in support of grain production.

b) The administration as created and organized in this Act shall undertake and assume primary responsibility for all government activities relating to the processing, storage, transport and marketing of grains. It shall-

- i. Determine the floor price for the grain crop which shall assure the farmer or producer a fair return on his investment; Provided, That the floor price for the grains crop of any season shall be the total sum of the season's anticipated cost of production per cavan, plus a reasonable mark-up (Sec. 5, P.D 1485) as determined by the Council: Provided, Further, whatever agricultural minimum wage may be specified by law shall be included in the computation of the anticipated production cost even for work performed by operators and/owners of farms: Provided, Further, That the retail prices for milled rice, corngrits, sorghum and other grains and their substitutes and their by-products/end-products shall not be more than the prices set for these items by the Council:

Provided, further, That the price ceilings shall be adjusted indirect elation to significant changes in the Consumer Price Index (CPI) periodically prepared by the Central Bank of the Philippines: Provided, further, That the Authority shall give preference to producers cooperatives and other farmer's association such as but not limited to Area Marketing Cooperatives, Samahang Nayons, Selda, etc., in the country; Provided, Furthermore, That the price support shall cover only such quantity of palay, corn, or other grains as was actually produced by the farmer in his own farms; and Provided, Finally, That the Authority may, upon authorization by the Office of the President, incur subsidies to be borne by the National Government in the implementation of the floor and ceiling prices for rice and corn and other grains and their substitutes and/or their by-products/end-products;

- ii. Announce, in accordance with the above mentioned guidelines, the floor price of palay, corn or other grains, by region when required, for the guideline of the producer before the start of the crop season and of the market in anticipation of the crop harvest; Provided, That subject to change in the crop pattern, said floor price shall be announced not later than May and October every year;
- iii. Procure and control or cause the procurement or control of such stock of grains in quantities and in locations, as may foreseeably be needed, to maintain the floor price or manage as buffer stocks to stabilize consumer prices;
- iv. Promote the organized interrelationship among the components of the industry; particularly, storage agreements between producers and warehousemen, milling agreements between producers and processors, lease agreements between millers and warehousemen-lessees financing agreement among producers, processors or warehousemen and the financial institutions, marketing agreements between farmers, organization and grouped processors and arrangements embracing elements of the marketing system to the end that the entire industry shall attain institutionalized efficiency as to be able to meet its assigned role;
- v. Devise a system by which it can insure the adequacy of supply and stability of consumer prices at levels within the reach of the low-income families, while maintaining the announced floor price for the producers;
- vi. Introduce more efficient ways, systems and facilities for harvesting, threshing or shelling, drying, storage, milling, packaging, and post-harvest handling of rice and corn and other grains and their by-products;
- vii. Introduce more efficient, regular, adequate, suitable and economical means of transporting and/or shipping the foregoing products, for purpose of reducing marketing costs and insuring stable consumer supply;
- viii. Devise and maintain a system for regularly obtaining information on current stock positions of grains in commercial supply, their prices, and movements in trade;
- ix. Study and promote, as a supplementary scheme of wider-based grain distribution, a system of marketing utilizing the pattern of barrio councils;
- x. Undertake the division of the country into regions or districts and promote the grouping of existing fragmented private grains establishments therein into organized grain corporations or cooperatives that can serve as the pattern or base for grain milling districts to contain grains production potential and/or for economic-sized grain warehousing, milling, packaging and distribution complexes; and
- xi. Perform such other functions as may be necessary to carry into effect the provisions of this Act including but not limited to, the development, culture or production of grains, and the establishment, acquisition and/or operations of grains processing, handling, storage and transport facilities (SEC. I, PD 699)

c) The Central Bank of the Philippines shall undertake and assume primary responsibility for making available the financial requirements of the grains program. It shall -

i) Formulate its credit policy for the production, storage, processing and marketing aspects of the grains program so as to extend to banking institutions preferential assistance in terms of volume, costs, availability and character of bank credits;

ii) Adopt the necessary measures to ensure that all production loans given by banks to producers of rice, corn and other grains are given preference in its rediscounting policy and that the rediscounting rate shall be the lowest preferential rate for the period;

All banks participating hereunder shall extend production loans to the extent of at least eighty (80%) percent of the floor price all determined under paragraph (b) of this section: Provided, that said production loans shall be released on a staggered basis on such amounts and at such times as may properly be determined as adequate to cover the costs of the following phases of the crop season: (a) start of cultivation, (b) start of planting, (c) start of fertilization, harvesting and milling.

iii) Perform such other functions as may be necessary to achieve the maximum participation of banks in the financing of the grains industry;

d) The other agencies, public or private, called upon to participate in the implementation of the grains program shall:

i) Submit to the Council a detailed proposal on how best they can contribute to the successful prosecution of the program, and of the manner in which their participation will contribute to the effective implementation of the total grains program; and,

ii) Call upon the other government agencies under their supervision and in the case of private organizations, their affiliates and members to extend maximum cooperation.

**Section 6. Administration- Powers, Organizations and Management and Exemptions.** (Sec. 6 paragraph 1, P.D. 1485) The powers, organization and management of the Administration shall be as follows:

a) Powers- In order to effectively carry out its functions and responsibilities provided in this Act, the Authority (Sec. 6 par a P. D. 1485) shall have the following powers:

i) To institute the negotiable warehouse receipt or quedan system in palay, corn and other grains not later than two (2) years after the approval of this Act. Pending the institution of said quedan system, however, the Authority shall implement the price support by procuring grains at the announced floor price in such quantities and in such places as may be necessary; provided, That no such grains shall be procured unless they are stored in a bonded warehouse iunder a bond of not less than thirty-three and one-third ( $33\frac{1}{3}$ ) per centum of the value of the stocks of said grains;

Provided, however, that in areas where there are no bonded warehouses or adequate space in bonded warehouses, the Authority shall start to purchase grains at the beginning of every harvest and for this purpose shall send its men and facilities to the places of harvest where the farmers can directly sell the harvested grains; Provided, further, that the Authority shall take measures to expedite the

establishment of bonded warehouses in areas where they are needed but do not exist; Provided; finally, that such stocks shall be fully insured against loss due to fire.

ii ) To maintain and manage a national buffer stock the quantity and locations of which shall be determined by the Authority (Sec. 6 A (11));

iii ) To own, lease, operate or otherwise hold lands, buildings, equipment and such other immovable properties, as may be necessary to carry out its functions (Sec. 2, PD 699).

v ) To enter into, make, perform and carry out contracts of every class and description necessary or incidental to the realization of its functions with other person, firm or corporation, private or public, including loans or borrowings by the Authority from domestic (Sec. 6 A (iv), PD 1485) or foreign sources, or initiate contracts and/or agreement in behalf of the Philippine Government and any foreign government or institution.

v ) To oversee and enforce (Sec. 6 A (v), the provisions of Republic Act numbered Three Thousand Fifteen.

vi ) To inspect palay, rice, corn, corn grits and other grains and their substitutes and or their by-products/end-products (Sec. 6 A (vi), stored by any person, partnership, corporation or association, for purposes of taking inventory and record of such commodities, and to enter the premises thereof by the use of reasonable means.

vii ) To order the seizure, whenever there is concerning or hoarding, as may be defined by the Authority of rice and/or corn and/or other grains and substitutes and/or their by products/end-products thereof, including facilities and and equipment (Sec 6 A (vii), used in said concerning hoarding, or whenever there is ascarcy of supply of such commodity in the consumer market and/or an unwarranted increase in the price thereof, of the hoarded commodity and its public sale in such quantity as may be needed to stabilize prices to normal levels.

viii ) To establish and enforce standards in grading, sampling and inspection, tests and analysis, specification, nomenclature, units of measurement, code of practice and packaging, conservation, and transport for grains and their by-products/end-products (Sec. 6 A (viii) and to effect a transition of standards in measurement of grains from volume to weight, and in metric system.

ix ) To coordinate the activities of all government agencies engaged in the study, research and promotion of measures desired to enhance the integrated growth and development of the grains industry (Sec. 6 A (ix); and to improve the processing and marketing the standards of rice, corn and other grains, such as methods of drying, handling, hauling, storage, milling, packaging, distributing and shipping these grains and their byproducts.

x ) To call upon and/or deputize any official of such government agencies as may be necessary to assist the Authority in carrying out its functions.

xi ) To register, license and supervise warehouses, whether bonded or not (Sec. 6 A (XI), and mills; and to prescribe, impose and collect fees, charges, and/or surcharges in licensing and regulating warehouses and mills.

xii ) To establish rules and regulations governing the importation of rice, corn and other grains and their substitutes and/or by-products/end-products and to (Sec. 6 A (xii) license, impose and collect fees and charges for said importation for the purpose of equalizing the selling price of such imported grains and their substitutes and/or their by-products/end-products with the normal prevailing domestic prices

In the exercise of this power, the Council after consultation with the Office of the President shall first certify to a shortage of grains and/or their substitutes that may occur as a result of a shortfall in production, a critical demand-supply gap, a state of calamity or other verified reasons that may warrant the need for importation. The Authority shall undertake the direct importation of grains and/or their substitutes or it may allocate import quotas among certified and licensed importers, and the distribution thereof through cooperatives and other marketing channels, at prices to be determined by the Council regardless of existing floor prices and the subsidy thereof, if any, shall be borne by the National Government.

xiii ) To establish rules and regulations governing the export of rice, corn and other grains and/or their substitutes and their by-products/end-products (Sec. 6 A (xiii) and to collect fees and charges for such exportation at rates to be determined by the Council.

In the exercise of this power the Authority shall directly undertake the exportation of rice, corn and other grains and/or their substitutes and/or by-products/end-products whenever there is an excess in production and/or supply, or it may allocate export quotas among certified and licensed exporters; Provided, however that the Council shall first certify after to such excess production and/or supply after proper consultation with the Office of the President.

xiv ) To register, license and supervise persons, natural or juridical, who shall engage (Sec. 6 A (xiv) in the business of providing goods and services in support of the different activities involved in the production, processing, transporting, marketing and trading of grains and/or their substitutes and to prescribe, impose and collect fees, charges and/or surcharges in licensing and regulating the operations of such persons.

xv ) To register, license and supervise persons, natural or juridical, engaged in the wholesale and/or retail business of rice, corn and other grains and their substitutes and/or their by-products/end-products (Sec. 6A, XV) and to impose and collect fees to be determined by the Council.

xvi ) To register, license and supervise persons, natural or juridical, engaged in the processing or manufacture of goods where rice, corn and other grains and/or their substitutes (Sec. 6A, xvi) are used as ingredients in the manufacture of starch, oil and animal feeds and/or other similar commodities and/or by-products/end-products (Sec. 6A,xvi) in which case it shall impose the nominal fees to be determined by the Council.

xvii ) To provide for the enforcement of the provisions of this Decree or any Letter of Instructions, General Orders or Rules and Regulations issued or which may hereafter be issued pursuant thereto, or any other Decree, Letter of Instructions, General Order, the implementation and enforcement of which is vested with the Authority, and for violation thereto, to authorize the Administrator or his duly authorized representatives to impose administrative fines and penalties, to conduct investigations and to require by subpoena and/or

subpoena duces tecum the attendance and testimony of witnesses, the production of books, papers, documents, exhibits, records, evidence; to administer oath by himself or his duly authorized representative, and to make arrests. Any case of contumacy shall be dealt with in accordance with the provisions of Section five hundred eighty of the Revised Administrative Code. Any fine imposed and collected under this paragraph shall form part of the Authority's corporate funds, (Sec. 6 A, xvii)

xviii) Whenever the Authority determines that to accomplish its production, processing, marketing and other incidental functions, it is necessary to contract indebtedness, it shall be a resolution, stating the purpose for which the indebtedness is to be incurred and citing the project study designed for the purpose, so declare and authorized the Authority's execution or issuance of, and establish the terms and conditions to be contained in such bonds, loan agreements, other evidences of indebtedness necessary thereof, such resolution shall become valid and effective upon approval by the President of the Philippines, and upon prior recommendation of the Secretary of Finance.

With respect to domestic indebtedness to be incurred by the Authority, the bonds or other evidence of indebtedness issued for the purpose shall contain such terms, conditions, privileges, exemptions and guarantees as are specified below (Sec. 3 (A) P.D. 699).

1) Such bonds or other evidences of indebtedness; a) shall be registered with and transferable at the Central Bank of the Philippines; b) shall not be sold at less than par; c) shall be payable ten years or more from date of issue, as may be determined by the Secretary of Finance before their issuance, but shall be redeemable, upon the election of the Council, after five years from such date of issue; and d) shall bear interest at an annual rate to be determined before their issuance by the Secretary of Finance. The interest may be payable quarterly, semiannually or annually, as determined by the Secretary of Finance in consultation with the Monetary Board of the Central Bank of the Philippines before the date of issuance, and both the principal and interest shall be payable in legal tender of the Philippines (Sec. 3(A) P.D. 699).

2) The Bonds or other evidences of indebtedness shall be exempt from the payment of all taxes by the Republic of the Philippines, or by any authority, branch, division or political subdivision thereof which fact shall be stated upon their faces; and by virtue of this Decree are hereby made securities in which all public offices, political subdivisions, commercial banks, insurance companies and associations, investment houses, financing companies, savings banks and savings institutions, including savings and loan associations, executors, administrators, guardians, trustees and fiduciaries in the Philippines may properly and legally invest their own funds or the funds within their control, and the same shall be receivable as collateral in any transaction with the government, its agencies and instrumentalities, including government-owned or controlled corporations and government banking and financial institutions in which such collateral is required. Said instruments may be made payable both as to principal and interest in the Philippine currency or any readily convertible currency.

3) A sinking fund shall be established by the National Grains Authority in such manner that the total annual contribution thereto, accrued to such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this subsection.

A sinking fund shall be under the custody of the Central Bank of the Philippines, which shall invest the same, subject to the approval of the Council and the Secretary of Finance in consultation with the Monetary Board; provided, that, the proceeds thereof shall accrue to the Authority. (Sec. 3 (A) P.D. 699).

4) The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest in case the Authority fails to do so; and there are hereby appropriated out of general funds in the National Treasury not otherwise appropriated the sum necessary to make the payments so guaranteed; provided, that, the Authority, to assure such refunding, shall establish reserves or sinking funds and comply with such other restrictions and conditions as the Secretary of Finance may be prescribe and establish that purpose.

With respect to foreign indebtedness to be incurred by the Authority, such may be contracted, in the form of loans, credits convertible foreign currencies, or other forms of indebtedness from foreign governments or any international financial institution or fund sources, including foreign private lenders, the total outstanding amount of such indebtedness, exclusive of interest, shall not exceed five hundred million United States dollars (US\$500m) or the equivalent thereof in other currencies. The President of the Philippines, by himself or through his duly authorized representative, is hereby authorized to negotiate and to so contract with foreign governments or any international financial institution or fund source in the name and on behalf of the Authority; and is further authorized to guarantee, absolutely and unconditionally, as primary obligor and not merely as a surety, in the name and in behalf of the Republic of the Philippines, as the payment thereon of any due interest charge, up to the limited amount authorized by the foregoing, which shall be over and above the amounts which the President is authorized to guarantee under Republic Act No. 6124, and also to guarantee the performance of all or any of the obligations undertaken by the Authority in the territory of the Republic of the Philippines pursuant to loan agreements entered into pursuant to this paragraph. Any indebtedness contracted under this paragraph and the payment of the principal thereof and of any interest or other charges thereon, as well as the importation of machinery, equipment, materials, supplies and contracted indebtedness, shall also be exempt from direct and indirect taxes, fees imposts, other charges and restrictions, by the Republic of the Philippines, or by any authority, branch, division, or political subdivision thereof.

Investment in bonds, promissory notes, debentures and other evidences of indebtedness of the Authority acquired by financial institutions, subject to the provisions of Republic Act No. 6389, as amended, including its implementing regulations, shall be considered sufficient compliance with the requirements of said Act and its implementing regulations.

All funds so acquired and realized by virtue of this power to contract indebtedness, interests and other income incidental thereto and income from other operations, projects or activities of the Authority shall be administered by it except such other funds the administration of which specifically provided for by other provisions of Presidential Decree No. 4.

xix) To purchase, lease or otherwise acquire lands, whether public or private, for the cultivation and production of rice, corn and other grains.

In the exercise of this power, the Authority shall have the authority to engage and retain any person, firm or corporation, private or public, to render technical services in the developments, cultivation or operations of such lands as it may have acquired by purchase, lease or other means. Moreover, the Authority shall have also the power to effect the advance payment of the stipulated fees.

xx) To sell, lease, mortgage, pledge or otherwise dispose of the property, assets or undertaking of the Authority or any part thereof as the Authority may deem fit.

xxi) To adopt, alter and use a corporate seal which shall be judicially noticed, to sue

and be sued; and otherwise to do and perform any and all powers as may be necessary to carry into effect the provisions of this Act or as are essential to the proper conduct of its operations.

xxii ) In order to immediately implement the program envisioned in this Decrees, an initial sum of ten million pesos (P10,000, 000.00) is hereby set aside from the Authority's corporate funds and for this purpose, the Administrator is hereby authorized to dispose the said amount as he may deem fit, subject to the usual accounting and auditing requirements.

xxiii ) To promulgate such rules and regulations as may be necessary to carry out the provisions of this Act. Such rules and regulations shall take effect fifteen (15) days following their publication once in at least one daily newspaper of national circulation (Sec. 6A (xxiii)).

xxiv ) To invest its fund or other assets in such undertaking as it may deem wise and necessary such as but not limited to investment in any and all kinds of securities, stocks, bonds and other secured collateral (Sec. 6A (xxiv)).

xxv ) To create and establish subsidiary corporations to undertake the related and integrated business operations of Authority (Sec. 6A (xxv)).

b) **Organization** - The Authority shall be governed by a Council which shall create and administer, through, an Administrator as hereinafter provided, the necessary staff and line units of the Authority, whose personnel shall be exempt from the rules and regulations of the Office of Compensation and Position Classification and whose compensation shall be fixed by the COUNCIL (Sec. 6, Sub. par B, PD 1485).

c) **Management** - The Management of the Authority (Sec. 6, Sub-par. C) shall be vested in an Administrator who shall be appointed by the President of the Philippines within sixty (60) days from approval of this Act, and who shall direct and manage the affairs of the Authority, subject to the supervision of the Council. The Administrator shall hold office for a term of six (6) years, except, when earlier removed for cause, or until his successor shall have been appointed and qualified.

There shall be two (2) Deputy Administrators, appointed by the Council, who shall assist the Administrator in the performance of his functions. The Deputy Administrator shall be persons of recognized competence experience in the production, processing, marketing and trading aspects of grains. Either one of the Deputy Administrators, upon designation of the Administrator, shall perform the duties and exercise the power and functions of the Administrator in absence of the latter.

There shall also be Assistant Administrators as the Administrator may deem necessary to assist him in the performance of his functions to supervise and cover functional areas as the Administrator may determine with the consent of the Council.

The Administrator shall appoint, remove, suspend or otherwise discipline, with the confirmation of the Council, other officers and employees as may be assigned and delegated to him by the Council.

The Administrator and the Deputy Administrators shall be natural-born citizens of the Philippines, not less than thirty-five (35) years of age, proven honesty and integrity and of recognized managerial competence.

The Assistant Administrators shall be natural-born citizens of the Philippines, not less than thirty (30) years of age, proven honesty and of recognize managerial competence.

The Administrator shall receive a compensation to be determined by the Council but not less than ninety thousand pesos (P90,000.00) per annum. The Deputy Administrator shall receive a salary to be determined by the Council but not less than sixty thousand pesos (60, 000.00) per annum. The Assistant Administrators shall each receive a salary to be determined by the Council but not less than forty-eight thousand pesos (48,000.00) per annum.

d) **Exemptions (Sec. 6 Sub-par. D, P.D. 1485)** - In furtherance to the effective implementation of the policy enunciated in this decree, the Authority is hereby declared exempt;

i) From payment of all taxes, duties, fees, imposts, charges, costs and restrictions to the Republic of the Philippines, provinces, cities, municipalities and other agencies and instrumentalities, including the taxes, duties, fees, imposts and other charges provided for under the Tariff and Customs Code of the Philippines, R.A. No. 1937 as amended by Presidential Decree No. 34, dated October 27, 1972, and Presidential Decree No. 69, dated November 24, 1972, and all filing, docket, and service fees, bonds and other charges or costs in any court or administrative proceedings in which the Authority may be a party.

ii) From all income taxes, franchise taxes and realty taxes to be paid to the National Government, its provinces, cities, and other government agencies and instrumentalities; and,

iii) From all duties, arrastre fees in so far as the government's share is concerned, including all charges and fees imposed under Presidential Decree No. 857, compensating taxes and advance sales taxes, warfare fees and tonnage dues on import /export of goods required for its operations and projects.

All documents or contracts executed by or in favor of the Authority shall also be exempt from the payment of documentary and science stamp taxes and registration fees; provided, however, that this exemption shall not apply to taxes and assessments payable by persons or entities transacting business with the Authority.

The Authority shall likewise be exempt from the coverage of Presidential Decree No. 711.

**Section 7 - The Development and Stabilization Fund** - There is hereby established the National Grains Authority (Sec. 7, P.D. 1485) Development and Stabilization Fund, herein referred to as the "Fund" for the purpose of financing the growth and development of the industry and the stabilization of the domestic market in grains to be administered in trust by the Authority (Sec. 7 P.D. 1485), and derived in manner herein below cited from the following sources:

a) An additional tax on rice and corn mills as provided in Section 10 of this Act.

b) Stabilization fees which shall be collected from the warehousemen by the Authority on all grains covered by negotiable warehouse receipts or quedans at the rate of ten centavos (P0.10) per cavan of fifty kilograms of grains per month but not to exceed fifty centavos (P0.50) per year.

c) A surtax on corporation as provided in Section eight on this Act;

d) Such borrowings as may be obtained from PD 480, international institutions and other outside foreign agencies;

e) Such funds, profits, cash and stocks of Rice and Corn Administration (RCA) as will be turned over to the Authority (Sec. 7, E) P.D. 1485.

f) Fees for licensing bonded warehouse at rate which shall be determined by the Council and collected by the Authority (Sec. 7, F) per cubic meter bonded capacity;

g) Fees, charges and/or surcharges hereby imposed in the issuance of license for importation of rice and corn and other grains and their substitutes (Sec. 7, G) to be collected by the Authority at rates which shall be determined by the Council; Provided, that the rate of any surcharge to equalize the wholesale price of imported grain and/or their substitutes (Sec. 7, G) with the prevailing selling price of the equivalent commercial grain in the domestic market shall be determined by the Council under subparagraph (xx) of Section six of this Act.

The taxes, fees, charges, surcharges and penalties, if any, shall be turned over to the Authority (Sec. 7 (H) P.D. 1485) to from part of the Fund. For this purpose, the agencies charged with the collection thereof shall remit their monthly collection to the Authority for the account of the Fund within fifteen (15) days of every succeeding month provided for in this section shall take effect upon instruction of the President to the Council. Failure or refusal by any person to turn over or remit the collections within the period mentioned in this section shall be treated as a serious offense punishable under Section twenty-one of this Act.

In order to enhance the usefulness of the Fund, The Authority is hereby authorized to invest the resources thereof and the proceeds or increments arising out of such investments shall take part of the fund.

The Fund shall be utilized by the Authority for funding the requirements of the development of the grains industry with the productions of grains, development of post-harvest technology and the stabilization of supply and prices, including the following;

a) Procurement of palay, rice, corn and other grains and/or their substitutes in such quantities and places as may be necessary to stabilize the supply and price thereof;

b) Implementation of price support program for palay, corn and other grains and/or their substitutes;

The disposition, allocation and utilization of this portion of the Fund for the purpose envisioned in this Act shall be exclusive prerogative of the Council.

**Section 8 - Surtax on Corporations** - In addition to the regular income tax imposed under Section Twenty-four of the National Internal Revenue Code, as amended, for five years after the approval of this Act, there is hereby imposed for each taxable year on the net income minus regular income tax payable exceeds two hundred thousand pesos.

The provisions of existing general and special laws to the contrary notwithstanding, there shall be no exemption from this additional income tax. All corporate income tax payable excess of the minimum amount provided in this section.

**Section 9** - There shall be levied, assessed, collected and paid during the next five years from the approval of this Act on every sale exchange, transfer, or similar transaction intended to convey ownership of or title to any real property or rights thereto, a tax equivalent to two and a half per centum of the gross selling price of the real property or rights thereto, which shall be paid by the seller or transferor, except when value of the property is ten thousand pesos (P10, 000.00) or less. This tax

shall not apply to transfers which are subject to tax under Title III of the National Internal Revenue Code.

**Section 10 - Imposition of Additional Taxes on Rice and Corn Mills** - In addition to the graduated fixed tax imposed In Section one hundred eighty-two (mm) of the National Internal Revenue Code, as mended, there is hereby imposed an additional tax on operators or owners of rice or corn mills in accordance with the following schedules:

RICE MILLS:

Kiskisan Type

Not exceeding 50 cavans of palay  
per 12-hour capacity with automotive power  
Not exceeding 12 HP P 20.00

Not exceeding 100 cavans of palay per  
12-hour capacity not included in the  
proceeding category P 65.00

Not exceeding 100 cavans of palay  
12-hour capacity P 135.00

Cono Type

Not exceeding 100 cavans of palay per  
12-hour capacity P 200.00

Not exceeding 200 cavans of palay per  
12-hour capacity P 600.00

Not exceeding 300 cavans of palay per  
12-hour capacity P 1,000.00

Not exceeding 400 cavans of palay per  
12-hour capacity P 1,500.00

Not exceeding 500 cavans of palay per  
12-hour capacity P 2,100.00

Not exceeding 600 cavans of palay per  
12-hour capacity P 2,700.00

Not exceeding 700 cavans of palay per  
12-hour capacity P 3,500.00

Not exceeding 800 cavans of palay per  
12-hour capacity P 4,500.00

Not exceeding 900 cavans of palay per

12-hour capacity	P 5,500.00
Not exceeding 1000 cavans of palay per 12-hour capacity	P 6,500.00

## CORN MILLS

### Grinder Type

More than 36 but not exceeding 100 cavans corn grit per 12-hour capacity	P 100.00
Exceeding 100 cavans corn grit per 12-hour capacity	P 135.00

### Roller Type

More than 36 but not exceeding 100 cavans corn grit per 12-hour capacity	P 100.00
101-250 cavans corn grit per 12-hour capacity	P 200.00
251-500 cavans corn grit per 12-hour capacity	P 500.00
501-750 cavans corn grit per 12-hour capacity	P 1,000.00
751-1,000 cavans corn grit per 12-hour capacity	P 1,500.00
1,001-2,500 cavans corn grit per 12-hour capacity	P 2,000.00
Above 2,500 cavans corn grit per 12-hour capacity	P 3,000.00

**Section 12. - Warehousing of Grains** - For purposes of this act, the term "warehousemen" shall mean any person or entity engaged in the business of accepting rice, corn and other grains, milled or unmilled, for deposit or storage, imposing a charge or charges by reason thereof, and engaging to deliver the grain deposited upon surrender of the receipt therefore: Provided, That the warehousemen shall be entitled to allowance for depreciation of the stocks deposited at the rate to be determined by the Administration and approved by the Council.

**Section 13. - Registry, Licensing of Warehouses** - No warehouses shall engage in the business of grain storage unless duly registered and licensed by the Administration: Provided, That no warehouseman shall be issued a license who has not complied with the rules and regulations to be hereinafter promulgated by the Administration, or be a person convicted of a crime involving moral turpitude.

It shall not be prohibited for a person, natural or juridical, who owns or operates a mill to rice or corn registered and licensed under this Act, to own and/or operate a warehouse engaged in the business of accepting palay, corn or other grains for storage and deposit under the quedan system and vice-versa: Provided, That the licenses shall be required to keep separate accounts or contracts for the milling and warehousing operations.

In order to further strengthen the quedan system, the council shall promulgate such policy and/or restriction as may be desired to guarantee the integrity of the quedan system and to encourage the banking system to finance and support the quedan system.

With the approval of the Central Bank of the Philippines and subject to the registration and licensing authority of the administration, private banks or consortiums thereof may lease, or own and operate warehouses, any law to the contrary notwithstanding.

**Section 14 - Warehouse Receipts** - For purposes of this Act, a warehouse receipt issued by the warehouseman for rice or corn or other grains to the depositor thereof shall be on forms provided by the Administration, and its issuance by the warehouseman shall be in accordance with the rules and regulations and procedures by the Administration.

A negotiable warehouse receipt for rice or corn or other grain shall be printed, serially numbered, on security notepaper, in specific quantity in demonstration of 5, 10, 20, 50, or 100 cavans contain the name and business address of the warehouseman, the variety, classification, moisture content and quality of the grain deposited, the warranties of the warehouseman prescribed by existing law, and the charges and authorized liens on the stocks in deposit (Sec. 8, P.D 1485)

**Section 15.- Uniform Warehousing Records** - Warehousemen engaged in the business of accepting rice and corn and other grains in deposit, shall adopt a uniform system of accounting and keep record of deposit and withdraws in the manner and forms to be prescribed by the administration.

**Section 16.- Failure to Deliver Prima Facie Evidence of Shortage** - The provisions of existing laws to the contrary, notwithstanding, failure of any warehouseman engaged in the business of accepting grains for storage or deposits to deliver the stock of grains on deposit upon surrender of the warehouse receipt therefore, shall render the warehouseman liable for the crime of estafa.

**Section 17.- Unit Measurement of Grains**- The Administration shall implement the early transition from the present volumetric measurement of rice and corn and other grains, to the standard weight measurement by kilogram.

The metric standard of weight measurement shall be adopted and the "cavan" of rice and corn, whether milled or unmilled, shall be a unit containing fifty kilograms of such grains net weight. The use of bags or other containers containing one cavan or a fraction or a multiple thereof, shall be encouraged in the handling and packaging of these grains. The use of containers, bags or packaging materials containing the milled grains in one kilogram, two or ten kilograms shall be encouraged in the retail of these grains.

**Section 18. - Guidelines for the Annual Grains Program** - The Council shall, on or before the first day of march every year:

a. furnish the institution cited herein the financial requirements for the production of rice and corn and other grains for the crop seasons:

b. require from the Department of Agriculture and Natural Resources the estimate of consumption of rice and corn for the coming year; and,

c. require the Department of Agriculture and Natural Resources to submit the annual agricultural production in grains, indication therein the area of production, the kind of grains to be produced, with estimate of the preparation of the corn aspect of said program, the Department of Agriculture and Natural Resources shall be guided by the objective of achieving increased productivity of the white flint varieties of corn with high milling recoveries of grit for human consumption and the white and yellow dent varieties for industrial uses and for livestock and poultry feeds.

The Council shall prepare a schedule for processing the expected crop output, its primary storage, a plan of redistribution or marketing of the milled grains and an estimate of the financial requirements for such schedules.

Upon prior consultation with the Department of Agrarian Reform and the National food and Agriculture Council, the Council shall likewise prepare a program for developing the rains industry, indication therein the short, medium and long-term financing needed, the roles of the governmental agencies in support of said development program, and the pattern of industry organization sought to be encouraged.

**Section 19. - Role of Financing Institutions-** After approval by the Council of the annual program for the industry, the Development Bank of the Philippines and the Philippine National Bank shall extend production loans to all rice and corn producers: provided, that not more than eighty percent of the price support shall be extended as crop loans to the producers: Provided -

1. That it shall be mandatory to all rural banks and government-owned or controlled lending institutions to extend production loans to small landowners cultivating an area of not more than twenty-four (24) hectares; and

2. That it shall be mandatory to all government-owned controlled financial institutions to extend production to lease holders who belong to duly registered producer's cooperatives.

For this purpose, within the next five years, all production loans extended to rice and corn producers by banks shall be given preference in the lowest preferential rate extended by the Central Bank for the period.

Financial institutions named herein shall extend loans to warehousemen rediscounting policy of the Central Bank of the Philippines, and that the rediscounting rate shall be the and millers for the construction, improvement and repair of warehouses or for the purchase of driers.

Private lending institutions who shall participate in this program, shall be entitled to the rediscounting privileges and coverage under the Agricultural Guarantees Fund.

All loans under this program shall be extended under supervised credit as prescribed under Republic Act Numbered Sixty-three Hundred and Ninety; Provided, that no farmer shall be extended loans under this program unless he warrants in the application for loan in the loan agreement that he shall deposit his product with a duly accredited warehouse or where no such warehouse is available in the meantime, in the nearest storage facility designated by lending bank or the Administration is

empowered to call upon all agencies of the government with agricultural extension technicians to assist lending banks in the implementation of the supervised credit program prejudice to the employment by the lending institutions of their own technician.

**Section 20. - Collateral Acceptable for Loans-** for purposes of this Act, loans shall be granted with any or a combination of the following collaterals, namely: (1) real estate property, if available; (2) chattel mortgage on standing crops and /or existing livestock or poultry; (3) stored crops in bonded warehouse; (4) the guarantee (Sec. 9 P.D. 1485) of two co-maker acceptable to the bank; Provided, That in case a farmer is a member of a group or "selda", the cooperative or "selda", may act as co-maker; and Provided, Further, That in the case of multipurpose cooperatives no comaker shall be required; (5) lease hold rights arising from leaseholds contract, subjects to the following conditions:

- a) That the landowner-lessor consents to the mortgage of the applicant's leasehold rights;
- b) That the applicants belongs to a duly registered producer's or farmer's cooperative;
- c) That at the time of filing of the application for the loan, the financial institution concerned shall explain to the applicant in the language or dialect understood by him that his leasehold contracts may be foreclosed in the event of willful or neglectful nonpayment of all part of the loan extended to him and the explanation shall be evidence by a written notice to the applicant;
- d) That the association, cooperatives or "selda" to which the applicant belongs certifies, accredits or CO-makes the accommodation for loan;
- e) That in case of crop failure due to fortuitous events and//or force majeure, a refinancing scheme shall be devised or instituted for the benefit of the farmer borrower;
- f) That if the farmer-borrower fails to pay the amount due on his loan despite a normal crop yield and such failure of payment was due to his diversion or misuse of the proceeds of his crop, the creditor financial institutions may foreclose the lease hold contract not later than six months from the due date of the loan; and;
- g) That notwithstanding the provisions of any law or regulation to the contrary, the termination of the foreclosure proceeding on the leasehold contract shall ipso facto extinguish the farmer-borrower's right thereunder and shall be cause for his ejection from the land covered therein.

Upon termination of the foreclosure proceedings, the leasehold contract foreclosed shall be disposed of in accordance with the following order of priorities:

- a) It shall be offered for redemption to the association, cooperative, "selda" to which the applicant belongs;
- b) If the farmer waives his right and/or fails to redeem the foreclosed leasehold contract, it shall be offered to any qualified farmer residing in the locality even though the farmer concerned is not a member of any of the above organizations;
- c) The association, cooperative, "selda", or the qualified farmer waives such right and/or fails to redeem the foreclosed leasehold contract, it shall be offered to the Land Bank for redemption; and

d) Finally, if neither the Land Bank nor any party in the locality manifest interest in the redemption of such right, the same shall be offered to the original landowner who shall redeemed the said loan by paying the charges, principal and interest due.

**Section 21. - *Grains Exchange***- The Administrator shall study the report to the Council within one year after the passage of this Act the advisability and feasibility of establishing a grain exchange as an instrumentality to support the development of agribusiness in rice and corn.

**Section 22. - *Organization of Farmers, Grain Producers*** - The Administration shall encourage the organization of farmers for the purpose of improving their production. In irrigated lands, the Administration shall encourage the formation of the cooperatives composed of farmers on land serviced irrigation. Upon formation of such cooperatives, the maintenance of the irrigation system may, subject to the approval of the Administration and the other government authority concerned, be turned over to said cooperative.

A farmer or producer who is beneficiary of any irrigation system shall be charged an irrigation fee, which shall include the amount needed to maintain the system, and amortize the cost of the system, and such other amount deemed to be a reasonable contribution to the expansion of the system, which fee shall be determined and collected by the National Irrigation Administration: Provided, that irrigation fees shall have priority lien on the land over all encumbrances but second only to land taxes.

In areas not accessible to irrigation system, the Department of Agriculture and Natural Resources, the Department of Public Works and Communications and the Council shall promote and take steps for the installation of necessary irrigation pumps or other means of providing a steady supply of water for farm purposes. Such alternative system may be operated and maintained by organizations of farmers in the areas covered.

Millers of rice and corn and other grains shall be encouraged to enter regular milling and marketing contract with farmers in the respective areas or provinces.

**Section 23. - *Citizen Volunteers Services for Grain Production*** - The Department of Agriculture and Natural Resources shall actively promote the early and effective involvement of citizen volunteers in agricultural production, particularly rice and corn and other grains utilizing organized and reputable local volunteer organizations to recruit, select, train, organize, deploy and manage volunteer for projects and to areas designated by the Administration. The services of the Philippine National Volunteer Services Committee shall be availed of in the implementation of this program; provided, that the department shall not directly engage in the commercial production of rice and corn or other crops nor indirectly through the use of volunteers.

**Section 24. - *Warehousing, Milling Agreements*** - Administration shall encourage the entry of organized farmers or producers and warehousemen or of warehousemen into a storage agreement, renewable yearly, for the purpose of institutionalizing the primary storage of rice and corn in a region or suitable area; provided, that the said organization of farmers or producers, more particularly cooperatives, shall be encouraged to enter to a milling schedule of crop production by area or region.

In the exercise of its power to license, register and supervise grain whole warehousemen, millers and traders, the Administration shall undertake measures that will prevent collusion between or among them so as to maintain at all times the credibility or integrity of the quedan system in grains.

**Section 25. - *Funding of the Authority*** - There is hereby appropriated, out of the funds of the National Treasury not otherwise appropriated, the sum of fifteen million pesos for the expenditure of the National Grains Authority; provided, that for the succeeding calendar years following the approval of this Act, the Authority shall submit to the President of the Philippines a budget of its expenditures for General Application Act: Provided, further, that pending the issuance of instruction from the President to the Council for the Implementation of Section 7,8,9 and 10 of this Act, the Authority shall continue to submit to the President of the Philippines a budget of its expenditures for consideration and inclusion in the annual General Appropriation Act: Provided, finally, that five years after the implementation of such instruction the Authority shall derive its fund from sources provided by the industry. The proceeds of all other collections made by the Authority from levies, fees, charges or surcharges authorized in this Act but not specifically mentioned in Section 7 hereof shall be retained and used by the Authority as a source of funds to finance its annual budgetary requirements. (Section 11 P.D. 1485).

**Section 26 - *Abolition of the Rice and Corn Administration*** - The Rice and Corn Administration is hereby considered abolished 3 months from the date of approval of this Act to allow the RCA to wind up its operations; provided, that its properties, assets, records and unexpected appropriations are transferred to the Administration, including the stocks of imported rice and corn already in the country and such other stocks thereof may arrive as a result of current importation, which shall be disposed of by the Administration in accordance with the supply and price stabilization policy of the Council: Provided,

Further, that all advances made by financial institutions in relation to such importation made in 1971 and 1972 shall be satisfied from the proceeds of the sale.

No official or employee of the Rice and Corn Administration shall be appointed to any position in the Administration unless he shall have been properly screened and cleared by a Selection Board which shall be formed by the Administrator and shall be composed of five members, two members to be designated by the Administrator, one member by the Office of the President, and two members representing the employees Association of the Rice and Corn Administration listed in this paragraph: Provided, that the Selection Board shall screen the said officials and employees at a date not later than one month following the appointment of the Administrator: Provided, further, that the following persons shall not be absorbed by the Administrator:

- a) Those who have pending administrative or criminal cases filed against them;
- b) Those who have previous record of gross inefficiency and incompetence;
- c) Those who are deemed by the Screening Board to be morally unfit to be appointed to positions requiring persons of good moral character; and
- d) Those who are considered in excess personnel required in the staffing pattern of the Administration.

Permanent officials and employees of the Rice and Corn Administration who cannot be absorbed by the Administration, or who cannot transfer or to be transferred to other agencies, or who prefer to retire, if qualified for retirement, or to be laid off, shall be given gratuity equivalent to one month salary for every year of service but in no case more than twenty-four months salary, in

addition to all other benefits to which they are entitled under existing laws and regulations. For this purpose, there is hereby appropriated the sum of fifteen million pesos or so much thereof as may be necessary, out of funds of the National Treasury not otherwise appropriated.

The outstanding obligation of the Rice and Corn Administration, except as herein above indicated for the importation of 1971 and 1972, bearing the guarantee of the National Government shall be settled by the National Government. For this purpose, the President of the Philippines, upon recommendation of the Secretary of Finance, is hereby authorized to issue treasury bonds, notes or securities, in such amounts as may be necessary for the settlement of the said obligations. The Secretary of Finance, in consultation with the Monetary Board and Financial Fiscal Policy Committee created under Executive Order Numbered 97 dated October 26, 1967, as amended shall prescribe the rules and regulations that shall govern the issuance of such bonds, notes, or securities, including the form, the rate of interest, the denominations, maturities, negotiability convertibility, call and redemption featured, and all other terms and servicing and payment of all bonds, notes or securities issued under the authority of this Act. The said bonds, notes and securities to be issued under this Act shall be tax exempt and such fact shall be stated on their face and shall be exempt from attachment, execution or seizure. There is hereby appropriated, out of the funds of the National Treasury not otherwise appropriated, such sum or sums as may from year to year be necessary to amortize the payment of the bonds, notes or securities issued under this Act. All appropriations for this purpose shall accrue to a special bond sinking fund, which is hereby created, to be managed by the Central Bank of the Philippines under rules and regulations that it may promulgate for the purpose.

**Section 26-A (SEC. 12, P.D. 1485, New Provision)** - The National Grains Authority, successor of the properties, assets, records and unexpended appropriations of the Rice and Corn Administration, is hereby authorized to initiate and/or continue the prosecution of all criminal and civil cases now pending or to be filed, based on past transactions of the Rice and Corn Administration, notwithstanding the latter's abolition. Pursuant to the provisions of the next preceding paragraph on the settlement by the National Government of the outstanding obligations of the Rice and Corn Administration, the liabilities of the Rice and Corn Administration are not transferred to the National Grains Authority and the latter agency may not be substituted as party litigant for the former: Provided, however, that where the National Grains Authority initiates or pursues any cause of action for the recovery of assets and properties of the Rice and Corn Administration the adverse party may offset and assert against the National Grains Authority any valid claim arising from obligations and liabilities of the Rice and Corn Administration but not exceeding the amount recovered by or awarded to the National Grains Authority from that adverse party.

**Section 27. - Transfer of the Rice and Corn Board** - The functions, personnel, properties, assets and unexpected appropriations of the Rice and Corn Board are hereby transferred to the Administration under which the Board shall continue to carry out the purpose of Republic Act Numbered Three Thousand Eighteen in synchronization with the grains industry development program.

**Section 28. - Annual Reports** - Before the end of March of each year, the Administration shall submit to the President of the Philippines and shall publish a comprehensive annual report on the condition of the grains industry and a review of the policies and measures adopted by the Council during the past year and an analysis of the economic and financial circumstances which give rise to said policies and measures.

The Administration shall also submit a separate Administration report to the President of the Philippines at the end of each fiscal year.

**Section 29. - *Offenses and Penalties*** - Notwithstanding the provisions of any law or regulations to the contrary, and for purposes of carrying out the provisions of this Act, the following acts or omissions are hereby considered serious, less serious and light offenses and corresponding penalties therefore are herein prescribe:

a) Serious Offenses - Any of the following acts omissions shall constitute a serious offense:

1) Failure or refusal of the responsible officials to turn over or remit to the Fund the collection under and within the period provided for in Section seven of this Act.

2) Failure or refusal of a grains warehouseman, without any lawful excuse, to deliver grains deposited with him: Provided, however, that the warehousemen shall be entitled to the allowance authorized for depreciation of the grains deposited.

3) Concerning or Hoarding of grains resulting in artificial shortage or scarcity of supply and increase of prices thereof in any part of the country.

4) Printing, issuing or knowingly using, possessing or negotiating a canceled, unauthorized, illegal counterfeit or falsified warehouse receipt. The offender shall, upon conviction, be punished by imprisonment of not less than four and one day nor more than six years, and a fine of not less than twelve thousand pesos nor more than fifteen thousand pesos.

b) Less Serious Offense - Any of the following acts or omissions shall constitute a less serious offense:

1) Connivance in the concealment of a stock shortage in a grain warehouse;

2) Knowingly submitting any report containing false information or date;

3) Misrepresentation in connection with any application for license to do business as grains warehousemen, miller, exporter or importer or trader, manufacturer or processor;

4) Failure or refusal of a warehouseman to allow the inspection or examination of this grains stocks to conceal shortages or to misrepresent the quantity or quality of his grain stocks, including the impending of such inspection and examination by abandonment, absence or otherwise;

5) Failure or refusal of any government bank or financial institutions, without any lawful excuse, to grant loan applied for by a qualified farmer who meets the conditions for the loan; and

6) Engaging in the business of grains threshing, warehousing, milling, exporting, importing, trading growing and selling of certified seed, manufacturing or processing without a valid license. (Sec. 13, P.D. 1495)

The offender shall, upon conviction, be punished by Imprisonment of not less than six (6) months and one day nor more than four (4) years, or fine of not less than Four Thousand Pesos (P4,000.00), nor more than Eight Thousand Pesos (P8,000.00), or both such fine and imprisonment, at the discretion of the court.

c) Light Offenses - Any of the following acts or omissions shall constitute a light offense:

1) Issuance by a warehouseman of warehouse receipt showing an aggregate quantity of grains stock in excess of the quantity permissible in his bond coverage;

2) Issuance by a warehouseman of warehouse receipt showing an aggregate utility of grain stocks not covered by fire insurance at full value as required by this Act;

3) Failure or refusal to give information required by the Authority, provided such failure or refusal does not constitute a higher offense as herein above provided;

4) Noncompliance with the rules, regulations, decisions, orders, circulars, or directives lawfully issued by the Authority, provided noncompliance does not constitute higher offense as herein above provided;

5) Fraudulent misrepresentation by the applicant, in or by any person in connection with, an application for a production loan;

6) Selling or offering to sell to the Authority by any person or palay or corn or other grains other than that directly produced by him as farmer or shared by him as tenant or landlord, knowingly buying such grains by any Authority personnel for the Authority; connivance by any person in the selling or buying of such grains; and

7) Any other violation of the provision of this Act for which no specific penalty is prescribed and which is not punished under any other existing law.

The offender shall, upon conviction, be punished by imprisonment of not- less than one month nor more than six (6) months, or a fine of not less than One Thousand Pesos nor more than Four Thousand Pesos, or both such fine and imprisonment, at the discretion of the court. (Sec. 13, P.D. 1485)

**Section 30. - *Repealing Clause*** - All acts, executive order and proclamations, rule and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

**Section 30-A. - (*Sec. 14, P.D. 1485, New Provision*)** - If any part, section or provision of this Act be held invalid or unconstitutional, no other part section or provision thereof shall be affected thereby.

**Section 31. -** This Act shall take effect upon its approval, and it may be amended in part or in whole at any by Presidential Decree.

**APPROVED** in the City of Manila this 26th day of September in the year of our Lord, nineteen hundred and seventy two.

**(SGD) FERDINAND E. MARCOS**  
President of the Republic  
of the Philippines