

**[PRESIDENTIAL DECREE NO. 817, October 22,
1975]**

**AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 3470, AS
AMENDED, ENTITLED "AN ACT CREATING THE NATIONAL
COTTAGE INDUSTRIES DEVELOPMENT AUTHORITY (NACIDA),
UNDER THE DEPARTMENT OF COMMERCE AND INDUSTRY,
PRESCRIBING ITS DUTIES, POWERS AND FUNCTIONS, AND
APPROPRIATING FUNDS THEREFOR."**

WHEREAS, there is an imperative need to amend the NACIDA Law in order to update its provisions and make it attuned with the modern trends in the production and trading of cottage industry products;

WHEREAS, cottage industry products now rank as the No. 6. dollar earner among the commodity exports of the nation and deserve to be accorded more incentives for growth and viability;

WHEREAS, it is necessary to encourage the establishment and promotion of cottage industries in order to generate more employment opportunities.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree and order the amendment of Republic Act No. 3470, as amended by Republic Act No. 5326.

SECTION 1.—Section 1 of Republic Act No. 3470 is hereby amended to read as follows:

"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 Trade, which shall be composed of a chairman and three members, one of whom shall be a representative of the private sector to be nominated by at least two (2) existing recognized cottage industry chambers or associations: *Provided*, 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 or member of the board of directors. The Chairman and members of the Board, who shall be appointed by the President of the Philippines, 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 P200.00 for each session actually attended by them: *Provided, however*, That in no case shall a regular or special session exceed ten sessions monthly and that their per diems shall not exceed P2,000 per month. They shall likewise receive commutable transportation and representation expenses not exceeding P1,000.00 monthly. The President of the Philippines shall appoint an administrator and a deputy administrator of the Board with a compensation of P33,000.00 and P30,000.00 per annum, respectively. The other officers and personnel of

the Board shall be appointed by the Administrator with the approval of the Board of Directors in accordance with the Civil Service Law: *Provided*, That all such officers and personnel shall be exempt from WAPCO rules and regulations, and provided, further, that they shall receive, in addition to their regular compensation, an incentive pay equivalent to one month's salary for every year of meritorious service rendered."

SEC. 2.—Section 2, paragraph (d) of Republic Act No. 3470 is hereby amended to read as follows:

"(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: *Provided*, That notwithstanding the provisions of any law, decree, letter of instructions or executive order, the NACIDA shall establish an Accreditation Committee which shall be charged with regulating and supervising the activities of persons, firms or corporations engaged in the production or manufacture, trading locally or exporting of cottage products or raw materials thereof."

SEC. 3.—Section 4 of Republic Act No. 3470 is hereby amended to read as follows:

"SECTION 4.—*Powers and Duties of the Board of Directors:*

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

SEC. 4.—Section 7, second paragraph is hereby amended to read as follows:

"Each of these institutes shall be headed by a Cottage Industries Manager who shall be assisted by an Assistant Cottage Industries Manager, both of whom shall be appointed by the Administrator upon the recommendation of the Board of Directors, with compensation of eighteen thousand pesos and twelve thousand pesos per annum, respectively."

SEC. 5.—Section 11 of Republic Act No. 3470, as amended by Section 1 of Republic Act No. 5326 paragraph 1, is hereby further amended to read as follows:

"SECTION 11.—*Definition.*—The term "cottage industry" as used in this Act shall mean an economic activity carried on in the homes or in other places for profit, with a capitalization of not exceeding P100,000 at the time of registration. The term shall also include economic activities carried on by students of public and private schools, within school premises, as a cooperative effort, under supervision of a teacher or other person approved by and acting under the supervision and control of school authorities, either as part of or in addition to ordinary vocational training, provided all profits shall accrue to the students working therein. It shall include the following: (1) fiber crafts, such as making of abaca