

[PRESIDENTIAL DECREE NO. 4, September 26, 1972]

PROCLAIMING THE CREATION OF THE NATIONAL GRAINS INDUSTRY DEVELOPMENT ADMINISTRATION 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 Industry Development Administration which shall be directly under the Department of Agriculture and Natural Resources in accordance with the pertinent provisions of the Integrated Reorganization Plan. The provisions of this Decree are contained herein below.

SEC. 1. *Title of the Act.* — This Act shall be known as the National Grains Industry Development Act.

SEC. 2. *Declaration of Policy.* — It shall be the policy of the State to promote the integrated growth and development of the grains industry (rice and corn and other grains) 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 the national economy.

SEC. 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 to 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 resources to support the program: *Provided, however,* That the credit resources contemplated in this Act for the development of the 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 capability

to adequately perform its function and discharge its responsibility, particularly in the stabilization of producers' and consumers' prices.

(f) Adopt measures of the grains industry.

SEC. 4. Policy Implementation. — To execute the foregoing policy, there is hereby created a body corporate known as the National Grains Industry Development Administration, hereinafter simply referred to as the Administration, which shall be governed by a Board of Directors, known as the National Grains Industry Development Council, hereinafter referred to as the Council. The powers and functions of the Administration 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:

Secretary of Agriculture and Natural Resources	Chairman
The Administrator, National Grains Industry Development Administration	Member
The Governor of the Central Bank	Member
The President of the Philippine National Bank	Member
The Governor of the Development Bank of the Philippines	Member
The Executive Secretary	Member
The Secretary of the Department of Trade and Tourism	Member
A representative from the consuming sector	Member
A representative of rice producers	Member
A representative of rice & corn millers and traders	Member

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

The representatives of the rice producers, rice and corn millers and traders, and the representative of the corn producers shall not be less than thirty-five years of age, with sufficient education and with at least five years experience in the rice and corn industry, of proven honesty, integrity and recognized competence. They shall be appointed, together with the consumer representative, by the President of the Philippines, to hold office for a term of four years unless sooner removed for cause or until their successors shall have been appointed and qualified.

The Council shall meet regularly on the first Wednesday of each month: *Provided*, That the Chairman may convene special meetings to discuss any urgent matters

needing immediate resolution. The Council members shall not be entitled to *per diem*, for any meeting in excess of four meetings every month.

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 official 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 secretariat assistance or support, and determine its official location and address.

Each member of the Council who is not a fulltime national government official shall be entitled to *per diems* of not more than two hundred pesos (P200.00) for each meeting actually attended and each member shall be entitled to actual and necessary transportation expenses.

SEC. 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 the lands cultivated or proposed to be 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 infrastructural 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 grain crop of any season*

shall be the total sum of the season's anticipated cost of production per cavan, as determined by the Council, plus five pesos (P5.00): *Provided, further*, That 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/or owners of farms: And *provided, further*, That in the first five years, the floor price shall not be lower than sixty centavos (P0.60) per kilogram for corn grain: *Provided, further*, That in the first five years, the retail price for the approved variety shall not be more than one peso and twenty-five centavos (P1.25) per kilogram for milled rice and ninety centavos (P0.90) for com grit: *Provided, further*, That thereafter these ceilings shall be adjusted in direct relation to significant changes in the Consumer Price Index (CPI) periodically prepared by the Central Bank of the Philippines: *Provided, further*, That the Administration shall give preference to producers cooperatives in the procurement of grains so as to promote the development of cooperatives in the country: *Provided, further*, That only palay, corn or other grains deposited in a duly accredited warehouse shall be entitled to price support as hereinafter *provided*: And *provided finally*, 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 farm.

(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 changes 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 inter-relationship 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 agreements among producers, processors or warehousemen and the financial institutions, marketing agreements between farmers' organizations and grouped processors, 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) Device 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 purposes 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 grain establishments therein into organized grain corporations or cooperatives that can serve as the pattern or base for grain milling districts to contain grain 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.

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 grain 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%) per cent 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,