

[REPUBLIC ACT NO. 3601, June 22, 1963]

**AN ACT CREATING THE NATIONAL IRRIGATION
ADMINISTRATION**

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

ARTICLE 1.—*Establishment and Objectives*

SECTION 1. *Name and domicile.*—A body corporate is hereby created which shall be known as the National Irrigation Administration, hereinafter called the NIA for short, which shall be organized immediately after the approval of this Act. It shall have its principal seat of business in the City of Manila and shall have representatives in all provinces for the proper conduct of its business.

SEC. 2. *Powers and objectives.*—The NIA shall have the following powers and objectives:

- (a) To investigate, study, improve, construct and administer all national irrigation systems in the Philippines;
- (b) To investigate all available and possible water resources in the country for the purpose of utilizing the same for irrigation, and to plan, design and construct the necessary projects to make the ten to twenty-year period following the approval of this Act as the Irrigation Age of the Republic of the Philippines;
- (c) To collect from the users of each irrigation system constructed by it such fees as may be necessary to finance the continuous operation of the system and reimburse within a certain period not less than twenty-five years the cost of construction thereof; and
- (d) To do all such other things and to transact all such business as are directly or indirectly necessary, incidental or conducive to the attainment of the above objectives.

ARTICLE II.—*Capitalization*

SEC. 3. *Working capital.*—The working capital of the NIA shall be three hundred million pesos, to be subscribed and paid entirely by the Government of the Republic of the Philippines through bonds to be floated by the Central Bank, which shall deliver annually to the NIA the sum of thirty million pesos until its whole capital stock is fully paid.

The President of the Philippines is authorized to issue, preferably in the Philippines, or abroad if necessary, in the name and behalf of the Republic of the Philippines, bonds in such amounts as may be needed to cover the annual subscription of the Government to the capital stock of the NIA.

The Secretary of Finance, in consultation with the Monetary Board, shall prescribe the form, the rate of interest, the denomination, maturity, negotiability, convertibility, call and redemption features, and all other terms and conditions of issuance, placement, sale, servicing, redemption, and payment of all bonds issued under the authority of this Act.

The bonds issued under the authority of this section may be made payable, both as to principal and interest, in Philippine currency or any readily convertible foreign currency.

Nothing in this section shall be interpreted to mean that the Secretary of Finance, in the redemption of securities, is prevented from applying the lottery principle by which bonds, drawn by lot, may be redeemed before maturity either at their face value or above.

The bonds to be issued under this Act shall be exempted from taxation by the Government of the Republic of the Philippines or by any political subdivision thereof, which fact shall be stated on their face in accordance with this Act under which the said bonds are issued; and shall likewise be exempt from attachment, execution or seizure.

All amounts delivered to the NIA by the Central Bank as herein provided shall, beginning with the sixth year after their actual delivery, be returned by the NIA to the Central Bank in fifty equal yearly installments.

All amounts collected by the NIA as irrigation fees shall be added to its operating capital.

For the purpose of implementing the powers of the NIA, it is hereby authorized to obtain loans for and in behalf of the Republic of the Philippines, out of the proceeds of the sale of imported surplus agricultural commodities, under the terms and conditions set forth in Title IV of the United States Public Law Numbered Four hundred and eighty.

A sinking fund shall be established in such manner that the total annual contributions thereto, accrued as at 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 Act. Said fund shall be under the custody of the Central Bank of the Philippines which shall invest the same in such manner as the Monetary Board may approve; shall charge all expenses of such investment to said sinking fund, and shall credit the same with the interest on investments and other income belonging to it.

A standing annual appropriation is hereby made, out of any funds in the National Treasury not otherwise appropriated, of such sum which, added to the yearly installments returned by the NIA to the Central Bank as herein provided, shall be sufficient to provide for the sinking fund herein created and for the interest on