

[REPUBLIC ACT NO. 1285, June 15, 1955]

AN ACT TO AMEND SECTIONS FIVE, NINE, TWELVE, FOURTEEN, SEVENTEEN, EIGHTEEN, NINETEEN AND THIRTY-ONE OF REPUBLIC ACT NUMBERED EIGHT HUNDRED AND TWENTY-ONE.

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

SECTION 1. Section five of Republic Act Numbered Eight hundred and twenty-one is hereby amended to read as follows:

"SEC. 5. *Special powers.*—The Administration is authorized and directed:

"(1) To establish such regional, provincial and local offices as are considered necessary for the efficient conduct of the Administration's activities.

"(2) To formulate policies and procedures with respect to credits to small farmers and the financing and construction as well as the operation of facilities to be financed by the Administration.

"(3) To approve such loans as deemed necessary and appropriate and on terms specified by the Board, and to delegate this authority to officials of the Administration.

"(4) To establish and operate terminal markets or producers' exchanges equipped with the necessary facilities for adequate storage which will serve as clearing houses for the cooperative associations, these exchanges to be eventually owned jointly by the cooperative associations in either a region or individual province.

"(5) To control the issuance of the warehouse receipts for the purpose of facilitating liberal production credit and other short-term loans and for the protection of the lending institutions.

"(6) To supervise and administer any aid to cooperatives which may be entrusted to it by any duly authorized gency, governmental or private, and to provide continuity of the program of assistance initiated by such agency for the small farmers.

"(7) To take charge of all government activities relating to the promotion, organization and supervision of cooperative associations in rural areas particularly to promote education in the principles and practices of coop, erative production, marketing and credit among farmers.

"(8) To encourage diversified agriculture and accumulate all necessary statistics related to agricultural production, marketing, credit and financing.

"(9) To float debentures for the purpose of implementing this Act when sufficient revolving funds to undertake the financing program are not provided for by Congress.

"(10) To accept savings and time deposits from members of cooperative associations and from associations duly affiliated with it and to pay interest for such deposits at a rate not to exceed two and one-half per centum."

SEC. 2. Section nine (e) of the same Act is hereby amended to read as follows:

"(e) Provincial directors who will be responsible for administering the Administration's activities in rural communities. Supervisory jurisdiction over provincial directors may be delegated by the Administrator to the regional supervisors to the extent which he deems necessary for the efficient accomplishment of the Administration's activities.

"The office of a provincial director shall be established in any municipality or city within the territorial limits of the province to which such official is assigned. Contact with loan applicants and borrowers will be maintained through loan supervisors and assistant loan supervisors as authorized by the Administration."

SEC. 3. Section twelve of the same Act is hereby amended to read as follows:

"SEC. 12. *Definitions*.—For purposes relating to the implementation of this Act, the following definitions shall apply:

"(a) A farmers cooperative association shall be a voluntary business organization among farmers (producers of agricultural products including tenants and landlords) established for the purpose of marketing farm products and/or buying farm supplies and implements and basic everyday necessities collectively for the members' direct benefit. It is governed according to the cooperative principles of one-man-one vote basis, limited interest on capital and the savings apportioned among the members on the basis of patronage.

"(b) The term "small farmer" shall mean an individual person who exclusively uses the labor available from within his immediate farm household in the cultivation of his holding and/or one who owns agricultural land of not more than twenty-four hectares and engages directly in its cultivation and resides in the municipality where the farm is located."

SEC. 4. Section fourteen (e) of the same Act is hereby amended to read as follows:

"(e) No application for loan shall be considered unless the applicant has entered into a marketing contract with the cooperative association of which he is a member in accordance with the provisions of section thirty-