

[Commonwealth Act No. 311, June 09, 1938]

AN ACT TO AMEND SECTIONS TWO, THREE, FOUR, AND FIVE OF COMMONWEALTH ACT NUMBERED ONE HUNDRED EIGHTY-TWO WHICH CREATES THE "NATIONAL DEVELOPMENT COMPANY"

Be it enacted by the National Assembly of the Philippines:

SECTION 1. Section two of Commonwealth Act Numbered One hundred and eighty-two is amended by inserting a new paragraph between the second and third paragraphs thereof, which paragraph shall read as follows:

"Subscriptions of the Government of the Commonwealth of the Philippines to the capital stock of the corporation shall be made by the President of the Philippines and those of the provincial, municipal, and city governments shall be made by the chief executive officer of such respective governments upon authority expressed in a resolution of the provincial board, municipal council, or municipal board, as the case may be."

SEC. 2. Section three of Commonwealth Act Numbered One hundred eighty-two is amended so as to read as follows:

"SEC. 3. The said corporation shall be subject to the provisions of the Corporation Law in so far as they are not inconsistent with the provisions of this Act, or the purposes for which the corporation is formed, and shall have the general powers mentioned in said law, and such other powers as may be necessary to enable it to promote and maintain a sufficient general production by an efficient coordination of the productive forces of the country, or otherwise, and to secure a stable market for Philippine products. Without restricting in any manner any of the aims and purposes of this corporation as set forth in this section, it is expressly declared and provided that the National Development Company may engage in commercial, industrial, mining, agricultural, and other enterprises which may be necessary or contributory to the economic development of the country, or important in the public interest, and for this purpose, it may hold public agricultural lands and mineral lands in excess of the areas permitted to private corporations, associations, and persons by the Constitution and by the laws of the Philippines, for a period not exceeding twenty-five years, renewable by the President of the Philippines for another period not exceeding twenty-five years; to acquire, hold, mortgage, and alienate personal and real property in the Philippines or elsewhere; to make contracts and enter into such arrangements as it may consider convenient and advantageous to its interests, for the development, exploitation, and operation of any of its land or mineral holdings, as well as of its industrial enterprises ; to contract loans, to issue bonds and other obligations as security therefor, and for property purchased or acquired by it, or for any other object in or about its business; to mortgage or pledge any share, stock, bond or other obligation, or any property which may be acquired by it; to secure any bond or other obligation by it issued or incurred; to make contracts of any kind and description; to purchase, hold, alienate, mortgage,

pledge, or otherwise dispose of the shares of the capital stock of, or any bond, security, or other evidence of indebtedness created by any other corporation or corporations, co-partnership or co-partnerships of this or any other country, and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon; and for carrying on its business, or for the purpose of attaining or furthering any of its objects, or authorized in this Act, to perform any and all acts which a co-partnership or natural person is authorized to perform under the laws now existing or which may be enacted hereafter.

"The National Development Company is authorized to guarantee both as to principal and interest, or either, bonds' issued by duly incorporated companies for the erection of, and addition or additions to industrial plants or factories principally used for the manufacture and preparation of the products of the Philippines, or for the establishment, maintenance, and operation of any transportation, communications, or other public service necessary or incidental to the promotion of the domestic or foreign trade of the Philippines: *Provided, however,* That such guarantee shall-only be lawful when approved by resolution adopted by unanimous vote of all the members of the Board of Directors and confirmed by the President of the Philippines.

"Subject to the same approval, the National Development Company is authorized to purchase bonds issued by i any duly incorporated company engaged in the manufacture or preparation of products in the Philippines or engaged in the establishment, maintenance, and operation of transportation, communications or other public service necessary or incidental to the promotion of the domestic or foreign trade of the Philippines. Such bonds shall be secured by a first mortgage or deed of trust on the property of the company issuing the bonds. The face value of the bonds issued and secured by such mortgage or deed of trust shall not exceed sixty *per centum* of the fair value of the property securing the bonds. The property serving as security for the bond shall consist of land, buildings, machinery, and equipment of such company in the Philippines.

"The National Development Company as constituted in this Act may organize subsidiary companies to undertake any of the activities mentioned in section three hereof. The capital stock of such subsidiary companies shall be subscribed in whole or in part by the National Development Company, but in every case the National Development Company shall have a controlling interest in any subsidiary company so organized.

"The National Development Company or any of its subsidiaries may, for the construction, extension or operation of a railroad system, electric light plant or any other kind of public utility or service, exercise the power of eminent domain in the manner provided by existing laws applicable to railroad corporations."

SEC. 3. The first and second paragraphs of section four of Commonwealth Act Numbered One hundred eighty-two are amended so as to read as follows: