

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1068



Introduced by Representatives Jocelyn S. Limkaichong and Christian S. Unabia

EXPLANATORY NOTE

Data from the Philippine Statistics Authority for calendar year 2016 show that there are about 900,000 business enterprises currently operating in the Philippines. Of this number, micro, small and medium enterprises (MSMEs) comprise about 99.57% of the total establishments. MSMEs contribute significantly to the economy of the country, to wit:

- Employ 63.3% of the total labor force;
- Contribute 35.7% to the total value added; and
- Represent 60% of all exporters.

These data reveal that entrepreneurs have so much to offer the Philippine society. Entrepreneurs are the backbone of the economy, the engines of economic growth. Entrepreneurs/MSMEs facilitate local job creation, trade and production in the country.

However, MSMEs face a myriad of problems that hinder their growth and development, namely:

1. Poor business environment/high cost of doing business;
2. Lack of access to finance;
3. Low productivity and efficiency; and
4. Lack of access to markets.

It is in society's best interest that we address these barriers/issues in order to continue to provide existing and aspiring Filipino entrepreneurs with adequate access to opportunities.

On the lack of access to markets, the government, specifically the Department of Trade and Industry, implements marketing programs and projects to increase the MSMEs' access to domestic and international markets. Marketing events, such as trade fairs and selling missions, are conducted to give the MSMEs the chance to meet a wider market for their products. However, the duration of such events is very short.

This proposed amendment to Republic Act No. 9501, otherwise known as the "Magna Carta for MSMEs", seeks to provide another avenue by which MSMEs will gain market access on a continuing basis. It seeks to do so by allocating floor area in shopping malls and supermarkets around the country for registered and qualified MSMEs to display and offer their products for sale. It is a simple and intuitive solution

to the afore-stated problem since both supermarkets and shopping malls are significant centers of commerce in the country. As such, these are prime spots for MSMEs to present their wares and products given the significant foot traffic that supermarkets and shopping malls have every day. With this, Filipino enterprises will have a better fighting chance at developing and eventually upscaling operations.

In view of the foregoing, along with the constitutional imperative to encourage private enterprise, the immediate passage of this bill is earnestly sought.



JOCELYN S. LIMKAICHONG



CHRISTIAN S. UNABIA

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AN ACT
STRENGTHENING REPUBLIC ACT 9501, OTHERWISE KNOWN AS THE
“MAGNA CARTA FOR MICRO, SMALL, AND MEDIUM ENTERPRISES” AND FOR
OTHER PURPOSES

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

SECTION 1. Section 4 of Republic Act No. 6977, as amended, is hereby further amended to read as follows:

“SEC. 4. *Eligibility for Government Assistance* – To qualify for assistance, counseling, incentives, and promotion under this Act, businesses falling under the above definition must be:

- a) Duly registered with the appropriate agencies as presently provided by law. Provided, That in the case of micro enterprises as defined herein, registration with the office of the municipal or city treasurer shall be deemed sufficient compliance with this requirement;
- b) One hundred percent (100%) owned, capitalized by Filipino citizens, whether single proprietorship or partnership. If the enterprise is a juridical entity, at least sixty percent (60%) of its capital or outstanding stock must be owned by Filipino citizens;
- c) A business activity within the major sectors of the economy, namely: industry, trade, services, including the practice of one’s profession, the operation of tourism-related establishments, and agri-business, which for purposes of this Act refers to any business

activity involving the manufacturing, processing, and/or production of agricultural produce; and

- d) It must not be a branch, subsidiary or division of a large scale enterprise.

“However, this requirement shall not preclude MSMEs from accepting subcontracts and entering into franchise partnership with large enterprises or from joining in cooperative activities with other MSMEs.

“Programs of the Small Business Corporation (SB Corporation) as provided in subsequent provisions of this Act shall be exclusively delivered and directed to bonafide MSMEs.

“Any MSME, its directors, officers or agents, found to have committed fraud or misrepresentation for the purpose of availing the benefits under this Act shall be immediately disqualified as a beneficiary, without prejudice to any administrative, criminal or civil liability under existing laws.

“Eligible MSMEs shall be entitled to a share of at least ten percent (10%) of total procurement value of goods and services supplied to the Government, its bureaus, offices and agencies annually.

“The Department of Budget and Management shall monitor the compliance of government agencies on the required procurement for MSMEs and submit its report to the MSMED Council on a semestral basis and to the Congress of the Philippines, through its appropriate committees on a yearly basis.”

“PRIVATE MALLS AND SUPERMARKETS SHALL PROVIDE AT LEAST TEN PERCENT (10%) OF THEIR TOTAL SELLING AREA, FREE OF CHARGE, TO QUALIFIED MSMEs WHICH WILL BE IDENTIFIED BY THE DEPARTMENT OF TRADE AND INDUSTRY.”

SEC. 2. *Implementing Rules and Regulations.* – The Department of Trade and Industry shall formulate the implementing rules and regulations (IRR) necessary to implement the provisions of this Act within ninety (90) days from the approval of this Act. The IRR issued pursuant to this section shall take effect thirty (30) days after its publication in a national newspaper of general circulation.

SEC. 3. *Separability Clause.* – The provisions of this Act are hereby declared separable. If any provision of this Act shall be held unconstitutional, the remainder of the Act not otherwise affected shall remain in full force and effect.

SEC. 4. *Repealing Clause.* – All laws, executive orders, letters of instructions, rules and regulations, or parts thereof inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 5. *Effectivity Clause.* – This Act shall take effect within fifteen (15) days from its complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,