

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS

First Regular Session

House Bill No. 3394

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INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

Under Presidential Decree No. 4 the National Grains Authority was created 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. With the passage of Presidential Decree No. 1770, the limitation to the grains industry was removed, thus the National Grains Authority was reconstituted as the National Food Authority (NFA).

Given the wide-ranging significance of rice in Philippine society, the NFA was created with the intention of protecting the interests of both rice producers and consumers. As such, the agency's two primary objectives are: **(1) to ensure a fair price for farm production and (2) ensure food security for consumers through widespread access at affordable prices, especially for the poor and marginalized in society.**

The objective to ensure a fair price for farm production necessitates that the NFA intervene in farm-gate procurement of paddy rice (palay) through a state determined buying floor price for the commodity. At the other end of the supply and value chain, to protect consumers and ensure accessibility to the staple, the NFA also distributes rice to public markets and when needed, sells on volume to wholesalers. NFA intervention is resorted to in times of grains speculation and in times of man-made or natural calamities. NFA thus seeks to protect farmers by ensuring a minimum buying price for their paddy, while protecting consumers from speculation and high prices through supplying rice to the market from its domestic stockpile or when necessitated, through rice imports. Along the way, NFA also has the authority to regulate the rice industry through the release of standards and the exercise of quasi-judicial powers in controversies and cases arising from violations of its Charter, Rules and Regulations. Hence, its charter mandates it to exercise both proprietary and regulatory roles. Therefore, the NFA participates in a market that it also regulates.

Consequently, these two objectives, conflict such that the government cannot fulfill its objectives effectively and not at a cost which the State is willing to absorb when it is entered in the Government ledgers as a loss emanating from Government Owned and Controlled Corporation operations. When the State protects farmers' income by mandating to buy high, it must also allow milled paddy to be sold at its proper price though high this may be. Unfortunately, rice is an effective intervention tool to alleviate hunger and poverty for which reason, the State also intervenes in rice stocking and

distribution to ensure that the price of rice is regulated and capped in the retail markets. This is the reason why if need be in the past, NFA buys its paddy or rice stocks at a price which it does not necessarily sell to the wholesalers and retailers at a price that can recover costs. This gave rise to the description of NFA operations as always buying high and selling low. Consequently, losses have ballooned into billions under this structural set-up. But those who understand the predicament understand the implications of the structural set-up. In a study commissioned by the Department of Finance, it was revealed that about eighty percent (80%) of the losses suffered by the NFA was incurred, not due to managerial inefficiency but due to uncontrollable factors such as external policies it was imposed to implement. Rightfully, the time has come when these losses must be properly recognized as past subsidies in furtherance of Government policies related to food security and domestic stability. This recognition cannot be done under the present structural set up of the NFA under PD 4.

To say the least, an overhaul of the NFA is overdue.

This draft measure seeks to reorganize NFA by creating a National Food Service Corporation (NFSC), which will henceforth undertake all trading and security buffer stocking functions of NFA. NFA will survive with all regulatory functions intact.

NFA's books will be wiped clean of its loans and losses to be absorbed by the National Government in the same way when the NG moved to save the Central Bank and the Development Bank of the Philippines from closure due to behest loans. Food safety and standards, as well as regulatory functions related to grains will be reposed with the NFA while the newly created NFSC will be provided fresh capitalization to hold the national buffer stocks for food security. In the event the NFSC will be engaged by other agencies to address issues of food distribution for calamities, or poverty alleviation, these agencies will do so from their agency budgets declared and secured through the transparency of their annual budget. Thus, the referee which is the NFA will be barred from pursuing the role of the player which the NFSC will now assume

For the NFA, the removal of its proprietary functions will enable it to focus more on its regulatory one, right-sizing its current organization; redefining its tasks; strengthening its procedures and processes; and, update its regulatory powers vis-à-vis current trade concepts.

In view of the foregoing, the immediate passage of the bill is earnestly sought.



ARTHUR C. YAP
Representative

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INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

AN ACT
CREATING THE NATIONAL FOOD SERVICE CORPORATION (NFSC) AND
APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

1 **SECTION 1. *Short Title.*** - This Act shall be known as the "National Food
2 Service Corporation Act".

3 **SECTION 2. *Declaration of Policy.*** - It shall be the policy of the State to ensure
4 food security for all Filipinos, and stability of both the supply and prices of foodgrains
5 and to carry out regulatory and developmental functions to support farmers to increase
6 their productivity, profitability, and to ensure consumer's accessibility and affordability
7 of foodgrains and availability during calamities.

8 **SECTION 3. *Statement of Goals and Objectives.*** - To carry out the foregoing
9 policy, the government shall orient its programs towards the immediate attainment of the
10 following goals and objectives.

- 11 1. To maintain the strategic rice reserve throughout the year during
12 calamities / emergencies;
- 13 2. To provide and promote effective and efficient government intervention
14 both at the farmgate and consumer level;
- 15 3. To promote marketing efficiency;
- 16 4. To provide and make available services including but not limited to
17 marketing and post production technical services;

5. To strengthen the efficiency of the food grains supply chain;
6. To focus government subsidies to economically disadvantaged sectors;
7. To rationalize government intervention
8. To institute measures to establish the integrity and assure the negotiability of warehouse receipts evidencing food grains in storage;
9. To promote developmental regulations aimed at enhancing competitiveness, transparency, and responsibility in the food grains industry.
10. To promote interrelationships among foodgrains industry stakeholders; and
11. To adopt all other measures for the food grains industry as may be necessary to achieve the foregoing policy.

SECTION 4. *Definition of Terms.* – As used in this Act, the following terms shall mean:

- 1) “Calamities” - refers to the fortuitous events which include acts of God such as but not limited to typhoons, floods, droughts, earthquakes, volcanic eruptions, lahar flows, and acts of man such as political and/or civil disturbances, and widespread civil unrest.
- 2) “Business Capitalization” - refers to the resources invested in the different lines of activities by the foodgrains businessmen. For purposes of this Act, capitalization includes the cost of stocks, whether on consignment or bought on cash basis, cost of facilities and equipment, loans used in the business and amount of working capital.
- 3) “Cartel” - is any combination of an agreement between two or more persons engaged in the production, manufacturing, processing, storage, supply, distribution, marketing, sale or disposition of any basic necessity or prime commodity designed to artificially and unreasonably increase or manipulate its price. There shall be prima facie evidence of engaging in a cartel whenever two (2) or more persons or business enterprises competing for the same market and

1 dealing in the same basic necessity or prime commodity perform uniform or
2 complementary acts among themselves which tend to bring out artificial and
3 unreasonable increase in the price of any basic necessity or prime commodity or
4 when they simultaneously and unreasonably increase prices in their competing
5 products thereby lessening competition among themselves.

6 4) "Contumacy" - refers to a person's willful refusal to comply with summons of a
7 court or one's resistance to NFSC.

8 5) "Cornering" - Restricting the flow/delivery of goods intended for distribution in
9 other areas with the intent of accumulating such goods thus depriving intended
10 areas the use thereof.

11 6) "Diversion" - refers to any act of the following circumstances:

12 a) unreasonable depletion of stocks;

13 b) selling or lending government stocks to another grains businessmen;

14 c) selling or offering to sell the government stocks beyond the maximum
15 quantity or price allowed by the NFSC; and

16 d) storing and/or selling and/or rep-packing the government stocks in other
17 places/stalls, and/or un-authorized markings, other than duly authorized by
18 law.

19 e) Unreasonable, intentional or undue delay in the delivery or unloading of NFA
20 stocks to any NFA authorized warehouses, store or places for storing food
21 grains.

22 7) "Farmgate Price" - refers to prevailing buying price of a certain commodity at the
23 farm level in a certain locality at a given specific time.

24 8) "Farmers" – refers to producers of agricultural food products. They can be tillers
25 of the land themselves or administrators or supervisors of the process.

26 9) "Foodgrains" - refers to palay, rice, corn and corngrits.

27 10) "Food security" - refers to the policy objective, plan and strategy of substantially
28 meeting the food requirements of the present and future generations of Filipinos,
29 ensuring that food is affordable and available to all, through a combination of

1 local production and importation, and consistent with the overall national
2 development objectives.

3 11) "Grains Standards" - refers to the standard specification for rice/palay and/or
4 corn grains/ corn grits and approved by the NFSC for adoption by the Bureau of
5 Product Standards, Department of Trade and Industry.

6 12) "Hoarding" – refers to the undue accumulation by any person or a combination of
7 persons of any basic necessity or prime commodity beyond his or their normal
8 inventory levels or the unreasonable limitation or refusal to the unjustified taking
9 out of any basic necessity or prime commodity from the channels of production,
10 trade, commerce and industry. There shall be prima facie evidence of hoarding
11 when a person has stocks of food grains fifty (50 %) higher than the usual
12 inventory and unreasonably limits, refuses, or fails to sell the same to the general
13 public at the time of discovery of the stocks. The determination of a person's
14 usual inventory shall be reckoned from the third month immediately preceding the
15 discovery of the stocks in case the person has been engaged in the business for at
16 least three (3) months; otherwise it shall be reckoned from the time he started his
17 business.

18 13) "Illegal Acts of Price Manipulation" - refers to acts of hoarding, profiteering,
19 cartelizing committed by persons habitually engaged in production, manufacture,
20 importation, storage, transport, distribution, sale or other methods of disposition
21 of foodgrains.

22 14) "Licensing" – refers to the act of granting an NFSC/privilege to a qualified
23 applicant to engage in a particular line of activity in the rice and/or corn
24 industry.

25 15) "Minimum Market Access (MMA)" – refers to the volume of a specific
26 agricultural product that is allowed to be imported with a lower tariff as
27 commitment by the Philippines to the World Trade Organization (WTO).

28 16) "Price Manipulation"- refers to the act of causing prices of foodgrains to fall or
29 rise for one's own profit by changing or falsifying figures, accounts and other

related information.

17) "Registration" - shall mean the act of requiring businessmen engaged in certain activities in the rice and / or corn industry to enlist themselves with the NFA for purposes of monitoring only.

18) "Standard" - a specification adopted for wide use or repeated utilization. It is the result of standardization effort approved by a recognized NFSC.

19) "Strategic Rice Reserve" – refers to the minimum inventory of rice equivalent to at least fifteen days (15) national rice consumption or as maybe determined by the Department of Agriculture to be maintained all year round under government control as a matter of national policy to ensure food security during times of calamities / emergencies whether natural or man made.

SECTION 5. *Creation of National Food Service Corporation.* - To execute the foregoing policy, goals, and objectives, there is hereby created a body corporate known as the National Food Service Corporation (NFSC) which shall be attached to the Office of the President (OP).

SECTION 6. *Board of Directors.* The powers and functions of the NFSC shall be vested in a Board of Directors which shall have the responsibility of formulating a comprehensive program for the development of the foodgrains industry. The Board shall be composed of a Chairman, President, and three (3) members who shall be Filipino citizens, at least thirty-five (35) years of age, with sufficient experience in agri-business and management, and of proven honesty, integrity and competence. Both the Chairman and the President shall be appointed by the President of the Philippines from nominees to be recommended by the Secretary of the DA within thirty (30) days from the creation of the NFSC.

Within the same period, the Secretaries of the DA, Department of Social Welfare and Development (DSWD), Department of Trade and Industry (DTI) and the Department of National Defense (DND) shall recommend fifteen (15) nominees from which the President of the Philippines shall choose the remaining three (3) members of the Board. The first member shall serve for a term of three (3) years, the second member for two (2)

1 years, and the third member for one (1) year. Subsequent vacancies in the Board shall be
2 filled up from a list to be submitted by the Secretaries consisting of three (3) nominees
3 for each vacancy, from which the President of the Philippines shall choose a replacement
4 to serve for a term of three (3) years.

5 Within thirty (30) days from the submission of the list of nominees, the President
6 of the Philippines shall constitute the Board.

7 The Board shall meet at least once a month on any date to be determined by the
8 Chairman, provided, that the Chairman may convene special meetings to discuss any
9 matter needing immediate resolution. The Board shall be entitled to a per diem for each
10 meeting actually attended by him and other remuneration as may be determined by the
11 Board in accordance with existing policies of the government.

12 The Board shall adopt its own rules and regulations to govern its proceedings and
13 determine its official location and address.

14 **SECTION 7. *Organization*** - The NFSC shall be governed by a Board which
15 shall create and administer, through, its President as hereinafter provided, the necessary
16 staff and line units of the NFSC, whose personnel compensation shall be governed by the
17 latest compensation laws. The NFSC shall be attached to the Department of Agriculture
18 (DA) and shall not be abolished or privatized without approval of Congress.

19 **SECTION 8. *Management of the NFSC***- The Management of the NFSC shall
20 be vested in the President who shall be appointed by the President of the Philippines and
21 who shall direct and manage the affairs of the NFSC, subject to the supervision of the
22 Board. The President shall hold office for a term of three (3) years, except, when earlier
23 removed for cause, or until his successor shall have been appointed and qualified.

24 There shall be two (2) Vice presidents, appointed by the Board, who shall assist
25 the President in the performance of his functions. Either one of the Vice presidents, upon
26 designation of the Administrator, shall perform the duties and exercise the powers and
27 functions of the President in the absence of the latter.

28 The President and Vice Presidents shall not be less than thirty-five (35) years of
29 age, all of whom should be citizens of the Philippines, of proven honesty and integrity,

1 and of recognized managerial competence.

2 **SECTION 9. *Powers, Functions and Responsibilities of the NFSC.*** – The
3 NFSC shall have the following powers, functions and responsibilities:

- 4 1. To maintain and manage throughout the year a Strategic Rice Reserve equivalent
5 to at least fifteen (15) days national rice consumption or as may be determined by
6 the Department of Agriculture, for food security purposes;
- 7 2. To undertake when authorized by the President of the Philippines duty and tariff
8 free importation of other food commodities;
- 9 3. To undertake stabilization function when commissioned by the Department of
10 Trade and Industry and to be paid for such service;
- 11 4. To provide rice for the Department of Social Welfare and Development pro-poor
12 programs or to the National Disaster Risk Reduction and Management Council
13 (NDRRMC) in cases of calamity and to be paid for such service;
- 14 5. To maintain and operate post harvest facilities to be able to provide services;
- 15 6. To undertake importation of rice and corn in order to maintain the appropriate
16 volume of Strategic Rice Reserve and shall be entitled to tax expenditure subsidy;
- 17 7. To enter into an agreement with another government to import rice and corn and
18 other foodgrains when approved by the President;
- 19 8. To engage in other food commodities on opportunity and need basis;
- 20 9. To own, lease, or acquire ownership by purchase, or to invest in, hold, sell,
21 mortgage, pledge or otherwise dispose of properties, stocks or bonds or any
22 interest in either or any obligation or evidence of indebtedness of any person,
23 partnership, firm or corporation;
- 24 10. To own, lease, operate or otherwise hold land, buildings, equipment, facilities and
25 such other properties as may be necessary to carry out its functions;
- 26 11. To enter into, make, perform and carry out contracts of class and description
27 necessary or incidental to the realization of its functions with other persons, firm
28 or corporation, private or public, including loans or borrowings by the NFSC from
29 domestic or foreign sources which shall be guaranteed by the National

Government but within specific limits or initiate contracts and/or agreements in behalf of the industry between the Philippine Government and any foreign government or institution;

12. To sue and be sued. To adopt, alter and use an official seal which shall be of judicial notice; and otherwise to do and perform any and all acts as may be necessary to carry into effect the provisions of this Act or as are essential to the proper conduct of its operations.

13. To avail of foreign grants and development aid to support its development thrusts and to ensure that technologies and expertise are up-to-date;

14. To set aside part of its revenues and fees generated to finance reward and incentive systems for programs such as but not limited to anti-hoarding and anti-smuggling;

15. To invest its fund or assets in such undertaking as it may deem wise and necessary such as but not limited to investment in any and all kinds of securities, stocks, bonds and other secured collateral and to issue debt instruments that are agri-agra eligible;

16. To create and establish, a Provident Fund which shall consist of contributions made both by the NFSC and its officers and employees to a common fund for the payment of retirement and other benefits to such officers and employees or their heirs under such terms and conditions as the Board may fix;

17. To establish and/or restructure its own internal organization and to fix the remuneration, emoluments, allowances, and other fringe benefits of its officers and employees as the Board may deem fit;

18. To import/export or cause the importation/exportation of food grains products/commodities and/or raw materials, equipment and facilities needed in the manufacture/processing of food grains commodities as may be approved by the Board;

19. To engage in the production, manufacturing, processing and/or packaging of food products/commodities as may be necessary to effectively carry out its functions

1 and as approved by the Board;

2 20. To establish and enforce standards in storage, milling, distribution, shipping,
3 drying, handling, hauling, grading, sampling and inspection, test and analysis,
4 specification, nomenclature, units of measurement, code of practice and
5 packaging, conservation, and transport for food items;

6 21. To introduce more efficient post harvest systems and technologies, and to
7 coordinate with research and development entities in foodgrains processing and
8 marketing;

9 22. To promote interrelationships among foodgrains industry stakeholders;

10 23. To establish networks with national and international institutions for the
11 development of the food grains industry;

12 **SECTION 10. Exemptions.** - The NFSC is hereby declared exempt:

13 1. From the provisions of R.A. 9184 and its IRR, for the procurement of rice and
14 corn, upon the express written approval of the President of the Philippines;

15 2. From payment of all taxes, duties, fees, imposts charges, costs and restrictions to
16 the Republic of the Philippines, provinces, cities, municipalities and other
17 agencies and instrumentalities, including the taxes, duties, fees, imposts and other
18 charges provided for under the Tariff and Customs Code of the Philippines, R.A.
19 No. 1937, as amended by Presidential Decree No. 34, dated October 27, 1972,
20 and Presidential Decree No. 69, dated November 24, 1972, and all filing, docket,
21 and service fees, bonds and other charges or costs in any court or administrative
22 proceedings in which the NFSC may be a party.

23 3. From all income taxes, franchise taxes and realty taxes to be paid to the National
24 Government, its provinces, cities, municipalities and other government agencies
25 and instrumentalities; and

26 4. From all duties, arrastre fees in so far as the government's share is concerned,
27 including all charges and fees imposed under Presidential Decree No. 857,
28 compensating taxes and advance sales taxes, wharfage fees and tonnage dues on
29 import or export of goods required for its operations and projects.

1 All documents or contracts executed by or in favor of the NFSC shall also be
2 exempt from the payment of documentary and science stamp taxes and
3 registration fees: Provided, however, that this exemptions shall not apply to taxes
4 and assessments payable by persons or entities transacting business with the
5 NFSC.

6 5. From coverage of Presidential Decree No. 711 (Abolishing All Existing Special
7 Fiduciary Funds and Transferring to the General Fund the Operations and
8 Funding of all Special and Fiduciary Funds).

9 6. From compulsorily procuring from the Government Service Insurance System for
10 its insurance coverage for its rice and corn importation.

11 **SECTION 11. *Assets and Liabilities of NFA.*** - The National Food Authority
12 shall transfer all its loans and its non core assets to an NFA Board of Liquidators (NFA-
13 BOL) which shall handle the disposition and liquidation of the transferred assets and
14 liabilities. It shall be deemed abolished upon full disposition of assets and liquidation of
15 all liabilities but not later than ten (10) years. The Personnel Services (PS) and the
16 Maintenance and Other Operating Expenses (MOOE) of the NFA-BOL shall be provided
17 for by the National Government.

18 All trading assets shall be transferred to NFSC.

19 **SECTION 12. *Capitalization.*** - The NFSC shall have a total authorized
20 capitalization in the form of existing assets amounting to Twenty Billion Pesos
21 (P20,000,000,000.00). The balance shall be provided in the form of equity contribution
22 thru the General Appropriations Act.

23 The national government shall make additional equity investment into the NFSC
24 out of funds appropriated in the General Appropriations Act.

25 **SECTION 13. *Funding.*** - The Government through DBM shall include in the
26 annual President's budget proposal, funds to be utilized for personal services, interest and
27 other maintenance and operating expenses to maintain its food security buffer stock. In
28 the event that the NFSC is commissioned to implement programs for price and supply
29 stabilization or poverty alleviation or calamities, the DA or the DSWD or NDRRMC,

1 respectively, will provide NFSC the funds difference between the NFSC buying price and
2 the desired ex-farm price to influence the market or NFSC selling price vis-à-vis the
3 desired consumer price, while the Department of Social Welfare and Development will
4 provide NFSC the price difference between the NFSC's selling price and DSWD's
5 desired price for pro-poor programs. Funds for the programs shall likewise be included
6 by DBM for DA and DSWD in the President's budget.

7 **Section 14. *Separation Incentive Package.*** - The NFA shall provide for a
8 separation package for its officers and employees who subject to Board approval and
9 shall be given a separation incentive package equivalent to the following scale:

10 1 – 20 years 1.5 x gross monthly pay $\frac{1}{2}$ x yr of service for the first 20 years
11 21 – 30 years 2.0 x gross monthly pay $\frac{1}{2}$ x yr. of service in excess of 1st 20 years
12 more than 30 years 2.5 x gross monthly pay $\frac{1}{2}$ x yr. of service in excess of 1st 30
13 years

14 In addition to other retirement benefits to which they are entitled to under existing
15 laws and regulations. Employees who opt to retire under RA 1616 shall receive only 1.5
16 gross monthly pay for every year of service under SIP.

17 **SECTION 15. *Offenses and Penalties.*** - Notwithstanding the provisions of any
18 laws or regulations to the contrary, and for purposes of carrying out the provisions of this
19 Act, the following acts or omissions are hereby considered as serious, less serious and
20 light offenses and corresponding penalties therefore are herein prescribed:

21 a) **Serious Offenses-** Any of the following acts or omissions shall constitute a
22 serious offense:

- 23 1) Hoarding of foodgrains as defined in this Act;
24 2) Any act of diversion as defined in this Act;
25 3) The act of manipulating the prices of foodgrains as defined in this Act;
26 4) Printing, issuing, or knowingly using, possessing or negotiating a canceled,
27 unauthorized, illegal, counterfeit or falsified warehouse receipt;
28 5) Failure or refusal of foodgrains bonded warehouseman, without any lawful
29 excuse, to deliver foodgrains deposited with him: Provided, however, that the

1 warehouseman shall be entitled to the allowance authorized for depreciation
2 of the foodgrains deposited.

3 The offender shall, upon conviction, be punished by imprisonment of not less than
4 four (4) years and one (1) day nor more than six (6) years, or a fine of not less than
5 Fifty Thousand Pesos (P50,000.00) nor more than One Hundred Twenty Thousand
6 Pesos(P120,000.00) or both fine and imprisonment at the discretion of the court.

7 b) **Less Serious Offenses** - Any of the following acts or omissions shall constitute a
8 less serious offense:

- 9 1) Connivance in the concealment of a stock shortage in a foodgrains warehouse;
- 10 2) Knowingly submitting any report to the NFSC containing false information or
11 data;
- 12 3) Misrepresentation in connection with any application for license to engage in
13 foodgrains business;
- 14 4) Failure or refusal of a warehouseman to allow the NFSC or his duly
15 authorized representative to inspect or examine their foodgrain stocks to
16 conceal shortages or to misrepresent the quantity or quality of his foodgrain
17 stocks, including the impeding of such inspection and examination by
18 abandonment, absence or otherwise; and
- 19 5) Engaging in the business of foodgrains retailing, wholesaling, threshing,
20 shelling, warehousing, milling, exporting, importing, trading, growing and
21 selling of certified seed, manufacturing or processing without a valid license.

22 The offender shall, upon conviction, be punished by imprisonment of not less
23 than six (6) months and one (1) day nor more than four (4) years, or by fine
24 of not less than Thirty Thousand Pesos (P30,000.00), nor more than Fifty
25 Thousand Pesos (P50,000.00), or both fine and imprisonment, at the discretion
26 of the court.

27 c) **Light Offenses** - Any of the following acts or omissions shall constitute a light
28 offense:

- 29 1) Non-compliance with the rules, regulations, decisions, orders, circulars or

1 directives lawfully issued by the Board, provided non-compliance does not
2 constitute a higher offense as herein above provided;

3 2) Selling or offering to sell to the NFSC by any person of palay or corn or other
4 foodgrains other than that directly produced by him as farmer or shared by
5 him as tenant or landlord, knowingly buying such foodgrains by any
6 authorized personnel for the NFSC; connivance by any person in the selling or
7 buying of such foodgrains; and

8 3) Any other violation of the provision of this Act for which no specific penalty
9 is prescribed and which is not punished under any other existing law.

10 The offender shall, upon conviction, be punished by imprisonment of not less
11 than one (1) month and one (1) day nor more than six (6) months, or a fine of
12 not less than Five Thousand Pesos (P5,000.00) nor more than Thirty
13 Thousand Pesos (P30,000.00) or both such fine and imprisonment, at the
14 discretion of the court.

15 In addition to the foregoing penalties, the Administrator is hereby authorized to
16 prescribe and impose fines and penalties.

17 **SECTION 16. *Repealing Clause.*** - Provisions of Presidential Decree Nos. 4
18 and 1770, as amended and all other laws, decrees, executive orders, rules and regulations,
19 issuances or parts thereof inconsistent with the provisions of this Act are hereby
20 expressly repealed or modified accordingly.

21 **SECTION 17. *Repealing Clause.*** - All laws, executive orders, presidential
22 decrees, proclamations, rules, regulations, issuances and enactments of parts thereof
23 inconsistent with this Act are hereby repealed or modified accordingly.

24 **SECTION 18**

25 **. *Effectivity.*** - This Act shall take effect fifteen (15) days from its complete
26 publication in the Official Gazette or in a newspaper of general circulation in the
27 Philippines, whichever comes earlier.

APPROVED.