

LETTER OF INSTRUCTIONS NO. 490, December 27, 1976

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TO: The Secretary, Department of Agriculture
The Secretary, Department of Justice
The Secretary, Department of Local Government and
Community Development

The Governor, Central Bank of the Philippines
The President, Land Bank of the Philippines
The Chairman, Civil Service Commission
The Chairman, National Police Commission

WHEREAS, in line with the nation's goal of food self-sufficiency, there is need to maintain the level of rice self-sufficiency attained during the third year of Masagana 99;

WHEREAS, the majority of our rice farmers need non-collateral and low interest loans to enable them to produce profitably and continue planting;

WHEREAS, the liquidity of the banking institutions must be protected in order to keep credit lines open to as many Masagana farmers as possible;

WHEREAS, there is need therefore to improve repayment in order to ensure the viability of the Masagana 99 supervised credit scheme and to maintain the momentum of accelerated production;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

- The Department of Justice to:

(a)

Issue circulars to provincial and city fiscals to give top priority to Masagana 99 cases, and deputize all provincial, city, and municipal attorneys to assist fiscals in the filing of such cases;

(b)

Waive the 10% docketing fee charged by courts for the filing of Masagana cases; and

(c)

Allow the filing of cases against delinquent Masagana borrowers who happen to be elective government officials, without the need for prior clearance of each case from the Department of Justice.

- The National Police Commission to order local police authorities to assist in the issuance of subpoenas to delinquent borrowers and to expedite arrests in cases where warrants of arrests have been issued.

- The Department of Local Governments and Community Development to allow Samahang Nayons to take over farm operations of delinquent Masagana 99 farmers until such time as their loans are fully paid.

- The Central Bank to:

(a)

Exclude the uncollected Masagana 99 accounts undergoing court action from the computation of total past due obligations of rural banks to the Central Bank, so that in the interim, banks with large amounts of arrearages can avail of CB rediscounting facilities and can therefore, continue lending to deserving borrowers:

(b)

Instruct rural banks to increase their collection force corresponding to the increase in the volume of their Masagana 99 loan portfolio. Non-compliance will mean the forfeiture of the 2% service fee charged to borrowers;

(c)

Assist the PNB in meeting the NGA's additional requirement of P200 million (which increases NGA's credit line from P400 million to P600 million) in order to enable the NGA to effectively implement LOI 372, which requires farmers to pay their loans in kind.

- The Land Bank of the Philippines to make the Agricultural Guarantee Fund (AGF) serve the purpose for which it was established by:

(a)

Relaxing its restrictive requirements in connection with the processing of guarantee claims against the AGF;

(b)

Studying, jointly with the Department of Agriculture and other agencies concerned, the establishment and financing of a crop and livestock insurance program that will protect our farmers to the extent possible from national calamities, either as an addition to—or as a replacement of—the AGF.

(c)

Expediting the settlement of guarantee claims against the AGF and allowing banks to write off these guaranteed uncollected accounts from their books.

- The Civil Service Commission to devise and enforce progressive disciplinary measures (in the form of suspension, then dismissal from service) against maliciously defaulting elective and appointive government officials who are Masagana borrowers. In this connection, I hereby order the automatic deduction from the delinquent official's salary of the amount equal to his unpaid obligation. Refusal to settle past due accounts without any valid reason may also subject said official to court action.

- The Department of Agriculture to provide all its farm management technicians in the drive for collections and restructuring of loans.

The institutions concerned are instructed to adopt such measures as may be necessary and appropriate to implement and achieve the objectives of these instructions.

All provisions of other Letters of Instructions inconsistent with these orders are hereby repealed or modified accordingly.

This Letters of Instructions shall take effect immediately.

Done in the City of Manila, this 27th day of December, in the year of Our Lord, nineteen hundred and seventy-six.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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