

AN ACT TO CONSTITUTE A SMALL FARMERS' COOPERATIVE LOAN FUND FOR THE PURPOSE OF PROVIDING CREDIT FACILITIES TO SMALL FARMERS AND FARM TENANTS.

REPUBLIC ACT NO. 583, September 18, 1950

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

SECTION 1. A revolving fund in the amount of two million pesos is hereby created, to be known as the Small Farmers' Cooperative Loan Fund, for the purpose of providing credit facilities to small farmers and farm tenants in meeting the expenses enumerated in this Act. The term "small farmers" shall include bona fide farm tenants, small independent farmers, and homesteaders actually cultivating land not exceeding twenty-four hectares in area.

SEC. 2. Loans from the fund established under this Act shall be extended only to bona fide farmers through the corresponding cooperative association of which he is a member, and organized under existing laws to give credit, market farm products, purchase commodities, and perform other cooperative functions for their members. Farmers' cooperative associations which have been duly organized for the purpose of this Act shall be jointly and severally liable with any of their members for the repayment of any loan granted to such members from the fund established under this Act. With the exception of such liability, no security shall be required for the loans made from the said fund.

SEC. 3. Each applicant for a loan under this Act shall be entitled to borrow not more than thirty pesos for every hectare of land farmed by him. The period of such loan shall not exceed one agricultural year. The said loan shall be granted only for the purpose of (1) financing farm operations, (2) defraying the applicant's subsistence during the working season, and/or (3) purchasing seeds or seedlings, work animals, farm implements, and fertilizers.

SEC. 4. The interest on the loans granted under this Act shall not exceed six per centum for one agricultural year. The said loans shall be repaid during the harvest season in kind at its market value in the locality during such season.

SEC. 5. The amount of the fund established under this Act is appropriated out of such sums as shall be turned over by the Central Bank to the Treasury of the Philippines in accordance with Republic Act Numbered Two hundred sixty-six. The amount so appropriated shall be taken from such sums as have not been obligated under the said Republic Act Numbered Two hundred sixty-six at the date this Act takes effect.

SEC. 6. The fund established under this Act shall be administered by the Philippine National Bank, including its branches and agencies under the provincial treasurer throughout the Philippines, under such rules and regulations as the said Bank and National Cooperative Administration may promulgate to carry out the provisions of this Act.

SEC. 7. The Philippine National Bank and the National Cooperative Administration shall defray from their own funds all the expenses that may be incurred in the administration of the fund created herein.

SEC. 8. This Act shall apply to small farmers and farm tenants mentioned above preferably to those who are engaged in the cultivation of rice and corn.

SEC. 9. This Act shall take effect upon its approval.

Approved, September 18, 1950.

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