

LETTER OF INSTRUCTION NO. 372, February 09, 1976

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TO:

The Secretary
Department of Agriculture
The Secretary
Department of Agrarian Reform
The Secretary
Department of Local Government and Common
Development
The Secretary
Department of National Defense
The Governor
Central Bank of the Philippines
The President
Philippine National Bank
The Administrator
National Grains Authority
The Administrator
Agricultural Credit Administration

In order to ensure loan repayments under the Masagana 99 and Masaganang Maisan Programs and at the 8U time develop an efficient marketing system that would enable the farmer-borrowers financed under these programs to dispose of their farm produce at favorable prices, I hereby issue the following instructions:

- The National Grains Authority, the Central Bank of the Philippines, the Philippine National Bank, and the Agricultural Credit Administration are hereby directed to evolve within the framework provided for in these instructions an effective marketing system through the establishment of a credit triangle which will provide a direct link among the NGA-operated or designated warehouse, as depository of the farm produce, the financial institutions and the farmer-borrowers under the abovementioned programs.
- The marketing system shall be established in accordance with the following guidelines:
 - After threshing and cleaning of the crop financed under any of the programs, the farmer-borrower shall deliver to an NGA-designated collection center a portion of his farm produce equivalent to his outstanding loan obligation with the lending financial institutions concerned based on the current market price or Government-supported price, whichever is higher.
 - From the collection centers, the farm produce shall be delivered to NGA-operated or designated warehouse for drying and/or storage. The warehouse receipt issued to the farmer shall be assigned or pledged in favor of the

financial institution concerned, which shall dispose of the farm produce upon the maturity of the loan at the current market price or Government-supported price, whichever is higher, provided that the farmer-borrower shall have the option to have the produce sold by the financial institution at any time before the maturity of his loan to a buyer of his choice at the prevailing market price or Government-supported price, whichever is higher. The proceeds of such sale shall be applied against his outstanding loan obligation and any excess shall be delivered to the farmer-borrower.

- The mode of payment prescribed herein shall be included in the loan document to be entered into between the farmer-borrower and the financial institution concerned.

- The Department of Agriculture, the Department of Agrarian Reforms, and the Department of Local Government and Community Development are hereby directed:

1)

to orient the farmer-borrower on the rationale and mechanics of the marketing system provided herein;

2)

to coordinate with representatives of financial institutions and the NGA in the selection of the collection centers; and

3)

to submit a list of farmer-borrowers indicating¹ the area planted, estimated production and expected date of harvest at least two weeks before the harvest.

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

All persons and entities who shall commit any act which will in any manner impede or defeat the purposes of these instructions shall be held liable for the crime of economic sabotage defined and penalized under existing laws. Prosecution of such offenses shall be by and under the direction of military officers and shall be tried before the appropriate Military Tribunals.

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

This Letter of Instructions shall take effect immediately.

Done in the City of Manila, this 9th day of February, in the year of Our Lord, nineteen hundred and seventy-six.

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

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