

AMENDING CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NUMBER ONE HUNDRED SEVENTY-FIVE, ENTITLED “STRENGTHENING THE COOPERATIVE MOVEMENT”; RELATING TO THE REGULATORY POWERS OF THE DE...

PRESIDENTIAL DECREE NO. 501, June 28, 1974

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WHEREAS, under Republic Act No. 6038 which governs electric cooperatives, and Presidential Decree No. 40 and Letter of Instructions No. 38, the primary power and responsibility of promoting, organizing, registering, assisting and regulating electric cooperatives is vested in the National Electrification Administration;

WHEREAS, Presidential Decree No. 175, entitled "Strengthening the Cooperative Movement" however, repealed all past cooperative laws and vested in the Department of Local Government and Community Development the full authority to promulgate rules and regulations to govern the promotion, organization, registration, regulation and supervision of all types of cooperatives;

WHEREAS, there is an imperative need to exclude electric cooperatives from the operation of Presidential Decree No. 175 in consonance with present developmental plans in the light of the government's policy accelerating the development of rural electrification by converting the National Electrification Administration into a national corporation.

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

SECTION 1. Section 8 of the Presidential Decree No. 175 is hereby amended to read as follows:

SECTION 8. Powers of Regulatory Agency. — The Department of Local Government and Community Development through the Bureau of Cooperatives Development is vested with fall authority to promulgate rules and regulations to govern the promotion, organization, registration, regulation and supervision of all types of cooperative except electric cooperatives which shall remain under the regulation and supervision of the National Electrification Administration under the provisions of Republic Act No. 6038 in conjunction with Presidential Decree No. 40 and Letter of Instructions No. 38. Specifically, it shall have the fallowing powers:

- To call on any office, agency, instrumentality or individuals belonging to the government or private sector for such assistance as may be needed.
- To register new cooperatives, re-register existing cooperatives and regulate and supervise the following types of cooperatives.
- Barrio Associations which shall have the provisional status of a cooperative and serve the requirements of Presidential Decree No. 27 in the issuance of certificates of land transfer;
- Local or primary cooperatives which shall be composed of natural persons and/or barrio associations;
- Federations which shall be composed of cooperatives which may or may not perform business activities; and

- Unions of cooperatives which shall not perform any business activities. Provided, That in the case of re-registration, the cooperative shall file its application or petition for re-registration within a period of six (6) months from the date of promulgation of this Decree, and its corporate existence shall be deemed to continue until the application or petition is approved or denied; and Provided, further, That for purposes of re-registration, Section 2 and 5 (a) hereof shall not be applicable to existing cooperatives which do not meet the qualification requirements provided for in this Decree.
- To determine the manner and extent by which powers, privileges, assistance and support granted to cooperative provided by this Decree shall be exercised or enjoyed by cooperatives;
- To suspend the operation or cancel the registration of any cooperative after hearing and when in its judgment and based on findings, such cooperative is operating in violation of this Decree, rules and regulations, existing laws as well as the by-laws of the cooperative itself;
- To liquidate and to determine disposal of assets and settlement of liabilities of any cooperative which has been inoperable, inactive or defunct or any cooperative violating the penal provisions herein provided;
- To recommend charges to be filed against any official of any cooperative who has committed crimes against the cooperative or who has violated the penal provisions herein provided; and to establish rules and regulations governing the suspension and/or expulsion of any members of a cooperative;
- To condone the principal and/or accumulated interest on past due production and/or farm improvement loans extended by the Agricultural Credit and Cooperative Financing Administration and the Agricultural Credit Administration to farmer members of agricultural cooperatives, and to authorize writing off of bad debts or bad accounts of agricultural cooperatives arising from loans granted by the Agricultural Credit Administration subject to the rules and regulations to be promulgated jointly by the Department of Local Government and Community Development and the Department of Finance;
- To recommend charges to be filed against non-farmers who through misrepresentation have secured loans from the Agricultural Credit and Cooperative Financing Administration or the Agricultural Credit Administration through agricultural cooperatives;
- To authorize the collection by barrio associations and cooperatives past due loans granted by the Agricultural Credit and Cooperative Financing Administration or the Agricultural Credit Administration on a Commission basis; and
- To authorize cooperatives to collect amortizations on lands under Presidential Decree No. 27.

SECTION 2. This Decree shall take effect immediately.

Done in the City of Manila, this 28th day of June, in the year of Our Lord, nineteen hundred and seventy-four.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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