

NATIONAL POWER CORPORATION, PETITIONER, VS. HONORABLE ZAIN B. ANGAS, DISTRICT JUDGE OF THE COURT OF FIRST INSTANCE OF LANA DEL SUR, HADJI DALUMA KINIDAR, EBRA ALI AND/OR GASNAR...

G.R. Nos. 60225-26. May 08, 1992

Ponente: PARAS, J.

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PARAS, J.:

The basic issue in this original action for certiorari and mandamus filed by the National Power Corporation is whether or not, in the computation of the legal rate of interest on just compensation for expropriated lands, the law applicable is Article 2209 of the Civil Code which prescribes a 6% legal interest rate or Central Bank Circular No. 416 which fixed the legal interest rate at 12% per annum. Pending consideration of this case on the merits, petitioner seeks the issuance of a writ of preliminary injunction and/or restraining order to restrain or enjoin the respondent judge of the lower court from enforcing the herein assailed orders and from further acting or proceeding with Civil Case Nos. 2248 and 2277.

The following are the antecedents of the case:

On April 13, 1974 and December 3, 1974, petitioner National Power Corporation, a government-owned and controlled corporation and the agency through which the government undertakes the on-going infrastructure and development projects throughout the country, filed two complaints for eminent domain against private respondents with the Court of First Instance (now Regional Trial Court) of Lanao del Sur, docketed as Civil Case No. 2248 and Civil Case No. 2277, respectively. The complaint which sought to expropriate certain specified lots situated at Limogao, Saguilaran, Lanao del Sur was for the purpose of the development of hydro-electric power and production of electricity as well as the erection of such subsidiary works and constructions as may be necessarily connected therewith.

Both cases were jointly tried upon agreement of the parties. After responsive pleadings were filed and issues joined, a series of hearings before court-designated commissioners were held.

On June 15, 1979, a consolidated decision in Civil Cases Nos. 2248 and 2277 was rendered by the lower court, declaring and confirming that the lots mentioned and described in the complaints have entirely been lawfully condemned and expropriated by the petitioner, and ordering the latter to pay the private respondents certain sums of money as just compensation for their lands expropriated "with legal interest thereon xxx until fully paid."

Two consecutive motions for reconsideration of the said consolidated decision were filed by the petitioner. The same were denied by the respondent court. Petitioner did not appeal the aforesaid consolidated decision, which became final and executory.

Thus, on May 16, 1980, one of the private respondents (Sittie Sohra Batara) filed an ex-parte motion for the execution of the June 15, 1979 decision, praying that petitioner be directed to pay her the unpaid balance of

P14,300.00 for the lands expropriated from her, including legal interest which she computed at 6% per annum. The said motion was granted by the lower court. Thereafter, the lower court directed the petitioner to deposit with its Clerk of Court the sums of money as adjudged in the joint decision dated June 15, 1979. Petitioner complied with said order and deposited the sums of money with interest computed at 6% per annum.

On February 10, 1981, one of the private respondents (Pangonatan Cosna Tagol), through counsel, filed with the trial court an ex-parte motion in Civil Case No. 2248 praying, for the first time, that the legal interest on the just compensation awarded to her by the court be computed at 12% per annum as allegedly "authorized under and by virtue of Circular No. 416 of the Central Bank issued pursuant to Presidential Decree No. 116 and in a decision of the Supreme Court that legal interest allowed in the judgment of the courts, in the absence of express contract, shall be computed at 12% per annum." (Brief for Respondents, p. 3)

On February 11, 1981, the lower court granted the said motion allowing 12% interest per annum. (Annex L, Petition). Subsequently, the other private respondents filed motions also praying that the legal interest on the just compensation awarded to them be computed at 12% per annum, on the basis of which the lower court issued on March 10, 1981 and August 28, 1981 orders bearing similar import.

Petitioner moved for a reconsideration of the lower court's last order dated August 28, 1981, alleging that the main decision had already become final and executory with its compliance of depositing the sums of money as just compensation for the lands condemned, with legal interest at 6% per annum; that the said main decision can no longer be modified or changed by the lower court; and that Presidential Decree No. 116 is not applicable to this case because it is Art. 2209 of the Civil Code which applies.

On January 25, 1982, the lower court denied petitioner's motion for reconsideration, stating that the rate of interest at the time of the promulgation of the June 15, 1981 decision is that prescribed by Central Bank Circular No. 416 issued pursuant to Presidential Decree No. 116, which is 12% per annum, and that it did not modify or change but merely amplified its order of August 28, 1981 in the determination of the legal interest.

Petitioner brings the case to Us for a determination of which legal interest is applicable to the transaction in question.

Central Bank Circular No. 416 reads:

"By virtue of the authority granted to it under Section 1 of Act No. 2655, as amended, otherwise known as the 'Usury Law,' the Monetary Board, in its Resolution No. 1622 dated July 29, 1974, has prescribed that the rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of express contract as to such rate of interest, shall be twelve per cent (12%) per annum."

It is clear from the foregoing provision that the Central Bank circular applies only to loan or forbearance of money, goods or credits. This has already been settled in several cases decided by this Court. Private respondents, however, take exception to the inclusion of the term "judgments" in the said circular, claiming that such term refers to any judgment directing the payment of legal interest, which term includes the questioned judgment of the lower court in the case at bar.

Private respondents' contention is bereft of merit. The term "judgments" as used in Section 1 of the Usury Law, as well as in Central Bank Circular No. 416, should be interpreted to mean only judgments involving loan or forbearance of money, goods or credits, following the principle of ejusdem generis. Under this doctrine, where general terms follow the designation of particular things or classes of persons or subjects, the general term will be construed to comprehend those things or persons of the same class or of the same nature as those specifically enumerated (Crawford, Statutory Construction, p. 191; Go Tiaco vs. Union Ins. Society of Camilan, 40 Phil. 40;

Mutuc vs. COMELEC, 36 SCRA 228)

The purpose of the rule on ejusdem generis is to give effect to both the particular and general words, by treating the particular words as indicating the class and the general words as including all that is embraced in said class, although not specifically named by the particular words. This is justified on the ground that if the lawmaking body intended the general terms to be used in their unrestricted sense, it would have not made an enumeration of particular subjects but would have used only general terms (2 Sutherland, Statutory Construction, 3rd ed., pp. 395-400).

Applying the said rule on statutory construction to Central Bank Circular No. 416, the general term "judgments" can refer only to judgments in cases involving loans or forbearance of any money, goods or credits. As significantly laid down by this Court in the case of Reformina vs. Tomol, 139 SCRA 260:

"The judgments spoken of and referred to are judgments in litigations involving loans or forbearance of any money, goods or credits. Any other kind of monetary judgment which has nothing to do with, nor involving loans or forbearance of any money, goods or credits does not fall within the coverage of the said law for it is not within the ambit of the authority granted to the Central Bank. The Monetary Board may not tread on forbidden grounds. It cannot rewrite other laws. That function is vested solely with the legislative authority. It is axiomatic in legal hermeneutics that statutes should be construed as a whole and not as a series of disconnected articles and phrases. In the absence of a clear contrary intention, words and phrases in statutes should not be interpreted in isolation from one another. A word or phrase in a statute is always used in association with other words or phrases and its meaning may thus be modified or restricted by the latter."

Obviously, therefore, Art. 2209 of the Civil Code, and not Central Bank Circular No. 416, is the law applicable to the case at bar. Said law reads:

"Art. 2209. If the obligation consists in the payment of a sum of money, and the debtor incurs a delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six percent per annum."

The Central Bank circular applies only to loan or forbearance of money, goods or credits and to judgments involving such loan or forbearance of money, goods or credits. This is evident not only from said circular but also from Presidential Decree No. 116, which amended Act No. 2655, otherwise known as the Usury Law. On the other hand, Art. 2209 of the Civil Code applies to transactions requiring the payment of indemnities as damages, in connection with any delay in the performance of the obligation arising therefrom other than those covering loan or forbearance of money, goods or credits.

In the case at bar, the transaction involved is clearly not a loan or forbearance of money, goods or credits but expropriation of certain parcels of land for a public purpose, the payment of which is without stipulation regarding interest, and the interest adjudged by the trial court is in the nature of indemnity for damages. The legal interest required to be paid on the amount of just compensation for the properties expropriated is manifestly in the form of indemnity for damages for the delay in the payment thereof. Therefore, since the kind of interest involved in the joint judgment of the lower court sought to be enforced in this case is interest by way of damages, and not by way of earnings from loans, etc. Art. 2209 of the Civil Code shall apply.

As for private respondents' argument that Central Bank Circular No. 416 impliedly repealed or modified Art. 2209 of the Civil Code, suffice it to state that repeals or even amendments by implication are not favored if two laws can be fairly reconciled. The Courts are slow to hold that one statute has repealed another by implication, and they will not make such an adjudication if they can refrain from doing so, or if they can arrive at another result by any construction which is just and reasonable. Besides, the courts will not enlarge the meaning of one act

in order to decide that it repeals another by implication, nor will they adopt an interpretation leading to an adjudication of repeal by implication unless it is inevitable and a clear and explicit reason therefor can be adduced. (82 C.J.S. 479-486). In this case, Central Bank Circular No. 416 and Art. 2209 of the Civil Code contemplate different situations and apply to different transactions. In transactions involving loan or forbearance of money, goods or credits, as well as judgments relating to such loan or forbearance of money, goods or credits, the Central Bank circular applies. It is only in such transactions or judgments where the Presidential Decree allowed the Monetary Board to dip its fingers into. On the other hand, in cases requiring the payment of indemnities as damages, in connection with any delay in the performance of an obligation other than those involving loan or forbearance of money, goods or credits, Art. 2209 of the Civil Code applies. For the Court, this is the most fair, reasonable, and logical interpretation of the two laws. We do not see any conflict between Central Bank Circular No. 416 and Art. 2209 of the Civil Code or any reason to hold that the former has repealed the latter by implication.

WHEREFORE, the petition is GRANTED. The Orders promulgated on February 11, 1981, March 10, 1981, August 28, 1981 and January 25, 1982 (as to the recomputation of interest at 12% per annum) are ANNULLED and SET ASIDE. It is hereby declared that the computation of legal interest at 6% per annum is the correct and valid legal interest allowed in payments of just compensation for lands expropriated for public use to herein private respondents by the Government through the National Power Corporation. The injunction heretofore granted is hereby made permanent. No costs.

SO ORDERED.

Melencio-Herrera, (Chairman), Padilla, Regalado, and Nocon, JJ., concur.

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