



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 1942

EXPLANATORY NOTE

Land is an important factor of production in agriculture and land fragmentation has significantly reduced agricultural productivity. Data from the Philippine Statistics Authority shows that there is a decrease in farm sizes from an average size of 3.61 hectares (ha) in 1971 to 1.3 ha in 2012.¹ In 2019, Economists Tasso Adamopoulos and Diego Restuccia found that the Philippine government's agrarian reform program has resulted in land fragmentation reducing average farm size by 34%, agricultural productivity by 17%, and share of landless individuals by 20%.²

The current restrictions on farmlands under the Republic Act No. 6557 or the Comprehensive Agrarian Reform Law (CARL), the five-hectare limit on land ownership have effectively discouraged efficient rural land market operations and eroded the value and collateral value of awarded lands. These reduce the farmers' incentive to invest in land improvements, limiting the choice of more efficient contractual arrangements. Thus, decades into the government's land reform program have only created a new class of people: the "landed poor."

Economies of scale dictate that there is a great advantage in the operation of larger farmlands as the cost per unit of output decreases with the increase in farmland area. Larger farms will allow farmers to introduce new and alternative technologies and farming systems. It will also encourage younger Filipinos to go into farming thereby introducing new blood in our already aging farmer population.

According to a 2021 study by agricultural economist Keijiro Otsuka, due to the rapid population growth and partly due to the inadequate growth of non-farm sectors that are able to absorb rural labor, farm size reduced significantly. The efficiency of the agriculture sector can be a stumbling block to economic growth should farm size continue to decline and the economy sustains a fairly high growth rate.³

To effectively address land fragmentation, which has led to a decline in agricultural productivity and persistent poverty in the sector, there is a need to ease restrictions on farm size, remove restrictions on agricultural land transactions, and promote a vigorous rural land market.

The objective of this proposed measure is to enhance agricultural productivity, foster a dynamic land market, and elevate the socioeconomic status of Filipino farmers by fully allowing them to determine the highest and best use of their land, and to utilize such lands unencumbered by unnecessary bureaucratic regulations.

In view of the foregoing, the passage of this bill is earnestly sought.


RUFUS B. RODRIGUEZ


MAXIMO B. RODRIGUEZ, JR.

¹ PSA Census of Agriculture 1971, 1980, 1991, 2002; PSA Census of Agriculture and Fisheries 2012; Censo de 1903

² Adamopoulos, T. & Restuccia, D. (2019). Land Reform and Productivity: A Quantitative Analysis with Micro Data. National Bureau of Economic Research. <http://www.nber.org/papers/w25780>

³ Otsuka, K. (2021). Changing Relationship between Farm Size and Productivity and Its Implications for Philippine Agriculture. Discussion paper No. 2102. <https://www.econ.kobe-u.ac.jp/wp/wp-content/uploads/2023/07/DP2102.pdf>

HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. 1942

**AN ACT
TO INCREASE FARM PRODUCTIVITY BY REDUCING LAND FRAGMENTATION**

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

SECTION 1. *Declaration of Policy.* – It is hereby declared the policy of the State to support the increase in farmland productivity by reducing land fragmentation to allow the establishment of more efficient and economically-scaled agricultural lands. It is also the policy of the State to rationalize land conversion for the effective management of land resources.

SECTION 2. *Landholdings' Ceiling Requirement.* – Any sale, transfer or conveyance of agricultural lands shall be valid as long as the resulting total agricultural landholdings by the transferee do not exceed twenty-four (24) hectares. For publicly-listed corporations engaged in the business of agriculture and agroforestry, total landholdings shall not exceed one thousand twenty-four (1,024) hectares.

SECTION 3. *Removal of DAR Clearances on Transfers of Ownership of Agricultural Lands.* – Transferees of ownership of agricultural lands shall furnish the appropriate Registry of Deeds (ROD) an affidavit attesting to the fact that his/her total agricultural landholdings, as a result of the said transfer, do not exceed the landholding ceiling requirement provided under this Act. The transfer of ownership shall be immediately registered by the ROD if the resulting agricultural landholdings of the transferee do not exceed the ceiling requirement provided under this Act, based on the database of the LRA.

If from the records of the LRA it appears that the transferee's landholdings exceed the ceiling requirement provided under this Act, his/her registration shall be denied and the transferee shall be notified of said fact and shall be provided with the list of the properties that is registered in his/her name. If the transferee claims that the person who has a landholding in excess of the ceiling requirement provided in this Act is only a namesake, the transferee shall be required to submit additional evidence with the ROD for verification of the transferee's identity within a reasonable time.

SECTION 4. *Land Reclassification.* Approval for land conversion of agricultural land for non-agricultural use by the DAR is no longer necessary. The function of classifying lands for land use purposes shall be within the jurisdiction of the local government unit (LGU) as provided by the Republic Act (RA) No. 7160 or Local Government Code of 1991.

When reclassification of agricultural land to non-agricultural land is required for the investment projects approved by the National Economic and Development Authority Board, such approval shall not be unreasonably withheld. Failure to act on a proper and complete application for reclassification within three (3) months from receipt of the same shall be deemed as approval thereof.

SECTION 5. *Penalty for Violation of this Act.* – Any person who knowingly or willfully violated the provision of this Act shall be punished by imprisonment of not less than six (6) months to not more than three (3) years or a fine of not less than Fifty Thousand Pesos (Php 50,000) and not more than One Hundred Fifty Thousand Pesos (Php 150,000) or both at the discretion of the Court. If the offender is a corporation or association, the officer responsible therefore shall be criminally liable.

SECTION 6. *Existing Notice of Coverage.* – All existing Notice of Coverage upon the effectivity of this act shall be effective for a period of one year. If no acquisition is made within this period, these agricultural lands will be automatically released from this burden, lien, or encumbrance and may be freely transacted by the owner subject only to the limitations provided under this law.

SECTION 7. *Implementing Guidelines.* - The Land Registration Authority (LRA) and the Department of Agrarian Reform shall promulgate the necessary internal implementing guidelines for their agencies within ninety (90) days upon the effectivity of this Act.

SECTION 8. *Repealing Clause.* – Sections 6, 27, 65, 70 and 73 of RA No. 6657; Sections 4, 22 and 24 of RA No. 9700; all laws, decrees, orders, rules and regulations or parts thereof inconsistent with any provision of this Act are hereby repealed, amended or modified accordingly.

SECTION 9. *Separability Clause.* - If, for any reason, any provision of this Act or any part thereof be declared unconstitutional and invalid, the other parts or provisions of this Act not affected thereby shall remain in full force and effect.

SECTION 10. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,