



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 4113



INTRODUCED BY HON. FAUSTINO MICHAEL CARLOS T. DY III

EXPLANATORY NOTE

Farmers are essential to our country. They contribute significantly to our economy, food security, and livelihood. They are the backbone of the agricultural sector, which provides sustenance for over 100 million Filipinos and contributes substantially to the country's GDP.

Among the factors that push poor farmers to the brink of debt include natural calamities, worsening climate change, fluctuating economic forces, and unforeseen global pandemic that resulted in a higher cost of farming capital.

As a result, the country's farmers are faced with losses and financial burdens leading to their increased financial vulnerability. In the absence of formal credit, some farmers resort to informal lending with high interest rates, further perpetuating poverty. It left them with no other choice but to obtain credit from loan sharks to secure short-term relief with the hopes of mitigating their losses from the effects of devastating calamities, disrupted economy, and exorbitant farming capital.

Where the government can help prevent this from happening, it should do so as a matter of duty.

To the Filipino farmer belongs the honor of the growth and success of this nation. To him belongs the gratitude for our nourishment while he endures the scorching heat of the midday sun. Thus, to the Filipino farmer should also belong every protection that this government has to offer against oppressive, exorbitant, unconscionable, and onerous interest rates. As President Magsaysay once said: *"Those who have less in life should have more in law."*

This bill seeks to propose that interest on loans to farmers whose landholding does not exceed seven hectares shall not exceed an interest rate of 6 per cent (6%) per annum. The same rate shall likewise apply to forbearance of any money, good or credit, and in judgments. Any figure above this shall be considered usurious and illegal and violators would be fined or imprisoned.

In view of the foregoing, the immediate approval of this measure is earnestly sought.

FAUSTINO MICHAEL CARLOS T. DY III
Representative, Isabela 5th District

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INTRODUCED BY REP. FAUSTINO MICHAEL T. DY III

AN ACT
PROHIBITING USURIOUS LENDING TO FARMERS, APPROPRIATING FUNDS
THEREFOR AND FOR OTHER PURPOSES

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

SECTION 1. Title. – This Act shall be known as “Anti-Usury Against Farmers Act.”

SECTION 2. Declaration of Policy. – Article II, Sec. 9 of the 1987 Constitution states, “The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.” In support of this policy, the State further shall ensure that our farmers shall not become victims of usurious lenders and practices.

SECTION 3. Interest on loans to farmers whose landholding does not exceed seven (7) hectares, whether with collateral or without, shall not exceed an effective interest rate of six per cent (6%) per annum. The same rate shall likewise apply to forbearance of any money, good or credit, and in judgments. Any figure above this shall be considered usurious and illegal.

SECTION 4. The balance of existing loans shall automatically be restructured applying an interest rate not exceeding an EIR of 6% per annum, effective upon effectivity of this Act.

SECTION 5. The Bangko Sentral ng Pilipinas and the Monetary Board shall determine the amount, or the percentage of loanable amounts to farmers in the portfolio of banks, public or private.

SECTION 6. Implementing Rules and Regulations. – The Department of Finance shall formulate the rules and regulations of this Act within ninety (90) days of its effectivity.

SECTION 7. Penal Provision. – Any natural person, not a government official or employee, who violates any provision of this Act shall be punished with imprisonment of one

(1) year and/or a fine not exceeding PhP 100,000.00.

Any government employee or official who violates any provision of this Act shall be punished with imprisonment of two (2) years and/or a fine not exceeding PhP 200,000.00.

Any juridical person who violates any provision of this Act shall be punished with a fine of PhP 500,000.00. Its directors and/or officers may also be punished with imprisonment of six (6) months to one (1) year if found liable of a violation under this Act.

SECTION 8. Repealing Clause. – All acts, decrees, letters of instruction, issuances, orders, or parts thereof inconsistent with any provision of this Act are hereby deemed repealed or modified accordingly.

SECTION 9. Separability Clause. – If any part of this Act is declared unconstitutional, the rest of the provisions shall remain in force and effect.

SECTION 10. Effectivity. – This Act shall take effect 15 days after its publication in two newspapers of general circulation or in the Official Gazette.

APPROVED.