



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 7949



Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Andrew Julian K. Romualdez and Jude A. Acidre

AN ACT
INSTITUTIONALIZING A PALAY PRICE FLOOR SYSTEM TO ENSURE FAIR AND REMUNERATIVE INCOME FOR RICE FARMERS, MANDATING THE DEPARTMENT OF AGRICULTURE AND THE NATIONAL FOOD AUTHORITY TO IMPLEMENT A GUARANTEED MINIMUM BUYING PRICE, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Rice is the staple food of the Filipino people and supports the livelihoods of millions of rice-farming families. Yet challenges in high input cost, low yields, post-harvest losses, vulnerability to climate events and exposure to volatile market prices persist, putting our farmers in substantial economic loss.

In 2019, the Philippines enacted the Rice Tariffication Law (Republic Act No. 11203) which liberalized rice imports and replaced quantitative restrictions with tariffs. While this increased rice availability, *Samahang Industriya ng Agrikultura* (SINAG) reveals that it leaves farmers vulnerable to abrupt price shifts, with farm-gate prices plunging in part of Mindanao and Luzon.

In 20th Congress, the filed measure House Bill No. 1 otherwise known as the Rice Industry and Consumer Empowerment (RICE) Act seeks to restore regulatory intervention powers of the NFA and empower price-intervention mechanisms, including the setting of a floor price for palay.

This “Palay Buying Price Guarantee Act” is designed to complement those reforms by establishing a legally-mandated minimum buying price (MBP) of palay — thereby providing a safety net for farmers, encouraging planting decisions, avoiding losses from distress-selling, and stabilizing the rice supply chain. The proposed measure seeks to:

1. Ensure fair compensation for farmers by setting the Minimum Buying Price (MBP) not lower than the average cost of production plus a reasonable margin, thereby reflecting the true cost of farming, reducing margin erosion, and discouraging the exodus of farmers from rice cultivation.
2. Maintain price relevance and fairness through the annual review of the MBP and its differentiation across regions, grain quality (fresh or dry), and variety, recognizing that agricultural inputs, technologies, and yields vary by area and over time.
3. Provide direct government intervention by mandating the National Food Authority (NFA) and the Department of Agriculture (DA) to procure palay whenever market prices fall below the MBP, thereby stabilizing farm incomes and deterring price manipulation by private traders.
4. Enforce compliance among private buyers and traders to uphold the MBP and prevent undermining of the floor price, with accreditation, sanction, and automatic revocation mechanisms to ensure strict adherence to the policy.
5. Promote transparency and accountability through systematic monitoring, public reporting, and auditing of procurement activities, ensuring that MBP adjustments remain grounded on reliable cost-of-production data and performance outcomes.
6. Ensure fiscal sustainability by linking the program’s funding to the annual appropriations of the DA and NFA, existing rice-related funds such as the

Rice Competitiveness Enhancement Fund (RCEF), donor grants, and excess rice import-tariff revenues.

7. Strengthen farmer welfare and national food security by providing stable farm-gate prices that encourage continued rice production, reduce livelihood risks, and sustain an adequate domestic rice supply.

This bill offers a comprehensive framework to protect rice farmers from market shocks through a legally-mandated minimum buying price, linked to cost of production, reviewed annually and enforced across procurement and private buying. It aligns with ongoing reforms in the rice sector, complements the RICE Act's objectives, and advances the policy of agricultural viability, food security and balanced farmer-consumer welfare.

In the interest of safeguarding the well-being of our people, immediate passage of this bill is earnestly sought.



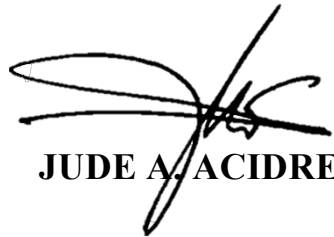
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short Title.* – This Act shall be known as the “*Palay Buying Price Guarantee Act*”

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote a stable, equitable, and sustainable rice industry that ensures fair

returns for farmers, adequate food supply for consumers, and food security for the nation. Pursuant to the 1987 Constitution, the State shall promote social justice in all phases of national development, protect the rights of farmers to a just share in the fruits of production, and pursue rural development and agrarian reform through sound agricultural pricing and market intervention policies.

In furtherance thereof, the State recognizes that palay farmers are among the most vulnerable sectors of the economy and are disproportionately affected by market shocks, price distortions, and rising production costs. It is therefore the policy of the State to establish a guaranteed Minimum Buying Price (MBP) for palay, to be reviewed annually based on the cost of production, inflationary trends, and agricultural input prices, in order to protect farmers from exploitative market conditions and ensure their continued participation in the rice industry.

The State likewise affirms its commitment to strengthen the role of the Department of Agriculture (DA) and the National Food Authority (NFA) in implementing price stabilization, buffer stocking, and procurement mechanisms that ensure the welfare of farmers while maintaining reasonable rice prices for consumers. In partnership with local government units, farmers' organizations, and private stakeholders, the State shall pursue a comprehensive and participatory framework to uphold farmers' welfare, promote fair trade practices, and contribute to national food security and inclusive rural growth.

SECTION 3. *Purpose.* – This Act aims to:

- A. Ensure food security and the viability of the rice (palay) sector by protecting farmers from distress-selling and market price collapses;
- B. Stabilize farm-gate buying prices of palay so that rice farmers earn incomes consistent with cost of production plus reasonable margin;
- C. Strengthen the procurement and price-support role of the National Food Authority and the Department of Agriculture, in coordination with farmers' organizations, cooperatives and local government units;
- D. Ensure transparency, efficiency and fairness in palay procurement, warehousing, and marketing, and to safeguard consumers from undue price spikes through stable supply of domestically procured palay and rice.

SECTION 4. *Setting of Minimum Buying Price (MBP).* The Department of Agriculture, in consultation with National Food Authority, farmer's organizations, cooperatives, local government units and relevant stakeholders, shall determine a national minimum buying price (MBP) per kilogram of palay each crop cycle for adoption before the planting/harvest season.

The minimum buying price (MBP) shall be set at not less than the average cost of production plus a margin of 10% above cost of production. The Department of Agriculture may set differentiated MBPs by region, variety, moisture/quality, and crop cycle; Provided that such differentiated MBPs shall not be lower than the national MBP floor, and shall be published 30 days before procurement begins.

The Minimum Buying Price (MBP) shall be subject to an annual review by the Department of Agriculture, in consultation with the stakeholders. The review shall take into consideration updated cost-of-production studies, movements in input

prices and inflation rates, prevailing yield trends, post-harvest efficiency improvements, and other pertinent economic or technical factors. Any adjustment in the MBP shall, as a general rule, be upward-revising to reflect increases in production costs and maintain the real income of rice farmers. A downward adjustment may only be made upon clear and substantial justification supported by empirical data and approved by the Secretary of Agriculture after due consultation and publication of the rationale for such adjustment.

Nothing in this Act shall preclude local government units, duly-registered farmers' cooperatives, or accredited private buying entities from setting or offering a higher buying price for palay than the MBP established under this Act, *Provided that* such pricing practices are transparent, publicly disclosed, and consistent with fair-trade principles and do not result in market distortion or anti-competitive behavior.

SECTION 5. *Mandatory Procurement by NFA and Accredited Entities* – The National Food Authority (NFA), in coordination with the Department of Agriculture (DA) and other accredited procuring entities, shall procure palay from duly registered farmers, farmers' cooperatives, or associations at a price not lower than the established Minimum Buying Price (MBP). Such procurement shall be automatically undertaken whenever the prevailing farm-gate price of palay falls below the MBP, or upon verified request of eligible farmers or cooperatives, subject to the availability of funds, storage facilities, and procurement capacity of the implementing agencies.

In the implementation of the procurement program, the NFA shall give preferential priority to smallholder farmers, particularly those cultivating two (2) hectares or less of land, as well as to duly registered farmers' organizations and cooperatives, in order to maximize the direct benefits accruing to marginal producers and to promote collective marketing and bargaining among small farmers.

The DA and NFA shall ensure the adequacy and operational readiness of post-harvest and logistics support, including but not limited to transport, drying, milling, grading, and storage facilities, to guarantee that farmers are not compelled to sell their produce below the MBP by reason of inadequate infrastructure, delayed procurement, or prohibitive transaction costs.

To promote transparency and accountability, the NFA shall prepare and publish on a quarterly basis a detailed procurement report, indicating the total volume of palay procured, prices paid, geographic coverage, identities or categories of farmer-beneficiaries, and any pending procurement commitments, which shall be submitted to the Department of Agriculture and to the appropriate Committees of Congress.

SECTION 6. *Private Trader Compliance.* – All private traders, rice millers, cooperatives, aggregators, and buying stations engaged in the purchase or trading of palay shall be required to buy palay at a price not lower than the Minimum Buying Price (MBP) as determined under this Act.

The Department of Agriculture (DA) and the National Food Authority (NFA) shall have the authority to accredit such private buying entities and to suspend or

revoke their accreditation or licenses for non-compliance with the provisions of this Act, particularly with respect to adherence to the prescribed MBP. Any person or entity found to have purchased palay below the MBP shall be subject to administrative sanctions, which may include the imposition of fines, suspension or revocation of accreditation or license, and forfeiture of any privileges or benefits granted under existing government rice or palay programs. The DA and NFA shall jointly issue the necessary guidelines for the enforcement of this Section, ensuring that price compliance mechanisms are transparent, fair, and consistent with the objectives of this Act.

SECTION 7. *Funding.* – The procurement costs of palay arising from the implementation of this Act, including the payment of the Minimum Buying Price (MBP) differential, defined as the difference between the MBP and the prevailing market price, shall be funded from the following sources:

- A. The annual appropriation of the DA and the NFA;
- B. Existing rice or palay-related funds, such as the Rice Competitiveness Enhancement Fund (RCEF) or any successor funds;
- C. Donor or partner grants; and
- D. Excess import-tariff revenues on rice, as may be earmarked by law.

The DA and NFA shall submit to Congress, as part of the annual budget process, a Palay Procurement Plan under this Act indicating the forecast volume, geographic coverage, and budgetary requirement for the succeeding fiscal year.

SECTION 8. *Monitoring, Reporting and Oversight.* — To ensure transparency and effective policy implementation, the Department of Agriculture (DA), in coordination with the National Food Authority (NFA), shall establish a comprehensive monitoring and evaluation system to track farm-gate palay prices, procurement volumes, grain quality indicators such as moisture content and milling yield, post-harvest losses, and the average incomes of rice farmers. The DA shall submit to Congress, not later than March 31 of each succeeding year, an Annual Palay Price and Procurement Report containing, among others:

- A. The MBP adopted for the year and the corresponding cost of production basis;
- B. Actual procurement volumes and values under this Act;
- C. Compliance status of private traders and buyers;
- D. Market analysis on farm-gate price trends and farmer income changes; and
- E. Policy recommendations for the subsequent year's MBP and related support mechanisms.

The Commission on Audit (COA) shall conduct an annual audit of the funds, procurement operations, and related activities implemented pursuant to this Act, and shall make such recommendations as may be necessary to ensure fiscal accountability and operational efficiency.

SECTION 9: *Penalties.* —

A. Any private buyer, trader, miller, cooperative, or entity who purchases palay at a price below the established Minimum Buying Price (MBP) shall, upon due process, be subject to the following penalties:

- i. A fine of not less than Five Hundred Thousand Pesos (₱500,000.00) but not more than Two Million Pesos (₱2,000,000.00); and/or
- ii. Imprisonment of not less than one (1) year but not more than three (3) years, at the discretion of the court.

B. In addition to the foregoing, the accreditation or license of the offending buyer, trader, or entity may be:

- i. Suspended for a period of up to two (2) years; or
- ii. Revoked, in cases of repeated or willful violations.

C. Administrative sanctions shall likewise be imposed upon any official or employee of the Department of Agriculture (DA) or the National Food Authority (NFA) who fails to comply with his or her procurement, reporting, monitoring, or enforcement obligations under this Act, in accordance with existing civil service laws, rules, and regulations.

SECTION 10. *Transitional and Implementing Provision.* — Within ninety (90) days from the effectivity of this Act, the Department of Agriculture, in consultation with the National Food Authority, farmers' organizations, and relevant stakeholders, shall promulgate the necessary Implementing Rules and Regulations (IRR) to ensure its full and efficient enforcement.

Upon the effectivity of this Act, the Minimum Buying Price (MBP) for the forthcoming crop cycle shall be immediately established in accordance with Section 4 hereof. All existing procurement contracts, memoranda of agreement, or implementing guidelines of the NFA and other procuring entities involving palay

shall be aligned, modified, or harmonized with the provisions of this Act to ensure consistency with its objectives and policy framework.

SECTION 11. *Separability Clause.* – If, for any reason, any part or provision of this Act shall be held unconstitutional or invalid, other parts of provisions thereof not affected shall thereby continue to be in full force and effect.

SECTION 12. *Repealing Clause.* - All laws, decrees, executive orders, proclamations, rules and regulations, and other issuances or parts thereof contrary to or inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 13. *Effectivity.* - This Act shall take fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,