

A Call for Entrepreneurship

By: Atty. Emily V. Sanchez

It has long been an ironic reality that while our country boasts of one of the highest literacy rates in Asia, we also have one of the highest rates of unemployment and underemployment. Our colleges and universities churn out thousands of graduates every year. Most of these graduates aspire for a white-collar job either in the Makati or Ortigas business districts, if not a dollar-earning job abroad, but only a handful are successful. Notably, very few are interested in starting a small business. Who would want to put up a sari-sari store if you are a commerce graduate? Or a machine shop if you are a licensed engineer? Sadly, entrepreneurship seems to be lowest in the Filipino graduate's priorities.

Sometimes the reason is arrogance. Armed with a college diploma, the fresh graduate is too proud to soil his hands. He is not solely to be blamed though, for he has been molded by an educational system that is geared towards finding employment; not becoming an employer. We may even add that despite the ease with which we assimilate foreign ideas, we unfortunately have not learned to emulate the business-mindedness of the Chinese.

Another reason may be the inherent difficulty of starting a business with its attendant worries over how to raise the needed capital and where to seek guidance on management and marketing or skills training for manufacturing. This column discusses a relatively new law that offers an answer to the latter problem -- a rather easier task than capital formation.

Republic Act No. 9178, or the "Barangay Micro Business Enterprises (BMBEs) Act of 2002" is not a very popular piece of legislation and many current or would-be entrepreneurs specially in the countryside are not aware of the benefits available under the said statute. Its implementing rules were prescribed by the Department of Trade and Industry in early 2003 and with less than three years of effectivity, the benefits of the law have yet to be fully utilized.

The law provides an impressive array of incentives for budding entrepreneurs engaged in producing, processing or manufacturing of products or commodities, including agro-processing, trading and services. If an entrepreneur's total assets, including those arising from loans but excluding the land on which his office, plant and equipment are situated, is not more than ₱ 3 million pesos in value, he qualifies for registration as a BMBE, entitled to the following:

1. Exemption from income tax for income arising from the operation of the enterprise.
2. Exemption from coverage of the Minimum Wage Law on the condition that employees are provided social security and healthcare benefits.
3. A special credit window that will service financing needs provided by government financial institutions such as the Land Bank of the Philippines, the Development Bank of the Philippines, the Small Business Guarantee and Finance Corporation and the People's Credit and Finance Corporation. A similar privilege is extended by the Government Service Insurance System and the Social Security System to their members.
4. Production and management training as well as marketing assistance from the Department of Trade and Industry, the Department of Science and Technology, the University of the Philippines Institute for Small Scale Industries, the Cooperative Development Authority, the

Technical Education and Skills Development Authority, and the Technology and Livelihood Resource Center.

To obtain these privileges, the entrepreneur may simply drop by the Office of the Treasurer in the city or municipality where his business is situated to secure an application form that needs to be accomplished in triplicate. Some local governments appoint a BMBE Registration Officer or establish a One-Stop-Business Registration Center to handle efficient registration and processing of permits/licenses of BMBEs. The application shall be evaluated within fifteen working days upon submission of complete documents for a processing fee no greater than ₱ 1,000 which the local government may charge to defray administrative costs. A Certificate of Authority shall be issued free of charge within the said period, otherwise, the business shall be deemed registered. The Certificate is effective for two years, renewable for the same length of time for every renewal. It is the intention of the law to make the requirements simple and the procedure speedy, subject only to minimal bureaucratic requirements and reasonable fees and charges.

Republic Act No. 9178 has declared it a State policy to “hasten the country's economic development by encouraging the formation and growth of barangay micro business enterprises which effectively serve as seedbeds of Filipino entrepreneurial talents through the rationalization of bureaucratic restrictions, the active intervention of the government specially in the local level, and the granting of incentives and benefits to generate much-needed employment and alleviate poverty”.

Effective implementation of this Act will foster entrepreneurship and the values that go with it – courage, hard work, perseverance and self-reliance.

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