



Royal Government of Bhutan
Ministry of Agriculture and Forests
Department of Agricultural
Marketing and Cooperatives
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**Guidelines for Registration
of Farmers Groups**

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The guidelines for registration of Farmers Groups will ease the process in registration whereby all the stakeholders including the members of the Farmers Groups, the Gewog Extension Officials, the Gewogs and Dzongkhags Cooperative Registrars, the Dzongkhags Sector Heads and other relevant stakeholders will be able to understand the registration procedures including the benefits. The step-by-step guide to registration has been provided in the guidelines.

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1. Steps in registration of Farmers Groups

While the Cooperative Regulations of Bhutan, 2010 provides the guideline for registration of Farmers Groups and Cooperatives (Primary, Federation, Union and Special types), a clearly defined steps for registering Farmers Groups is viewed to simplify the process for registration so that the stakeholders involved in various stages of registration understand the procedure as well the roles each have to undertake in the process. Therefore, the following sub-chapters clearly explain the steps in registration of Farmers Groups.

1.1 Introduction:

The Cooperative Regulations of Bhutan, 2010 defines a Farmers Group as:

“Farmers group means a group of not less than three members deriving economic benefits from one or more economic enterprises related to Renewable Natural Resource Sector”.

The Cooperative Regulations of Bhutan, 2010 further defines that:

A Farmers Group for registration should have a minimum of three members from a minimum of three different households.

The Farmers Groups have choices to either register as Primary Cooperative if it is able to meet the requirements in accordance with the Cooperative Act (amendment) of Bhutan, 2009 or decide voluntarily not to register as Primary Cooperative. Farmers’ Groups can however still remain as Farmers Groups and at the same time be registered that provides them the legal entity status amongst other benefits of registration. A registered Farmers Group will use the word “Registered” in parenthesis as an end of the name, for example Mebisa Sanam Tshogpa (Registered)

Regarding the authority to register at Gewog level, the Gewog Administrative Officer is nominated as the Gewog Cooperative Registrar (GCR) who receives applications from the Farmers Group. At Dzongkhag level, the Dzongkhag Planning Officer is nominated as the Dzongkhag Cooperative Registrar (DCR) that receives endorsed applications from GCR and endorses the application upon fulfilment of all criteria. At national level, the Head, Department of Agricultural Marketing and Cooperatives (DAMC) is the Registrar of Cooperatives, who receives the copy of the application from DCR and awards the certificate to the registered groups. In case where a Farmers Group is formed by two sub-groups from two Gewogs, it should be registered at any one preferred and agreed Gewog depending on the decision of the Farmers Group.

1.2 Benefits in Registration of Farmers Groups

The Cooperative Regulations of Bhutan, 2010 confer the following powers to the farmers groups that are registered:

1. To adopt or amend its constitution and by-laws
2. To use the word “Registered” in parenthesis after its name
3. To sue and be sued in its name.
4. To engage in any lawful business transaction with and for the interest of members and the communities in its area of operation.
5. To accept and receive grants, donations and assistance from foreign and domestic sources, prior approval is required from the Ministry of Finance.
6. To exercise other related powers and responsibilities as outlined in its constitution and bylaws.

The above powers conferred to registered Farmers groups mean that the registered ones have many comparative advantages over the non-registered ones. This is particularly significant as only the registered ones have legal entity and its business is recognised, including its Constitution and By-laws. The registered ones will also have advantage on sourcing the resources as given the choice, the Government-sponsored or donor support will be prioritised for the registered ones as compared to non-registered ones (as indicated in point 5 above).

1.3 Conditions required for Registration as Farmers Groups

There are certain conditions that require a Farmers Group to fulfil to enable it to become registered (in accordance to Cooperatives Regulations of Bhutan, 2010) as follows:

1. They must fulfil the criteria in coordination with the agencies concerned both at the Gewog and Dzongkhag levels (mainly that the group is of member’s common economic needs and has a minimum membership of three persons from a minimum of three different households)
2. They are required to present a simple business plan duly recommended by relevant sector authorities at Dzongkag and Gewog levels.
3. They must present a written constitution and by-laws as per the guidelines set-up in the Regulations
4. They must present a list the names of office bearers and members together with citizenship ID numbers and signature (this also provides evidence on agreement of the members on voluntary formation of group for member’s common economic needs and voluntary agreement of the members to register the group).

1.4 Step-by-Step Guideline in Registration of Farmers Groups

Based on the procedures for registration of Farmers Groups as prescribed in the Cooperative Regulations of Bhutan, 2010, a total of eight steps are identified. Each of these steps in the registration process is explained and the corresponding forms, guidelines and samples of the documents required for fulfilling the registration are provided in the annexes herewith.

Therefore, each of these steps serve as the guideline to complete the documents required for registration. At the same, each of the steps are also explained so that the procedures starting from the initial form completion through to the award of a certificate of registration from DAMC is clearly understood by the Farmers Groups and facilitators assisting the Farmers Groups for registration. Refer table 1 on next page where the eight steps are tabulated. The following are the steps in registration.

1. Step One: Prepare a list of Office Bearers and Members with ID and Signature
2. Step Two: Make simple business plan of the Farmers Group Enterprise
3. Step Three: Provide copies of the constitution and by-laws
4. Step Four: Fill up the Registration Application Form
5. Step Five: Submit the Registration Application to Gewog Cooperative Registrar
6. Step Six: Endorsement by the Geog Administration
7. Step Seven: Endorsement by the Dzongkhag Administration
8. Step Eight: Award of Certificate of Registration

Please note that while processing the application and preparing required documents for registration by Farmers Groups, 3 copies of each document is required to be made. One copy is to be maintained at Farmers Groups for their record and remaining 2 copies are to be submitted to the Gewog Cooperative Registrar.

Table 1: Steps in Registration of Farmers Groups with Person Responsible

Steps No.	Defined Steps	Activities to be carried out	No. Of Copies required	Person Responsible
Tasks to be undertaken by the Farmers Group members				
1.	List of office bearers and members	Make a list of office bearers and members with their ID and signatures	3	Office Bearers (Assisted by Gewog RNR EAs)
2.	Make a simple business plan of the group enterprise	Prepare business plan following the simple format provided for registration of Farmers Groups	3	Office bearers (Assisted by Gewog RNR EAs)
3.	Copies of constitution and by-laws	Make copies of the constitution and by-laws [Note: ensure that the by-laws are aligned to the standard by-laws as in Cooperative Act (Amendment) of Bhutan, 2009]	3	Office bearers (Assisted by Gewog RNR EAs)
4.	Fill in Registration Application (Form FGR No. I)	Fill in Questions in the Registration Application	3	Office Bearers (Assisted by Gewog RNR EAs)
5.	Submit the Registration Application to Gewog Cooperative Registrar (i.e.GAO)	Submission of registration application along with all other documents (attachment as prescribed at the end of the registration application)	2	Office Bearers
Tasks to be undertaken by the Registrar Officials				
6.	Endorsement from Geog Administration	<ol style="list-style-type: none"> 1. Check criteria and documents attached 2. Discuss and seek confirmation from the relevant sector staff in the Gewog. 3. Gups to endorse the application 4. GAO to submit one copy of the application with attached documents to Dzongkhag Cooperative Registrar (i.e. DPO) 5. GAO to keep another copy of the application with 	2	Gewog Cooperative Registrar (i.e. the Gewog Administrative Officer)

Steps No.	Defined Steps	Activities to be carried out	No. Of Copies required	Person Responsible
		<p>documents at Geog Administration office.</p> <p>6. GAO to ensure that the endorsed application (1 copy) reaches the Dzongkhag within 15 working days from receipt of application from the Farmers Group</p>		
7.	Endorsement by Dzongkhag Administration	<ol style="list-style-type: none"> 1. DCR consults with respective sector 2. Discuss and seek confirmation from the relevant sector staff in the Dzongkhag 3. Endorsement by the Dzongdha on the application 4. Endorsement by DCR on the application 5. Forward the copy of the application along with attached documents to Registrar of Cooperative at DAMC 6. DCR to make a copy and maintain at Dzongkhag for records. 7. DCR to ensure that the process at Dzongkhag is completed within 15 working days and is forwarded to DAMC 	1	Dzongkhag Cooperative Registrar (i.e. the Dzongkhag Planning Officer) Respective line sector heads shall provide full support in cases of RNR based Farmers Groups
8	Award certificate of registration	<ol style="list-style-type: none"> 1. The Registrar of Cooperative (DAMC) will award the certificate of registration under the seal of the Registrar and send to DCR 2. Maintain the documents received at DAMC Office and update in database the group being awarded certificate. 3. DAMC to ensure that the final certificate is awarded within 10 working days after receipt of the application. 	1	DAMC

Step One: Prepare a list of Office Bearers and Members

Starting with the names of the office bearers, list down names of all members and provide their citizenship ID card No and their signature. A form for listing the office bearers and members is provided as annex 2.1. An office bearer (Chairperson or the Secretary) should complete this form (with assistance of the EA if needed). In the column provided as designation, it has to be mentioned whether the listed person is chairperson, secretary, accountant (any other executive as elected by the General Assembly) or the member. Similarly the gender of the members has to be mentioned in the form as M for male and F for female. Likewise the qualification of the office bearers and members is to be mentioned in the form.

Further this form also provides evidence that the group has been formed voluntarily for member's common economic needs and that the group has voluntarily agreed for registration as a Farmers Group.

Make three copies in total of the above list – 2 copies to be submitted to the Gewog Cooperative Registrar and one copy to be maintained as record with the farmers Group.

Step Two: Make simple business plan of the Farmers Group Enterprise

The purpose of requesting a simple business plan from the group enterprise is for the group to compile the nature of the group activity including their operational aspects. This requires understanding of the following:

1. The objective / purpose of the Farmers Group
2. A brief explanation of the activities of the Farmers Group
3. A brief explanation of the operations (how the group is managed; what are the routine operational activities; how the financial management is done...)
4. The marketing plan (opportunities for the products produced / services; ways it is sold; the available market outlets; plans for future marketing....)
5. The benefits to the Farmers Group as a whole and to the members (relate to the past performance in terms of volume of production and profit made by the group; profit shared by the members or payments made to the members...)

The simple business plan can be drawn by the office bearers with assistance from Extension Agents. The business plan has to be endorsed by the office bearers with their names and signature. The format (model) for a simple business plan is attached as annex 2.2, which needs to be used to answer the questions provided there in few sentences.

Make three copies in total of the business plan – 2 copies to be submitted to the Gewog Cooperative Registrar and one copy to be maintained as record with the Farmers Group.

Step Three: Provide copies of the Constitution and By-laws

Every Farmers Group has its constitution and by-laws. Similarly the constitution and by-laws for community forestry Group are included within its management plans. However, the by-laws can be very simple and in accordance to the Cooperative Act (amendment) of Bhutan, 2009, which entails by-laws that specify the following:

1. Name of the Farmers Group
2. Purposes of the Farmers Group
3. Share Capital in the Farmers Group
4. Membership: Founding members, termination of membership, and admission of new members.
5. General Assembly: meetings; agenda; quorum; election of committee
6. Board / Executive Members: Election of board members , roles and responsibilities; and term
7. Resource Management: Expenses and sales; financial management; distribution of profits to farmers
8. Commencement: day and date of commencement of operation of the group
9. Dissolution: voluntary dissolution; bankruptcy; insolvency
10. Amendments and modifications of the byelaws: amendments and modifications methods and GA

While most of the farmers groups have a constitution and by-laws, for registration purposes ensure that the existing by-laws have clauses consistent with the above defined 10 clauses. For cross checking or for making new by-laws for groups that do not have a by-law, a model (sample) constitution and by-laws is provided under annex 2.3

Make three copies in total of the by-laws – 2 copies to be submitted to the Gewog Cooperative Registrar and one copy to be maintained as record with the group.

Step Four: Fill in the Registration Application Form

After all the required documents as explained from step 1 to step 3 are ready, fill in the registration application form (FGR Form I) which is provide as annex 2.4. The form has simple questions such as mentioning the nature of business, areas of operations and key products / services that need to be answered in few words. Similarly write a few

sentences to provide a summary of the business plan. So fill in and answer all the questions in the form. At the end tick the list of documents to be attached with the application (a checklist)

Make sure you have three copies of this registration application along with attached (required) documents – 2 copies to be submitted to the Gewog Cooperative Registrar and one copy to be maintained as record with the group.

This registration application must be signed by the Chairperson of the group and also endorsed by the concerned RNR Staff (i.e. the Extension Officer of the Gewog)

Step Five: Submit the Registration Application to Gewog Cooperative Registrar

The Gewog Administrative Officer is the Gewog Cooperative Officer. After having filled in the registration application and having it signed by the Chairperson and concerned Extension Officer, the Farmers Group (office bearer) submits 2 copies of the registration application along with 2 copies of the documents to be attached, to the Gewog Cooperative Registrar.

Step Six: Endorsement by the Geog Administration

The Gewog Administrative Registrar (GCR) checks that all the documents submitted are filled in according to the requirements / criteria. Upon fulfilment of the criteria, he/she completes the endorsement of the application by the Gup and the Gewog Cooperative Registrar.

Two copies of the application and documents are submitted by the group. One copy after endorsement is send to the Dzongkhag Cooperative Registrar and the other copy is maintained as the record at Geog Administration by the Gewog Cooperative Registrar.

The GCR ensures that the application along with all attached documents reaches office of the Dzongkhag Cooperative Registrar within 15 working days from the receipt of the application from the farmer Group.

Note: In Gewogs where GAOs are not posted yet, endorsement of the registration application by the Gup alone shall be accepted.

Step Seven: Endorsement by the Dzongkhag Administration

Upon receipt of the application along with attached documents from Gewog Cooperative Registrar, the Dzongkhag Cooperative Registrar (DCR - i.e. the Dzongkhag Planning Officer) will immediately process the application, checking for the fulfilment of criteria as listed below. The line Sector Head (Dzongkhag RNR sector Heads or other relevant Sector Head) is to provide full support to the DCR in case of RNR based Farmers Groups

1. The DCR first consults with the respective sector (RNR or non-RNR) that has been involved in the promotion and development of that particular group. Cross-checking all information provided in the attached documents; a fair judgement of the sustainability of the group is consulted with the respective sector.
2. Upon recommendation from the concerned sector, the DCR endorses the application.
3. The DCR obtains the endorsement of the application by the Dzongdha (Signature and Official Seal)
4. The DCR makes a copy of the endorsed application along with all attached documents and maintains a copy at Dzongkhag Administration for necessary records.
5. The original copy along with all attached documents is forwarded to the Registrar of Cooperatives (RoC), Department of Agricultural Marketing and Cooperatives, MoAF by the Dzongkhag Cooperative Registrar with a forwarding letter. This is to obtain a certificate of registration from RoC.

The Dzongkhag Cooperative Registrar is to complete all above process at Dzongkhag and forward the application to Registrar of Cooperative within 15 working days from the date of receipt of application from Gewog Cooperative Registrar.

Step Eight: Award of Certificate of Registration

The Registrar of Cooperative at DAMC, on receipt of application from Dzongkhag Cooperative Registrar, will immediately process the application for award of certificate. As registered Farmer Group will use the word “Registered” in parenthesis as an end part of the name, the RoC issues a certificate with word “Registered” in parenthesis as an end part of the name of the group. The process for awarding the certificate by RoC at DAMC after receipt of application from DCR is to be completed within 10 working days.

The certificate once issued for a Farmers Group is valid for a period of 5 years.

Any Registered or non-registered Farmers Groups can choose at any time to apply for registration as Cooperative upon fulfilment of criteria as a Cooperative.

2. Annexes

2.1 Form for listing the office bearers and members with ID and signature

On this day _____ (date, month and year), we as the members of the _____
(name of the Farmers Group) hereby confirm the followings:

1. That we have voluntarily formed the group for the members' common economic needs
2. That we have voluntarily agreed for the registration of our group as a Farmers Group
3. That we as a Farmers Group will not engage in any unlawful activities and practices.

We hereby affix our confirmation with our name, ID number and signature.

Name of the Farmers Group							
Gewog							
Dzongkhag							
No.	Name	Village	ID Card No.	Gender (M / F)	Qualification • NFE (Non-Formal) • ME (Monastic Education) • P (Primary education) • S (Secondary education) • >S (higher than secondary) • None	Designation	Signature
1							
2							
3							
4							
5							
6							

2.2 Format for writing a simple business plan.

1. Name of the Farmers Group
2. Gewog.....
3. Dzongkhag.....
4. What are the objectives / Purposes of forming the Farmers Group?
(Define Objectives / Purposes as laid in the by-laws / explain how the group was formed and what were the reasons for forming the group)
5. What are the present activities carried out by the Farmers Group and what activities are planned for future?
(Explain in a few sentences the types of activities such as production or marketing of what commodity; services if provided by the group; how the activity is carried out and by whom...etc)
6. Explain in a few sentences the operational pattern of the Farmers Group.
(Explain how the operation and management of the group is to be undertaken, including the routine activities of the group; explain the financial book keeping and financial management of the group; explain any other routine management of the group)
7. Explain in a few sentences the marketing plan that the group is undertaking at present including the future plans.
(Explain in relation to opportunities or markets availability or the products produced / services; ways it is sold; plans for future marketing....)
8. Explain in few sentences the benefits to the group as a whole and to the members.
(Relate to the past performance in terms of volume of production and profit made by the group; profit shared by the members or payments made to the members...)

e.g. The benefits to the group members are that they receive regular income from sale of milk through group enterprise, whereby they need not spend time individually for selling milk or processing at home.....etc ...

Then define the following volume and profits

Volume of Production (last year):.....

Net Income (last year) Nu.....

Total highest payment to a member (last year) Nu.....

Total lowest payment to a member (last year) Nu.....

Signed by the Office Bearer

Name / Designation / Date

Endorsed by the concerned Extension Officer

Name / Designation / Date

2.3 Model Constitution and By-laws for Farmers Group

1. Name

The name of the Farmers Group is (Registered)

2. Purpose

The purpose of the (Registered)

3. Share Capital

Each member shall contribute a minimum Nu... As an initial share to the (Registered) capital.

4. Membership

The following persons are founding members of the Farmers Group:

Name	Address
.....

The membership can be terminated:

- ◆ by withdrawal, giving one month of notice to the Board
- ◆ by death or insanity or
- ◆ by decision of the General Assembly in case of failure of the member to comply with his/her obligations

In case of termination of the membership, the member or his/her heirs receive (Example: ... the initial share capital contribution plus 50% of their part of the accumulated profit.)

5. General Assembly

The General Assembly meets at least one time a year. The Chairperson calls for the General Assembly at least 7 days in advance, furnishing the points of the agenda as well as the time and place of the meeting. The ordinary agenda of the General Assembly is:

(Example:

- ◆ Control of presence and determination of the quorum
- ◆ Presentation and approval of the agenda
- ◆ Reading the previous minutes and information on the actions taken
- ◆ Election of the Chairperson and the other members of the Board (as and when necessary)
- ◆ Amend and/or modify the by-laws
- ◆ Presentation and approval of the yearly report and the yearly accounts
- ◆ Information and decision on major investments
- ◆ Questions and suggestions
- ◆ Next Assembly meeting and tentative date)

Every member has one vote in the General Assembly. Decisions of the General Assembly require a two-thirds majority of the members present and voting..

6. Executive Committee

The Executive Committee will consist of a minimum of three members, including (the Chairperson, Secretary, Treasurer/ Accountant). They are elected by the General Assembly. The members of the Board are elected for a period of 1 year and can be re-elected for up to 2 terms only.

7. Resource Management

All expenses and sales have to be authorized by the Board. The bank account will have to be operated jointly by two members of the Board.

The Board submits financial statement to every meeting of the General Assembly. At the closure of the financial year, the accounts are verified by an external person (e.g. extension agent) who will give a report to the GA.

An eventual profit has to be used in the following manner:

(Example: Profit will be distributed in proportion to the share capital contributed by the members. Part of the profit may be utilized according to an agreed plan of investment following agreement during a General Assembly meeting)

8. Commencement

The (Registered) shall commence its activities under these byelaws on the day of

9. Dissolution

Voluntary dissolution of the Farmer Group may be effected by a two-thirds vote of the General Assembly called for that purpose.

10. Amendments and modifications of the byelaws

Amendments to and modifications of these bye-laws have to be accepted by two thirds of all the members of Farmer Group. Amendments can only be decided upon if the issue is mentioned as an agenda item for the attention of the General Assembly.

This agreement was made in
(date)

Signature Chairperson
(Name)

Signature concerned Sector Staff
(Name and Designation)

2.4 Form FRG No. I: Farmer Group Registration Application Form

Name of Group:

Location.....

Gewog..... Dzongkhag.....

Nature of business:

Areas of operation:

Key products/services:

Summary of the business plan:

Date of group formation..... Number of members.....

Date of submission of application

Signature Chairperson

Name / Date

Signature concerned Sector Staff

Name / Designation / Date

Documents to be included: *(Tick in the Box)*

- 2 copies of list of office bearers and Farmers Group members with their citizenship ID numbers and signatures
- 2 copies of Farmers Group's by-laws
- 2 copies of basic business plan
-

Endorsement at Gewog and Dzongkhag Administration

Signature (Gewog Cooperative Registrar)

Official Seal / Name / Date

Signature (Gup, Gewog Administration)

Official Seal / Name / Date

Dzongkhag Cooperative Registrar

(Signature / Name / Date / Official Seal)

Dzongdha

(Signature / Name / Date / Official Seal)