



B CO-OP (BHUTAN CO-OPERATIVE) SHOP OPERATION GUIDELINE, 2019

Department of Agricultural Marketing and Cooperatives
Ministry of Agriculture and Forests
Royal Government of Bhutan

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Acronyms

B CO-OP Shop	Bhutan Cooperative Shop
BAFRA	Bhutan Agriculture and Food Regulatory Authority
Co-op	Cooperatives
CoR	Certificate of Recognition
DAMC	Department of Agricultural Marketing and Cooperatives
FG	Farmers Group
RGOB	Royal Government of Bhutan
RNR	Renewal Natural Resources
SOE	State Owned Enterprise
ToR	Terms of Reference

Background

The Department of Agricultural Marketing and Cooperatives (DAMC) promotes the marketing of Renewable Natural Resource (RNR) produce and products, by ensuring an efficient and effective marketing system, through formation and strengthening of farmers groups and cooperatives, amongst other interventions. One of the main objectives of promoting Farmer Groups (FG) and Co-operatives (Co-op) is to achieve economies of scale and to accelerate the marketing of agricultural products.

The DAMC initiated the establishment of “B CO-OP SHOP” (Bhutan Co-operative Shop) across the country with the idea to strengthen the marketing of the products from FGs and Co-ops through cooperative marketing. The shop intended to provide a convenient platform for sale of their products. In doing so, this mode of marketing also aspires to promote quality products with proper packaging, labelling and branding.

B CO-OP shops may be owned and managed by a single FG/Co-op or a collection of FGs/Co-ops, or it may be operated by a third party (SOE or a private entity) but sourcing and selling goods generated by FGs/Co-ops. B CO-OP shops may also source goods from non-member farmers, to supplement the supply from FGs/Co-ops and enhance product diversity.

All B CO-OP shops, regardless of whether the infrastructure is owned by the government or a SOE or a private entity, operated by FG/Co-op themselves or by a third party will adhere to this guideline, to obtain a Certificate of Recognition (CoR) from the DAMC and operate as a B Co-op Shop.

Title and Commencement

1. This guideline shall be called the B CO-OP (Bhutan Co-Operative) Shop Operation Guideline, 2018.
2. It shall come into force with effect from March, 2019.

Objectives

3. The objectives of this guideline are as follows:
 - (1) To ensure that the logo and the associated term “B CO-OP Shop” is not misrepresented but are standardized in terms of their functions and operations,
 - (2) To ensure that the B CO-OP shops operate in the most professional approach thereby enhancing FG/Co-ops’ sales and incomes.

Modes of ownership and operation of B CO-OP shop

4. Any farmer group, cooperative, relevant SOE or a private Bhutanese citizen(s) can apply to register and operate a B CO-OP shop.
5. A relevant SOE/private entity wishing to operate B CO-OP shop will have to apply to the DAMC or to one of its Regional Offices along with a proposal (Annexure I).
6. The B CO-OP shop will have to follow extant business rules and regulations including obtaining a business license, if so required.
7. For B CO-OP shops which are initiated and funded by the government, registered FGs/Co-ops shall receive priority. In the event the intended FG(s)/Co-op(s) is/are unable to operate the B CO-OP shop on a commercial basis, the B CO-OP shop operation maybe handled by a relevant SOE/private entity, based on predetermined terms and conditions between the FG(s)/Co-op(s) and the SOE/private entity, mediated by the DAMC.
8. For a SOE/private entity/FG/Co-op. to own and operate a B CO-OP shop (established at their own expense), the minimum requirements specified in this guideline has to be met to be able to register and operate as a B CO-OP shop.
9. For B CO-OP Shops, where the infrastructure is supported by the government for the benefit of FG(s)/Co-op(s), in addition to the minimum requirements, the operator will have to adhere to the additional terms and conditions specified in this guideline.

Minimum Requirements

10. All B Co-op Shops, regardless of ownership of the structure or who the operator is, must adhere to the following minimum requirements:
 - (1) The shop should provide a convenient platform for sale of FG(s)/ Co-op(s)'s products;
 - (2) The shops may also source goods from non-member individual farmers, to supplement the supply and enhance product diversity;
 - (3) The shop should not retail imported products at any given time;
 - (4) The shop should be furnished with proper display shelves;
 - (5) The shop should incorporate a proper waste disposal system and shop must be clean at all times;
 - (6) The shop should use the standard logo and the associated term "B CO-OP Shop" on the sign board;
 - (7) The operator should abide by all national business laws and other applicable local laws;
 - (8) The operator should submit Annual Progress Report including Income and Expenditure Statement of the B CO-OP shop to the DAMC.

Additional terms and conditions for operation of the B CO-OP shop set up by the government

11. B CO-OP shops may be set up by the government for the benefit of FGs and Co-ops at strategic locations, depending on the market potential and interest of the FGs/Co-op members. B CO-OP shops, whether operated by FGs/Co-ops/ SoE/Private entity should adhere to the following additional terms and conditions:
 - (1) The ownership of equipment, in case of any support provided by the government, lies with the B CO-OP Shop and not with individual groups;
 - (2) The operator should ensure proper care and maintenance of those equipment provided by the government;
 - (3) The operator should maintain (a) Fixed Asset Register, (b) Inventory Stock Register, and (c) Overhead Cost Register, as per the prescribed format(s) (Annexure II);

- (4) The structure should be used solely as a B CO-OP shop and not for other purposes;
- (5) The monthly rental fee should be predetermined by the relevant agency (DAMC/ Dzongkhag Administration/ Thromde Administration depending on who owns the infrastructure) and has to be deposited monthly to a predetermined account;
- (6) The B CO-OP shop shall not be sublet to third parties by the operator at any time;
- (7) A legally binding contract (Annexure III & IV) shall be drawn up between the relevant parties (owner of the infrastructure and the operator/beneficiary) with regard to the tenure, extension, termination, rental fees and penalties for non-compliance.

Application Form to set up B Co-op shop by a relevant SoE/private party

A. Personal Information (If Private Entity or a FG/Coop)

1. Name/Name of FG/Coop:
2. Citizenship Identity No/Registration No:
3. Current Address:
4. Contact number and e-mail address:

B. Information (If SOE)

1. Name of the Company:
2. License No.:
3. Current Address:
4. Contact number and e-mail address:

C. Proposed Business Information

1. Location of proposed B Co-op shop:
Thromde:

Gewog:

Dzongkhag:

2. Briefly describe your business plan. The business plan should include the following:

- Statement of Intent (why interested to operate B Co-op Shop)
- FG(s)/Co-op(s) that would be involved
- Types and Specification of products to be sold in the B CO-OP shop
- Target customers

3. Describe your business modality (Products supply system and management, payment modality, future plans etc.)

4. In what ways will this initiative benefit you (as an operator) and the targeted FG(s)/ Co-op(s)?

Name and signature of applicant

Date:

Annexure II

Fixed Asset Register (format sample)

Sl. no.	Product Description	Quantity	Remarks
1.			
2.			
3.			

Note: Fixed Assets include building, office and equipment, vehicles, etc.

Stock Register (format sample)

Month:						
Sl. no.	Product detail	Cost Price (CP)		Selling price (SP)		Net Profit/ (Loss)
		Qty.	CP	Qty.	SP	(CP-SP)
1.						
2.						

Note: CP: price at which goods are procured from farmers/ FGs/ Co-ops.

SP: price at which goods sold to public

Overhead Cost Register (format sample)

Month:				
Sl. no.	Description (e.g. transportation, labour, packaging, water, etc.)	Qty./ Vol./ No.	Amount (Nu.)	Remarks
1.				
2.				
3.				
4.				

Note: Overhead costs are all costs incurred in the operation of B Co-op Shop

Annexure III

Agreement (For B CO-OP shop set up by the government)

This contract is signed between the department of Agricultural Marketing & Co-operatives (DAMC), the _____ (Government Organisation, if structure owned by government agency other than DAMC) and _____ (Name of the FG/Coop/SoE/Private entity) bearing Registration/ CID _____ for the operation of the B CO-OP shop located at _____ (Village/ Throm), _____ (Gewog), _____ (Dzongkhag).

By entering into this agreement, the operator agrees to abide by the B CO-OP Establishment and Operation Guideline, 2018.

Additionally, the operator will abide and conform to the following conditions:

1. A security deposit of two months' rent of Nu. _____/- (Ngultrum _____) only shall be deposited prior to execution of this agreement.
2. Deposit a monthly rent of Nu. _____ on or before 5th day of every following month without fail. If the operator fails to pay the rent on or before the 5th of each succeeding month, the operator shall be liable for penalty as per the Tenancy Act, 2015.
3. If the operator fails to pay the rent for two consecutive months, the operator shall be dealt with as per the aforementioned Tenancy Act, 2015.
4. If the B CO-OP shop is sublet to any unauthorized party, the lease shall be terminated immediately.
5. The operator shall maintain proper (a) Fixed Asset Record, (b) Inventory Stock Register, and (c) Overhead Cost Register; and should submit Annual Progress Report including Income and Expenditure Statement of the B CO-OP shop to the DAMC.
6. The cost of repair and maintenance arising out of negligence of property by the operator shall be borne by the operator themselves.
7. The cost of utilities such as electricity, water, sewerage, etc. shall be borne by the operator.

8. No construction or alteration shall be made to the infrastructure allocated without prior approval of the concerned authority (owner of the infrastructure) (DAMC/ Dzongkhag Administration/ Thromde Administration).
9. The operator shall intimate to the DAMC one month in advance in writing, in the event they are unable to operate the B CO-OP shop.
10. The operator shall ensure proper Handing-Taking of infrastructure/ items/ facilities of the B CO-OP Shop when the operator's contract expires, or upon termination of the contract.

This agreement is drawn for a period of TWO YEARS upon which the contract may come to a close or an extension may be drawn based on mutual consent. In case of violation of any terms and conditions in this Contract by the operator, one month's notice in writing will be given to the operator to vacate the facility and the contract terminated.

I have examined this agreement and I undertake to abide by all necessary provisions covered therein.

The representative of DAMC

**The operator (Representative of
FG/Coop, SoE/ Private entity):**

Designation:

Signature (on legal stamp):

Signature (on legal stamp):

Name:

Name:

CID No.:

The representative of the Government Agency

Designation:

Signature (on legal stamp):

Name:

Witness:

Signature (on legal stamp)

Name:

CID No.:

Contact No.:

Address:

Witness:

Signature (on legal stamp):

Name:

CID no:

Contact No:

Address:

**Agreement (For B CO-OP shop infrastructures owned and operated by a private entity/
SOE/ FG/Co-op.)**

This contract is signed between the Department of Agricultural Marketing & co-operatives (DAMC) and _____ (Private entity/ SOE/ FG/Co-op.) bearing Registration/ CID No. _____ for the operation of the B CO-OP shop located at _____ (Village/ Throm) _____ (Gewog) _____ (Dzongkhag).

By entering into this agreement, the operator will abide to the B CO-OP Establishment and Operation Guideline, 2018.

Additionally, the operator will conform to the following terms and conditions:

1. Should maintain proper (a) Fixed Asset Record, (b) Inventory Stock Register, and (c) Overhead Cost Register.
2. The B CO-OP shop space should not be used for other purposes.
3. The operator shall not misuse the equipment, if provided by the government.
4. Intimate the DAMC one month in advance, in the event they are unable to operate as a B CO-OP shop.
5. Ensure proper Handing-Taking of equipment (supported by the government for the B CO-OP Shop) when their contract expires, or upon termination of the contract.

This agreement is drawn for a period of TWO YEAR upon which the contract may come to a close or an extension may be drawn based on mutual consent. In case of the violation of any terms and conditions in this Contract by the operator, one month's notice in writing will be issued and contract terminated.

Non-adherence to this agreement shall result in loss of right to use the "B CO-OP Shop" logo.

I have examined this agreement and I undertake to abide by all necessary provisions covered therein.

The representative of DAMC

The operator (Representative of the FG/Coop or Private Party/ SoE/ FG/Coop.):

Designation:

Signature (on legal stamp):

Signature (on legal stamp):

Name:

Name:

CID No.:

CID:

Witness:

Witness:

Signature (on legal stamp):

Signature (on legal stamp)

Name:

Name:

CID No.:

CID no:

Contact No.:

Contact No:

Address:

Address: