 

 OPERATION OF ORGANIC SALES OUTLET (OSO) GUIDELINE, 2021

Department of Agricultural Marketing and Cooperatives Ministry of Agriculture and Forests

Royal Government of Bhutan

December,2021

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| **Acronyms** |  |
| OSO | Organic Sales Outlet |
| 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 “Organic Sales Outlet” across the country with the idea to strengthen the marketing of the farm products from individual/ FGs and Co-ops through cooperative marketing. The outlets intended to provide a convenient platform for sale of their organic products. In doing so, this mode of marketing also aspires to promote quality products with proper packaging, labelling and branding.

Organic Sales Outlet may be owned and managed by a single Business man/ 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. Organic Sales Outlet may also source goods from non-member farmers, to supplement the supply from FGs/Co-ops and enhance product diversity.

All Organic Sales Outlet, 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 Organic Sales Outlets.

# Title and Commencement

1. This guideline shall be called the Organic Sales Outlet Operation Guideline, 2021.
2. It shall come into force with effect from January 2022.

# Objectives

1. The objectives of this guideline are as follows:
	1. To ensure sociated term “Organic Sales Outlet” is not misrepresented but are standardized in terms of their functions and operations,
	2. To ensure that the Organic Sales Outlet operate in the most professional approach thereby FG/Co-ops’ sales and generate incomes.

# Modes of ownership and operation of Organic Sales Outlet (OSO)

1. Any farmer group, cooperative, relevant SOE or a private Bhutanese citizen(s) can apply to register and operate a Organic Sales Outlets.
2. A relevant SOE/private entity wishing to operate Organic Sales Outlet will have to apply to the DAMC or to one of its Regional Offices along with a proposal (Annexure I).
3. The Organic Sales Outlet will have to follow extant business rules and regulations including obtaining a business license, if so required.
4. For Organic Sales Outlets 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 organic Sales Outlet on a commercial basis, the Organic Sales Outlets 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.
5. For a SOE/private entity/FG/Co-op. to own and operate a Organic Sales Outlet (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 Organic Sales Outlets.
6. For Organic Sales Outlet, where the infrastructure is supported by the government for the benefit of individual 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

1. All Organic Sales Outlet, 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 outlets may also source goods from non-member individual farmers, to supplement the supply and enhance product diversity;
	3. The outlet should not retail imported products at any given time;
	4. The outlet should be furnished with proper display shelves;
	5. The outlet should incorporate a proper waste disposal system and shop must be clean at all times;
	6. The Outlet should use the standard logo and the associated term “Organic Sales Outlet” 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 Organic Sales Outlet to the DAMC.

# Additional terms and conditions for operation of the Organic Sales Outlet set up by the government

1. Organic Sales Outlet may be set up by the government for the benefit of individual business mam/SoE/ FGs and Co-ops at strategic locations, depending on the market potential. The Organic Sales Outlet, whether operated by Individual/SoE/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 Organic Sales Outlet 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 Organic Sales Outlet 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 Organic Sales Outlet 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.

# Annexure 1

**Application Form to set up Organic Sales Outlet by a relevant SoE/private party**

1. 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:
2. Information (If SOE)
	1. Name of the Company:
	2. License No.:
	3. Current Address:
	4. Contact number and e-mail address:
3. Proposed Business Information
	1. Location of Organic Sales Outlet Co-op shop: Thromde:

Gewog:

Dzongkhag:

* 1. Briefly describe your business plan. The business plan should include the following:
		+ Statement of Intent (why interested to operate Organic Sales Outlet)
	2. Describe your business modality (Products supply system and management, payment modality, future plans ete
	3. 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 Organic Sales Outlet Shop*

**Annexure III Agreement (For Organic Sales Outlet set up by the government)**

This contract is signed between the department of Agricultural Marketing & Co-operatives (DAMC), the (Government Organization, 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 Organic Sales Outlet located at (Village/ Throm),

 (Gewog), (Dzongkhag).

By entering into this agreement, the operator agrees to abide by the Organic Sales Outlet Establishment and Operation Guideline, 2021.

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.

1. 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.
2. 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.
3. If the Organic Sales Outlet is sublet to any unauthorized party, the lease shall be terminated immediately.
4. 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 Organic Sales Outlet to the DAMC.
5. The cost of repair and maintenance arising out of negligence of property by the operator shall be borne by the operator themselves.
6. The cost of utilities such as electricity, water, sewerage, etc. shall be borne by the operator.
7. 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).
8. The operator shall intimate to the DAMC one month in advance in writing, in the event they are unable to operate the Organic Sales Outlet.
9. The operator shall ensure proper Handing-Taking of infrastructure/ items/ facilities of the Organic Sales Outlet 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: Witness:**

Signature (on legal stamp) Signature (on legal stamp):

Name: Name:

CID No.: CID no:

Contact No.: Contact No:

Address: Address:

# Annexure IV

# Agreement (For Organic Sale Outlet (OSO) 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 Organic Sales Outlet (OSO)

located at

 (Dzongkhag).

(Village/ Throm)

(Gewog)

By entering into this agreement, the operator will abide to the Organic Sales Outlet Operation Guideline, 2021.

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 Organic Sales Outlet 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 Organic Sales Outlet.
	5. Ensure proper Handing-Taking of equipment (supported by the government for the Organic Sales Outlet) 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: