



The contribution of Co-operatives and Farmers Groups to Regular Paid Jobs

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Introduction

The Ministry of Agriculture & Forests has been pursuing the formation and development of co-operatives and farmer groups for several years, with the intention to help farming become more efficient, profitable and market oriented, which in turn can enhance the income and standard of living of the members. Over the years, other types of co-operatives such as savings and credit co-ops and trading and service co-ops have also come up. One of the corollaries of establishment of groups and co-operative is the creation of gainful employment - be it for its own members or for those who are not members of the group.

During the formulation of the 10 FYP, for the purpose of establishing a baseline figure and to set targets, an average of 3 jobs per group or co-operative, [which is the minimum number of office bearers required by the Co-operative (Amendment) Act of Bhutan, 2009 to form a Farmers' Group] was considered. The Chairman, Secretary and Treasurer of the group or co-op were considered to be employed irrespective of whether they were remunerated for their service or not.

However, this definition is flawed since a vast majority of these office bearers do their job pro bono, and therefore a reconsideration of the indicator was found necessary. Therefore, for the Annual Performance Agreement 2017-18, it was decided that only salaried jobs in the cooperatives and FGs would be considered as employment generated.

Thus, an exercise was undertaken to determine the nature and number of regular paid jobs generated by the registered co-operatives and groups in Bhutan.

Methods and materials

All registered co-ops and groups in the country were contacted and information was sought either through face-to-face interview or through telephones, using the support of the various Dzongkhag and Regional Offices of the Ministry of Agriculture & Forests (MOAF). The information so gathered was analyzed in Microsoft Excel.

Discussion

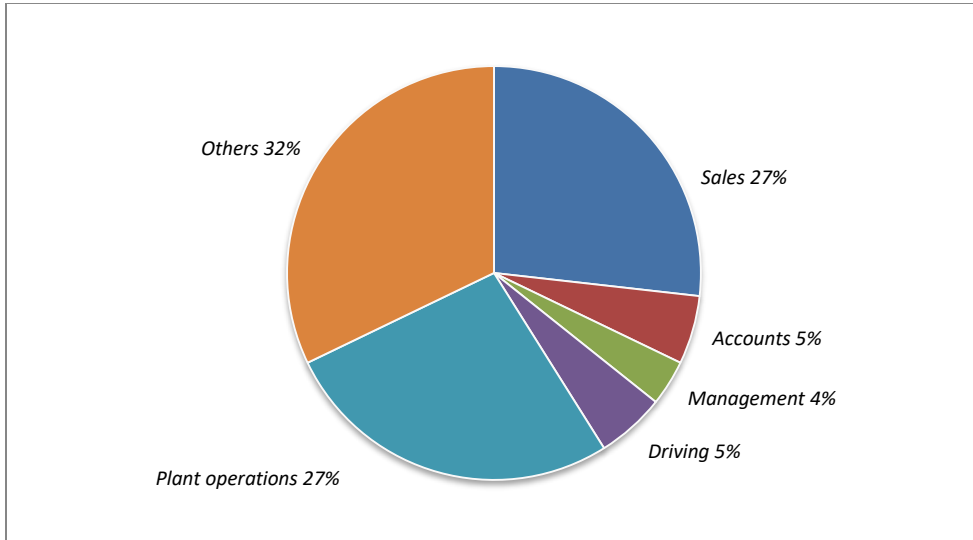
As of today, a total of only **121** people are employed by various cooperatives and farmers groups, out of which 65 (53.7 per cent) are paid members of the co-operatives themselves.

The monthly wage ranged from as low as Nu. 1,500 to Nu. 35,000; while the average was Nu. 8,045. There is no significant difference between the average salary paid to members and to non-members. For members, it was Nu. 7,847 per month as compared to Nu. 8,279 per month for non-members.

Various types of professionals were employed by the co-operatives and groups, but more people are employed in sales and plant operations with each contributing 27 percent to total employment.

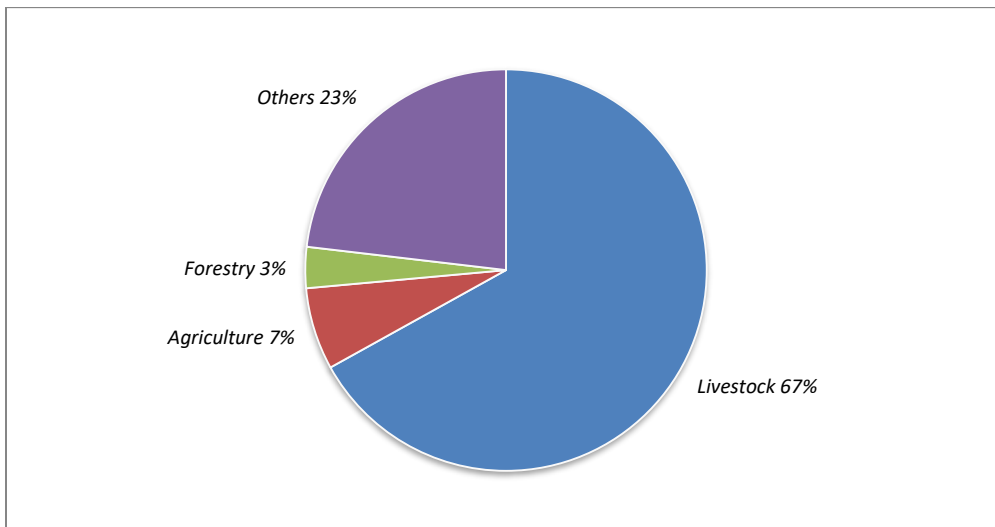
This indicates either lack of such skills within the group/co-op or they do not have the time or the inclination for such jobs (Fig. I).

Figure I: Types of professionals employed by co-ops and groups



Livestock groups by far are the best performers in terms of employment generation accounting for 67 per cent of the jobs created (Fig. II), probably because they are more commercial in their operation. The “Others” category include groups that are not focused on one particular activity but carry out multiple activities such as value addition, trading and provision of other services, such as Khenrig Namsum Co-operative and Youth Business Co-operative.

Figure II: Percentage of people employed by types of co-op/ groups



In certain co-ops and groups, particularly Savings and Credit Co-ops, though they do not employ anyone at the moment, they do make annual payments of around Nu. 6,000 to office bearers as incentive for their contribution.

Using an average of three people employed by each group or a co-op, the total number of people employed works out to 1,290, which is much higher than the actual number of paid jobs created; though for the purpose of this report, only Regular Paid Employee¹ are considered, excluding Casual Paid Employee² or Self Employed³, as defined in the National Employment Policy, 2013.

However, the National Employment Policy, 2013, outlines various categories of employment. Going by their all-inclusive definition, it would not be technically inaccurate to assume that the Chairman, Secretary and the Treasurer, as Self-Employed, after all they work for the profitability of their co-operative or the group.

Nevertheless, as co-ops and groups grow into more profitable entities, they will continue to be potential sources of paid employment, particularly in the rural areas. The onus is on the government to continue to help build their capability to empower them to invest in potential ventures and run their group on a proper business model.

Acknowledgement

The Co-operative Development Division would like to thank all the Dzongkhag Agriculture and Livestock Officers and the concerned Chief Forestry Officers for the kind support in the collection of the information from the various groups and co-operatives within their jurisdiction.

¹A person who performed some kind of work, during the reference period, for wage or salary, in cash or in kind

²Those employees who work as and when they find the job for which they get paid either in cash or in kind

³A person who works for his own enterprise but sometimes hire others