

## **AGREEMENT ON OPERATION OF FARM SHOP ON FRANCHISE MODE**

This Agreement is executed between Mr./Ms. .... (hereinafter referred to as 'Franchisee') and Food Corporation of Bhutan Limited represented by Mr./Ms.....(hereinafter referred to as 'Franchisor') and jointly referred to as 'Parties' for the purpose of this Agreement.

RECOGNIZING the need to implement the Farm Shop (FS) operations on franchise mode successfully, the Parties have agreed to collectively work together in the field of common interest;

WHEREAS, the Franchisee wishes to work towards operation of Farm Shop;  
WHEREAS, the Franchisor is willing to allow the operation of FS on franchise mode with necessary support for smooth functioning of the FS.

NOW THEREFORE, The Parties hereby agree as follows:

### **ARTICLE 1 OBJECTIVES**

1. The objectives of collaboration under this Agreement are to:
  - (1) Encourage youth to take up self-employment.
  - (2) Improve access to food and essential commodities and other basic inputs
  - (3) Contribute towards enhancement of income for farmers by facilitating market for local produce;

### **ARTICLE 2 TERMS AND CONDITIONS**

2. The Parties commits to abide by the terms and conditions of this Agreement as prescribed hereunder:
  - (1) FCBL as a Franchisor shall
    - a) Provide infrastructure facilities;
    - b) Permit the use of its brand names;
    - c) Guide and monitor the operations of the FS by Franchisees;
    - d) Provide necessary support such as credit sales for efficient operation and sustainability.
  - (2) FS Operators' as a Franchisee shall:
    - a) Operate the farm shop consistent to its objectives;
    - b) Maintain adequate stock of goods and inputs to meet the requirements of the farmers;
    - c) Must source essential items required at the Farm Shop from the franchisor; However, should the Franchisee require other items that are not available with Franchisor, he/she have the liberty to source directly from other suppliers except tobacco, alcohol and other abusive substances.
    - d) Adhere to franchisor's operating, reporting and monitoring system;

- e) Bear operational charges such as electricity, sewerage, water and any other charges associated with the Farm Shop;
- f) Maintain the infrastructure in good condition once handed over;
- g) Purchase local RNR produce and market either in raw or value added form to support farmers provided the franchisee finds it doable; and
- h) Execute any other tasks that are directly or indirectly affiliated with the operation of the FS.
- i) Ensure that the Farm Shop is kept open for customers at least during all the working days.

**ARTICLE 3  
TERM OF AGREEMENT**

- 3. This agreement shall be valid for a period of **1 (one)** year(s) with effect from ..... with a provision for extension based on the operational performance and the franchisee's letter of intent to continue with the operation.

**ARTICLE 4  
PAYMENT AND CREDIT PERIOD**

- 4.1 The franchisee will have to clear off all 100% credit sales value within the 45 days from the date of sales should he/she opt to discontinue with the operation.
- 4.2 The Franchisee shall be liable for a penalty of 2% per month on the outstanding credit amount if he/she fails to repay within stipulated credit period.
- 4.3 If the Franchisee fails to repay within 45 days, the recovery shall be carry out as per credit recovery of credit manual 2023.

**ARTICLE 5  
MONITORING AND EVALUATION**

- 4. Franchisor shall monitor the overall management, operation and performance of the FS and Bhutan Food and Drug Authority as a Regulatory Agency shall strictly monitor the sale of quality inputs including the timely inspection of expiry dates.

**ARTICLE 6  
TERMINATION**

- 5. The Parties shall terminate this agreement by giving an advance written notice of one month to the other party in the event of:
  - (1) Inability to operate farm shop as per the LoA;
  - (2) Irreconcilable ideological differences between the parties;
  - (3) Misuse of resources (physical infrastructure);
  - (4) Lack of cooperation from either party;
  - (5) Unwilling to continue with the operation by either party.

**ARTICLE 7  
OWNERSHIP OF SERVICE**

6. The ownership of service especially infrastructure facilities, office equipment and furniture shall remain with the MoAF or the Franchisor, while the ownership of goods shall remain with the franchisee upon settling pending bills, if any, with the Franchisor.

**ARTICLE 8  
INDEMNITY**

7. All liabilities arising from or in connection with the activities carried out by the franchisee shall be the responsibility of the franchisee and no liability of any nature shall be passed to franchisor, and vice versa.

**ARTICLE 9  
AMENDMENT, EXTENSION AND SETTLEMENT OF DISPUTE**

8. This agreement may be amended or extended on a mutual consent of the Parties. The consent shall be expressed in writing one month prior to the date of amendment or extension.
9. Any differences or disputes arising between the Parties concerning the interpretation or implementation of the activities under this Agreement shall be settled amicably through negotiation. In the event that the differences or disputes cannot be resolved through negotiation, any such dispute arising out of or in connection with this agreement shall be submitted to the court of competent jurisdiction in Bhutan for adjudication.

**ARTICLE 10  
LAW GOVERNING**

10. Any activities carried out under this Agreement shall be governed by the laws of Kingdom of Bhutan.

IN WITNESS THEREOF, the parties hereto have signed this Agreement at .....on this .....day of the .....month of the year ..... in two originals in the English Language with both the parties retaining one copy each.

On behalf of:

<b>The Food Corporation of Bhutan Limited</b>	<b>For the Franchisee</b>
Thumb Impression <b>Name:</b>	Thumb Impression <b>Name:</b>
<b>CID No:</b>	<b>CID No:</b>
<b>Designation:</b>	<b>Designation:</b>
<b>Contact No:</b>	<b>Contact No:</b>

WITNESS: 1

Mr./Ms. \_\_\_\_\_

CID No:

Contact No:

WITNESS: 2

Mr./Ms. \_\_\_\_\_

CID No:

Contact No: