



## **Guideline for Hiring Services 2023**

**June 2023**

*“Prioritizing user satisfaction with honesty”  
The “PUSH”*

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## **1. Background**

The farm machinery hiring service was conceived as a component activity of the farm mechanization program launched in 1983. Although private ownership of the machines was being encouraged, it was believed that it would be unaffordable for most of the farmers who were still at the subsistence level then. The household landholding, assessed at the time to be below two acres, further made it difficult to justify private ownership at individual levels. Therefore, the provision of machinery on hire was seen as an alternate viable solution. A simple guideline for the implementation of the activity was framed and is contained in the Farm Mechanization profile of 1983. The service was initially implemented with a subsidy component, with the priority being individual ownership and the subsidized hire service to be gradually discontinued. It was a policy to gradually discontinue all activities with subsidy components, as continuous subsidies were deemed unaffordable for the government. However, the privatization policy was enforced without adequate study, leading to the discontinuation of the hire service activity in 1992. The importance of the concept and the original objective was later realized, and the activity received support again starting in 2009.

Inline to hiring services, the Centre Machinery Unit was originally created after the closure of the Paro Valley Agriculture Development Project (PVADP) (1991 to 1997) to utilize the project's remaining earthmoving machines. From 1997 to 2000, it functioned as a Machinery Hiring Agency under the same agency (PVADP). With an increase in the number of equipment, the unit was upgraded and renamed as CMU. It was relocated to Bumthang in 2001 and expanded its coverage nationwide. Later, two additional regional offices were opened under CMU to facilitate its service to end-users.

With the objective to commercialize farm mechanization services, Farm Machinery Corporation Limited (FMCL) was created out of the Agriculture Machinery Centre in 2016. In 2023, as part of the transformation exercise within Ministries and Departments, the Central Machinery Unit (CMU) was integrated with FMCL. Hiring of machinery is one of the main services highly sought after by the majority of farmers, private individuals, government agencies and enterprises who cannot afford individual ownership of machines or have sufficient labor.

Due to the increased demand for services, the subsidy component has become a financial burden on the government. To eliminate the government's liability for subsidies while ensuring the availability of farm machinery hire services, the current strategy is to implement the hiring services on a fully commercial basis. Execution at the ground level will be carried out by respective regional offices, service centers, and commercial farms.

## **2. Objectives**

- 2.1. To provide efficient and effective hiring services to the farming communities.
- 2.2. To optimize land utilization, crop intensification and promote agriculture commercialization.
- 2.3. To mitigate farm labor shortages and address farm feminization issues in agriculture sector.
- 2.4. To enhance accessibility of the machineries to the farmers at affordable price.
- 2.5. To promote farm mechanization technologies to the farmers.

## **3. Hiring Services Business Model**

- 3.1. Business to Consumer (B2C) model: Under this model, individuals or groups of farmers can avail the hiring services from FMCL regional offices, service centers, and commercial farms on short term (less than 1 month).
- 3.2. Business to Business (B2B) model: Under this model individual or group of farmers can avail the hiring services from FMCL on long term (more than 1 month) and provide further hiring service to the farmers.

## **4. Machinery hiring services**

### **4.1.Farm machinery hiring services**

- 4.1.1. Field plough/field preparation
- 4.1.2. Rotavating & Puddling
- 4.1.3. Transplanting
- 4.1.4. Harvesting/threshing
- 4.1.5. Bed making & mulching
- 4.1.6. Irrigation
- 4.1.7. Weeding
- 4.1.8. Non-agriculture hiring services: In order to make the hiring services more sustainable, tractors and power tillers shall be hired out for transportation purposes only during off seasons.

### **4.2.Earth moving equipment hiring services**

- 4.2.1. Agriculture land development
- 4.2.2. Infrastructure development
- 4.2.3. Others

### **4.3.Heavy vehicle hiring services**

- 4.3.1. Transportation

## **5. Hiring rate**

- 5.1.The FMCL shall put in place a robust hiring rates of farm machines, earth moving equipment and heavy vehicles: per hour, per day, per month, and with and without fuel and operator as approved by the pricing committee.
- 5.2.A standard of eight working hours per day shall be considered for all farm machineries, earth moving equipment and heavy vehicles when fixing the rates.
- 5.3.The hiring services shall include short term (less than 1 month) and long term (more than 1 month).
- 5.4.For all farm machinery hiring services the clients shall bear the full transportation cost for pick up and drop off.
- 5.5.For earth moving equipment hiring services, clients shall bear one-way transportation cost in case of long term hiring while the clients should bear full cost for short term hiring.

## **6. Job card**

- 6.1.FMSD must maintain job card inventory after procuring and distributing to regional office. Likewise, respective regional office should keep the record of job card inventory too.
- 6.2.Hiring coordinator shall issue the job card and all the requirements mentioned in the job card should be filled up before issuance.
- 6.3.The purpose of job card is to keep record of all the mechanization and serve as a money receipt to the clients in availing the hiring services.
- 6.4.The clients pay 100% of the hiring charge in advance before lifting the machines. Upon payment, original copy shall be issued to the customer.
- 6.5.The hiring coordinator shall enter the data online on daily basis and submit the second copy with a detailed report to the account section for settlement within 3<sup>rd</sup> day of the following month. Regional manager shall then submit to AFD for further validation and reconciliation with a copy to FMSD for record.
- 6.6.In case of job card cancellation, the customer shall surrender the original job card copy and should be attached with the booklet. It should be duly signed by the hiring coordinator.

## **7. Hiring Revenue Collection and Deposit**

- 7.1. The revenue shall be deposited every day by the hiring coordinator in the FMCL revenue bank account.
- 7.2. No revenue shall be deposited in personal/individual account.
- 7.3. If the revenue deposit by the client is made through online system, hiring coordinator should maintain screenshot of the payment for settlement/reconciliation. In case of cash payment, hiring coordinator/accounts officer should deposit the cash to the bank within one week and submit the bank deposit slip to the accounts section for settlement.
- 7.4. In the event of any discrepancies in the revenue collected or deposited, the hiring coordinator shall inform accounts section immediately and take necessary action to rectify the error.

## **8. Eligibility of operator**

Machines shall be operated only by valid license/certificate holder.

## **9. Spare parts cost**

The spare parts, including the first movement, shall be provided upon physical inspection by the field coordinator and technical personnel. However, clients shall be accountable for any lost/damaged of the machines, implements, equipment and spare parts during the hiring period.

## **10. Repairing cost**

FMCL shall provide repair and maintenance services for the machines.

## **11. Lubricant cost**

FMCL shall procure and change lubricants once a year at the time of the machine's annual servicing. If additional lubricants are required due to mechanical failure, FMCL shall provide them upon physical inspection conducted by the field coordinator or technical staff at the site.

## **12. Health & Safety and Mitigations**

- 12.1. Health and safety measures should be taken into account during operations. The operator must wear appropriate safety gears and must refrain from consuming alcohol & drugs on the day of operation.
- 12.2. In case of major accident involving the machine, the operator should immediately inform their supervisor and provide an accident report from the police, along with other supporting documents, to the management for necessary action.

## **13. Physical Verification**

Physical verification of hired machinery and equipment shall be conducted by respective regional office on half-yearly basis. The officials should then submit the report through an online system to the FMSD.

## **14. Revision of Guidelines**

This guideline is a living document and will be updated as and when required.

### Annexures 1: Job card- 1<sup>st</sup> copy


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**Farm Machinery Corporation Limited**  
 PARO BONDEY, BHUTAN  
 Post Box No: 1314  
 "Prioritizing User Satisfaction with Honesty" The "PUSH"  
**JOB CARD - HIRING MACHINERIES**

No. \_\_\_\_\_

Name of Client:		Gung No.				Village:				
Gewog:						Dzongkhag:				
Phone No. of Client:										
Type of work:						Machine type request:				
Operator's Name:						Phone No. of Operator:				
Crop Type [Please tick (✓)]		Paddy	Maize	Buck wheat	Wheat	Vegetable	Arreca Nut	Orange	Apple	Others:
Work start date/Time:						9:00 AM				
Work complete date/Time:						5:00 PM				
Sl No.	Area (In acre)	No. of Days	Rate	Amount (Nu)		Remarks				

Signature of Client: \_\_\_\_\_ Verified by \_\_\_\_\_ Hiring Site In-charge (HSI) \_\_\_\_\_

Note: 1) Please treat this as an official advance receipt  
 2) Please obtain revenue receipt after completion of work  
 3) 50% cancellation charge will be deducted from advance deposited if operation is cancelled by the client.

Phone No. Hiring Site In-charge: \_\_\_\_\_

### Annexures 2: Job card- 2<sup>nd</sup> copy


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Gewog:						Dzongkhag:				
Phone No. of Client:										
Type of work:						Machine type request:				
Operator's Name:						Phone No. of Operator:				
Crop Type [Please tick (✓)]		Paddy	Maize	Buck wheat	Wheat	Vegetable	Arreca Nut	Orange	Apple	Others:
Work start date/Time:						9:00 AM				
Work complete date/Time:						5:00 PM				
Sl No.	Area (In acre)	No. of Days	Rate	Amount (Nu)		Remarks				

Signature of Client: \_\_\_\_\_ Verified by \_\_\_\_\_ Hiring Site In-charge (HSI) \_\_\_\_\_

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Phone No. Hiring Site In-charge: \_\_\_\_\_

### Annexures 3: Job card- 3<sup>rd</sup> copy


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Gewog:						Dzongkhag:				
Phone No. of Client:										
Type of work:						Machine type request:				
Operator's Name:						Phone No. of Operator:				
Crop Type [Please tick (✓)]		Paddy	Maize	Buck wheat	Wheat	Vegetable	Arreca Nut	Orange	Apple	Others:
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