



Farmer Producer Organisation (FPO): A Conceptual Study about Farmer Producer Company (FPC)

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Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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ABSTRACT

Agriculture and Allied Sectors are the pillar of the Indian economy, the involvement of Agriculture and Allied Sectors in Gross Value Added (GVA) of the country are 17.6%, 18.4% and 20.2% in the previous three years 2018-19, 2019-20 and 2020-21 respectively. Keeping in mind the important issues of farmers, agriculturalists (jointly termed as producers) the concept of 'Producer Company (PC)' was declared in 2002. Producer Company refers to a legal body for farmers with the aim to improving the living standard, status, better income and profitability of the farmers. A Producer company owns the characteristic and regulatory framework of a cooperative society and a private limited company. This article concentrates on the concept of a Farmer producer company (FPC) or Producer Company (PC) like the basic objectives, activities, benefits, registration processes, the formation, memorandum and article of association of the FPC. Through the article researcher try to highlight the objectives of the other legal form of Producer Organisation (PO) like Cooperative Society Act and Multistate Cooperative Society Act and highlight the objectives of non - profit legal form of Producer Organisation (PO) like Society registered according to the Society Registration Act, Public Trust registered according to the Indian Trust Act and company registered according to the Section 25 of Indian Companies Act, 1956, as modified as Section 8 in The Companies Act, 2013. And the article also mentioned that there is an option for interstate cooperative societies convert as a Producer Companies (PCs).

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1. INTRODUCTION

1.1 Producer Organisation (PO)

A Producer Organisation (PO) is a lawful body formed by primary producers [1], "producer" means according to section 378A (k) of The Companies (Amendment) Act, 2020 'Chapter XXIA (Producer Companies Part I) or according to section 581A (k) of Part IXA of Indian Companies Act, 1956, as modified in 2013, any person involved in any task connected with or related to any primary produce [2,3,1]; primary producers like farmers(growers), milk producers, fishermen, weavers, rural artisans, craftsmen [1] and "primary produce" means according to the section378A (j) of The Companies (Amendment) Act, 2020 chapter XXIA (Producer Companies Part I) [2] or section 581A (j) of Part IXA of Indian Companies Act, 1956, as modified in 2013 [3,1] are as follows

- (i) manufacture of farmers, come out from different agriculture and allied sectors, or from any other prime task or service which encourages the interest of the farmers or final users or consumers or primary producers [4]; or
- (ii) manufacture of individuals occupied in handcrafted, handiwork and other cottage businesses; or
- (iii) any produce resulting from any of the tasks mentioned above, including by-products of such produces; or
- (iv) any produce resulting from a supplementary task that may support or encourage any of the aforesaid tasks or anything supplementary thereto; or
- (v) any task which is planned to enlarge the production of anything mentioned to in sub-clauses (i) to (iv) or enhance the quality thereof;

A PO can be a producer company (PC), a cooperative society or any other lawful system which provides for allotment of earnings and profits among the associates of its structure [1] [5,6]. In some enactment like producer companies (PC), institutes of primary producers can also become member of producer organisation (PO). PO is a common name for an organisation of makers of any produce, like farming, non-farm goods, artisan goods [1].

1.2 Necessity for PO (Producer Organisation) [1]

The key objective of PO is to guarantee better income for the creators through their own organisation. Small creators do not have the quantity individually (both inputs and good) to get the benefit of economies of scale. Moreover, in agricultural marketing, there is a stretched chain of intermediaries who work very often not transparently leading to the situation where the creator obtains only a minor part of the value that the final user pays. By aggregation, the primary creators can avail the advantage of economies of scale. They will also have well negotiating power vis-à-vis the wholesale purchasers of produce and wholesale suppliers of inputs.

1.3 Distinctive Traits of Any PO (Producer Organisation) [1]

- It is created by a group of producers for either agricultural or non-agricultural events.
- It is like a listed entity and a legal object.
- Creators are stockholders in the organisation.
- It works with business doings related to the main output.
- It works for the profits of the associate creators.
- A part of the revenue is shared between the creators.
- The remaining surplus is contributed to its existing cash for business expansion

1.4 Farmers Producer Organisation – FPO [1,7]

Farmer Producer Organisation (FPO) means farmers, who are the creator of farming products, can form groups and the members are grower of primary produces of agriculture and allied activities [8,9]. It is one kind of PO where the members are only grower.

1.5 Different Legal Systems of Producer Organisation (PO) [1]

Any of the following legal provisions may be used to list or register a producer organisation:

1. Self-sufficient Cooperative Societies Act or Mutually Aided Cooperative Societies Act of the relevant State
2. Multi-State Cooperative Society Act, 2002
3. Company listed U/S 581(C) of Part IXA of Indian Companies Act, 1956, as modified in 2013
4. Company listed U/S 378(C) of THE COMPANIES (AMENDMENT) ACT, 2020 Act, an Act additional to modify the Companies Act, 2013 [2]

The PO can be listed under the following non – profit legal form:

5. Societies listed under The Society Registration Act, 1860
6. Public Trusts listed under The Indian Trusts Act, 1882
7. Company listed u/s 25, Indian Companies Act, 1956, as modified as Section 8 in The Companies Act, 2013

2. PRODUCER COMPANY (PC) OR FARMER PRODUCER COMPANY (FPC)

According to the 378A (f) of The companies (amendment) act, 2020 act, A body corporate with the goals or duties listed in section 378B that has been registered as a producer company (PC) under this Act [2] or the Companies Act, 1956 is referred to as a producer company (PC) or A body corporate with the goals or duties listed in section 581B that has been registered as a producer company (PC) under Part IXA of Indian Companies Act, 1956, as modified in 2013 [3,1].

2.1 Types of Producer Companies (PCs) Present in India [10]

The following points enlist the different types of producer companies that are present in India.

- **Production Businesses**
An entity engages with the production, procurement, or manufacturing of primary produce.
- **Marketing Businesses**
Marketing business technically refers to an organization engaged with the marketing or promotion of primary produce or condition of educational services.
- **Technical Service Businesses**
Such organization primarily renders educational services and provides guidance to producers. It may also be

involved with tasks related to research and development.

- **Financing Business**

The financial business is the one that offers financial help to companies mentioned in this list. Their major stream of income comes from the interest imposed on the disbursed amount.

- **Infrastructure Businesses**

These entities generally provide the infrastructure to producers in terms of water resources, electricity, land utilization, modern irrigation techniques and so on.

2.2 Objectives and Activities of the FPC (Farmer Producer Company) or PC (Producer Company)

2.2.1 Producer company listed U/S 581(C) of Part IXA of Indian companies act, 1956 [3,1] Or producer company listed U/S 378(C) of the companies (Amendment) Act, 2020 Act, NO. 29 of 2020, an act further to amend the Companies Act, 2013 [2]

Producer Company registered u/s 581(C) of Part IXA of The Companies (Amendment) Act, 1956 and according to the u/s 581(B) of the act or Producer Company registered u/s 378(C) of The Companies (Amendment) Act, 2020 Act, NO. 29 of 2020, an Act further to amend the Companies Act, 2013 and according to the u/s 378 (B), Objects of the Producer Company are as follows:

- (1) The Producer Company's goals shall be related to all or all of the following topics, namely:
 - (a). production, harvesting, purchasing, grading, grouping, handling, marketing, selling, selling to foreign buyers of the Members' primary produce, or trade in goods or services for their benefit: Provided, however, that the Producer Company may carry out any of the aforementioned duties either directly or through another institution;
 - (b). processing comprises canning, packaging, drying, distilling, brewing, vinting, preserving, and distilling of its Members' produce;
 - (c). manufacturing, selling, or providing consumables, primarily to its members;
 - (d). educating its Members and others about the concepts of mutual support;

- (e). rendering technical services, consulting services, education or training, conducting research and development, and organising any other activities for the benefit of its Members [6];
 - (f). creation, transfer, and sharing of power, revitalization of land and water resources, including their use, conservation, and communications pertaining to primary product;
 - (g). producers' insurance or that of their main outputs;
 - (h). encouraging strategies for cooperation and shared help;
 - (i). welfare policies, amenities, or facilities for Members as determined by the Board;
 - (j). any additional work that is associated with or related to any of the activities listed in clauses (a) through (i) as well as any other activities that might in any other way support or advocate the members' mutual help and respect for one another;
 - (k). Providing credit facilities or any other additional financial services to its Members includes financing the purchase, processing, marketing, or other events indicated in sections (a) to (j).
- (2) Every Producer Company must use the products of its active Members as their primary source when pursuing any of the goals outlined in this section.

2.3 Benefits of the Farmer Producer Company (FPC) or Producer Company (PC) [11-13]

Producer Company is also recognized as the mixture of a co-operative society and a registered company. It excels in the unique or sole elements of a cooperative structure, having governing framework similar to that of a company. Such entity or body primarily refers to a registered corporate served by a group of individuals (mainly farmers) as its members.

Following are the list of benefits rendered by the Farmer Producer Company (FPC) in India:

- **Deposit Acceptance**
The established by law permits the Producer Company to accept a deposit in

the form of a fixed deposit or a recurring deposit.

- **Loan against Security**
Farmer Producer companies (FPC) are legally permitted to function as lending agencies. They are entitled to lend credit against the fixed deposits, gold and government securities.
- **Profit Allocation to the Members [4]**
The profit or income generated by the farmer producer company (FPC) remains within the organization and is distributed among the serving members of the FPC.
- **No Taxes on the Agricultural Income**
As such, no taxes are levied on the profit generated by the Producer Company. Presently, these entities are exempted from addressing any tax obligations forced by the IT department.
- **Loan Facility to Members**
Farmer Producer companies (FPCs) are legally eligible to disburse the credit to the founding members.

2.4 Benefits to the Members of FPC or PC [2,3,13]

According to u/s 378E of The Companies (Amendment) Act, 2020 or u/s 581E of The Companies (Amendment) Act, 1956, Part IXA, the benefits for the members of PC or FPC are as follows:

- (1) Every Member shall initially get or be granted only such value for the produce or products pooled and delivered as the Board of Producer Company (PC) may determine, subject to the provisions made in the articles, in proportion to the produce supplied to the Producer Company (PC) throughout the financial year, to such an amount, in such a manner, and subject to such terms as may be decided or determined by the Board. The withheld price may then be distributed in cash, kind, or by the allocation of equity shares.
- (2) Every Member will only get a restricted return on their invested share capital, provided that they are eligible to receive bonus shares under the terms of Section 378ZJ of the Companies (Amendment) Act of 2020 or Section 581ZJ of Part IXA of the Companies (Amendment) Act of 1956.
- (3) The surplus, if any, that is left over after paying the limited return and reserves referred to in Section 378ZI of The

Companies (Amendment) Act of 2020 or Section 581ZI of The Companies (Amendment) Act, 1956, Part IXA, may be distributed among the Members in proportion to their participation in the business of the Producer Company, either in cash or by way of the allocation of equity shares, or both, as may be decided by the Members at the general meeting.

2.5 Formation of the PC or FPC and Its Registration [2,3,1]

According to u/s 378C of The Companies (Amendment) Act, 2020 or u/s 581C of The Companies (Amendment) Act, 1956, Part IXA.

- (1) An incorporated or integrated company may be formed by any ten or more people, each of whom must be a producer, or by any two or more Producer Institutions, or by a combination or mixture of ten or more people and Producer Institutions, who are eager or desirous of forming a Producer Company (PC) with its objects or purposes specified in section 378B or section 581B and who otherwise abide by the requirements of this Chapter and the provisions of this Act in regard to registration.
- (2) The Registrar must register the memorandum, the articles, and any other documents, if any, within 30 days of receiving the documents required for registration and issue a certificate of incorporation under this Act if he is satisfied that all requirements of this Act have been met in respect of registration and matters precedent and incidental thereto.
- (3) A Producer Company (PC) that has been constituted in this manner is referred to as a company limited by shares and shall have its members' liability restricted by the memorandum to the amount, if any, unpaid on the shares they each hold.
- (4) The payment thereof shall be subject to the approval at its first general meeting of the Members. The Producer Company (PC) may reimburse to its promoters all other direct costs associated with the promotion and registration of the company, including registration, legal fees, and printing of a memorandum and articles of association.
- (5) The Producer Company (PC) shall, upon registration pursuant to subsection (2),

become a body corporate as if it were a private limited company to which the provisions of this chapter apply; however, there shall be no limit on the number of Members thereof, and the Producer Company (PC) shall, in no event, be or be deemed to be, a public limited company under this Act. [4].

2.6 Steps for the Registration of Farmer Producer Company (FPC) or Producer Company (PC) [11]

The registration process for a Farmer Producer Company (FPC) almost exactly look like that of a private limited company:

Step 1: Obtain the directors' identification number (DIN) and digital signature certificate (DSC) from each director along with self-attested copies of their identifying documents, such as their PAN or Aadhaar card.

Step 2: The desired company name should be submitted in FORM-1A together with the required fee to the relevant state's RoC (Registrar of Companies). The RoC (Registrar of Companies) notifies about the availability of the name whenever it becomes available.

Step 3: Create the essential paperwork, such as the Memorandum of Association (MoA), which includes the company's objectives or goals and the share capital that needs to be registered, and the Article of Association (AoA), which includes the company's bylaws.

Step 4: filing of additional documents or credentials, such as an affidavit signed by the proposed company's subscribers or a statutory statement in Form 1 proclaiming compliance with all applicable laws surrounding the formation of businesses. Utility bills, the director's approval, and a NOC (No Objection Certificate) are needed.

Step 5: After the certificate is issued, the company will become a corporate entity with the same legal status as a private limited company. It cannot ever change its status to a public limited business [4].

2.7 Memorandum of Producer Company (PC) or Farmer Producer Company (FPC) [2,3,1]

According to u/s 378F of The Companies (Amendment) Act, 2020 or u/s 581F of The

Companies (Amendment) Act, 1956, Part IXA, Every Producer Company's memorandum of association must have the following clause: –

- (a) the company name, with "Producer Company Limited" appearing as the final or closing words;
- (b) the State where Producer Company Registered office will be located;
- (c) One or more of the goals listed in Sections 378B or 581B of the Act shall be the primary goals of the Producer Company;
- (d) the names and addresses of the individuals who have signed to the memorandum;
- (e) the quantity of share capital with which the Producer Company (PC) is to be registered and its partition into shares of a specified amount;
- (f) the names, residences, and jobs of the producers who will serve as the first directors in accordance with subsection (2) of section 378J or subsection (2) of section 581J who are also subscribers;
- (g) that its members have limited obligation;
- (h) The quantity of shares each subscription accepts will be listed next to their name: As long as no subscriber purchases fewer than one share;
- (i) that in the event that the Producer Company's (PC) objectives are not restricted to a single State, the States whose borders the objectives reach.

2.8 Articles of Producer Company (PC) or Farmer Producer Company (FPC) [2,3,1]

According to u/s 378G of The Companies (Amendment) Act, 2020 or u/s 581G of The Companies (Amendment) Act, 1956, Part IXA.

- (1) The following must be submitted for registration to the Registrar of the State where the Producer Company's registered office is, according to its memorandum of association, located:
 - (a) memorandum of association the Company (PC);
 - (b) the subscribers to the memorandum have properly signed its articles.
- (2) The following concepts of mutual cooperation must be included in the articles:

- (a) All eligible individuals who can participate or use the amenities of the Producer Company and are prepared to assume the responsibilities of membership may join on a voluntary basis;
- (b) Except as otherwise provided in this Part, each Member shall have just one vote, regardless of the number of Shares held;
- (c) A Board made up of individuals elected or appointed as directors in accordance with the terms of this Part will be in charge of running the Producer Company (PC), and the Board will answer to the Members;
- (d) There shall be a restricted or exclusive return on share capital, save as allowed in this Part.;
- (e) The Producer Company shall disperse or circulate the surplus or extra coming from its activities in a fair way by:
 - (i) supporting the expansion of the Producer Company's (PC) operation;
 - (ii) supporting shared facilities; and
 - (iii) sharing or circulating among the members as may be permissible in relation to their specific interests in the enterprise;
- (f) Making provisions for the training of members, staff, and others on the concepts of reciprocity and methods of mutual or common help;
- (g) In order to best serve the interests of its members and the communities it claims to represent, the Producer Company (PC) shall regularly cooperate with other Producer Companies (and other organisations according to similar values) at the local, national, and worldwide levels.

(3) Without affecting the generality of the aforementioned sub-sections (1) and (2) requirements, the articles must include the following clauses:

- (a) the requirements or credentials for membership, the requirements for membership renewal or cancellation, and the terms, conditions, and procedure for share transfers;
- (b) the manner of ascertaining the patronage and voting right based on patronage;
- (c) subject to the provisions contained in sub-section (1) of section 581N of Part

- IXA of The Companies (Amendment) Act, 1956 or in sub-section (1) of section 378N of The Companies (Amendment) Act, 2020, the manner of constitution of the Board, its powers and duties, the minimum and maximum number of directors, manner of election and appointment of directors and retirement by rotation, qualifications for being elected or continuance as such and the terms of office of the said directors, their powers and duties, conditions for election or co-option of directors, method or process of removal of directors and the filling up of vacancies on the board, and the manner and the terms of appointment or selection of the Chief Executive ;
- (d) the election or selection of the Chairman, term of office of directors and the Chairman, manner of voting at the general or special meetings of members, procedure for voting, by directors at meetings of the board, powers of the Chairman and the circumstances under which the Chairman may exercise a casting vote;
 - (e) the circumstances under which, and the manner in which, the withheld price is to be determined and distributed or circulated;
 - (f) the manner of disbursement or circulated of patronage bonus in cash or by issue of equity shares, or both;
 - (g) the contribution to be shared and related matters referred to in subsection (2) of section 581ZI of Part IXA of The Companies (Amendment) Act, 1956 or in subsection (2) of section 378ZI of The Companies (Amendment) Act, 2020;
 - (h) the matters relating to issue of bonus shares out of general reserves as set out in section 581ZJ of Part IXA of The Companies (Amendment) Act, 1956 or in section 378ZJ of The Companies (Amendment) Act, 2020;
 - (i) the basis and manner of allotment of equity shares of the Producer Company (PC) in lieu of the whole or part of the sale proceeds of produce or products supplied by the members;
 - (j) the amount of reserves, sources from which funds may be raised, limitation on raising of funds, restriction or limit on the use of such funds and the extent of debt that may be contracted and the conditions thereof;
 - (k) the credit, loans or advances which may be granted to a member and the conditions or circumstances for the grant of the same;
 - (l) the right of any member to obtain or get any information relating to general business of the company;
 - (m) the basis and manner of distribution or sharing and disposal of funds available after meeting liabilities in the event of dissolution or liquidation of the Producer Company (PC);
 - (n) the authorisation for division, amalgamation, merger or union, creation of subsidiaries and the entering into joint ventures and other matters connected therewith;
 - (o) laying of the memorandum and articles of the Producer Company (PC) before a special general meeting to be held within ninety days (90 days) of its registration;
 - (p) any other provision, which the Members may, by special resolution or decision recommend to be included in articles.
- 2.9 Modification of Memorandum of Association in PC (Producer Company) or FPC (Farmer Producer Company) [2,3,1]**
- According to the section 581H of The Companies (Amendment) Act, 1956, Part IXA or section 378H of The Companies (Amendment) Act, 2020:
- (1) A Company may not modify the terms of its memorandum except than the circumstances, ways, and to the degree expressly provided for in this Act.
 - (2) The objectives stated in a company's memorandum may be changed by special resolution, provided that it does not conflict with sections 378B or 581B of the Companies (Amendment) Act of 2020 or The Companies (Amendment) Act of 1956 of Part IXA.
 - (3) Within thirty (30) days from the date any resolution referred to in sub-section (2) was adopted, a copy of the updated memorandum and a copy of the special resolution or decision duly certified by two directors must be filed with the Registrar: The Registrar from whose jurisdiction the

office is transferred shall immediately or directly forward to the other Registrar all documents in the case of a transfer of the registered office of a Company from the jurisdiction of one Registrar to another within thirty (30) days of the filing of certified copies of the special resolution certified by two directors with both Registrars and each Registrar shall record the special resolution.

- (4) A change to a memorandum's provisions relating to a change in the location of a company's registered office from one State to another shall not take effect unless it is approved by the Company Law Board upon petition, in accordance with section 581H of The Companies (Amendment) Act, 1956, Part IXA or (4) in accordance with section 378H of The Companies (Amendment) Act, 2020. The Central Government must approve or accept the application in the form and manner specified in order for the amendment or change to the terms of the memorandum pertaining to the transfer of its registered office from one State to another to be effective.

2.10 Amendment of Articles in PC (Producer Company) or FPC (Farmer Producer Company) [2,3,1]

According to the section 581-I of The Companies (Amendment) Act, 1956, Part IXA or section 378I of The Companies (Amendment) Act, 2020:

- (1) At least two-thirds of the elected directors or at least one-third of the members of the Company must propose an alteration to the articles, and the Members must agree it by special resolution.
- (2) Within thirty days of the date of its adoption, a copy of the modified or modified articles and a copy of the special resolution, both duly certified by two directors, must be filed with the Registrar.

3. OBJECTIVES OF THE DIFFERENT LEGAL FORMS OF PO

3.1 Cooperative Societies Act, 1912 [14]

According to section(4), Societies that may be registered under the Cooperative Societies Act of 1912: A society with the purpose of advancing the economic or commercial interests of its

members in accordance with cooperative principles, or a society established or recognized with the purpose of facilitating the operations of such a society, may be registered or listed under this Act with or without limited liability, subject to the provisions hereinafter contained. As long as the State Government doesn't give specific or general instructions to the contrary,

1. A society whose member is a registered society has limited liability,
2. whereas a society whose goal is to raise money to lend to its members and whose majority of members are farmers but none of them is a registered society has unlimited liability.

3.2 Multi-State Cooperative Society Act, 2002 [15]

According to section (5) of the above act, no multi-state cooperative society shall be listed under this Act, unless,

- (a) Its primary goals are to serve the interests of members who reside in many states, and
- (b) its bylaws call for the social and economic advancement of its members in accordance with the cooperative principles through self-help and mutual aid.

3.3 Objectives of the Different Non – Profit Legal Forms of PO

3.3.1 Societies registered under Society Registration Act, 1860 [16]

Societies are frequently listed for promoting the charitable events like education, art, religion, culture, music, sports, etc. The goal or objective of bettering the legislative requirements for societies' registration for the advancement of literature, science, or the beautiful arts, or for the dissemination of practical information for charitable objects.

3.3.1.1 Purposes or objectives

u/s 20, of the Act, a Society can be listed for the following reasons:

- A donation of philanthropic aid.
- Establishing funding for military orphans.
- Support for science.
- Support for literature.
- Support for the arts.

- Spreading helpful knowledge through promotion, instruction, or dissemination.
- Political education's dissemination.
- Establishment or upkeep of reading rooms or libraries.
- Establishment or upkeep of public museums or art galleries.
- Establishing or maintaining natural history collections;
- Establishing or maintaining mechanical and philosophical devices, tools, or creations.

A Society may be registered for purposes other than those listed above, as long as the relevant State Government has approved an amendment to the act, which was passed in the act to include more purposes or objects.

3.3.2 Trusts listed under Indian Trusts Act, 1882 [17]

U/S (4) of the, the trust open/listed for the Legal purpose. — Any legitimate reason may be used to establish a trust. A trust's objective is legal unless it is: (a) prohibited by law; (b) of a character that, if permitted, would violate any laws; (c) fraudulent; (d) includes or suggests harm to another's person or property; (e) is deemed by the court to be immoral or against public policy. Every trust that has an illegal goal or object is invalid. Additionally, if a trust was established for two reasons, one of them being legal and the other illegal, and the two purposes could not be distinguished or divided, the entire trust would be void. Justification. — The word "law" used in this section includes the legal code of any foreign country in which the trust property is immovable and located.

Examples:

- (a) A transfer a property or asset to B in trust with the intention of using the proceeds to care for female foundlings who will be raised as prostitutes. Trust is not valid.
- (b) A leaves property to B in trust with the directions that B use it for smuggling operations and use the proceeds of those operations to support A's children. Trust is not valid.

3.3.3 Formation of the business U/S 25, Indian Companies Act, 1956, as modified as Section 8, the Company Act, 2013 [18,19,1]

The Formulation of companies u/s 8 of The act, with the helpful purposes, etc.—

(1) When it is established to the Central Government's satisfaction that a person or group of people who want to be registered as a limited company under this Act—

- (a) has in its purpose for the promoting of trade, arts, sciences, sports, education, research, social welfare, charities, protection of the environment, or any other object;
- (b) aims to use its profits, if any, or other income to further its objectives; and
- (c) The Central Government may, by licence issued in accordance with the prescribed procedures and under the conditions it deems appropriate, permit that person or association of people to register as a limited company under this section without adding the words "Limited" or, as the case may be, "Private Limited" to its name. The Registrar will then, upon application in the prescribed form, register the company.

(2) The firm that is listed in accordance with this section shall have all the rights, privileges, and duties of limited companies.

(3) A business may belong to the organisation listed under this section.

(4) (i) A corporation listed under this section may not change the terms of its articles of association or memorandum of association without the Central Government's prior consent.

(ii) Only after adhering to any requirements that may be stipulated is a company listed under this section permitted to transform itself into a company of any other kind.

(5) When it is established to the Central Government's satisfaction that a limited company registered or listed under this Act or under any prior company law has been formed with any of the objects or purposes listed in clause (a) of sub-section (1) and with the restrictions and prohibitions as noted respectively in clauses (b) and (c) of that sub-section, the Central Government may, by licence, allow the company to be registered under this section subject to the conditions that the Central Government deems appropriate and to change its name by deleting or ignoring the words "Limited" or "Private Limited," as applicable. The Registrar will then register the company under this section upon receipt of an application in the prescribed form, and all

- of the provisions of this section will apply to that company.
- (6) Without affecting any other action against the company under this Act, the Central Government may, by order, withdraw or dismiss the licence granted to a company registered under this section if the company violates any of the requirements of this section or any of the conditions subject to which a licence is issued or the affairs of the company are conducted fraudulently or in a manner inconsistent with the company's objectives or detrimental to the public interest, direct the company to convert or change its status and change its name to add the words "Limited" or "Private Limited," as the case may be. The Registrar shall then, without limiting any action that may be taken under subsection (7), upon application in the prescribed or given form, register the company in the manner specified: With the caveat that no such order may be imposed without giving the corporation a fair chance to be heard: Furthermore, the Registrar shall get a copy of each such order.
 - (7) direct the company to convert or change its status and change its name to add the words "Limited" or "Private Limited," as the case may be. The Registrar shall then, without limiting any action that may be taken under subsection (7), upon application in the prescribed or given form, register the company in the manner specified: With the caveat that no such order may be imposed without giving the corporation a fair chance to be heard: Furthermore, the Registrar shall get a copy of each such order.
 - (8) If a licence is suspended or revoked in accordance with subsection (6) and the Central Government determines that it is in the public interest for a company registered under this section to merge with another company registered or listed under this section and having comparable objects or purposes, despite anything to the contrary in this Act, the Central Government may, by decision, establish a merger to create a single company with the assets, powers, right, interests, authorities, and privileges, as well as the obligations, responsibilities, and liabilities that may be described or specified in the order.
 - (9) If any assets are left over after a company registered or listed under this section is dissolved or wound up, they may be sold

and the proceeds credited to the Rehabilitation and Insolvency Fund established u/s 269, transferred to another company registered under this section and having similar goals, or transferred to another company registered under this section.

- (10) A business listed under this section may only merge with another business listed under this part or registered under it that has comparable goals.
- (11) Without affecting any other actions under the terms of this section, a corporation that fails to comply with any of the requirements outlined in this section will be subject to a fine that will not be less than 10 lakhs but could reach 1 crore and the directors and any officer of the firm who commits a violation is subject to punishment, which may include imprisonment for a time up to 3 years, a fine of not less than 25 thousand but no more than 25 lakh, or both: As long as it can be demonstrated that the company's affairs were handled dishonestly, any official in default will be subject to punishment u/s 447 of this act.

4. INTERSTATE COOPERATIVE SOCIETIES HAVE THE OPTION TO BECOME PRODUCER COMPANIES

According to the u/s 581J of Part IXA of The Companies (Amendment) Act, 1956 or u/s 378J of Amended the Companies Act, 2020 [2,3,20,1,4]

- (1) Notwithstanding anything contained in subsection (1) of section 581C of Part IXA of The Companies (Amendment) Act, 1956 or in under subsection (1) of u/s 378C of The Companies (Amendment) Act, 2020, any interstate cooperative organisation that has goals that aren't restricted to a single State is eligible to submit an application to the Registrar for registration as a Producer Company (PC) under this Part.
- (2) Each submission required by paragraph (1) must include -
 - (a) a copy of the special resolution that the interstate cooperative society passed to be incorporated as a Producer Company (PC) under this Act, with the support of at least two-thirds of its members;

- (b) a declaration containing a list of the members of this interstate cooperative society, their names and residences, and, if applicable, information about their jobs or occupations;
 - (c) a declaration stating that one or more of the listed aims or purposes are being pursued by the interstate cooperative society u/s 581B of The Companies (Amendment) Act, 1956 or u/s 378B of The Companies (Amendment) Act, 2020;
 - (d) a declaration from two or more interstate cooperative society directors attesting to the accuracy of the information provided in sections (a) through (c).
- (3) The words "Producer Company Limited" must be included in the name of an interstate cooperative society when it is registered or listed as a Producer Company (PC), together with any other terms or expressions that serve to identify the organisation.
- (4) The Registrar must certify under his hand within 30 days of receiving the application that the inter-State cooperative society applying for registration is registered or listed and thereby incorporated as a Producer Company (PC) under this Part if the requirements of subparagraphs (1) to (3) are met.
- (5) A cooperative society created or designed by producers, by a Federation or Union of cooperative societies of producers, or by cooperatives of producers registered or listed under any currently in effect law that has expanded its objectives or purposes outside the State, either directly or through a union or federation of cooperatives of which it is a constituent, as the case may be, and any Federation or Unions of such cooperatives, which has so expanded any of its objectives or purposes outside the State, shall be qualified to submit a request under subsection (1) and to become registered as a Producer Company (PC) under this Part or this chapter.
- (6) The interstate cooperative society will become a Producer Company (PC) upon registration under subsection (1) and thereafter will be governed by the provisions of this Part instead of the law it was previously or earlier governed by, with the exception of anything done or omitted to be done prior to its registration as a

Producer Company (PC), No person shall have any claim against the cooperative institution or the business as a result of the conversion or transformation, regardless of anything stated in any other law now in effect.

- (7) After registering as a Producer Company (PC), the Registrar of Companies must immediately notify the Registrar with whom the former interstate cooperative society was previously registered or listed in order to properly remove the society from its register.

The other sections like 581K, 581L, 581M and 581N of Part IXA of The Companies (Amendment) Act, 1956 or sections 378K, 378L, 378M and 378N of The Companies (Amendment) Act, 2020 deals with effects of incorporation of PC or FPC, vesting of an endeavor in PC or FPC, exemptions, etc., to be believed to have been approved to FPC and necessities in respect of officers and other employees of interstate cooperative society respectively in the details [2,3,20,13].

5. CONCLUSIONS

FPCs formed to build protective and powerful legal system for the group of small farmers and primary producers in the country with the aim to increase/enhanced or double their income or for better income realization [1,21]. The concept of FPCs may contribute to the creation of more job opportunities in different primary events of agriculture and allied sectors for Indian youth due to its legal structure, fixed profit and benefits of the FPCs for its stakeholders [6]. The FPC (Farmer Producer Company) will also generate entrepreneurship behavior and interests not only in the farmers but also in Indian youth for the primary activities of agriculture and allied sectors due to different activities and easy formation & registration steps of FPC.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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