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INDIAN COMPANIES ACT 2013 AND STATUTORY COMPLIANCE FOR FARMER PRODUCER COMPANY

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Abstract:

A combination can often form a farmer producing company, with ten or more individuals or any two or more producing entities or companies associated with any activity related to primary production, either as individuals or as producer institutions. A primary producer is defined as agricultural produce of farmers including animal husbandry, silk production, floriculture, horticulture, etc.

The companies will be called Limited and the liability of the members will be limited to the unpaid amount, if any, on the shares. On registration, the producing company will become a private limited company with the distinction that no two persons can register them, there is a provision of minimum paid-up capital of Rs 5 lakh and a maximum number of members can exceed 50.

A growing company provides a statutory and regulatory framework that generates the ability to compete with other enterprises at a competitive level in enterprises owned by a manufacturer. It provides an opportunity for existing large multi-state cooperatives and societies (on a purely voluntary basis) to voluntarily transform themselves into new forms of producer companies. An FPC is an effective means of improving farmers' profit by increasing the knowledge of farmers through a captive expansion system by ensuring enhanced quality of product through better inputs of collective procurement, mass marketing, processing, etc. This topic of research has been chosen to study the provisions of the Indian Companies Act 2013 and the rules relating to the statutory compliance required by the Farmer Producer Company and the impact of the Indian Companies Act 2013 on the Farmer Producer Company.

Keywords: Indian Companies Act 2013, Farmer Producing Company, Statutory Compliance, Impact

Data Collection Method Used For Research:

Data for the research paper has collected from newspaper, magazines, reports, books, and websites

The Objective of Research:

The main objectives of the research presented are as follows.

1) To study the provisions of the Indian Companies Act 2013
2) To study the rules relating to the statutory compliance required by the Farmer Producer Company as per the Indian Companies Act 2013
3) To study the impact of the Indian Companies Act 2013 on the Farmer Producer Company
4) To make suggestions for proper implementation of provisions of the Indian Companies Act 2013 for the Farmer Producer Company based on the findings obtained from research.

Introduction:

As per the Companies Act, 2013, financial management of stocks and books of accounts is important for a production company. The farmer producing company is required to make an electronic filing with the Registrar of Companies (ROC) of documents such as financial balance sheets, profit and loss statements, annual returns, and certificates of compliance. The farmer producer company is legally required to manage approved and required registers such as Consumer or Member Information (KYC) registers, meeting minute book, member registration, accounts, etc. The annual general meeting elects or appoints a director, as well as decides on it. Reappointment of transfer of auditors. The annual report of the company is presented in this meeting. In addition, the meeting decides on the distribution of dividends. All general meetings, except the annual general meeting, are special general meetings. Usually, before the annual general meeting, the board convenes a meeting to discuss any important work or business matters.

In any case, it is necessary to have at least once every three months and at least four meetings throughout the year. At least three or one-third of the total number of directors, whichever is higher, should be the quorum criteria for board meetings. All shareholders are required to keep track of the total number of shares paid to the company. The capital of a company is the maximum share capital accumulated through authorized capital shares. The paid-up capital of a company is the total amount that a share is distributed to shareholders and the shareholder pays for it. The manufacturing company may issue bonus shares from the fund in general depositors, which are distributed in proportion to the number of shares held by the members. Each construction company is required to keep a record of all entries, such as - all investments, the names of companies whose shares have been purchased, the number and value of shares; Change the date; The type and value by which any part is subsequently dealt with. All the above cases should be legally valid as per the Indian Companies Act 2013.

Indian Companies Act 2013 and Statutory Compliance for Farmer Producer Company:

Annual statement presentation as per Indian Companies Act 2013:

Since September 16, 2006, it has been made mandatory for all companies to submit annual returns through electronic filing and no direct documents are accepted. The following documents along with the e-form are required to be submitted to the Registrar of Companies as part of the presentation of annual returns for the companies covered under the Companies Act, 1956. In which financial balance sheet - For all companies, application form 23 AC has to be filled. Profit and Loss Account - Application 23 ACA will be for all companies. Annual Return - Companies with share capital are required to submit the application 20-B. Annual Return - Companies with no share capital have to fill Form 21A. Certificate of Compliance - A company with capital between Rs 10 lakh and Rs 2 crore will have to fill Form 66.

Register to be managed by the company:

It is mandatory for the farmer producer company to comply with the registered records listed below. Failure to do so is punishable by law.

Customer or Member Information Register (KYC Register): It is necessary to manage such records for directors, managing directors, managers, secretaries, etc.

Legal records:

1) Record of the meetings of the Board of Directors and the meetings of the Board of Directors (Section 193)
2) A copy of every transaction which requires registration while accepting any fee, etc. (Section 136)
3) Fee Record (Section 143)
4) Member Register (Section 150)
5) Member Class Register (Section 151)
6) Annual income tax returns, certificates and related documents (Sections 159 to 161)
7) Minutes of General Meetings (Section 193)
8) Book of declared dividend and balance payment (Section 205)
9) Proper books of accounts (Section 209)
10) Appropriate books of accounts relating to transactions made at the branch office
11) Register of Contracts, Companies and Institutions in the interest of the Director (Section 301)
12) Director's book, etc. (Section 303)
13) Book on Director's share etc. (Section 307)
14) Inter-Corporate Debt and Investment Book (Section 372A)
15) Register of renewed and secondary copy certificates (as per section 7 (2) of the Companies Rules (relating to share certificates), 1960))

16) Beneficiary classification and register
17) Books of accounts of the manufacturing company (Section 581ZE (1))
18) Book on investment details of the manufacturing company (Section 581ZL (7))
19) Shares or Debenture Transfer Book (Section 108)
20) Register of stocks or fixed assets.

Meetings: The Companies Act, 1956 contains broad provisions regarding the organization and management of meetings. Those provisions must be complied with; Failure to comply with these provisions, decisions taken become ineligible and cannot be enforced.

Annual General Meeting (AGM): The shareholders are the owners of the manufacturing company, so these members should meet once a year to discuss and review the work of the company. Directors are elected or appointed at the annual general meeting, and decisions are made about the transfer or reassessment of the auditor. The annual report of the company is presented in this meeting. In addition, the meeting decides on the distribution of dividends.

- First general meeting is required to be held within a period of 90 days from the date of establishment of the company and then the annual general meeting is held every year.
- The period between two annual general meetings should not exceed fifteen months.
- The general meeting of the company must be called at least fourteen days in advance, with the pronoun written notice.
- The Registrar of Companies may, for any particular reason, extend the period for an annual general meeting (except the first annual general meeting), but it should not exceed three months.
- At the annual general meeting, members may accept the organization's charter and appoint directors.

Emptying the following documents should be attached to the statement calling the Annual General Meeting:

Minutes of Annual General Meeting, Minutes of Final Annual General Meeting or Extraordinary General Meeting, Name and Qualification of each candidate to be elected to the Board of Directors, audit balance details of the manufacturing company and its associates (if any), and profit and loss details. , The position of the manufacturer's company, the amount to be offered as deposit, the limited return on share capital, the amount to be allocated as a protection (protection) bonus, the material change, and financial condition of the construction company and its subsidiary Affect commitments. , Energy conservation, environmental protection, foreign important matters such as currency expenditure or income, as in any other matter or cannot be specified by the board, the text of the draft for the appointment of auditors.

- Annual every annual general meeting should be held on a non-public holiday, during office hours. The meeting should take place at a place where the manufacturing company has a registered office or any other suitable place in the city, town or village.
- The notice of the general meeting indicates the date, time, and place of the meeting that must be sent to each member of the construction company and the auditor.
- Unless the institutional rules of the Producer Company decide a specific quorum, one-fourth of the total members of the Producer Company must consider the quorum required for the annual meeting.
- The directors' report, audited balance and profit and loss account and all other reports along with the report proceedings of each annual general meeting, the annual tax statement applicable as per law and the fee should be submitted to the Registrar of Companies within 60 days from the date of General Assembly.
- Overseas If a construction company is set up by a construction company, such organizations can be represented by their chairman or executive officer on the general board of the construction company.

Special General Meeting convened by the Board: These special general meetings are in addition to the annual general meetings. Such a meeting is called by the Board of Directors to decide on some important business, work procedures before the next general meeting. Such a meeting can take place as per the provisions of the Companies Act. The Board of Directors (by writing and properly signing matters considered by one-third of the members voting in the General Assembly, is required in writing), may call such special general meeting in accordance with the provisions of the Companies Act.

Board meetings: A meeting of the Board of Directors may be held at such times as may be necessary for the smooth running of the company. However, the board should meet at least once every two months. In any case, at least one quarterly meeting of directors should be held every three months. The board of directors can meet with a seven-day written notice (to be issued by the CEO), but in the event of an emergency, the notice period may be shorter. If, however, the CEO fails to issue a notice to call a board meeting, he may face an economic penalty of up to one thousand rupees. Each year after the board is formed, at the first meeting of the board, the president of the manufacturing company is elected for a term of two years. The chairman of the board meeting will be the chairman of the company. In his absence, the attending directors may elect one of the directors appointed as the chairman of the meeting. Each member of the board has the right to one vote. The decision will be taken by the majority of the directors present at the board meeting. If both parties have the same vote, the chairman of the meeting may be given one vote more than their normal vote. If the candidates get equal votes in the presidential election, the decision is taken by lottery. If an elected member of the board is absent from three consecutive board meetings without prior consent, he is disqualified as a director. No member shall be allowed to participate in discussion or voting on subjects of personal interest.

Financial Management of Farmer Producer Company:

Share capital: Share capital is the amount deposited by all the shareholders of the company through shares. In a manufacturing company, it consists only of shares, and the shares owned by a member are, preferably, proportionate to the supply of goods. Active members, if such a provision is made in the organization's constitution, have exclusive rights and the manufacturing company may provide members with useful tools in relation to such specific rights. Once approved by the board, these devices can be transferred to other members of the manufacturing company. As per the pattern laid down in the Companies Act, it is mandatory to issue share certificates to shareholders.

A) Authorized share capital of the company: The authorized capital of a company is the maximum amount of share capital accumulated by a company by issuing shares. The initial authorized share capital of a farmer producer company is about one lakh rupees. Authorized capital can be raised at any time by the company with the approval of shareholders and by paying an additional fee to the Registrar of Companies.

B) Paid-up capital of the company: The paid-up share capital of a company is the amount received from shares issued to members out of the total number of shares. The paid-up capital can always be less than the authorized capital, as the company cannot issue more shares than the authorized capital. The Companies Act-2013 had earlier set a minimum capital limit of Rs 1 lakh for all private limited companies. However, as per the amended Companies Act-2015, the minimum capital limit is relaxed. Accordingly, no minimum capital investment is required to start a manufacturing company now.

Procedure for conversion of share capital:

A) Increase in the capital: Authorized capital can be raised at the general meeting by passing a general resolution and creating new shares. This change does not affect the issued capital of the company, nor can it force existing shareholders to acquire additional shares.

B) The process of raising capital: Authority and power in this regard are to be conferred from the organization articles of the company. If there is no clarity in the rules of an organization, then there is a need to amend or reform these rules to bring proper clarity. The decision to increase the share capital limit is to be taken keeping in mind the needs of the company. The board determines the incremental value and the date or time of the general meeting to pass the resolution required to increase share capital. In addition, the organization may decide to amend the rules, if necessary. The board approves the draft notice of the general meeting, the required resolution, and its explanation and allows the secretary of the company to convene the general meeting. After making a change in the constitution, application number-23 should be submitted to the Registrar of Companies within 30 days along with the fee and a copy of the resolution mentioned in Schedule X of the Act should be passed. In the event of a merger or division, a new share certificate must be issued to the member by making appropriate changes to the member register. Therefore, in the process of cancellation of shares, the Registrar of Companies should be notified by Form No. 5, with the fees mentioned in Schedule 10 of the Act.

Issue of bonus shares: Any construction company, after the recommendation of the board and bypassing a resolution at the general meeting, can issue bonus shares by raising funds from the common deposits. The company may distribute such bonus shares in proportion to the number of shares held by members based on the date of issue. The procedure for this should be as follows. The share capital raised by the proposed bonus shares must be within the company's authorized capital limit. If not, necessary steps are to be taken to raise the authorized capital limit by amending the capital norms in the rules of the organization.

The board's resolution is to recommend the conversion of deposits into capital. With the approval of the proposal at the general meeting, the concerned body is required to submit a notice within 30 days from the date of resolution along with the necessary documents and fees. If the company has availed any loan facility from the lending institution, it is necessary that pre-approval from the concerned institution is obtained as per the term loan agreement. After the approval of the members at the general meeting, the distribution of bonus shares should be prepared by the Policy Board and the certificate should be issued to the members accordingly. Application number 2 has to be submitted to the registrar within 30 days along with the required fee.

Loans and Investments: Members of the construction company are the primary manufacturers, and therefore, require financial support from time to time. Therefore, the Producer Companies Act makes special provisions for lending to its members. The company can provide financial support to its members in the following ways.

In connection with the business of the company, any member, finance facility for more than six months. The company may give a loan or withdrawal amount to a member according to the securities specified in the rules. The member has to repay the loan or the amount within the specified period.

Account book: The capital invested by the shareholders in the company is used to run the business of the company. On the other hand, the company needs to keep track of all the money going into the business. The Chief Executive Officer (CEO), each director of the company (in the absence of the CEO), every officer, other employees, and representatives of the company are responsible for managing and updating the company's account books. In respect of the following matters, the appropriate ledger of the construction company should be kept in the registered office of the company.

Income and expenditure receipts by the construction company; All sales and purchases made by the manufacturer; Means of liability executed by or on behalf of a manufacturing company; Assets and liabilities of the manufacturing company; Details related to agricultural production, processing, company involved in manufacturing processed products, materials or labor or cost factors, etc.

Balance and Profit and Loss Account: The Farmer Producing Company is required to create a balance sheet and profit and loss account for each financial year. This balance sheet is presented to shareholders at the company's annual general meeting. The balance sheet is required to be verified and signed by the two directors of the company (from the board of directors) and the chief executive officer. Each manufacturing company is required to submit the Director's Report, Audited Balance and Profit and Loss Account, Minutes and Annual Statement, Financial Balance and Profit and Loss Account of Companies within 60 days from the date of presentation at the Annual General Meeting.

General and other deposits: Each construction company may, according to the provisions mentioned in the Constitution, deposit a general financial for each financial year in addition to any other reserves. If the construction company does not have sufficient funds available for the specified reservation, the contribution for this deposit can be collected from members in comparison to their patronage-transaction.

The representative of Economic Rights: The CEO can withdraw up to Rs 5,000 from the company's bank account; all payments exceeding Rs.2000 / - should be made by check. If an organization or individual refuses to accept the check, the cash will be paid with the approval of the Committee of Three Directors. All taxable goods and services must be procured as per the procedure within the cost limit of Rs.5000 required for the business of the company. Travel expenses and daily allowances, advance clearance can be made from the office for the purchase of official items.

It is necessary to verify the advance account of the employees by the authorities concerned to ensure the account of the past arrears. Before giving any advance to any employee, it is necessary to obtain the approval of the Divisional Headquarters on the application for advance clearance demand application or cost estimate to the concerned department for the financial demand concerned.

Account management is to be done for the advance amount taken from the company. Before approving it in advance, it is necessary to ensure that the proposed expenditure is within the

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limits of the respective plan or annual budget. It is important to ensure that the title or purpose of the work is mentioned in advance on the voucher. The advance amount should be approved only after ensuring that the final raising account is complete and the work is immediate. It should be ensured that the account will be submitted within 15 days after completion of the work.

Audit and Management: Internal auditing is mandatory for a manufacturing company. The internal audit of the company's accounts is required by chartered accountants as per the criteria, regular intervals, and procedures mentioned in the organization's constitution.

Penalty for non-compliance of Companies Act-2013:

Failure to file the balance sheet within the stipulated time: If the balance sheet is not paid on time, the manufacturer will have to pay a penalty of 12 times the normal fee. Further, under Section 137, a construction company can be fined up to Rs 10 lakh per day, up to Rs 1,000 per day, and each director may be fined up to six months in jail or Rs 1 lakh to Rs 5 lakh can go. Both fines can be imposed at the same time.

Failure to submit the annual report: If the annual report is not submitted within the stipulated time, the construction company is required to pay a penalty of 12 times the normal fee and is required to submit the annual report to the Registrar of Companies. In addition, the company will have to pay a fine of Rs 50,000 under Section 12, which can go up to Rs 5 lakh. Each director can face up to six months in jail or a fine ranging from Rs 50,000 lakh to Rs 5 lakh. Both fines can be imposed at the same time.

In case of improper distribution of share certificate: In this case, under Section 46 of the Companies Act, 2013, a manufacturing company can be fined 5 times or a maximum of 10 times the share price and a police complaint of fraud can be filed.

In case of nonissue of equity certificate: In this case, under Section 46 of the Companies Act, 2013, a manufacturing company can be fined from Rs 25,000 to a maximum of Rs 50,000 and each director can be fined from Rs 10,000 to 100,000 Rs.

If the register of shareholders is not managed: Under Section 88 of the Companies Act, 2013, each director and company will have to pay a fine of Rs 50,000 which can increase to Rs 3 lakh; And if necessary action is not taken, the company can be fined Rs 1000 per day.

Failure to convene an annual general meeting: Under Section 99 of the Companies Act, 2013, a fine of up to Rs 1 lakh can be imposed on each director and company. Failure to take necessary action may result in a penalty of Rs.5000 / - per day.

If the minutes of the meetings are not written or updated: Under Section 118 of the Companies Act, 2013, a fine of Rs 25,000 can be imposed on the manufacturing company and Rs 5,000 on the directors.

Conclusion:

It can aptly be concluded that the intention behind the insertion of the concept of Producer Company in Companies Act, 2013 is to ensure a more beneficial and easy adaptable regulatory framework of such companies and it is to be well noted that whether it is a Producer Co-operative registered under Co-operative Societies Act, or a Producer Company under the Companies Act, they both serve for the common purpose as to help its members and work for their benefit. The Companies Act-2013 had earlier set a minimum capital limit of Rs 1 lakh for all private limited companies. However, as per the amended Companies Act-2015, the minimum capital limit is relaxed. Accordingly, no minimum capital investment is required to start a manufacturing company now.

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