



Module 2: Formation of Farmer Producer Companies (FPCs)

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MODULE 2

Formation of FPCs

MINIMUM REQUIREMENTS



10 producers or
2 producer institutions

STEP-BY-STEP INCORPORATION PROCESS



Name Reservation



Digital Signature (DSC)



Director Identification
Number (DIN)



Filing SPICe+ Form
with RoC



Model MoA and AoA
Clauses for FPCs



Learning Objectives

By the end of this module, you will:

- Comprehensively understand **legal and procedural steps** to incorporate an FPC
- Gain clarity on **documents, timelines, and authorities** involved
- Learn how to prepare and adopt compliant **MoA & AoA**

Section 1: Minimum Legal Requirements

Parameter	Requirement Description
Legal Basis	Chapter XXIA (Sections 378A to 378ZU) of the Companies Act, 2013
Promoters	Minimum 10 individual producers or 2 producer institutions
Directors	Minimum 5 , maximum 15 directors required at the time of incorporation (Section 378O)
Authorized Capital	Minimum as per business plan – usually ₹1 lakh to ₹10 lakh or more
Membership Type	Only primary producers or producer institutions (Section 378C)
Registered Office	Must provide proof of office address during incorporation (rent agreement or ownership document)
Compliance Identity Numbers	PAN, TAN, DSC, DIN – All required during registration

Section 2: Step-by-Step Incorporation Process

Step 1: Name Reservation

- File **RUN (Reserve Unique Name)** form on MCA portal.
- Name should follow:
 - Format: “XYZ [Crop/Area] Producer Company Limited”
 - Ends with: “Producer Company Limited”



- MCA Rule: Ensure name uniqueness under **Rule 8 of Companies (Incorporation) Rules, 2014**

Documents required:

- Proposed name
- Objects of the company
- Board resolution (if institutional promoters)

Step 2: Obtain Digital Signature Certificates (DSC)

- Apply for DSC through licensed Certifying Authorities (e.g., Sify, e-Mudhra)
- Each director & subscribers requires:
 - PAN
 - Aadhaar
 - Email and mobile number
 - Passport-size photo

Tip: Without DSC, e-forms (SPICe+, MoA, AoA) cannot be signed or submitted online.

Step 3: Apply for Director Identification Numbers (DIN)

- DIN is required for each director to act officially under the Companies Act
- Apply within SPICe+ or separately via DIR-3 (if pre-existing DIN is not available)
- KYC compliance of DIN is mandatory every year

Step 4: File SPICe+ Form with RoC

- SPICe+ (Simplified Proforma for Incorporating a Company Electronically Plus) includes:
 - Part A – Name reservation
 - Part B – Incorporation, PAN, TAN, GST, EPFO, ESIC, PT
- Fill all details:
 - Company info, capital, object clause, address
 - Subscriber details and director particulars



- Attachments:
 - MoA (INC-33), AoA (INC-34)
 - Proof of registered office
 - ID/address proof
 - Consent to act as Director (DIR-2)
 - Declaration (INC-9)
 - Farmer Certificate from Agricultural/Horticulture/Tahsildar officers etc
 - Utility bills i.e Bank statement, power bill, gas, telephone bill etc

Fee: Varies based on authorized capital

Step 5: Issue of Incorporation Certificate

- Once approved by Registrar of Companies (ROC), the following are issued:
 - Certificate of Incorporation
 - Company Identification Number (CIN)
 - PAN and TAN
 - GSTIN, EPFO, ESIC (if opted)

Section 3: Model MoA and AoA Clauses

Memorandum of Association (MoA)

Defines the **identity, objectives, and structure** of the company

Key Clause	Description
Name Clause	As approved by ROC (must end with “Producer Company Limited”)
Object Clause	Per Section 378B – e.g., production, processing, marketing, export, input supply, etc.
Liability Clause	Limited by shares

Key Clause	Description
Capital Clause	Authorized and subscribed capital, share value (e.g., ₹100 per share)
Subscription Clause	Names, signatures, and shares taken by each subscriber

Tip: Ensure that your object clause covers **entire value chain** activities: input, aggregation, processing, marketing.

Articles of Association (AoA)

Lays down **governance rules**, profit distribution, and member conduct.

Clause	Description
Board of Directors	Appointment, powers (Section 378P, 378R), election process
General Meetings	Conduct of AGM (Section 96), EGM, quorum rules
Patronage Bonus	Distribution based on member participation (Section 378J)
Dividend (Limited Return)	Members can receive return on shares (not exceeding limits)
Transfer of Shares	Allowed only among existing producer members (Section 378ZC)



MCQs – Module 2: Formation of FPCs

1. What is the minimum number of *individuals* required to form an FPC?

- a) 5
- b) 7
- c) 10
- d) 15

Answer: c) 10

2. What is the minimum number of *producer institutions* required to form an FPC?

- a) 1
- b) 2
- c) 3
- d) 5

Answer: b) 2

3. Which of the following forms is used to apply for name reservation of a Producer Company?

- a) INC-1
- b) RUN
- c) DIR-3
- d) MGT-7

Answer: b) RUN

4. What is the correct suffix in the name of a Producer Company?

- a) Pvt. Ltd.
- b) Limited
- c) Producer Company Limited
- d) FPC Ltd.

Answer: c) Producer Company Limited

5. What is SPICe+?

- a) Form for TDS Return
- b) Form for ROC compliance



- c) Simplified incorporation form for companies
 - d) MCA document viewer
- Answer:** c) Simplified incorporation form for companies

6. Who issues the Digital Signature Certificate (DSC)?

- a) Registrar of Companies
 - b) MCA
 - c) Certifying Authorities
 - d) Chartered Accountant
- Answer:** c) Certifying Authorities

7. DIN stands for:

- a) Director Index Number
 - b) Director Identity Number
 - c) Digital Incorporation Number
 - d) Director Identification Number
- Answer:** d) Director Identification Number

8. Which section of the Companies Act, 2013 governs Producer Companies?

- a) Chapter VI
 - b) Section 378A to 378ZU
 - c) Section 8
 - d) Section 25
- Answer:** b) Section 378A to 378ZU

9. Which of these documents must be attached while filing SPICe+ for FPC incorporation?

- a) Only MoA
 - b) Only AoA
 - c) Both MoA and AoA
 - d) GST Return
- Answer:** c) Both MoA and AoA

10. Who regulates FPC registration in India?

- a) NABARD
- b) SFAC
- c) Registrar of Companies (RoC)



d) RBI

Answer: c) Registrar of Companies (RoC)

11. While drafting the MoA of an FPC, which clause is specific to its **producer objectives** under Section 378B?

- a) Name Clause
- b) Liability Clause
- c) Objects Clause
- d) Subscription Clause

Answer: c) Objects Clause

12. In SPICe+ form submission, **AGILE-PRO** form is used for:

- a) Applying for DSC
- b) Uploading share certificate
- c) Applying PAN, TAN, GSTIN, EPFO, ESIC, bank account
- d) Filing post-incorporation forms

Answer: c) Applying PAN, TAN, GSTIN, EPFO, ESIC, bank account

13. A declaration by the first directors and subscribers is submitted in:

- a) INC-9
- b) INC-7
- c) DIR-3
- d) INC-22

Answer: a) INC-9

14. Form **DIR-2** is used for:

- a) DIN application
- b) Consent to act as director
- c) Shareholder resolution
- d) Certification of incorporation

Answer: b) Consent to act as director

15. Which form contains the **particulars of address of registered office** post incorporation if not declared in SPICe+?

- a) INC-20A



b) INC-22

c) AOC-4

d) DIR-12

Answer: b) INC-22

16. Which condition **must be met** before filing INC-20A (Commencement of Business)?

a) First board meeting held

b) Capital subscription deposited in bank

c) GST registration obtained

d) Director KYC completed

Answer: b) Capital subscription deposited in bank

17. In case of **non-filing of INC-20A within 180 days**, what is the consequence?

a) Automatic GST deactivation

b) DIN cancellation

c) Company status becomes "inactive" and penalty imposed

d) ROC strikes off the DIN

Answer: c) Company status becomes "inactive" and penalty imposed

18. Which document serves as the **legal proof of existence** for a newly incorporated FPC?

a) Acknowledgement of SPICe+

b) Signed MoA

c) Certificate of Incorporation (COI)

d) Share certificate

Answer: c) Certificate of Incorporation (COI)

19. What is the **maximum number of directors** allowed at the time of incorporation of an FPC without special resolution?

a) 10

b) 12

c) 15

d) 20

Answer: c) 15



20. To reserve a name that contains the word “FPO” or “FPC”, which additional document is often required?

- a) No-objection certificate from NABARD
- b) Trademark registration certificate
- c) Declaration explaining the use of “Producer” term
- d) Bank account proof

Answer: c) Declaration explaining the use of “Producer” term

21. As per Rule 3 of Companies (Incorporation) Rules, 2014, a Producer Company must be classified as:

- a) Private Company only
- b) Public Company
- c) Private Company but without “Private Limited” in its name
- d) LLP with limited guarantee

Answer: c) Private Company but without “Private Limited” in its name

22. The SPICe+ form is divided into how many parts for end-to-end incorporation?

- a) One integrated form
- b) Part A and Part B
- c) Three parts including INC-20A
- d) SPICe, INC-32, and INC-33 separately

Answer: b) Part A and Part B

23. If name approval is obtained via RUN service but not used within time, it expires in:

- a) 15 days
- b) 20 days
- c) 60 days
- d) 30 days

Answer: d) 20 days

24. The purpose of filing **MOA (INC-33)** and **AOA (INC-34)** electronically is:

- a) To enable SPICe+ auto-filing integration
- b) To apply for DIN and PAN
- c) To open bank account
- d) To apply for equity grants

Answer: a) To enable SPICe+ auto-filing integration



25. A key **post-incorporation activity** before applying for bank funding is:

- a) Filing GSTR-1
 - b) Obtaining AGMARK
 - c) Holding first Board meeting and passing capital allotment resolution
 - d) Filing income tax return
- Answer:** c) Holding first Board meeting and passing capital allotment resolution

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