

## **Module 2: Formation of Farmer Producer Companies (FPCs)**

## 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 <b>10 individual producers or 2 producer institutions</b>
Directors	Minimum <b>5</b> , maximum <b>15</b> 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 <b>primary producers</b> 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
<b>Name Clause</b>	As approved by ROC (must end with “Producer Company Limited”)
<b>Object Clause</b>	Per Section 378B – e.g., production, processing, marketing, export, input supply, etc.
<b>Liability Clause</b>	Limited by shares
<b>Capital Clause</b>	Authorized and subscribed capital, share value (e.g., ₹100 per share)

<b>Key Clause</b>	<b>Description</b>
<b>Subscription Clause</b>	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.

<b>Clause</b>	<b>Description</b>
<b>Board of Directors</b>	Appointment, powers (Section 378P, 378R), election process
<b>General Meetings</b>	Conduct of AGM (Section 96), EGM, quorum rules
<b>Patronage Bonus</b>	Distribution based on member participation (Section 378ZJ)
<b>Dividend (Limited Return)</b>	Members can receive return on shares (not exceeding limits)
<b>Transfer of Shares</b>	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