MODULE 2

STATUTORY COMPLIANCES

Module 2	Statutory Compliances Under the Companies Act	Time
Session 1	Importance of Share capital. How to collect and how to maintain	95 mins
Session 2	Statutory compliances under Companies Act 1956 and Companies Act 2013 - meetings and registers	95 mins
Session 3	Statutory compliances – meetings and registers certification/licences for trading	60 mins
	TOTAL TIME FOR MODULE 2	**250 mins (approx. 4 hours)**

Session 2.1: Importance of Share capital. How to collect and how to maintain?

Time: 95 mins

Session Objectives
By the end of 95 mins, session on "Importance of Share capital. How to collect and how to maintain", the participants would have:
a. Understood the importance of share capital
b. Discussed various collection methods
c. Learnt how to maintain this amount at FPO level

Process (Summary)

Session Outline

Sl No.	Content	Method/ Activity	Time	Materials
1	Introduction – Link with previous Session	Discussion	5 mins	chart with objectives
2	Source of common funds for FPO	Group activity	30 mins	small cards, chart paper, pens
3	Why share capital important in business; and how to collect	Small group activity	30 mins	chart, Annexure 1
4	How FPO maintain share capital	Brainstorming	20 mins	charts, Annexure 2
5	Summing up	Interaction	10 mins	

Process (Detailed)

Task 1: Session objectives (5 mins)
Start by introducing the session objectives using a pre-prepared chart and get the agreement of the participants.

Since this is a beginning of a new module, the facilitator cannot link to another session. But in the form of introduction, facilitator can say that if an FPO is registered under and legal provision like Companies Act or Societies Act, then it is bound to follow the legal requirements under these laws .These are called statutory compliances. This module will deal with the various statutory requirements that an FPO must fulfil.

Task 2: Source of common funds for FPO (30 mins)

The Facilitator will ask a general question and give out a card to each participant. The question is: "In your opinion, what are the important sources of funds when an FPO begins to operate? List any 4"

Source of funds	When is it collected

After 5 mins, he will ask them to read out their answers, and with the help of an assistant, write them out on a chart which has 2 columns: source and when it is collected.

Then he will ask them to discuss which of these funds can be collected before registering the FPO. It is expected that they will mention share capital as one of the answers.

Task 3: Importance of share capital and how to collect it (30 mins)

This will be through a small interaction with the full group divided into 3 small groups: The Facilitator will ask a different question to each group and given them 10 mins to answer. Each group will come and present their answers.

a) Group 1 question: What is share capital?

After 20 mins, the group will read out the answer to the first question. These will be listed on the board. Finally, a consensus will be arrived at so that they are clear as to why an FPO is important.

Share capital or equity means the total of the payments made to the company/society by all the shareholders Members (farmer producers/ institutions of farmer producers) on their shares. It represents a form of member commitment to the group and it defines each member's stake in the group. In a Producer Company it shall consist of only equity shares.

b) Group 2 question: Why does an FPO need to collect share capital?

For this question, give them small cards to write out their answers – one answer on each card. Then they can go and stick their card on the chart put up on the board.

c) Group 3 question: From whom will the FPO collect this share capital, how much, when and how?

After the group discusses, they can send one person to fill up their answers on the chart
Then they will be asked to fill in the columns in the chart on the board – after the first group that volunteers to do this, the others will add any new points. This will be reviewed and agreed upon.

There may be a difference of opinion, but the Facilitator needs to explain that the situation may vary from FPO to FPO – this is only a checklist.

From whom	How much	When	How

Table to answer third question on collection of share capital

Task 4: Maintenance of the share capital (20 mins)

This is more of an explanation – the Facilitator will pass around a guideline (Annexure 2) to each group and ask them to read it out. The note will contain points on how this share capital is to be first credited into the FPO account. It will also explain how this amount cannot be used for operational purposes.

The guideline will also discuss the process to follow in case a member farmer quits the FPO and wants his share returned or transferred.

The facilitator must stress that this is a very technical topic and all participants may not follow every rule. What they need to know is that there are rules, and they should work with their legal counsel to make sure they are following the rules when collecting and dealing with share capital.

Task 5: Summing up (10 mins)

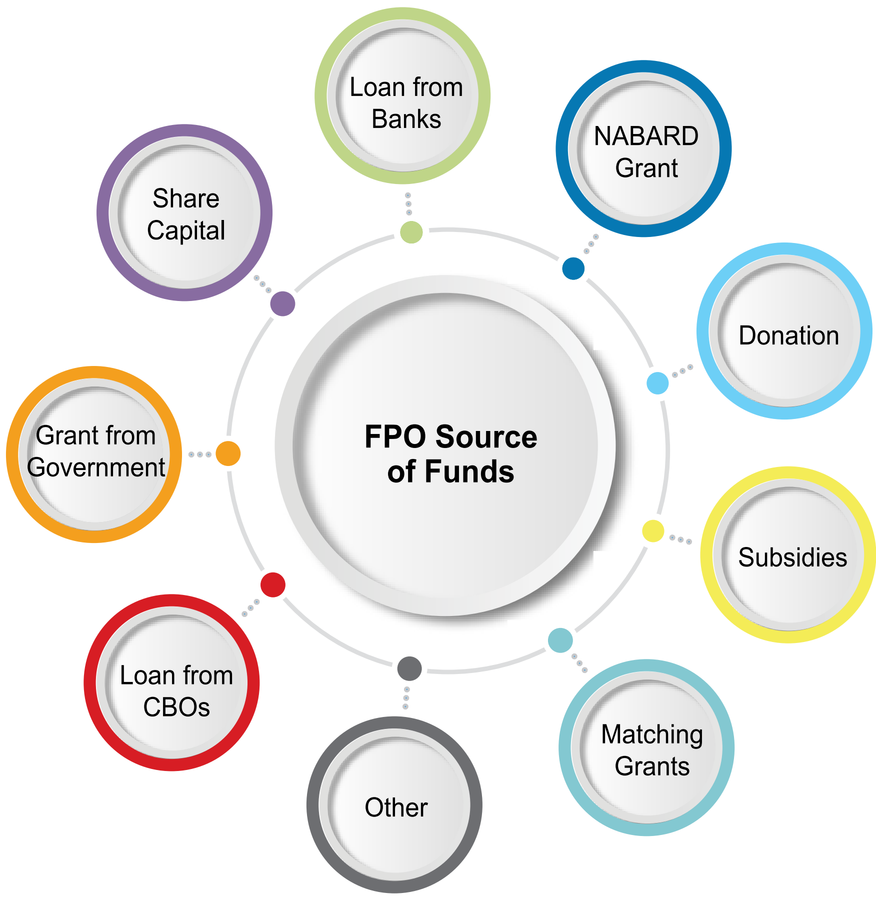
Once all the discussions are over, the Facilitator will sum up the session highlighting the key learnings"

1. Sources of funds in an FPO?
2. Importance of share capital
3. How and when to collect this amount and what to do with it.
4. What to do if a person leaves the FPO and wants his share back or wants to give it to his son.

Annexures / Handouts

1. Annexure 1: Possible sources of funds for an FPO
2. Annexure 2: Guidelines to maintain share capital
3. Handout for trainers

Annexure 1: Possible sources of funds for an FPO



Annexure 2: Guidelines to Maintain Share Capital

Companies Act 1956: Producer Companies[7]

581ZB. Share Capital

1. The share capital of a Producer Company shall consist of equity shares only.
2. The shares held by a Member in a Producer Company, as far as possible, be in proportion to the patronage of that company.

581ZC. Special User Rights

1. The producers, who are active Members may, if so, provided in the articles, have special rights and the Producer Company may issue appropriate instruments to them in respect of such special rights.
2. The instruments of the Producer Company issued under sub-section shall, after obtaining approval of the Board in that behalf, be transferable to any other active Member of that Producer Company.

Explanation - For the purposes of this section, the expression "special right" means any right relating to supply of additional produce by the active Member or any other right relating to his produce which may be conferred upon him by the Board.

581ZD. Transferability Of Shares And Attendant Rights

1. Save as otherwise provided in sub-sections (2) to (4), the shares of a Member of a Producer Company shall not be transferable.
2. A Member of a Producer Company may, after obtaining the previous approval of the Board, transfer the whole or part of his shares along with any special rights, to an active Member at par value.
3. Every Member shall, within three months of his becoming a Member in the Producer Company, nominate, in the manner specified in articles, a person to whom his shares in the Producer Company shall vest in the event of his death.
4. The nominee shall, on the death of the Member, become entitled to all the rights in the shares of the Producer Company and the Board of that Company shall transfer the shares of the deceased Member to his nominee: Provided that in a case where such nominee is not a producer, the Board shall direct the surrender of shares together with special rights, if any, to the Producer Company at par value or such other value as may be determined by the Board.
5. Where the Board of a Producer Company is satisfied that - (a) any Member has ceased to be a primary producer ; or (b) any Member has failed to retain his qualifications to be a Member as specified in articles, the Board shall direct the surrender of shares together with special rights, if any, to the Producer Company at par value or such other value as may be determined by the Board : Provided that the Board shall not direct such surrender of shares unless the Member has been served with a written notice and given an opportunity of being heard.

7. Companies Act 1956

Handout for Trainers

Frequently Asked Questions[8]

1. What is share capital?
Share capital or equity means the total of the payments made to the company/society by all the shareholders Members (farmer producers/ institutions of farmer producers) on their shares. It represents a form of member commitment to the group and it defines each member's stake in the group. In a Producer Company it shall consist of only equity shares.

2. What are the special aspects of equity share capital in case of POs?

a. While finalizing the cost of share and the number of shares per member, the paying capacity of the economically deprived shareholders should also be considered.
b. There is no bar on the number of shares per member in the company Act.
c. It is suggested to have equal number of shares among the members to maintain a balance in the power structure of the PC.
d. The norms for distribution of share should be mentioned in the Articles of Association.
e. The eligible community members may apply through a membership application form (specified in the Act.) to the BoD. The General Body (GB) is the final authority to approve or reject the membership application.
f. The shareholders finalise the authorized capital of the company and the cost of each share.
g. Transfer of share capital is limited to members on par value in a PC
h. The amount collected through shareholders could be used for registration fees and other processing related expenditures like fees for Company secretary, stationary, travel etc. In the books of accounts, it can be shown as loan taken from the share capital. Once the company mobilises resources through business it can be repaid.
i. Minimum number of producers required to form a PC is 10, while there is no limit for maximum number of members, and it can be increased as per feasibility and need.
j. There cannot be any government or private equity stake in the producer companies, which implies that PC cannot become a public or deemed public limited company

3. What is the authorised capital?
Capital that a company/organisation has been authorised to raise by way of equity shares through the Articles of Association/Memorandum of Association. The minimum authorised capital at the time of incorporation of Producer Company should be Rs.5 lakh.

4. What is the issued capital?
The share capital that has been issued to the members in their names is called issued capital.

5. What is the process for increasing the Authorised capital?

a. The authorised capital could be increased keeping in view the requirements of the Company, by creation of new shares by passing an ordinary resolution in general meeting. The resolution cannot compel the existing shareholders to take the additional shares.
b. The alteration does not affect the company's issued capital.
c. The Articles of Association of the company should confer this power, if not it should be suitably amended.
d. The changes will cost registration fee and notice of increase in share capital should be filed in Form No. 5 within 30 days of passing resolution for increasing the share capital along with the filing fee.
e. Amendment should be noted in every copy of Memorandum and Articles.

8. Frequently asked questions – NABARD 2015

6. What is the procedure for Consolidation/Division/Cancellation of Share into Larger/Smaller Amount?

a. For the consolidation/division/cancellation of shares, at first, it should be considered and approved by the Board in its meeting. In the same meeting, the date/time for the general meeting and the notice of the meeting containing the necessary resolutions and explanatory statements may also be finalised and approved.

b. At the general meeting:- The necessary resolution should be passed, - Form No.23 has to be filed within 30 days of passing the resolutions along with the filing fees and enclosures as prescribed in Schedule X to the Act with the Registrar of Companies.

c. In case of consolidation/division, the Members must be issued new certificates in lieu of the existing share certificates, by making appropriate entries in the register of members. Whereas, in cancellation of shares, a notice to the Registrar of Companies in Form No. 5, along with the fees as prescribed in Schedule X to the Act.

7. What is the procedure for Diminution of Capital?

a. The Company may diminish the amount of its authorised or nominal (but not issued) capital by cancelling shares which have not been issued or agreed to be issued, if its Articles authorise such cancellation.

b. The diminution may be affected, and it must be given to the Registrar within 30 days thereafter in Form No. 5.

c. It must be noted that the resolution does affect the Company from subsequently increasing its nominal capital by passing an ordinary resolution in general meeting.

d. In case of diminution, the cancelled shares that have never been issued or allotted to anyone are extinguished.

8. What is the procedure for issue of Bonus Shares?

a. Any Producer Company may, upon recommendation of the Board and passing of resolution in the general meeting, issue bonus shares by capitalisation of amounts from general reserves in proportion to the shares held by the Members on the date of the issue of such shares.

b. Proposed Bonus Shares should be well within the authorised capital of the Company.

c. If not, necessary steps should be taken to increase the authorised capital, by amending the capital clause of the Memorandum of Association.

d. A resolution should be passed in the general meeting duly convened and filed with the Registrar within 30 days together with requisite documents and fees. 57

e. Where the Company has availed of any loan facility from term lending institutions, prior permission is to be obtained from the institution as per the term lending agreement.

f. Form 2 should be filed with the Registrar within 30 days also with requisite fees.

Share Capital and Related Matters

1. What are the important provisions relating to Share Capital?

a. The share capital of a producer company shall consist of equity shares only.

b. The shares held by a member, shall to the extent possible, be in proportion to the patronage of the Company.

c. Every member shall have only a single vote

d. Shares generally are not transferable but if transfer is approved by the Board, it should preferably be transferred to an active member.

e. Active members can be given special user rights relating to the produce supplied to the company.

f. The amount of share capital that can be raised from the members cannot exceed the authorised capital mentioned in the MOA unless a special resolution is passed at a general meeting to increase the authorised capital of the Company.

Further Issue of Capital

a. The initial capital subscribed by the promoters in the MOA shall be brought in by them only and deposited in the Company's bank account.

b. If the amount of share capital brought in by new members including the existing capital exceeds the authorized capital mentioned in MOA, then following process has to be followed:

    a. Call a Board Meeting by giving seven days' notice and pass a resolution for amendment of MOA/AOA increasing the authorised capital of the company subject to the approval of shareholders in a general meeting.

    b. Hold a general meeting for passing special resolution to approve amendment of MOA/AOA to increase the authorised capital.

    c. File form MGT-14 and SH-7 with ROC within 30 days from the date of the General Meeting.

c. For registering new members, two methods can be followed:

    a. by transfer of shares from the existing members or

    b. through rights issue.

d. For transferring shares, transfer form SH-4 should be signed by both transferor and transferee after filling all the details mentioned therein. Prescribed transfer fee stamp to be affixed. The transfer form along with the share certificate has to be sent to the Company which will be approved at the ensuing Board Meeting.

e. In a rights issue, further shares will be offered to the existing shareholders in proportion to their shareholding who can renounce in favour of the new members. The rights issue form will be in three parts; Part A is the offer to the existing member based on his existing shareholding, Part B is for renouncing in favour of any other person (including a new member) and the last Part C is for accepting of the renounced shares by the new member. The offer is open for 15 to 30 days and once the process is complete, shares will be allotted on the basis of the application forms received.

f. Allotment of further shares shall be done at a Board Meeting and thereafter, a return of allotment in PAS-3 is filed with the ROC within 30 days of the Board Meeting.

g. All e-filings with ROC is done electronically using digital signature along with prescribed fees paid online.

Session 2.2: Statutory Compliances under Companies Act 1956 and Companies Act 2013 - Meetings and Registers

Time: 80 mins

Session Objectives
By the end of 80 mins. session on "Statutory Compliances under Companies Act 1956 and Companies Act 2013", the participants would have:
1. Understood the various provisions related to Board Meeting and AGM, especially the First Board Meeting and the first AGM.
2. Known the statutory registers to be maintained
3. Been made aware of the annual returns and other statutory returns/forms to be filed under company Law and benefits/penalties thereof.

Process (Summary)

Session Outline				
No.	**Content**	**Method/ Activity**	**Time**	**Materials**
1	Introduction – Link with previous Session	Discussion	5 mins	chart with objectives
2	Board meeting and AGM	Group activity	30 mins	chart paper, pens
3	statutory books and registers	Reading and clarification	20 mins	Annexure 2
4	Penalties for non-compliance	Reading and clarification	20 mins	Annexure 3
5	Summing up & Link to next Session	Discussion	5 mins	

Process (Detailed)

Task 1: Explaining the objectives of the session (5 mins)

Start by introducing the session objectives using a pre-prepared chart and get the agreement of the participants.

Task 2: Board meeting and Annual General Body meeting (AGBM) (30 mins)

The group can be divided into 2 groups: one for board meeting; the other for AGBM. Each group is then asked to discuss and fill up a chart describing the statutory requirements for their group. Give them 15 mins. to discuss and fill the chart. Then they can come up and present their points. The Facilitator can suggest any left-out points and agree on a final list (annexure 1).

A suggested format is given below:

Parameter	Details
Who are the members	
When is the first meeting and how often to repeat	
What documents to keep ready before meeting	
What decisions to make at first meeting	
Who is responsible for calling meeting; chairing meeting, keeping minutes etc?	
What documents to be filled before end of meeting	

Task 3: Statutory registers and books required by FPO (20 mins)

This exercise requires them to read the list (Annexure 2) and understand that there are several books. The participants need to know who will keep the books and what their role is.

Distribute a copy of this list to all participants. Give them time to read through. Then one by one, list out each book and find out if they know what it is. If not, then the Facilitator will explain the meaning and basic use of this document.

Task 4: Penalties liable for the FPO for non-compliance (20 mins)

Use the same method as in task 2 by sharing this list (Annexure 3) with each participant and getting them to read and comment if they don't understand.

The Facilitator needs to keep stressing that it is not the responsibility of the BoD to know all details of each document, licences, form etc. They must be aware that there are forms and documents that will be filled up either by the CEO or the legal persons. However, they must know which ones are important and which requires them to countersign.

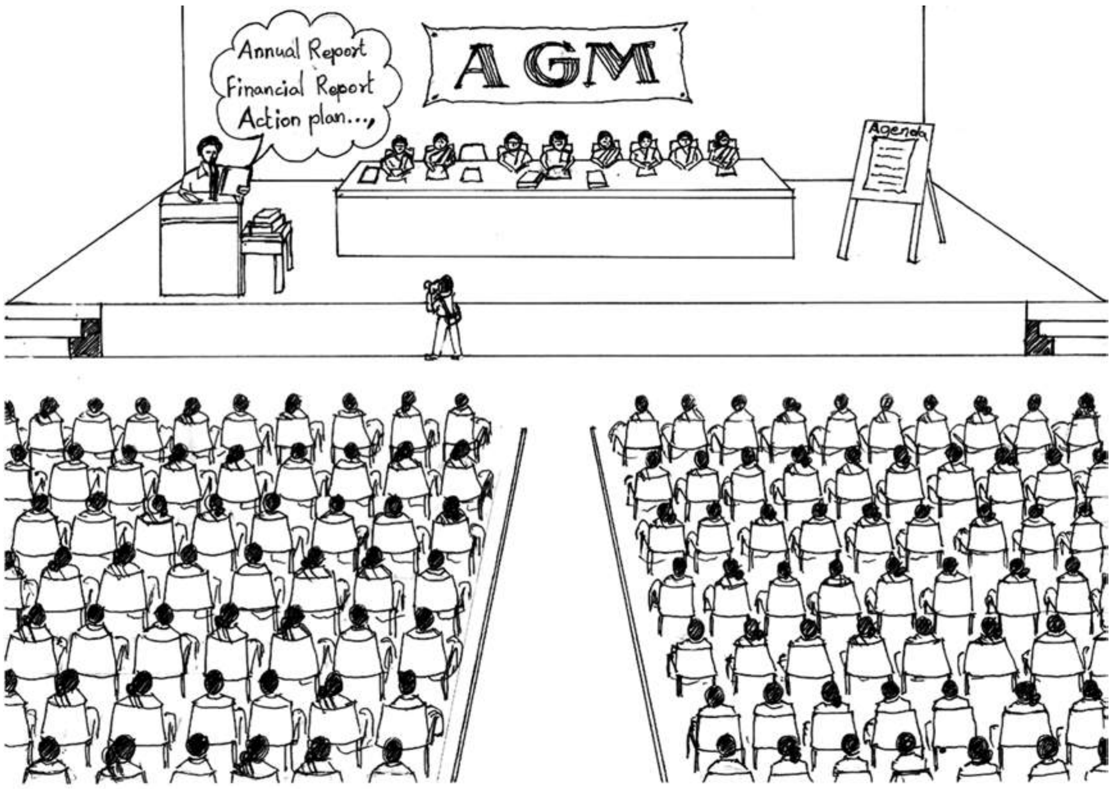
Task 5: Summing up

Once all the discussions are over, the Facilitator will sum up the session highlighting the key learnings

1. Provisions related to Board Meeting and AGM, especially the First Board Meeting and the first AGM.
2. Statutory registers to be maintained
3. Annual returns and other statutory returns/forms to be filed under company Law and benefits/penalties thereof.

Annexures / Handouts

1. Provision for board meetings and Statutory Compliances In The First Year Of Incorporation
2. Statutory registers and books for the FPO
3. List of Penalties for non-compliance



Annexure 1: Provisions relating to FPO Meetings

Board meetings

a. There should be a Board Meeting once in three months and four such meetings should be held in a year.
b. 1 weeks' notice in writing, should be given by CEO for holding a Board Meeting to all the directors in India.
c. The quorum for a Board Meeting is 1/3rd of the total strength or 3 whichever is higher.
d. The Board of Directors shall be paid fees, for attending each meeting subject to AOA and approved by general meeting.
e. Minutes of the proceedings of the Board Meetings shall be prepared and entered in to Minutes Books within 30 days of the meeting.
f. Minutes pages shall be consecutively numbered, and each page shall be initialled, and the last page signed and dated by the Chairman of the same meeting or the next meeting.
g. Minutes register shall be kept at the Registered Office of the Company and is maintained permanently under the custody of Company Secretary or authorized director.
h. Decisions are taken by resolutions passed by majority and routine resolutions can be passed by circulation.
i. Resolution by circulation involves sending the resolution by post or through electronic means to be signed by majority of directors present in India. This resolution will form part of minutes at the next Board Meeting.

Annual General Meetings

a. There are two types of General Meetings:
   i. Annual General Meeting (AGM)
   ii. Extraordinary General Meeting (EGM)

b. First Annual General Meeting shall be held within 90 days of the incorporation of the Company to adopt AOA and appoint directors of Board.
c. The gap between two Annual General Meetings shall not exceed 15 months subject to extension by 3 months granted on application by the Registrar of Companies.
d. 21 days' notice shall be given for calling a general meeting to all the members and auditors of the company informing the date, time and place of the meeting. (in case of conduct of EGM, mere telephonic confirmation is enough, and quorum is not necessary. But, in the next BoD meeting, this needs to be documented in the meetings book with the names of the BoDs who attended and resolution passed)
e. The notice of the AGM shall be accompanied by the following documents:
    i. agenda of the AGM
    ii. minutes of the previous AGM/EGM
    iii. names of directors to be appointed
    iv. Balance Sheet, Profit & Loss Account, Report of Board of Directors and Auditors' of the company and subsidiary company
    v. draft resolutions appointing auditors and amending MOA/AOA
g. Quorum for the General Meetings shall be 1/4th of the total no. of members of the Company.
h. Minutes should be prepared and entered in Minutes books, dated and signed by the Chairman of the same meeting within 30 days from the date of the General Meeting.

Important matters to be transacted at the Annual General Body Meeting

a. approval of Budget, adoption of annual accounts
b. approval of patronage bonus
c. issue of bonus shares
d. declaration of limited return and decision on distribution of patronage
e. Loans to directors

Statutory Compliances in the First Year of Incorporation

a. Hold first Board Meeting within 30 days from the date of incorporation.
   * Arrange for Printing of Share Certificate Books/Combined Statutory Register/Letter heads /Rubber Stamps
   * Name and address of the Registered Office along with CIN no./phone no./email/website address should be printed on all letter heads, bill heads, notices and correspondence of the Company
   * Name and address of the Registered Office should be painted or affixed on the outside of every office of the Company in a very conspicuous manner.

b. Appoint first auditors at the first Board Meeting or within 3 months from the date of incorporation.

c. Hold first AGM within 90 days of the date of incorporation for adoption of AOA and appointment of first directors.

d. Ensure that 4 Board Meetings are held during a calendar year and gap between two Board Meetings is not more than 3 months.

e. Ensure that the gap between two AGMs is not more than 15 months.

f. The first Auditors will hold office till the next AGM where they have to be appointed for a period of 5 years each time and their appointment is ratified at each AGM.

g. Appoint one of the directors as the Chief Executive Officer (CEO) of the Company and he shall not be a member of the Company.

h. Share Certificates shall be issued to the first 10 subscribers of the company within 2 months of the date of incorporation.

i. Maintenance of Common Seal is not mandatory.

j. All routine decisions like opening of bank account, authorisation to any director for dealing with all government departments for licences/permits/registrations can be done by resolutions passed at Board Meetings or by resolutions passed by circulation.

Other statutory compliances during the running of the organisation?

a. The AOA should contain, apart from other matters, the following:

   i. the manner of ascertaining the patronage and the voting right based on patronage;

   ii. the manner of distribution of withheld price and patronage bonus

   iii. limited return (maximum dividend payable)

   iv. intervals of conducting internal audit of the accounts by a Chartered Accountant

   v. amount to be transferred for maintaining general reserve

b. Any amendment to AOA or MOA can be carried out only by special resolution in a general meeting i.e., 75% of the members present and voting should approve the resolution.

c. Ensure that proper attendance is taken at Board and General Meetings with requisite quorum.

d. In general meetings, a member can appoint a proxy to attend and vote on his behalf after depositing proxy form 48 hours before the meeting in form MGT-11. The proxy need not be a member of the company but is not allowed to speak at the meeting.

e. After auditing of the accounts, Board has to approve the same and place before the AGM before 30th September of every year for adoption by the Shareholders.

f. Within 60 days of the date of the second and subsequent Annual General Meetings, Annual Report and Annual Return shall be filed with ROC in AOC-4 and MGT-7 respectively.

(Annual Report comprises Notice calling AGM, Directors' Report, Auditors' Report, Profit and Loss account, Balance Sheet along with Notes / Schedules to Accounts)

(Annual Return comprises details of shareholding pattern, directors, meetings and other related particulars)

Annexure 2: Statutory Registers and Compliances

Sl No	Name of the statutory register	Form no.	Who fills	how often
1	Register of Members	MGT-1		
2	Register of Directors and their Shareholding			
3	Register of Renewed and Duplicate Share Certificates	SH-2		
4	Register of Charges	CHG-7		
5	Register of Loans and investments made by the Company	MBP-2		
6	Register of Related Party Transactions	MBP-4		

Major statutory forms to be filed with ROC under the Companies Act, 2013?

Sl No	Form No.	Purpose for which it is filed under Companies Act, 2013	Who fills/ signs	When to submit
1	INC-22	Intimation of change of registered office		
2	INC-24	Application for change of name		
3	PAS-3	Return of allotment of shares		
4	SH-7	Notice of increase or change in share capital		
5	CHG-1	Registration of creation/Modification of Charge on property to secure repayment of borrowed funds from banks etc		
6	CHG-4	Registration of satisfaction of charge on repayment of loan for releasing the charge		
7	MGT-14	Registration of satisfaction of charge on repayment of loan for releasing the charge		
8	DIR-3	Application for Director Identification No.		

9	DIR-11	Notice of resignation of director to be filed by the director		
10	DIR-12	Particulars of appointment and changes of directors to be filed by the company		
11	AOC-4	Form for filing of annual accounts annually every financial year		
12	MGT-7	Form for filing of annual return of shareholders every financial year		

Annexure 3: Offences and penalties prescribed for producer companies?

The various offences, penalties, and related matters for the same are given below in tabular form:

Sl. No.	Nature of the Offence	Quantum of Punishment
1	Any member acquires business interest in conflict with the business of the producer company	Ceases to be a member and shall be removed as per AOA
2	Any director votes, approves or acts in contravention of the provisions of this Act or any other Law	Director/s should make good the loss, damage or profit to the company, on account of such voting or action
3	Failure to appoint a qualified company secretary in a producer company whose average turnover in the last 3 years exceeded Rs. 5 crores	Company and defaulting officer shall be liable to fine up to Rs.500 per each day of default
4	Failure by a director to furnish information relating to the affairs of the Company to a member or authorized person	Imprisonment up to a term of 6 months and fine up to 5% of the turnover of the company in the preceding year
5	Failure to hand over the custody of books of account, documents or property to the producer company	Punishable with fine up to Rs.1 lakh and additional Rs. 10,000/- for each day of continuing default
6	Failure to convene AGM or General meetings	Punishable with fine up to Rs.1 lakh and additional Rs. 10,000/- for each day of continuing default
7	Producer Company's Failure to commence business within one year of its incorporation	Striking off the name of the company by the ROC after making inquiry in to the facts and giving directors a reasonable opportunity of being heard; Appeal can be made to National Company Law Tribunal (NCLT) by director or member against the order of ROC
8	Producer Company ceases to transact business with the members	
9	Producer Company is not carrying on the objects specified under the act	
10	Producer Company is not maintaining any of the Mutual Assistance Principles	
11	Disputes amongst members/former members/nominees of deceased members/producer company/ directors/ office bearers/liquidators/ past or present (relating to formation, management or business of a producer company)	Shall be settled by conciliation or arbitration under Arbitration and Conciliation Act, 1996 (whether the dispute is relating to formation/ management/business or not, decision of the arbitrator shall be final.

Session 2.3: Statutory compliances – certification/licences for trading

Time: 60 mins

Session Objectives
By the end of 60 mins. session on "Statutory compliances – certification licences for trading", the participants would have:
1. Read the list of various statutory compliances for trading
2. Understood who the certificate/licence issuing authorities are.
3. Learnt the required licences/certifications and renewal frequency

Process (Summary)

Session Outline				
No.	**Content**	**Method/ Activity**	**Time**	**Materials**
1	Introduction - objectives of session	Interaction	5 mins	chart paper
2	List of compliances for trading	Brainstorming	25 mins	Annexure 1, board, pens
3	Issuing authorities	Group activity	25 mins	chart paper, pens
4	Summing up & Link to next Session	Discussion	5 mins	

Process (Detailed)

Task 1: Introduction of the session – 5 mins
Start by introducing the session objectives using a pre-prepared chart and get the agreement of the participants.

Explain that the previous session dealt with compliances dealing with meetings and books to be maintained. This session will work on certificates and licences required by the FPO to run.

Task 2: List of compliances for trading – 25 mins
The Facilitator will ask a general question: "Can you tell me if you have heard of any certificates or licences you need for your FPO to do business?" As they answer, he can put down the

points on the board. After all, have answered, he can then ask them and suggest how to cluster the points under certificates for institutional compliance and licences for trading.

Then he should distribute the handout (Annexure 1) to every participant and give them 10 minutes to go through it. This handout will have 4 columns, 2 of which are blank and will be used for the following exercise.

Task 3: Knowing who are the issuing authorities and how often they need to be renewed – 25 mins

The group will use the handout (Annexure 1) and the Facilitator will go to column three titled – Issuing authority. He will ask them to fill up in pencil who they think is the issuing dept/ person. Then they go to column 4 titled: frequency of renewal". Here they are asked to fill up whether it is one time or requires annual or regular renewal.

They may not know all the answers but he should encourage them to fill up what they know. After 15 mins, he can show a readymade chart which has the correct answers. He can then tell the participants to fill up the correct answers in pen in their own handouts.

Task 4: Summing up - 5 mins

The Facilitator must emphasise that there is no need to learn all these, but it is important that the board members have a checklist of this in their office and periodically review whether it is time for renewal etc. He can review that there are certain licences and certificates that are statutory requirements for an FPO to do business, and that it is important that the Board of Directors keep track that these are obtained and renewed in a timely fashion. There are costs involved in getting some of the licences and this needs to be factored in their budget plan.

Facilitation Tips

Annexures / Handouts

Annexure 1: List of licences/ certificates required for an FP

Annexure 1: List of licences/ certificates for an FPO

Sl. No	Certification/ Licence	Description	Issuing Department	Renewal Frequency
1.	PAN	Applications for allotment of new PAN https://www.tinnsdl.com/download/pan/form49a.pdf. The application can be made either online or through any recognized PAN Facilitation centre.	IT Department	One time (life time)
2.	TAN	TAN is applied through "Form No. 49B" (prescribed under Indian Income Tax Law). A completed form can be submitted online at the NSDL website or at the “Tax Information Network Facilitation Centre” (TIN-FC). Application form: https://www.tinnsdl.com/download/tan/form49b.pdf	IT Department	One time (Life time)
3.	GST	Goods and service tax applicable to any entity that deals in sales and purchases	GST Department	Life time
4.	Seed Licence	If you buy seed from another grower or company to re-sell, then a Seed dealer licence is required for selling seeds	Agriculture Department	once in 3 years
5.	Fertiliser Licence	For any entity trading in buying and selling of fertiliser.	Agriculture Department	varies
6.	Pesticide Licence	Any person desiring to manufacture or to sell, stock or exhibit for sale or distribute any pesticide, or to undertake commercial pest control operations with the use of any pesticide is eligible to make an application to the licencing officer for the grant of a licence.	Agriculture Department	varies for different products

7	Import Export Certificate (IEC)		Director General Foreign Trade	(need to check)
8	APEDA	refers to AGMARK standards for importing and exporting fruit and vegetables	Ministry of Agriculture	not specified
9	HALAL/ KOSHER/ FSMS 22000	applicable for poultry and meet based FPCs	different sections under FSSAI and ISO	not specified
10.	FSSAI	for all processed and packaged foods	Ministry of Food Processing	1-5 years varying on product
11.	Shops and establishment	Shop license is required to be obtained from state/ municipal bodies. For more details refer to the applicable law of the particular state.	Local Gram Panchayat/ Municipality	
12	Weights and Measure licence		Department of Meteorology	
13.	ESI, PF, Child Labour policy		Labour Department	one time
14	Licence for environment aspects like land, water etc	(applicable for processing, storage of chemicals etc)	Relevant authorities Pollution Control Board	no details
15.	Fair Trade Certificate	(applicable to FPCs who aspires to do organic product exports)	Independent body	no details
16.	PGS certification	(applicable for organic produce)		no details
17.	Third party organic certification	(applicable for organic produce)	Varies for produce	varies
18	Form D under ESI act	(for employing more than 10 Employees)	Respective state labour department	updated when required

19	Apprentice Act	For appointing apprentice for training	labour dept	
20	Equal opportunities Act	(For employing women employees)		
21	Professional Act registration	Concerned Panchayat / Municipality / corporation		
22	Livestock Medical Licence Certificate		Animal Husbandry	
23	Stock Insurance/ Vehicle insurance		Insurance companies	
24	Minimal Residue Levels	for every exported	National Accredited Labs.	varies
25	No objection certificate	to set up business	from local Gram Panchayat/ municipality	depends on business