

FARMER PRODUCER ORGANIZATIONS

AN INNOVATIVE INSTITUTIONAL APPROACH
FOR COLLECTIVE ACTION

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CHAPTER-11 BOOK KEEPING IN FARMER PRODUCER ORGANIZATIONS

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11.1 Introduction:

The registered FPO's have to maintain various types of books, registers and documents regarding the day to day business of the company and keeping of various registers listed below is compulsory for every company. Any lapse or shortfall in book keeping is an offence and is punishable with fine. All the registers should be kept open for the inspection by members of the company at no cost during the business hours of the company. Failing to produce the registers on demand, the concerned person, would be liable to fine, which may extend to five hundred rupees.

11.1 Register of Directors, CEO and Secretary:

Various details of the directors, Chief Executive Officer and Secretary have to be maintained in a register in the registered office of the company with details such as,

- a) His/her present / former name (if any) and surname in full
- b) His/her father's (in case of a married woman her husband's) name and surname in full
- c) His/her nationality and date / place of birth
- d) Particulars of the members if he/she holds the office of director or any position in any other corporate body (except in case of a private company which is not a subsidiary of a public company).

The directors and other managerial staff have to disclose these details (within twenty days of their appointment) to the company as a statutory obligation.

11.2 Register of Contracts, Companies and Firms in Which Directors Are Interested

It is compulsory for the FPO to keep different registers in which particulars of all contracts or arrangements, to which

Section 297 or Section 299 of Companies Act applies. These mainly include,

- (a) Date of contract or arrangement
- (b) Names of the parties
- (c) Major terms and conditions
- (d) In the case of a contract to which Section 297 applies or in the case of a contract or arrangement to which sub-section(2) of Section 299 applies, the date on which it was placed before the Board
- (e) Names of the directors voting for and against the contract or arrangement and the names of those remaining neutral.

11.3 Register of Director's Shareholders

It is compulsory for every company to maintain a register of directors' shareholdings. Such register should show,

- The number, description and amount of shares in respect of each director of the company.
- Debentures of the company or its subsidiary or holding company which are held for him/her or which has any right to become the holder whether on payment or not.
- Details of any transactions regarding the shares and debentures of the directors

The nature and extent of director's interest over the shares or debentures should be indicated in the register.

11.4. Fixed Assets Register

It is important for the producer's company management to maintain a 'fixed asset register of the company showing the details of the physical assets. It is essential to physically verify the assets of the company once in a year. This is also required to ensure proper reconciliation between physical assets lying at different locations and assets as per books of accounts. Every year the assets are to be verified as per the list of assets mentioned in the Fixed Assets Register. When the assets are

under the control of other divisions of the company their physical verification also has to be done. Any variation in the actual available assets and assets as per the register to be noted and the reason of the variation has to be clarified by the user/ user department and forwarded to CEO for further action. The balance sheet should show only physical assets available with the user division.

11.5 List of Books/ Registers/documents to be maintained by a FPO:

- Share/Debenture transfer register [Section 108]
- Copy of every instrument deed, creating any charge which requires registration(Section 136)
- Register of charges [Section 143]
- Register of members (Section 150) and Index of members [Section 151]
- Copies of annual returns/certificates/documents required to be annexed (Section 159 to 161)
- Minute books of Board Meetings & meetings of committee of the Board (Section 193)
- Minute books of general meetings (Section 193)
- Register of dividend declared and remaining unpaid(Section 205)
- Proper books of accounts (Section 209)
- Proper books of accounts in relation to transactions effected at Branch Office.
- Register of contracts, companies and firms in which directors are interested [Section 301].
- Register of renewed and duplicate certificate [Rule 7(2) of the Companies (Issue of Share Certificates) Rules, 1960]
- Books of accounts of FPO [Section 581ZE(1)]

- Register of directors (Section 303) & Register of directors' share-holdings, etc. [Section 307]
- Register of inter-corporate loans and investments [section 372A]
- Register and index of beneficial owners.
- Register of particulars of investments of producer companies [Section 581ZL(7)].