

**Farmer Producer Organisations/  
Farmer Producer Company**

**Operational Manual**



**State Agricultural Management & Extension Training Institute  
(SAMETI), Mizoram**

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## THU HMAHRUAI

Kuthnathawktuten awmze nei leh hlawkzawk a kan thawh rah kan seng theihna turin mumal taka kan thawhho a kan inzawmkhawm hi a tul hle a. A bik takin loneitu rethei te te, nitin eichawp zawng chung a thlai ching thin ten pawl mumal kalflang a kan tharchhuah deh ral/sum a chantir na kawnga harsatna kan tawh thin te sukiang turin inzawmkhawm hi a tul hle a ni.

Mizoramah pawh kan hotute hmalakna a zarah FPO leh FPG (Farmers Producers Group) a lo ding chho ve ta zel a. Bul tan chho mek kan nih hlawm avangin inkaihhraina mumal tak neia hma kan sawn zel a tul a, chumi atan chuan NIRD&PR in a tihchhuah he lehkhabu, FPO inkaihhraina bu hi Mizo tawnga letin kan rawn tichhuak ta a ni.

Kuthnathawk a eizawng, pawl a inhlawmkhawm ten he lehkhabu hi tangkai taka an hman ngei ka beisei.

Date 16.07.2019



(R.K.NITHANGA)  
Director of SAMETI,  
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# Contents

S.No.	Particulars	Page No.
	<b>Introduction</b>	
<b>Bung 1</b>	<b>FPO nihphung leh FPG nena an inkungkaihna</b>	
	1.1 Farmer Producer Organisation hi enge a nih?	
	1.2 FPO te ziarang pawimawh	
	1.3 FPO hmalakna pawimawh te	
	1.4 FPO hmathlir leh tih tur te	
	1.5 FPG leh FPO inzawmna	
	1.6 FPG nihphung	
	1.7 FPO member nih theih nana FPG tih tur tul zual (Minimum Qualification)	
	1.8 FPO te nihphung	
	1.9 FPO dangte nena khaihin a FPC hlawk zawkna.	
<b>Bung 2</b>	<b>Primary Producer te, pawl a din dan</b>	
	2.1 Step by step a lo neitute pawl din dan kawng leh FPC in ziahluh(registration) dan leh inzawm khawm dan chungchang	
<b>Bung 3</b>	<b>FPC INRELBAWLNA LEH IN ENKAWL DAN</b>	
	<b>3.1 FPC INRELBAWLNA</b>	
	3.1.a FPC Inrelbawlina thatna te	
	3.1.b Producer Company inrelbawlina kawngah hmachhawp huphurhawm deuh awm thei te	
	3.1.c Member Nih Dan	
	3.1.d FPC a Documents Pawimawh Neih Ngaite	
	<b>3.2 Fpc Inrelbawlinaa Hriattur Pawimawh</b>	
	3.2.a Chairperson hna leh chanvo te	
	3.2.b Chief Executive Officer/Managing Director mawhphurhnate	
	3.2.c Board Of Directors te mawhphurhna	
	3.2.d Member te mawhphurhna	
	<b>3.3 Sum lam Inrelbawlina</b>	
	3.3.a Share Capital	
	3.3.b Authorised Capital	
	3.3.c Issued (paid-up) Share Capital	
	3.3.d Bonus Shares dawng thei tura hriattur te	
	3.3.e Producer Company ina a member te tana sum lama tanpuina a pek theih te	
	3.3.f Maintenance of general and other reserves	

	<b>3.4</b>	<b>GOVERNANCE SYSTEM / Pawl Kalphung</b>		
		3.4.a	FPC alo chak leh zual nan a Working Committee din tur te	
		3.4.b	Governance System a thil pawimawh zual te	
		3.4.c	FPC ina a member te tana hlawkna leh tangkaina (Value-Added Services) a neih te	
		3.4.d	FPC Ina sum lampang tanpuina FPG a pek te	
		3.4.e	Non Financial Services FPC in FPG hnena a pek theih te	
	<b>3.5</b>	<b>Company chhunga Audit kalphungte</b>		
		3.5.a	Statutory Audit	
		3.5.b	Internal Audit	
		3.5.c	Social Audit	
	<b>3.6</b>	<b>Housekeeping</b>		
		3.6.a	Book of Accounts pawimawhnate	
		3.6.b	FPC Accounts neih tur te	
	<b>3.7</b>	<b>STATUTORY COMPLIANCES / Dan in a phut anga tih tur te</b>		
		3.7.a	Statutory financial compliance, Producer Company in a thehluk tur te	
		3.7.b	Statutory Operational Compliances / Dan in a phut ang a hmalak dantur te	
<b>Bung 4</b>	<b>Value Chain Analysis leh Micro/Nano Enterprise din dan tur</b>			
	4.1	Value Chain Analysis chu eng nge ni?		
	4.2	Mitin huap Value Chain Analysis		
	4.3	Value Chain duan dan leh buatsaih dan		
		4.3.a	Vertical value chain	
		4.3.b	Horizontal value chain	
	4.4	Value Chain kalpui naa hriat tur pawimawhte		
	4.5	Value Chain Analysis chungchang a Business Plan siamna kawngah ngaihtuah tur tul		
<b>Bung 5</b>	<b>Value Chain tihpuitlin leh sum peipun dan tur duan fel dan</b>			
	5.1	<b>Sumdawnna tura Plan siam</b>		
	5.2	<b>Business plan dan tur kalhmang</b>		
		<b>5.2.1</b>	Sumdawnna leh sum peipun dan tur zawn	
		5.2.1.a	A harsatna zawn tak hriat fiah	
		5.2.1.b	Thliar hranna	
		5.2.1.c	Harsatna tihrem dan kawng	
		5.2.1.d	Thil hlutna pun tir theihna tura micro leh nano enterprise thliar thiam	
		<b>5.2.2</b>	Micro-Enterprise tan SWOT Analysis	
		<b>5.2.3</b>	Risk awm thei hriatfiah	
		<b>5.2.4</b>	Market analysis	
		5.2.4.a	Market analysis tehfung	

	5.2.4.b	Thil man tur duan	
	5.2.4.c	Sum chetvel dan tur leh hralh hlawk dan tur duan (market strategy)	
	5.2.4.d	Sorkar leh sumdawng liante (corporate) tanpui dil	
	<b>5.2.5</b>	Financial Analysis	
	5.2.5.a	Sum hmuhna tura tehfung pawimawhte	
		Budget	
		Break even analysis	
		Sum lu (capital) mamawhna	
	5.2.5.b	Financial statement	
		Profit and loss statement	
		Balance Sheet	
		Cash flow statement	
	5.2.5.c	Sum hmuhna hnarte	
		Sum faia tanpuina	
		Sum siamna/hmuhna	
		Debt Financing - Bank atanga hmuh theih dan	
		- Hun rei lo zawk atana sum hman tir	
		- Sum dawn let tur zawng zawng zat atanga hnathawhna tur mamawhzat chhut dan	
		- Bank in company sum lu pek chhuahna tura a ngaihtuah thin te	
		- FPC te tana hunbi neia rulh tur loan (term loan)	
	5.2.5.d	Sum chungchanga thawh hona tha neihna tur	
	5.2.5.e	Term loan pek chhuah dawna ngaihtuah tul te	
		- Bank a hnathawk in term loan a pek chhuah hma a a ngaihtuah thin te	
		- FPC te hnena loan pek dawna bank in a phutte	
		- FPC in loan an hmuhna tura a tlin ngai te	
	5.2.5.f	FPC te tana sum hmuh theihna dang te	
	5.2.5.g	DPR (Detailed Project Report) chu eng nge	
		DPR duan a nih dawna pui theitu te	
	<b>5.2.6</b>	Midang nena thawh hona siam dan	
	5.2.6.a	Sorkar program nena insuihfinna (Annexure V)	
	5.2.6.b	Sumdawng lian te nena insuihfinna	
	5.2.6.c	Market te nena insuihfinna	
<b>5.3</b>		<b>Business Plan Document atana thil tul hmasa te</b>	

<b>Annexures</b>		
<b>Annexure I</b>	Step-by-Step Approach for Registration of FPOs as Producer Company	
	List of documents to be prepared for registration	
	Financial resources required for registration	
<b>Annexure II</b>	Areas of Capacity Building for the Board Members and Office Bearers	
<b>Annexure III</b>	List of Suggested Schemes for FPOs	
<b>Annexure IV</b>	What subsidies are available from MoRD, MoA, NHM, etc.?	
<b>Annexure V</b>	Major Supporting Programmes for Funding the Micro-enterprises	
<b>Annexure VI</b>	Custom Hiring of Agricultural Machinery	
<b>Annexure VII</b>	Suggested List of Micro-enterprises	
<b>Annexure VIII</b>	Business Plan Format for FPO	
<b>Annexure IX</b>	Performance Measurement (grading) tool for Farmer Producer Organisations (FPOs)	
<b>Annexure X</b>	Monthly progress report of Activities - FPO to POPI	
<b>Annexure XI</b>	Suggested Additional Readings	
<b>Annexure XII</b>	Memorandum of Association	
<b>Annexure XIII</b>	Articles of Association	
<b>Annexure XIV</b>	Same as Annexure I	

## **GLOSSARY**

AGM	-	ANNUAL GENERAL MEETING
AoA	-	ARTICLES OF ASSOCIATION
BoD	-	BOARD OF DIRECTORS
BP	-	BUSINESS PLANNING
CSR	-	CORPORATE SOCIAL RESPONSIBILITY
FPG	-	FARMER PRODUCER GROUP
FPO	-	FARMER PRODUCER ORGANISATION
MP	-	MICRO PLANNING
MoA	-	MEMORANDUM OF ASSOCIATION
NTFP	-	NON-TIMBER FOREST PRODUCE
RoC	-	REGISTRAR OF COMPANIES
SHG	-	SELF-HELP GROUP
VCA	-	VALUE CHAIN ANALYSIS
VCD	-	VALUE CHAIN DEVELOPMENT



## Bung 1

### **FARMER PRODUCER ORGANISATION (FPO) NIHPHUNG LEH FARMER PRODUCER GROUP (FPG) NENA AN INKUNGKAIHNA.**

#### 1.1 Farmer Producer Organisation hi enge a nih?

India ramah chuan, kuthnathawktuten tlem te te in thlaichi an lei khawm a, a hralh chhuah lamah erawh chuan a hlawmin an hralh chhuak a, a phurhna senso an la tum zui bawk a. Chuvang chuan kut hnathawha eizawn hi a hlawk lo em em a, loneitu za a sawmriat (80%) dawn chuan theih nise lo neiha eizawn hi bansan daih an duh hial ang. Loneituten a hlawkna tak tak an tel theihna tur chu, mumal taka inhlawm khawm hi a ni. Hetiang a loneitu inhlawm khawm pawl hi Farmer Producer Organisation (FPO) tih an ni.

FPO chu loneitu member mi 500 atanga 2,000 vel pawl din Farmer Producer Group (FPG) hrang hrang 50-200 velin chanvo (share) leh hlep nei tura dan ang thlapa Company emaw Co-operative anga an inhlawmkhawm sawina a ni. FPO hi then sawm leh theih niin hun engemaw ti chhung atana din a ni a. Hlawkna neitura FPO a telte suihsawmtu pawimawh tak mai chu an zawrh duh zawng in an na te, mumal zawka an thar chhuah kalpui an duhna te, mamawh an lakkhawm leh zawrh chhuah kawnga hmasawna leh hlawkna tam leh zual hmuh an duhna te hi a ni. FPO hi thil thar chhuaktute tana hma latu pawl lian tak a nih avangin, a chang chuan FPG leh FPO anga then hran a ni thin a. A hnuaia lemziak hi FPO chi hniha a inchherchhuan dan entirna a ni.

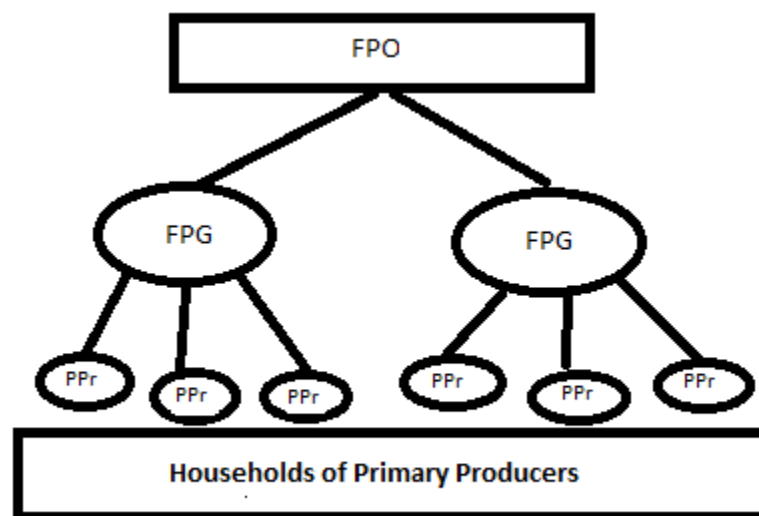


Figure 1: Two-tier Architecture of FPO

FPO member zawng zawngte hi Primary Producer an nih avangin, tute nge Primary producer chu an nih tih hriat hi tih makmawh a ni.

### **Primary Producer te chu:**

- Heng – loneih, ran vulh, huan thlai siam, pangpar chin, sangha khawi, grape chin, ram ngaw siam, ngaw atang te a thil thar chhuah nei thin te leh; loneitu leh an thil thar chhuah hmangtute chawi kang tura tha leh zung sengtu te.
- Puan tahna, Kut themthiamna leh veng chhunga thilsiam chhuahna enge emaw an din hmanga thawhchhuah nei te.
- A chunga kan sawi tak te hmanga thawhchhuah lo neih ve leh chhawngte (entirna: buh leh dal her, thlai chi kui leh sawngbawl ang chi te).
- A chunga kan sawi tak thil chi hrang hrang a tha thawhtu leh ti hmasawntute (entirnan: tual chhunga thil siam leh sawngbawl vel thiam riau ho)

FPO hian a memberte an nih angin Primary Producer te hamthatna hi a peng pakhat FPG te hmang hian a ngaih sak hle a ni.

### **1.2 FPO te ziarang pawimawh:**

- FPO hi mimal ten hlawkna an tel theih nana mumal taka din pawl/company a ni.
- Farmer Producer Group (FPGs) 120 atanga 200 te hi an member te an ni.
- Sumdawna leh inpumkhatna atan a ni.
- Khawi lai hmun bik emaw chhunga zawrh sum changthei thil te an ngaihven tlang.
- Loneitute sum lak luh kum 5 chhunga a leta a pun theih na tur atan a hmalakna lian tham awm theih nana sangawi zawnpui neih.

### **1.3 FPO hmalakna pawimawhte:**

FPO lo awm chhan bul ber chu a member (shareholder) ten lungmuang taka lo lam hna an thawh theih nan a tanpui a ni. FPO hian a tul phawt chuan a chunga kan sawi tak tihhlawhtlin nan hian tha a thawh thei reng a ni. Loneitu te hian an huan thlai sawngbawl na atana senso tam lutuk tur tih hniamna atan te, tun lai thiamna leh hmanrua (technology) tha leh thar ber berte an mamawh ang zela an neih theih nan te, hlawk leh zual an thar chhuah nan te, man man zawka hralh leh sawngbawl a nih theih nan te FPO puihna hi an mamawh reng a ni. FPO hian a member te chu an thil neih an thar chhuah hma leh hnu, an zawrh chhuah thlengin a hnuai a mi ang hian tanpuina a pe thei a ni.

- a. Mamawh hrang hrang an leina tur atan company hmingtha leh loneih-behchhana sumdawng ngelnghet dawr tur a ngaihtuah pui thei a.
- b. Thil man bithliah leh hun in her dan a zira thil man a danglam dan leh thil hralh kal zawn chhuah leh zir chianna te hi FPO hian a tul hun ang zelin a thawk thin a.
- c. Thiamthil inhlanhhawnte, thil deh chhuah te man man leh zual nana hmalak te, loneitu hlawhtling hriat leh a senso tlem thei ang bera an tih dan entawn te a ni.
- d. FPO leh FPG ten hmasawna hna thawhna atana sum leh pai awm theite a senso tlem thei ang bera dap chhuah.
- e. Loneitu ten tlawm zawka an bungrua an phurh theih nan te, in lei sak duh loh leh awm lo lutuka a man indawna te a awm loh nan a an bungrua dahkhawm te, dah hran te leh a that dan a zira thliar fel te a ni.
- f. Lo neitute mamawh dan a zira a man tih san.
- g. Memberten hlawk zawk leh tam zawk an hmuh theih nana an thil dehchhuah that dan bithliah.
- h. Fel fai taka a hlutna bituk.
- i. A lei duhtute pawm theih leh lei phak dan tur anga pack/fun a nih theih nana member te tanpui.
- j. Dawrtu nghet siam.
- k. PO chuan NCDEX ah ziak lutin, tunah leh nakin atan online hmanga sumdawnaah te tha a thawh ve thei a ni.
- l. Thawn chhuahtlak ni turin hma a la ang.
- m. Memberte thar chhuah chu leilung ngeih zawnga sawngbawl a nih theih nan leh a leitu turte tana pawm nahawm tak a nih theih nana lo puih.
- n. PO chuan loneitute tana Sawrkar programme chhawrnahawm leh ruahmanna (Schemes) awm te a lo ngaihven pui ang.

A chungka kan sawi tak zawng zawng hi FPG leh FPO kal tlanga kan hmang tangkai a nih phawt chuan FPO hian hlawhtlinna sang tak a nei thei ngei ang. Thil deh chhuah hralhna khuahkhirh loh hi FPO hlawhtlinna bulpui niin, memberte ruahmanna leh thawhna hmanga neih theih a ni.

FPO chuan sawrkar hmalakna MGNREGA, Agriculture and Horticulture Missions, Sawrkar Sponsors Schemes, Crop Insurance Schemes leh a zawrh dan scheme hrang hrang ah te hian thawhna remchang a siam sak a ni. Tin, Sawrkar department programme hrang hrang heng Soil Testing, Micro

Irrigation, damdawi hmang lova thlai chin leh thlai chi thar chhuah te hi hlawm khata kalpui a nih theih nana tanpui theitu a ni.

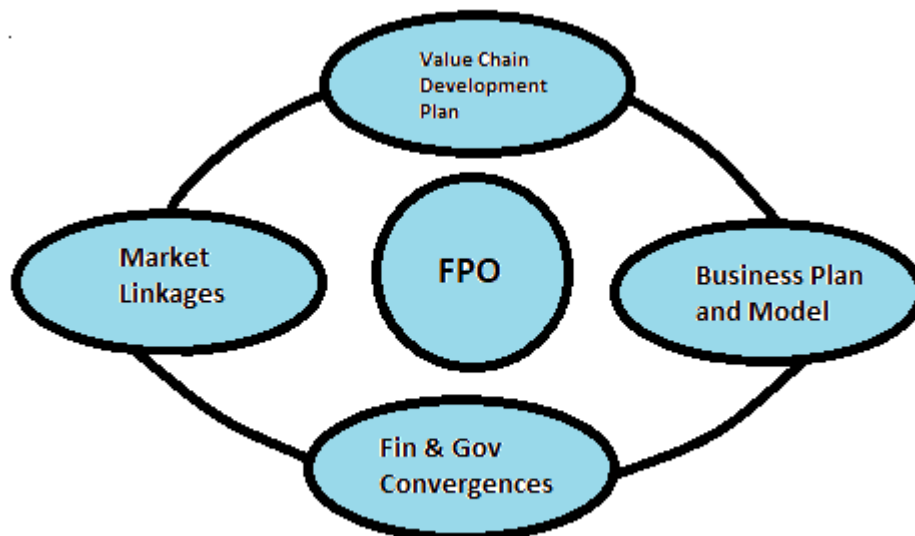


Figure 2: Important Activities of an FPO

#### 1.4 FPO hmahlir leh tih turte:

- Kum 3 hnua engtin nge FPO hmel hmang a lo lan ang?
- Kum thum (3) hnua engtin nge Member te tharchhuah hi a pun leh zual ang a, chuchuan an sum laklul za a sawmnga (50%) thleng a tih san theih ang?
- Engtingge thlaichinna senso hi tihhniam anih theih ang?
- Hmasawna kal lai mekah hian engtingge loneitu rethei leh harsa te zaa sawmsarih (70%) te hi an lo hlawk zawk ang?
- Engtingge member ten an eizawna belhchah turin FPO kaltlangin hna an neih theih ang?
- Lo neih leh lo neihna lama sumdawnna in hma a sawn theihna tur atan a thil pawimawh panga, Primary producer ten FPO hmanga an rinchhan theih kha enge?

#### 1.5 FPG LEH FPO INZAWMNA

A hmalama kan sawitawh ang khan, FPO hi thuah thum angin, Primary Producer te ahnuai bera awmin Pyramid angin a zuih chho a, alaia SHGs (Self Help Groups) ho rilru puin Informal Groups an awma, FPO sangberah hian FPG a awm leh ani. Hetiang FPO kalphung hian FPG member te hlawkna chan dan tur chhut a ti awlsam a. Loneitu share nei thahnem takte hian General Body ai an awma, hamthatna pawh eng emaw zat an hmu thei a ni. Inrelbawlina laihawla FPG a awm hian primary producer-te hi dikna leh intluktlanna kengtu an nih a ti Chiang Hle a ni. Producer Company

## 1.6 FPG nih phung.

FPG te hi SHG atang a insiam an ni a. Tichuan, SHG nihphung panga (five Principles) heng te hi a ni:-

- Regular saving / Tha tak a Sum khawl
- Regular meeting / Hunbi nei a meeting
- Books / Ziaka chhinchhiah
- Bank transaction / Sum hmandan felfai tak neih
- Ruahmanna fel tak nei chung a FPO te nena thawhho.

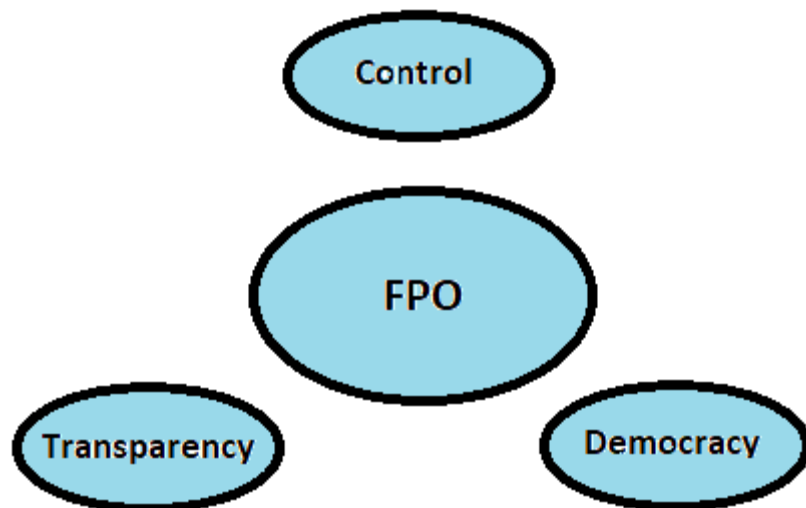
## 1.7 FPO member nih theih nana FPG tih tur tul zual (Minimum Qualification)

- FPG chuan kan sawi tak principle panga te khi a zawm tur a ni.
- FPG member te hi thlai thuhmun emaw bungraw inang tlang emaw tharchhuak leh siamchhuaktute an ni tur a ni.
- FPO te sub-block ah emaw an service area ah emaw FPG te hi khawsa tur a ni.
- FPO pui turin FPG chuan heng- Zawrh chhuah tura an bungrua leh mamawh te a pe anga, agriculture hmanraw te leiin, thurawn dawn ang zulzui a share hniam zawk lei te leh sum khawl te a buaipui tur a ni.
- FPG chuan FPO in hunbi a alo neih thin heng - meeting leh training ah te, tha takin a tel thin tur a ni.
- FPG memberte chu FPO dangah shareholder a ni thiang lova, FPO dangte sumdawna hrim hrim ah pawh a in hnamhnawih tur a nilo.

## 1.8 FPO te nihphung

FPO hi tangrual pawl ni tura din a ni a. Lo neih behchhana sumdawng te nen a khaihin tlak ni tur a kalphung nei a ni a. A hnuaia mi te hi a nihphung pawimawh deuh deuh te chu an ni.

- Sumchang thei lam hawi ngaihtuah
- Thil chiangah chauh hmalak
- Langtlang
- Dikna leh intluktanna
- Pawl leh State tha thawh mek inthlun zawm
- Mimal leh bank hmalakna te inmil tak a inthlun zawmna tha neih
- Leilung mil (eco-smart)



### 1.9 FPO dangte nena khaikhin a FPC hlawk zawkna.

1. Thlai chi inthlah pawlh (cross fertilisation) hlawkna chu co-operative leh company-ah te hmuh theiha a lo lan tak avangin, **The FPC Act of Government of India** chu siam a ni a, fichuan lo neitu ten a hlawkna an lo tel ve ve thei ta a ni.
2. Producer company te chuan producer te zawkte hnenah puihna Company kalphung angin an pe thei a. Company entawn tlak an nih pheih chuan FPO enkawl tur hian mi thiam tak tak chawkluh a ti awlsam a ni.
3. Primary producers leh a thawhpui te hian, mahni intun nunna khawp a thiamna sang leh Agriculture lam a sumdawwna, dinhmun tha tak ah a hlangkai thei a ni.
4. Bank duhdan leh kalphung a zawm that avangin, Company dangte ai in, Bank tan a thlanawm bik a ni.
5. Corporates te, thlai chi company te leh hetiang lama sumdang te tan hian a pawmawm bik a ni.
6. Lang tlang tak leh dan ang thlapa sum te vawn a nih a tang pheih hi chuan membern FPO a an rinna an nghat lian em em a ni.
7. Company kalphungah chuan sawrkar inrawlh vak hi phal a ni lo.
8. India dan hnuaia Parmanent Account Number (PAN) a neih avangin, India ram dung leh vangah, company ten an thar chhuahsa te an hralh thei a, chumai nilovin, an thar chhuahna tur a mamawh(raw materials), hmanrua leh thildangte pawh, hmun hrang hrang atangin a chaw-lut thei reng a ni.
9. Member thar lakluh dan te, shares chungchang ah te hian Share holders ten thuneihna bithlich chin an neih avangin politics inrawlh theihna hmun a tlem a ni.

10. Central leh State sorkar in hetiang a schemes kalphung tha nei hohi a duhsak a, tanpui dan leh dawm kan dan kawng hrang hrang a neilian chho zel a ni.
11. Company a nih tawh miao avangin, a duh chuan mithiam leh sumdawng mite sawm in, thawdunna lian zawk a neihpui thei a ni.
12. Hma thlir atanga chiang ta chu, thlai kaihnawih a eizawng (agri-business), producer company te hian engtik hunah emaw chuan ram chungah hriat an la hlawh hle dawn a, Pawl ho inzawm a thawkdun tan phei chuan thil ropui leh liantham tak thlen theihna hun ala inher dawn a ni.

### Co-operative leh FPOs/PCs danglamna lianzualte:

Kalphung (Feature)	Cooperative	Producer Company
<b>Registration</b>	Mahni state a Co-opt Societies Act emaw Central Co-opt Act hmangin	Companies Act hmangin
<b>Membership</b>	Pawl leh mimal a duh a piang tan	Producer member tan leh an Group te tan chauh
<b>Mithiam lakluh</b>	Tarlan a ni lo	Member nghet ni lovin
<b>Hnathawhna tur area</b>	Khuahkhir chin awm	India ram pum
<b>Pawl dang nen inkungkaihna</b>	Indawr tawna	Joint venture leh alliance angin tangrual pawl a din theih
<b>Shares</b>	Hralh chhawn theih loh	Memberpui te hnenah hralh theih
<b>Member inrawlhna (member stakes)</b>	An share kawl zat nen inzawmna a awm lo	Dan (article of Association) chuan hman a remtih sak
<b>Voting rights</b>	Mi pakhat in vote khat zel, RoC leh Sawrkarin Veto power a nei ang	Shares tam tak nei pawh ni se, Member pakhatin vote khat.
<b>Inkhawl (reserves)</b>	Hlep chhuah a tangin	Khawl ngei ngei
<b>Hlep insem</b>	Sum thawhkhawm a zirin	Hlep chhuah leh tanpuina an dawn atangin, mahse khawl/reserve a awm tur a ni.
<b>Sawrkar inrawlhna</b>	A tangkai	A tlem thei ang berin
<b>Pawisa vawn dan leh puanzar dan</b>	Thu neitu te hnena kum tin report pek	Company Act hmanga strict taka kalpui a ni
<b>Inenkawl na leh inkhuahkhirhna</b>	Chipchiar takin awm	Awm lo
<b>Puk theih zat</b>	Bi thliah awm	Duh thlan tur a tam
<b>Harsatna chinfel dan</b>	Co- opt system hmangin	Thubuai chinfelna (arbitration) dan hmangin

## Bung 2

### PRIMARY PRODUCER, PAWL A DIN DAN

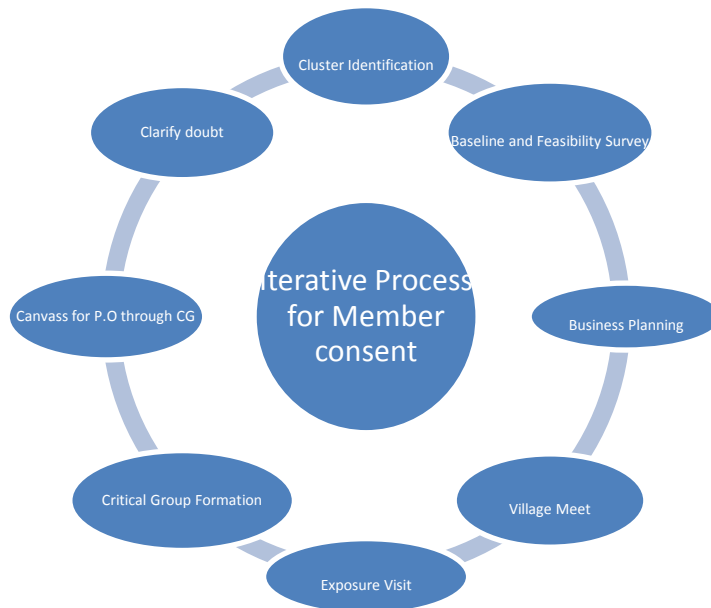
Kawng thumin primary producer te hi pawl a din dan a awm a. Pakhatna ah chuan thingtlang khuaa producer/ thlai thar chhuaktute chu va biak pawh a, kalphung va hrilhfiah a ni a. Pahnihnaah chuan khawtlang thatna tur atan a pawl lo dingsa SHGs emaw *Water User Association* emaw ang chi te zawn chhuah a, pawl pakhatna zawm khawm. Pathumnaah chuan Vantlang thatna tura pawl, CBOs ang chi te an lo awm loh chuan, tharchhuaktute(producers) ho chu hlawm khawm a Farmer Producer Group din pui. Kan sawi tak a a pahnihna leh pathumna hi pakhatna ai chuan zui mai a awlsam a, a chhan chu:-

- a) Producer company inzawmkhawm chu Vantlang chakna behchhana din a nih chuan a puitling awl bik
- b) Eizawna leh thar chhuah in ang tlang tak tak te, group khat a dahkhawm an nih chuan, eizawna in ang loh vanga rilru put hmang danglam khawtlanga awm thin ang kha, a awm ve lo ang.
- c) Group awmsa hmanga pawl din a nih chuan hnathawh kal lai mek thawh chhonzawm theih a ni ang a, an thar chhuah kalpui dan turah pawh PCs tan enkawl a awlsam dawn a ni.

Pawl siamna hmun tura thlan chhuah chu, mi tamna hmun ang chi ni thei se la, a tangkai leh zual thin, entirnan, tui lakna siam dawn pawhin, khaw 10-12 vel a lo neitu mi 500 vel talin an chhawr theih ni ta se. A len zawng te erawh a hmun zauzawng leh kan thil tharchhuah turte mamawh ang a zir ni ta se. Sorkar leh Pawl dang hmalakna kal mek a awm in, anhmalak hun leh hmun tak ah zel zirchian a, chutianga kan zirchian atang chuan, FPGs leh FPOs tih changtlun nan hman ni sela. SRLM te chu NRLM behchhana din an nih chuan, SHGs awmsa leh a zawmpui ho chu FPO-ah a hlawm khawm theih a ni.



A hnuai figure hi member te pawl a dinpui dan entirna a ni.



**2.1. Step by step a lo neitute pawl din dan kawng leh FPC in ziahluh(registration) dan leh inzawm khawm dan chungchang:**

**Step 1 :** Khawchhunga pa rawn ho zawn chhuah, chung te chu RARS Scientist, Local Agriculture officer, Veterinary officer, Loneitu hlawhtling, Agritulture lama sumdawn, Zawrh leh hralh lama mi rawn tlak, Bank lam mi, CBO/NGO, leh tual chhunga MFI te,

- FPG din lai hian tual chhunga pa rawn te ho ngaihdan hi chiang taka lak tur a ni.

**Step 2 :** FPG leader meeting heng atan te a huaihawt

- FPO hlawhtling te chanchin zir
- Bungraw duhtlan zawn chhuah
- Hlawkna an hmuh theihna tur atana thil pawimawh panga hriat leh tih hlawhtlin tum,
- Lo neitu ten an mamawh tlem tlema an lei khawm (retail) laiin an thil neih a hlawma an hralh (wholesale) leh si chungchang hriattir,
- FPO member active nana FPG in tanpuina a dawn te bituk sak

### **Step 3: Midang kalphung zir tura an hmun te tlawh leh chumi atanga heng, ahnuai ami hi ngaihtuahna sen**

- FPG atanga FPC din
- FPC in thil thar chhuaktute a puih theih nana heng thilte hi hriattir
- Zawrh leh hralhna hmun
- Lakluh
- A hlutna belhchhah
- FPC kal tlanga lakluh leh zawrhchhuah zai khata luan tir dan hrihfiah

### **Step4: FPG hmahruaitu 15 atanga 20 ziah chhuah a, chung ho chu**

- FPC member ni tura pawm te
- FPC shareholders ni tura remti te
- FPC leh FPO hna thawh tur ah phur tak hna thawk chin te
- FPC in meeting a thahnem ngai taka tel te
- FPC committee a hna thawh tur hrang hrang sawilan te, ngaipawimawh a, thahnemngai taka thawk te

### **Step 5: Board Member tur tih chian**

- FPG hrang hranga member te fuihphur leh core group siam
- FPC a hruaitute mawhphurhna hrihfiah
- Board member te tih chian a, company register
- FPC hming leh Memorandum of Association (MOA), Articles of Association phuah
- FPC hmathlir leh tih tur siam
- Mihring leh Khawtlang intluktlananna siam

### **Step 6:Thla ruk chung a ruahmanna leh hmalakna te:**

- FPO hming tur phuah
- FPO hminga bank account hawn
- FPG kha FPO a lakluh a, an hna leh tih tur sem
- In ziahluh atanga thla thum chungin General Body Meeting hmasa ber huaihawt.
- Chief Executive Officer ruat.
- Thla tin thutkhawm huaihawt.
- Member te hralhsum chungchangah harsatna awmthei te enfiah
- Kalphung pangai piah lama, hlawkna dang awmthei te enfiah
- Remchanna leh huntha awm thei te en thlithlai.
- Sumdawanna kawnga hmachhawp(plan) fel tak neih a, tharchhuah sa hralhna kawnga inkhai diat chhohdan te ruahmanna fel tak neih.

## Bung 3

### FPC INRELBAWLNA LEH IN ENKAWL DAN

#### 3.1. FPC INRELBAWLNA

##### 3.1.α: FPC INRELBAWLNA THATNA TE

- \* Producer company te hi Cooperative leh Corporate Company ziarang ve ve nei anih avangin, lo neitute sumdawn theihna kawngah hmalakna a ti sam bik a ni.
- \* Chanpual(shares) engzat pawh lo nei se, member pakhat in vote pakhat chiah a nei anga, chuvang chuan member lian te'n company chu an thunun thei lo.
- \* FPC a share awm zawng zawng atangin member tin ten 5% aia tam an nei thei lovang.
- \* Producer company hi mi tlemte, loneitu sawm (10) lek tan paw'n a ziah luh theih ani.
- \* A thatna pakhat chu, FPC chhungah hian pawisa tam tak dah khawm kher a ngailo a, a chhan chu, shares, a tlem berah shares ₹ 5 lakh a neih a, share hralh tawh zat ₹1 lakh a neih bawk chuan Producer Company hi siam theih a ni.
- \* Company ah hian nakin zelah, pawn lam mi ten thuneihna engemaw chen an neih theih thin avangin, FPC hian ngaipawimawhin, pawnlam mi tan Investment(Private Equity) ti duh te tan a phalsak lova. FPC huamchhungah lo chuan shares pawh hi lei leh hralh phal a ni lo (non transfarable).
- \* Company anih avangin, bank leh sumdawnna dang te'n hnathawhpui an chak a ni.
- \* Company anih avangin, inrelbawlina a tel turin mi thiamte a hip in mi mit a la hle.
- \* Company anih angin, kum tinin dan ina a phut angin accounts te chu Auditor in a en dik tur ani a, chutianga report kim chu Registrar of Companies hnenah theihlut leh thin a ni. Hemi anih avang hian share neituten company ah rinna nghet tak an nei thei thin.
- \* Company dan in a sawi angin, indawr tawwna zawng zawng hi online a tihtur a ni a, hemi avang hian kan virtual accounting system te pawh belhtlak, langtlang leh rintlak tak a ni.
- \* FPC tetan hian chhiah(tax) chungchangah hlawkna a awm thin a. Financial year top a kan surplus stock sa atanga hlawkna kan neih in, tax te pawh a awl theih phah a ni.

- \* Producer company chu Companies Act of Government of India ina a awp ani a, chuvangin polifics rawn luh theihna a vang em ema, nitina Company inrelbawlina ah rawn in rawlh a remlo ani.
- \* Central leh State sawrkar in thil tih tur leh thil ruahman an ngah hle a, heng hi Producer Company te vawngtu ani a, mawhphurhna sang tak a pe hian ati rinawm lehzuat ani.
- \* Producer Company te hi India chhung khawi hmun ah pawh an thawk thei a, India ram chhunga insumdawn tawna leh indawr thei turin phalna a nei ani.

### **3.1.b: Producer Company inrelbawlina kawngah hmachhawp huphurhawm deuh awm thei te**

1. Company dang ang bawkin thiamna nei tak tak ten an enkawl a ngaia. Audit hmachhawm thei tura sum leh pai lama ruahman thiam leh enkawl thiam neih a ngai a, chuvangin group member tlemtak te tan chuan a hautak ve deuh dawn a ni.
2. Registration ti tur hian a kal phung a awm ve thin avangin, member tlemte tan chuan a awl ai lo thei a ni.
3. Registration tih nan hian Rs 40000\ atanga Rs 50000\ - te a ngai thin a, a hautak em avangin group a mi tlemte awm tan chuan a harsa thei a ni.
4. Tax chawi leh Audit paltlang te angaih ziah thin avangin NGO tamtakin harsatna an tawk thin a ni.
5. Board of Directors te'n DIR number te neiin digital signature te an neih a ngaih avangin lo neitu, mi tlemte awmna, te tan chuan harsatna a awm thei a ni.
6. Board of Directors member te'n Pan Card te an neih a ngaih avang leh thingtlang mi tamtakin neilo anla nih avangin harsatna a thlen thei.
7. Internet hmanga 'online' a thil tih tur a tam em em a, chuvangin internet signal awm thatloh naah chuan harsatna tamtak a thlen thei.
8. Thingtlang loneimite chhawr phak leh ban phak a mithiamte rawih chu thil harsa tak ani thei.
9. Bank tamtakin FPC dan hi anla hrelowa, chuvangin indawr tawn chungchang ah pawh harsatna a awm thei a ni.
10. Loneimi tamtak te hi mi harsa te te an nih avangin, loan lak lamah chauh bank anlo dawr ani thei, Heihi bank lama thawktute a tiphur lova, bank tana hlawkna thlentuah an ngailo thei a ni.

### 3.1.c: MEMBER NIH DAN

Lo atanga dehchhuah nei emaw Primary Producer nei, pawl dinglai emaw fan member anih theih avangin, heng a hnuacia mi te hi zawm a ngai ani:

- Memorandum of Association in a sawi angin, 'shares' a nei ve tur ani.
- Membership ni tura dan leh dun awmte a pawm ani tih ziakin a awm tur ani.
- 'Shares' in hlanhhawn.

### 3.1.d: FPC A DOCUMENTS PAWIMAWH NEIH NGAITE

1. MoA ( Memorandum of Association ): Company thil tumte leh hmachhawp an neihte MoA ah hian a awm vek tur a ni.

MoA hnuacia awm tur thil pawimawhte:

- Company hming tawp ah ' Producer Company Ltd' tih a chuang tur ani.
- Khawi state ah nge kha company kha a awm.
- Company thiltumte ziahlan ani tur ani.
- Share Capital an inhuam zat a lang tur ani bawk.
- Members te mawhphurhna
- Company din tura a sul-sutu (Subscribers) te hming, address kimchang leh hnathawh.

2. AoA ( Articles of Association): Heihi company document pawimawh tak ani a, an dan leh dun kimchang taka ziahna ani.

AoA hnuacia thil pawimawh te:

- Mutual assistance principles: Thawhhona fel tak neih
- Patronage and voting rights: Intanpuina leh hamthatna dang a pekte.
- Bonus awm thei ang inhrilhriatna leh lawman dang awm thei te inhrilhfiahna
- Member tin te'n hlep insem dan tur.
- Sum dahthat tur zat leh transfer ngai zat.
- BoD inthlan dan tur te, inpaihtlak dan leh appointment in pek dan tur fel takin a awm tur a ni.
- CEO (Chief Executive Officer) appoint dan te
- Internal audit eng tik hun bi ah nge an neih thin ang? tihte a ni.

### **3.2 FPC INRELBAWLNAA HRIATTUR PAWIMAWH**

Inrelbawlina han tih hian Board of Directors te, office bearers te, CEO leh members te leh sharholders te a huamn tel vek a. Heng mite hna leh chanvo te hi Chiang taka tarlan a ngai a, Managing Director, Chairperson leh Secretary chanvo leh danglamna tepawh tarlan tel tur a ni. Heng, a hnuaia tarlan te hi FPC chhunga stakeholder te hna leh chanvo a ni:-

#### **3.2.a: CHAIRPERSON HNA leh CHANVO TE**

- \* Chairperson, CEO leh manager te hi company nitin hnathawh endik a enkawl tute an ni.
- \* Chairperson chu company lu ber a ni. Board in dik taka an thlan chhuahtur a ni. A tlem ber ah kumkhat chhung Chairperson hna a chelh anga, a tam berah kum thum chhung a chelh thei a ni. Amaherawhchu, Chairperson thlan nawn leh anih in vawikhat chiah thlan nawn leh theih a ni.
- \* Director hi chairperson atan thlan loh tur ani.
- \* Board mit a tlung lo anih chuan chairperson hi 'disqualified' theih ani. AoA ah Chiang taka ziahlan sa tur ani.

#### **SUM LAM ENKAWLNAA CHAIRPERSON MAWHPHURHNA TE:**

- \* Sum (Treasury) enkawl, bank leh tul danga a signature pek.
- \* Company hnuaia insumdawn tawna zawng zawng a signature pek.
- \* Company in loan alo la anih pawhin documents zawng zawng a signature pek.
- \* Company sum dehchhuahna te, FPG a chhun luh ngai te, hlep zawng zawngte endik tu ani ang.
- \* Bank nen an indawrna zawng zawng endiktu ani ang.
- \* Company in a dehchhuah sum nilo (non-financial resources) thlengin mawhphurhna thui tak a nei ang.

#### **RUAHMANNA (PLANNING) SIAM TURA MAWHPHURHNATE:**

- \* Business plan (sumdawnna plan) leh hmalak dan tur a buatsaih thin ang.
- \* FPG micro plan te la khawmin, FPG plan pui ah sengluh dan a zawng ang.

### **THAWHHONA (CONVERGENCE) MAWHPHURHNATE:**

- \* State leh Central schemes hrang hrang atang te in, enge primary producer in hlawk vena an neih theih dan a ngaihtuah ang.
- \* NCDEX te hmang tangkaiin, Central Scheme hman dan tur a ngaihtuah thin ang.

### **MIDANGTE NENA PARTNERSHIP NEIH CHUNGCHANGA MAWHPHURHNA:**

- \* Thingtlang khua atanga state level leh national level thlenga service providers te leh funding agency leh exporter ten nen thawh ho thiam.
- \* FPC dangte leh agriculture business ti tute nena thawhho dan ngaihtuah.

### **DANIN A PHUT ANGA TIHTUR DANGTE:**

- \* Company inrelbawlna chungchanga leh Registrar of Companies (ROC) in a phut ang zawng zawngte a ti tur a ni. Entiran:
  - Annual audited statements
  - Annual report
  - MoA leh AoA a thil tihdanglam a awm chuan

Document fel tak (License leh approvals), Tax lamin an mamawhte a nei vek tur ani. For eg:

- \* PAN card
- \* GST registration
- \* Thlai chi leh hralh na license
- \* Income tax & GST returns
- \* Mandi license / Thlai, Bazar a hralhna
- \* FSSAI license
- \* Local shop license etc

### **BOARD LEH GENERAL MEETING NEIH DAN**

- \* Thla tin kim taka board meeting neih. Meeting hma in hriattirna pek chhuah te, minute ziah te leh member te kal theih leh theihloh finfiah.
- \* General meeting ah board member a tul dana zira hnawhkhah.
- \* Kum fina Annual General Meeting neih leh tihtur te duanlawk.
- \* General meeting a inthlanna neih.

A chung a chanvo te hi chairperson in a tihtur ani a, Chief Executive Officer leh Board of Directors te'n an tawiawm thin ang.

### **3.2.b: Chief Executive Officer/Managing Director MAWHPHURHNATE**

CEO hi Managing Director ni tura Board in a nominate ani tur ani a, Managing Director ni tur erawh chuan nominated director te kha'n vote an thlak ve thiangolo a ni.

Chairperson leh Managing Director(Manager) te hian an hnathawh dan turah fel takin intibuai lovin Company inrelbawl dan an duang tur ani.

### **3.2.c: BOARD OF DIRECTORS TE MAWHPHURHNA**

\* FPC hian Director 15,a tlem berah 5 a nei thei ani. FPO chhunga member te'n an thlanchhuah anni. Director 15 atang hian nominated director 3 (director 5 zelah nominated director pakhat awm angin) thlengin an awm thei a. Nominated directors te hi general meeting in thlang bawk a ni.

\* Director hian a reilo berah kum khat chhung a hmun a awm thei a, a rei ber ah kum 3 a luah thei ani. Thlan nawn theih ani bawk.

### **BOARD of Directors LEH Managaing director emaw CEO MAWHPHURHNATE:**

- i) A khat tawk a Board meeting neih. Thla tin vawi khat tal neih tur a ni.
- ii) FPG membership neih zulzui a share capital buatsaih tur a ni.
- iii) Book keeping tha tak a vawn tur a ni. A tir atangin Computer thiamtak manager atan rawih a, accounts zawng zawng pawh Tally a khawih thei tur mi rawih tur a ni.
- iv) Business plan(sumdawna plan) siam tur a ni.
- v) Shareholder ten micro plan an neih te pumkhat a siam tur a ni.
- vi) Business plan leh development plan te siam tur a ni.
- vii) Bank te, wholesale market te nen thawh hona tha siam tur a ni.
- viii) State leh Central scheme te company hlawkna atan a sengluh thiam tur a ni.
- ix) Bank account neih leh sum thatak a enkawl tur a ni.
- x) A khat tawk leh hunbi neia dan chungchang leh audit hrang hrang neih a report pek thiam tur a ni.
- xi) Common Service Centres leh Custom Hiring Centres te chawisan.
- xii) Director thar thlanna neih leh General Body Meeting neih
- xiii) Director fel leh rintlak ruat belh/telh belh.
- xiv) Danin a phut anga lehkha pawimawh neih - GST, Income Tax, License leh tul dangte.



### 3.2.d: MEMBER TE MAWHPHURHNA:

Mimal producer leh pawl producer te kha company producer ah an inchhunglut thei a. Amaherawhchu, MOA in a phut angin, share capital nei tura a bituk chin nei in an inziahluh ve angai a ni.

An mawhphurhna te:

- \* General body meeting a thu sawi leh meeting a kal.
- \* Company meeting ah vote a thlak thin ang.
- \* General body meeting ah mamawh leh tulte a thlen thin ang.
- \* Fel lo taka thiltih a awm chuan, Company Law Board ah a thlen ang.
- \* Board of Directors thlannaah a tel ve thin ang.

### 3.3 SUM LAM INRELBAWLNA:

#### 3.3.a: SHARE CAPITAL

Share capital hi Company innghahna sum lu ber ani. Shareholders ten an share lei atangin ani. Heng shareholders te hi mimal emaw FPG te pawh a ni thei bawk ang.

Share Capital hi member tinte Company a an inpekna hril chiangtu ani. FPC ah hian equity share tihloh chu share chi dang a tih theihloh.

*Equity share capital danglam bikna te:*

- a) Share capital zat chu danglamlo (fixed) mahse, loneitute harsa zual deuh tan pawh tlemte lei theih turin siam sak theih an ni.
- b) Shares zawng zawng za a thena hmun nga (5%) atang khan members ten an duh zat zat share an lei thei.
- c) Nimahsela, members zawng zawng te'n shares inang vek neih theih chu duhthusam ani. Mimal emaw Group filawr bik an awm loh nan.
- d) Hemi anih avang hian, AOA hian shares semzai kawngah thu rin tur, fiah fel tak a nei tur a ni
- e) Board ni lovin, General body zawk hian shares neihdan a thliar fel tur a ni. Dan in a phut angin, shares titur hian, Form duansa, mumal tak chhan tur a awm a ni.
- f) Shares hi member te inkarah a 'transfer' theih a, mahse a hlutna kha a intluk tur ani.
- g) Share capital hi hlawh, office expense, etc tur atan a puk theih a, mahse "Borrowing from Share Capital Account" tih a ziah tur ani. Company hian sum a peipun hunah a rul leh mai dawn ani.
- h) Shareholders hi 10 tal an tlin loh chuan Company a form theihloh. A tam lamah erawh bituk a awmlo.
- i) Mimal leh sawrkar sum he Company ah hian tel phal anni lova, Public Limited Company ani lo tih hriat reng tur ani.

### **3.3.b: AUTHORISED CAPITAL**

Company in share zawng zawng member te hnenah hralhtur a neih zat kha Authorised Capital a ni. Act ah leh AoA ah ziahluh vek a ni.

FPC Act 2002 in a tarlan danin, authorised share capital hi a tlem berah Rs 5 lakh ani tur ani. Company hian authorised share capital hi a tihsan duh chuan AoA leh MoA ah thlak(amend) turin hma alak a ngai ani.

A tlangpuiin, Company registration fee atan hian Rs 10 lakh ani thina, chuvangin FPC ding tir tan Rs lakh hi Authorised Share Capital atan dah a ni thin a ni.

### **3.3.c: ISSUED(PAID UP) SHARE CAPITAL**

Paid Up share chu member ten share an lei tur zat duansa atanga, a tak tak a share an lei zat kha a ni. Dan in a sawi angin, Rs 1 lakh hi paid-up share capital a pawm theih chin, hniam ber ani a, hriattur pawimawh tak pakhat chu, bank in loan a pek dawn reng rengin paid-up shared capital a zirin loan a pe thin a ni.

### **3.3.d: BONUS SHARES DAWNG THEI TURA HRIATTUR TE**

Bonus shares chu Company ten, an shareholders thenkhat te hnenah a thlawnin shares an pekbelh thin hi a ni, shareholders ten shares an leitam a zir in an pe thin a. Board leh AGM te remtihna in bonus shares hi pek thin a ni. Bonus share pek anih avang hian, authorise share capital ai in paid up share capital hi asan phah tur a ni lo. Alo sang zawk anih chuan authorised share capital hi MoA ah siamthat emaw tihdanglam angai dawn a ni.

### **3.3.e: PRODUCER COMPANY INA A MEMBER TE TANA SUM LAMA TANPUINA A PEK THEIH TE**

Company hian Board phalna kal tlangin a member te hnenah a hnuaia loan te hi a pe thei ani:-

- a) *Short term working capital credit facility assistance*- Heihi thla 6 chhunga rulh tur a ni. Company chuan hlawkna turin heng loan hi a pe chhuak thei a ni.

Company tana hlawkna tak a awmdawnlo anih a, bank in awlsam te a loan a pek theih tho baw si chuan, company tan loan pek buailoh law law pawh a fuh thei.

### **3.3.f: MAINTENANCE OF GENERAL AND OTHER RESERVES**

- a) Article in a sawi angin, Financial tawp a hlep(profit) awm atangin sum khawl (general reserve) tur a dah hrang tur a ni. General reserve kan tih ho hi kan hralh sum liau liau atang a pawisa dah hran anih avangin, heng pawisa dang khawl kan neih, kan hralh sum atanga pawisa kan hmuh let nilo, sum lolut vetho te nen hian hriat pawlh loh tur a ni.
- b) Harsatna engemaw vanga Company hian general reserve a nei theilo anih chuan member tin te'n company a sum anthawh zat a zir zelin inthawh khawm a ngai dawn ani.

Kan hriat reng tur chu FPC hi primary producer shareholders te mamawh puhruk tu ani a, tihdan kalphung thar hman te leh thlai chi hralh na market te a ngaihtuah tur ani a, chuvangin heng ah hian a rilru a pe ber tur ani. Lo neitute mimal bank loan ang te te ah in rawlh loh a tha a, nimahsela a huhova tangkai thei anih erawh chuan FPC hian ngaihtuahna a pe thei ang.

### **3.4 GOVERNANCE SYSTEM / Pawl Kalphung**

#### **3.4.a: FPC ALO CHAK LEHZUAL NANA WORKING COMMITTEE DIN TUR TE**

Board chuan Board of Directors leh FPG member te atangin heng committee hi a din tur ani:-

1. Marketing Committee
2. Procurement Committee
3. Share Capital Mobilisation Committee
4. Agri-business Committee
5. Election Committee
6. Expenditure Committee
7. Audit Committee

Heng Committee zawng zawngah hian Chairperson emaw Managing Director te member atan neih a tha. Heng Committee hian Board hnenah an in report leh tur a ni.

### **3.4.b: GOVERNANCE SYSTEM A THIL PAWIMAWH ZUAL TE**

- \* Act in a rel angin, kum khatah, a flem berah, board meeting vawi 4 neih tur a ni. Amaherawhchu, thla khat a vawi khat tal meeting neih hi duhthusam ani.
- \* AoA hian Board meeting kal thei zat chu a sawifiah ang a, a flem berah 50% attendance tal neih theih hi duhthusam ani.

### **3.4.c: FPC INA A MEMBER TE TANA HLAWKNA LEH TANGKAINA (VALUE-ADDED SERVICES) A NEIH TE**

Primary producers te tana FPC te rawngbawlina ah hian chi hnih a awm ani :-

- a) Financial services
- b) Non-financial value-added services

Lo neitu, mimal ina lo a enkawl na ah leh pawisa dah that chungchangah te, FPC hian mawhphurhna a nei lova. Heng loan hi chu local bank te'n an tih tur ani a, FPC hian engti kawng mah in mimal loan lak chungchangah a in rawlh lo ani.

FPC hna chu FPG leh FPO te mamawhna phuhruk tur ani a, pawl leh pawl(agggregator) inkar a thawk thin leh service provider anih avang hian loan petu, Bank nen a hrang hle a ni.

### **3.4.d FPC INA SUM LAMPANG TANPUINA FPG A PEK TE**

- \* Input (Thil dah luh)
- \* Marketing (Sumdawanna)
- \* Infrastructure (Bungrua)
- \* Processing and Value Addition (Hmasawn zelna leh hlawkna)
- \* Operations (Thawh dan)

Heng thil te hi tihlawhtling turin FPC chuan bank atangin tanpuina a dap sak thei. Hengte :

- \* FPG hnena Term Loan pek : Organic shop emaw Agri dawr hawnnan
- \* FPG hnena Custom hiring centre atan Term Loan pek

- \* FPG hnena Nurseries dinnan Term Loan pek.
- \* FPG hnena Go-down hire leh luah hawh atan Term Loan pek.
- \* FPG hnena Short Term Loan pek- Thlaichi leh thildang leinaa sum lu atan.
- \* FPG hnena short Term Loan pek- motor hman man atan te, thil siam man atan te, thil remfel/pack man atan leh thil hlutzawng chhutchhuah atan te, loan pek theih a ni.
- \* FPG hamthatna tur leh thanna awm thei ah te.

### **3.4 e. NON FINANCIAL SERVICES FPC IN FPG HNENA A PEK THEIH TE**

- \* Technology transfer – Thiamna thar hlan chhawn ah
- \* Sumdawnna leh thil man zirchian chungchang ah.
- \* Commodity trade- Zawrhsum sumdawnna kawnga bazaar te deuh atangin a lian thlenga puih
- \* Sawrkar scheme hman tangkai
- \* Khawl lam leh a kaihnewih thil a puih.
- \* Custom Hiring Services ah puih.
- \* Value added service viz: Ni (solar) hman tangkai kawngah te, tui kawng (micro-irrigation) enkawl danah te & organic farming chungchang ah te.
- \* Ranvulh chungchang ah te.
- \* Thlai leh Ran chaw tha kawhmuh chungchangah te.
- \* Zawrhsum buatsaihna kawngah te, pack danah te, hming pek chungchangah te, hmasawna kawng ngaihtuah chungchangah te.
- \* Insurance chungchang ah te.
- \* Tunlai khawl changkang ang zela her rempui ah te .
- \* Khawchin thlir lawkna leh khaw thatloh dawna inhrilh hriat kawngah te
- \* Organic and Fair trade Certification neihna kawngah te
- \* Zawrhsum hralhna chungchang ah te

### 3.5 COMPANY CHHUNGA AUDIT KALPHUNGTE

**3.5a: STATUTORY AUDIT** : Companies Act in a sawi angin ,FPC chuan kumtin financial year tawp hnua thla 3 chhungin statutory audit hi a nei tur ani. Certified company secretary in audit ati tur a ni a, Registrar of Companies (RoC) hnenah lehkha tul zawng zawng thehluh tur a ni.

**3.5b: INTERNAL AUDIT** : Pawnlam mi hetiang lama thiamna neiin an rawn audit anga, audit report pawh board hnenah an submit thin ang.

**3.5c: SOCIAL AUDIT** : Board in Audit turin Committee a siam a. He audit hi thla 6 chhungin vawi 1 tal neih tur ani. Primary producer te tan company thawh hlawk leh hlawk loh te a hriatna tur a ni ber.

### 3.6 Housekeeping

Chief Executive Officer (CEO), Company director leh officer leh thawktu zawng zawngten 'Books of Account' an enkawl theuh tur ani.

Chungte chu :

- Sum hmuh leh hmanral zawng zawng te lang tur ani.
- Producer Company in thil a lei leh hralh chhuah zawng zawng
- Bungrua leh leiba te ziahluh vek tur ani.
- Bungraw hman dante leh mihring tha (labour) chhawr zat.

#### 3.6a: BOOK OF ACCOUNTS PAWIMAWHNATE

- \* Account vawnhim that hian pawl ati langtlang a, pawl thatna leh theihna te a tichiang ani.
- \* Account dik hian FPC tan information pawimawh tak a pek avangin,hei hi company tan sumdawna ruangam siamnan pawh a pawimawh hle ani.
- \* Account dik hian member te inngirrhona awm thei te a tireh.
- \* Book keeping hi FPC tan thil pawimawh tak ani a, enterprise promotion leh custom hiring tihnana a pawimawh hle.

Book keeping hi internet (online) kaltlang in tih tur ani a, nitinin thu thar leh company hmasawn natur atan intah hriamna pawimawh tak ani a, Chairperson/Managing director/CEO/Manager te hian Book keeping felfai tak siam kawngah mawh an phur ani.

### 3.6b: FPC A LEKHABU NEIH TUR TE

- \* Meeting Minutes Book
- \* Bank Book – Cheque Book
- \* Share Capital Register 3.F.
- \* Purchase, Sales and Stock Register
- \* Bill Books/Receipt Books
- \* Cash Book
- \* Deposits Register
- \* Expenses Register
- \* Share Certificate Pads

Heng lekhhabu/online files te hi Managing Director kutah a awm a, anihian lang tlang tak leh dik takin book keeping hi Company tan a enkawl tur ani.

### 3.7 STATUTORY COMPLIANCES / Dan in a phut anga tih tur te

#### 3.7.a: Statutory financial compliance producer company in a thehluh tur te

S.No.	DOCUMENT	E-FORM
1	Balance-Sheet	Form 23AC Company zawng zawng tih tur
2	Profit & Loss Account	Form 23ACA Company zawng zawng tih tur
3	Annual Return	Form 20B Company share capital nei in a file tur a ni

Electronic filing hi tih ngei ngei tur ani. Kum tinin Annual Filing tih tur ani a, Companies Act 1956 in a sawi angin a chungga Documents te leh E-Forms te khi Registrar of Companies (RoC) ah file tur ani.

### **3.7.a.i: BALANCE SHEET LEH PROFIT & LOSS account**

Producer Company/Pawl tin te'n Balance Sheet leh Profit and Loss Account sawrkar kum tawp apiangin an siam tur ani. Annual General Meeting ah an pharh thin ang.

- a) Balance Sheet leh Profit and Loss Account hi Directors pahnih (Board of Directors aiawh) leh CEO in an sign tur ani.
- b) Producer Company tin te'n Directors Report hi an file tur ani. Hei hi Audited Balance Sheet leh Profit and Loss Account leh Annual Return te nen, Annual General Meeting an neih hnu ni sawmruk (60) chhungin an file ngei ngei tur ani.

### **3.7.a.ii) ANNUAL RETURN**

- a) Return Form 21A hi Company share capital nei lovin a file tur a ni
- b) Compliance certificate form 66 hi Company te'n paid-up capital Rs 10 lakh atanga Rs 2 crore telin an file tur ani.

### **3.7.b: STATUTORY OPERATIONAL COMPLIANCES / Danin a phut ang a hmalak dantur te**

- \* Board of Directors (BoDs) ten company an din hnu thla khat chhungin board meeting hmasa ber a buatsaih tur a ni.
- \* Annual General Meeting vawi khatna hi sawrkar kum tawp hma thla ruk ah neih ngei tur ani.
- \* Kum khat chhungin Board Meeting vawi 4 neih tur ani a, quarter tinin vawi khat. Heng Meeting inkar hlat zawng hi ni 120 a pel tur anilo.



## Bung 4

# VALUE CHAIN ANALYSIS LEH MICRO/NANO ENTERPRISE DIN DAN TUR

### 4.1 Value Chain Analysis chu eng nge ni?

Value chain tih chuan mu leh mal leh khaidiat fel tak neia loneitu leh kuthnathawktu ten a tam thei ang bera an thar chhuahte atanga hlawkna an hmuhna tura remruatna siam hi a ni a, hetah hian loneitu te an hnathawhna zawn theuha bul an tan theihna tura an mamawh puhruk sak te, an huan leh lo enkawlna tur atana tul leh tangkai pek te, an thar chhuah an zawrh leh hralhna thlenga a hlawk thei ang ber tura buaipui leh kaihhruai te a huam vek a. Loneitu emaw kuthnathawktu dang te emaw thlunzawm hna leh tumah thlei bik loa a te ber atanga a lian ber huam vekin, an hnathawh tisawt tura remruat na duan chu value chain kan tih chu a ni.

Hei hian loneitu leh kuthnathawktu pawl bik inzawmkhawm (organization kan tih te, association indin ang zawng zawng te) ten an huan thlai te thatna tur leh an hnathawh pui tura tul te a huam vek a, bazara an hralh chhuahna tur leh hlawk taka hna an thawh theihna tura farm technology kan tih heng tractor te, khawl lam thil mamawh zawng zawng peka ngaihtuah thlengin a huam tel vek a ni.

### 4.2 Mitin huap Value Chain Analysis

"Loneitute hi an rim a, hautak takin hna an thawk a, flawm takin an hralh leh thung si"

Vawiina loneituten an thlai thar hlawk taka an hralh theih lohna leh hemi atana harsatna an tawh lian ber leh tam ber te hi value chain mumal awm loh vang leh kalphung mumal zawm tur an neih that tawk loh vang a ni deuh vek mai.

Agriculture kan tihin a huam, heng thlai chin te, sangha khawi te, pangpar huan siam te, pangang khawi te, kuthnathawktu dang te leh kuthnathawh kaihhrui engpawh tel vekin, hengah hian a enkawltu leh a neituten harsatna an tawh len ber chu duh anga tam thar chhuah loh te, beisei zat hlawkna hmuh phak loh te leh a hralhchhuahna man flawm lutuk te an ni a. Hei hi a chhan tam tak awm thei zinga tlemte han lawr chhuak dawn ila :

1. Lo neih leh thlai chin an kalpui dana hmasawna awm lo leh hmanlai anga an fih dan phung an zawm reng avanga thar chhuah pung thei lo leh tam thei lo.
2. An thar chhuahte an hlutna tipung tura siam danglamna awm lova an nih ang ang a an hralh chhuah thin vangin.
3. Hlep tha zawk leh sum tam zawk chang tura hralh theih an nihna an hriatthiam loh vangin.
4. An thar chhuahte khawkhawma dahthatna tha an neih loh avangin lo neitute hian an thar chhuahte an chhiat hmaa a rang thei ang bera an hralh a an fihrial a ngaih thin vangin.
5. To zawka a hlawma hralh chhuah theih tura an tharchhuahte lakkhawm an nih loh thin vangin.
6. Dahthatna leh packna mumal tlakchham avangin.
7. Anmahni pual bik siam chhuak tura thiamna an tlakchham avangin.
8. Hralh chhuah theih zat aia tam fe an thar chhuah tuma a chuangliam hum tur leh nakin atana lo vawnsak thei tur dahkhamna tur emaw sum puk mai tur emaw te an hriat loh vangin.
9. To zawka an hralh theihna tur hmun pan tura a phur tur motor emaw inkalpawh tawn dan remchang an neih loh avangin.
10. Sorkar in scheme chi hrang hrang loneitu te leh huan thlai siamtute leh kuthnathawktu te tana a buatsaih te an hriat loh hrim hrim avangin.

Value chain kan tiha inhnawh ten an hriat tur pawimawh em em chu mi chak lo leh hniam ber te hi mi tangkai ber an ni theiin, pawl chakna hnar an ni thei tih hi.

### **4.3 Value Chain duan dan leh buatsaih dan**

Thlai emaw, sangha emaw, kan thar chhuah eng emaw ber pawh lo ni se, value chain kan tih hi kalpui a nih dawn chuan a hmuna thar chhuah emaw lak a nih atanga a hralh chhuahna tur leh a leitu turte tan, a hlutna tihpun emaw siam mawia siam danglam emaw a ngai a. Chumi tur chuan mi tam tak an inrawlh a tul avangin a hralhna tur bazar len leh tet dan azir te, a leitu tur te azir te leh a company emaw pawl emaw enkawltu ten an zawh tawk tur ang kha thlir thiam tel a ngai a. Value chain kan tih hi kawng hnihin kalpui dan a awm a, a dung zawng zuia kalpui (vertical boundary) leh a zau zawng zuia kalpui (horizontal boundary) tih a ni a, hemi kawng pahnih hriatthiam awlsam theihna turin India rama thlai lar ber te zinga pakhat, vaimim (maize) hi entirna atan kan hmang dawn a ni.

## Vaimim Value Chain zirchianna

Vaimin hi India rama thlai thar chhuah awlsam leh lar ber pawl a ni a. Sorkarin a man bituk a pek (minimum support price) zingah tel mahse sorkar in a bituk aia tlawmin vaimin enkawltute hian an hralh tlangpui thin a ni. Vaimim hi ranvulh chaw ah te, ar chaw ah te, ei mai theih tura chaw an siam danglam leh pack ang chi ah te, zu (ethanol) thlawr nan te leh rampawna thawn chhuah atan mamawh a ni deuh ber a. Engtik lai pawha mamawh leh hralh theih a nih avangin loneituten a value chain chu awlsam tak leh hlauthawng lo takin an siam thei thin a ni : vaimim chi an theh a, leitha in an chawm a, a thar chu uluk takin an thliar a, an tiro a, an bûk a, hralh chhuah theih turin an buatsaih a, uluk takin an dahkhawm a, tichuan a hlawma lei duh hnenah an hralh ta thin a ni. Hemi tur hian vaimim enkawl tu pakhat lek emaw pawl tlemte leh thenawm khawveng te puihna nen chauh a puitlin theih loh a, mahse producer company kan tih, pawl hlawm lian zawk leh changlung zawkte nen yang hovin a hlawkna tam zawk leh tha zawk a tel theih ta a ni.

### 4.3.a Vertical value chain

Company hotute chuan loneitute chin tam ber leh uar ber an thlang chhuak ang a, chumi value chain siamna tura a chin lai emaw, a to hunlai emaw, a thar chhuah hnu leh a hralh chhuah lehna tur zawng zawng a harsatna emaw rokhawlhna emaw awm thei te a awm chuan chung chu eng nge tih hmuhchhuah an tum ang a. Tichuan, chung siam that ngai te chu enfelin leh siam tha in, thlai chin anih atanga hralh a nih na tur kawng zawng zawngah khan a hlutna tisang a tipung thei tur ang bera hma lak tur ani. Vertical value chain kalpui dan tur chu milem a inziak ang hian a ni tur a ni.

### 4.3.b Horizontal value chain

Horizontal value chain chuan a vang lam zawngin a thliar a, eng chi nge an hralhsum chu tih te leh anhralh dan tur kha a ngaihtuah a. Chumi awmzia chu thlai thar emaw kha a hlutna tihpun dan a awma hriat a nihna hmun apiangah loneitute leh company lam thuneitute inthlunzawmin hma lak zel a ni dawn a ni.

Entirnan, Vaimim chinna kawngah, vaimim chi tha kha loneituten an ching lo a ni tih hriat lo ni se, company lam khan loneitute hnena a chi tha

ber chi an pek chhuah theih dan tur an lo dap ang a, chu chu a hnuai a kawng thumte hmang hian a tithei dâwn a ni :

- Producer company chuan thlai chi tuh hun a nih hma daihah loneitute mamawh tur thlai chi tha mi chu tlawm zawk leh tam zawka an neih theih nan hma a lo la lawk ang.
- Loneitu pawl (producer group) a an hotu emaw ten a loneitu pui te thlai chi tha a hun taka a pek chhuah theih na turin producer company in thlai chi pe chhuaktu company te lo a lo be lawk ang.
- Loneitu pawl (FPG) te chuan anmahni pawla member te chauh ni lo anmahni khaw mi leh sa loneitu dangte pawh chung thlai chi tha mi chu an pe ve thei ang.

Hetiang zel hian, khawi lai berah emaw thlai chin a nih atanga thar chhuaha hralh a nihna tur kawng zawng zawngah khan, eng emaw hmasawn theihna leh a thlai tipung emaw tihlu zual tura hmalak theihna apiang kha zawn chhuah a ni anga, chumi tur chuan loneitute, an hnuai a thawk te, an thlai thar hralhna te leh chumi tura inhnamhnawihna nei apiang kha khiadiat mumal leh fel takin an inthlungkhawmin an thawk ho ang a, mipui anmahni dawr tu ten an faka an zawngchhang ngei tur angin hna thawh ho an tum dawn a ni. Mipui hnena an hralh chhuah dan tur leh an pek chhuah dan tur hi kawng hnihin a then theih leh a:

- **Operational services** : Heng ho hi chuan enterprise hrang hrang aiawhin hna an thawk a, value chain a a hna tak tak thawktu an nih vangin operational tih an ni reng a ni. Entirnan, thlai chi emaw pawl pakhat atanga a danga inpekchhawn te lo ngai se, company hriatpuina hnuai a chung thawn velna tur buara bag te an lo supply ang a, a nih loh pawhin loneitu te thlai thar kha bazara hralh tur in an buatsaih ang a, tin, eng emaw siamthat ngai leh vahvelna tur motor ngaihtuah chungchang ah te, loneitute hman tur bungrua supply chungchangah te hma la tu ber leh mawh phur ber tu an ni.
- **Support services** kan tih ve thung chuan hna thawktu hlawm bil bik an enkawl a. Operational service a operator te hna thawh ang direct in thawk lo mah se, pawisa peipun chungchangah te, hnathawk tute training pek leh thil kalphung zirtirna kawngah te, loneitute thar chhuah tilar tura trade fair huaihawt ah te hma an lo la ve thung a ni.

#### 4.4. Value Chain kalpui naa hriat tur pawimawhte:

- # Value chain kan tih hi vawi khat emaw tih a zo mai chi a ni lo a, thil inhlum anga let leh ngai zel, kal reng leh laklawha tawp rem lo a ni.
- # Company (FPC) ten agriculture kaihnawihna hna an thawh zawng zawng te chu value chain mumal tak hnuaiadin leh duan vek an ni tur a ni.
- # Value chain plan ah chuan loneitu leh kuthnathawktuten an kut kawih tihralna kawngah hloh emaw chan emaw an nei ngai tur a ni lo.
- # Value chain atana kan thlai thlan chhuahte an thar chhiat tuma hnathawktuten sum chang thlai dang an chin tur ngaihtuah tel zel tur a ni.
- # Value chain chu enterprise din te, pawl siam ten a chhonzawm ngei ngei tur a ni a, kawng hrang hrang a inhnamhnawihna neiten sum an thawh chhuah theih theuhna turin bungraw lian leh khawl lian pui pui lei dan tur te a duang tel lo hram tur a ni.
- # Inthlunzawmna tha leh rem taka pawl hrang hrang inchhunkhawm hi value chain in a tum pawimawh tak a ni.
- # Value chain hnuaiadin chuan thil lian tham leh rawva pui pui inthlak kual thut thut beisei tur a ni lo. Hei ai mah hian muangmara zawi zawia insiam len tawn zel na leh hautak lo thei ang ber ni si, hlawk sia hmalakna a kawka ni.
- # Value chain hmalakna reng reng chuan Fair Trade and Organic production in a phut leh ramri a kham a zawm in a zah tur a ni.
- # Value chain than dan hi a lera thuaia uai fual tial tial ni lovin a mawng atangin a lera zawka a thang tur a ni. Chumi awmzia chu plan tenau ber thlengin lo neitute tana hlawkna tel hmasa tur a ngaihtuah ngei ngei tur a ni.
- # Value chain engpawh hian a tawpah chuan sumdawmna plan mumal tak a duangin a kalpui tur a ni.

#### **4. 5. Value Chain Analysis chungchang a Business Plan siamna kawngah ngaihtuah tur tul**

Value chain chu tih dan hlui bana tihdan thar leh hlawk leh changkang zawk, mihring pawh tam zawk an inrawlhna a nih avangin loneitute leh kuthnathawkte tan a remchan lohna eng emaw chen a awm ve a. Loneitu level ah chauh ni lo, an thlai thar chhuah quality te, a lo leisaktu tur customer te, khawl leh thiamna an hman te leh kha sumdawnna lian zawk kal pui thei tura thurualpui leh thuihruai an neih zawng zawng te a huap vek avangin a huam zau hle mai a. Sumdawnna tluang tak leh hlawk taka kalpui a nih theih dan hrang hrang te chu bung tharah kan zir chiang leh dawn a ni.

## Bung 5

### VALUE CHAIN TIHPUITLIN LEH SUM PEIPUN DAN TUR DUAN FEL DAN

#### 5.1 Sumdawanna tura Plan siam

Sum peipun dan tur leh hmalak dan tur kawng bithliah fel tak neih (business planning) hi value chain atan chuan a tulin a pawimawh em em a. Chîn dan thar tha zawk avang tea kalphung thlâk a ngaih châng te a awm thin a, a pawimawh berah chuan value chain mumal tak nei tur chuan engtia hmalak a kalpui nge tha ber tih duanchhuah kha a ngai a ni. Company ten an business plan an duanah chuan an hnuaia loneitu pawl hrang hrang an indin dan tur te, an thlai thar in mi mit a lak theih dan tur ber leh man to leh man man zawka hlawk taka hralh chhuah a nih theihna turin an siam thin a. Value chain kalpui tura thlai an thlan bik piah lamah chumi a lo fuh loh thut pawha châna awm lo a a awinungtu thlai dang pakhat emaw pahnih emaw, chu thlai ruala chin theih an thlang thin. FPC tan chuan business plan hi a hautak a, a hahthlak bawk a, mahse company tha neihna tura tangkai leh tul tak a ni bawk si a ni.

Business plan an duan reng rengin kum khat atanga kum thum an thlir lawk a, tuna an dinhmun atanga hma an sawn theih dan tur kawng hrang hrang an ngaihtuah thin. Company hnuaia sum leh paia thawh leh chan nei ve shareholder te, thil zawrh chhuahna tura sulsutute leh an hralh chhuahna tur market te a zawm khawm a, value chain chuan a taka tih theih tur a duan laiin, business plan chuan a hlawhtlinna tura sum neih dan tur leh peipun dan tur te a duang thung thin. Chuvang chuan value chain leh business plan hi thil inkawp tlat, lak hran theih loh an ni. Mimal in anmahni lo leh thlai atana hma an lakna theuh behbawma pawl an insiam chhoha company level thlenga an hnathawh te thiltih te enfelna hmanrua a ni tel bawk.

## 5.2 Business plan dan tur kalhmang

### 5.2.1 Step 1: Sumdawanna leh sum peipun dan tur zawn.

A zawn dan hrang hrang te chu :

**5.2.1.a A harsatna zawn tak hriat fiah :** Loneitu member te, khaw chhunga khawsa, loneimi kumhlun tawh te, khuaa agriculture extension officer te leh mi challang deuh hlek te ngaihdan tlingkhawm atangin thlai chîn hma leh a chîn lai leh a thar chhuah hnu thlenga loneimi ten harsatna an tawh thin dan chanchin te kha a hriat theih vek a ni.

**5.2.1.b Thliar hranna :** Chûng harsatna bik tam tak an sawi te atang chuan hmalak theih nghalna te, hmasawn theihna kawng awm te, agriculture tithang thei leh sum chevel daihzai taka hmanga hma lak theihna ang chi te thliar hran leh vek tur a ni.

**5.2.1.c Harsatna tihrem dan kawng :** State department te kaltlangin scheme leh program tam tak heng loneitu tena harsatna an sawi sutkianna tur hian siam a duan an ni a. Entirnan, thlai chinna tura lei lung tha lo leh hrisel lo kha a chin hma (pre production) a harsatna an tawh lo ni ta se, lei tha leh fertilizer an mamawh ang te kha horticulture department atangin emaw MGNREGS kaltlangin emaw company te khan loneitu thlan bik te tan an ngaihtuah sak thei reng a ni. Chutiang lo pawh chuan khuaa cheng nu ho intelkhawm te pawn NPM kaltlangin dawr te siamin loneitu ten leitha an mamawh ang kha tlawm zawk leh man man zawk te, a thlawn a sem leh dawn thleng pawhin an buaipui in an ngaihsak theih dan kawng a awm a ni.

Hetiang scheme chi hrang hrang hi Annexure III leh Annexure IV ah a inziak a ni.

### 5.2.1.d Thil hlutna pun tir theihna tura micro leh nano enterprise thliar thiam

Micro enterprise chu sum an hman leh chevel tlemte a ni a, loneitu pawlthe hian company kaltlangin micro enterprise hi an din thei a, loneitu thiamna bik nei leh themthiamna kawng hrang hrang nei te hnenah hna an chhawpchhuah sak thei a ni. Central sorkar hnuaiia Ministry of Micro Small and Medium Enterprise (MSME) in a hrihfhah dan chuan micro enterprise te chuan an chetvelna leh hmalakna turin sum cheng nuai 25 engtik lai pawhin an khawl thei tur a ni fih a ni a. Mahse loneitu pawl ding tam zawk hian an bultannaah nuai 25 khawl chu an harsat tlangpui. Chutiang a nih avang chuan a aia sum hrawm na lo zawk nano enterprise tih a lo awm leh a, hetah hi chuan cheng nuai hnih khat chauh pawhin bul a tan theih a ni. Chutiang



chu loneitu te tan pawn thil harsa em em a lo ni tawh lo ṭhin a. Mudra Yojana te hian heng kawnga suma tanpui dan a hawngin a buatsaih sak mek reng a ni. Tin, National Rural Livelihood Mission (NRLM) leh NRLM hnuaiia Start Up Village Entrepreneurship Program te hian micro enterprise loneitu pawl ten an din theihna turin sum fai bultanna tur a pe thei bawk.

Mi tih dan phung awm sa ni kher lo, mahni irawm a hmalakna kawng ṭha tak tak te pawh loneitu malin emaw pawl ang pawhin an mamawh na zawn ang zela thlir in nano enterprise hi a din theih a. Nano enterprise dina duang tur chuan a duangtute rilru a lut hmasa ber tur chu a khaw mite mamawh a phuhruk thei dawn em tih leh lo thei ta se thenawm khúa leh midang tan chin chhonzawm ve tlak a ni ang em tih kha a ni.

### **5.2.2 Step 2 : Micro-Enterprise tan SWOT Analysis**

SWOT tih hi saptawng thumal pali strength, weakness, opportunity, threat tihna a ni a, a awmzia chu chakna, chak lohna, remchang tih leh hlauhthawna tih a ni. Agriculture hma tisawna a hlawkna tipung thei tur leh company (FPC) hnena sum chhungleut thei a, Micro enterprise din thei, hmuh a nih veleh heng a hnuaiia points tarlan hi ngaihtuah tur an ni:

- A. Thlai thar chhuah hralhna tur market zau zawng leh mi tam zawk huap a ni em tih te, loneitu harsa leh rethei zawkte hlawkna tur thleng phak a ni em tih te.
- B. Kha thlai an thlan chhuah kha mamawh reng a ni em, nge ni a hun bi nei chauha mamawh a nih tih te.
- C. Sumdawnna kha ṭhang lian zel ta se a buaipuitu te karah inelna a siam ang em tih te.
- D. Thlai thatna tura mamawh ang apiang an awm remchang thei mai em tih te.
- E. A man leh a ṭhatdan kha tlawm a to leh thut thut thei thlai a ni em tih te.
- F. A hlawk dan tur te
- G. Lakluh leh hralh chhuahnaa harsatna awm thei te.
- H. Chhiah pek dan danglam emaw sorkar atanga subsidy dawn te danglam ta se eng angin nge a nghawng ang tih te.

A chung a mite khi ngun taka thlir a zirchian an nih hnuah chumi an hmuhchhuah azir chuan business (sumdawnna khaidiat) ṭan nan a hlawk tur leh tur loh a hriatthiam theih ta a. Lo ṭha tur pawh ni reng se a risk awm dan a zira kaltlangpui tur a la ni cheu a ni.

### 5.2.3 Step 3 : Risk awm thei hriatfiah

A hnuacia points te hian sumdawnna kal pui na tur kawnga risk awm thei te an sawifiah a ni.

A. Khuarel chhياتna emaw in a nghawng theih te leh thlaiin a mamawh ni si, lo awm lo ta thut se thlaiin a tawrh theih tur thil te kha engte nge tih zawn chhuah tur a ni. Entirnan, ruahtuiin a chawmna hmuna thlai chinte chu ruah sur lo ta se an thar tha dawn lo a, Company sum hmuh dan tur kha a nghawng chhe thei dawn a ni.

B. Bungrua tangkai si, chhe thut ta se company sumdawnna leh pawisa lut nghawng thei tur ang kha hriat tur a ni. Entirnan, bawngnhute siam chhuahna hmunah an khawl pui lo chhe ta se chu chuan bawngnhute khawl sa zawng zawng a fihchhiat theih bakah sem chhuah a hralh tur a tikhaih lak vek thei a ni.

C. Khuarel chhياتna leh thil hriat lawk loh thil lo thleng thut avanga ngai awm thei lo tur te hriat an ngai. Entirnan, thil dahthat leh siam chhuah leh hralh a nih danah dan thar duan lo ni ta thut se, company tan khan insiamrem thut kha a lo harsa maithei, chutiang ang harsatna awm thei chu ngaihtuah lawk tur a ni.

D. Inthlunzawmna khaidiat a a chak lo ber mahse a dang zawng zawng inngahna ni vek si kha hriat ngei ngei tur a ni. Entirnan, loneitu te thar chhuah zawng zawng leitu kha mi pakhat chauh ni se, chu chu inthlunzawmna ah chuan a chak lo ber a ni, lei thei lo dinhmunah ding thut se loneitu te zawng zawng a nghawng dawn avangin.

E. A tawp na berah chuan chhياتna lo thleng palha invenna ngaihtuah a ni. Entirnan, khawl pawh lo chhe thut se khawl te zawk emaw awlsam zawk, thar chhuah zawng zawng an chhiat rup vek lohna tur ang lo ngaihtuah te.

### 5.2.4 Step 4 : Market analysis

Sumdawnna bul tan dan tur duan chhuah a nih a micro enterprise din thei tur te hmuh fel an nih hnu chuan market analysis neih tur a ni. Market analysis chu kha sumdawnna chhunga pawisa len vel dan tur leh a chet vel dan hriatchian a enfel tihna a ni. Hei hi bazar lian deuh leh thil zawrhna hmunpui atang te in an bungrua leh thlai hralh dan tlangpui a zawh kual theih a, a nih loh pawhin thingtlang leh a chhehvel khuah te mipuiin engtiang in nge an duh a an mamawh tih a zawh kual theih bawk a ni.

### 5 2.4.a Market analysis tehfung

- A. Kan thil hralh chhuah tur kha mamawhna asang em
- B. Mi engzât nge inrawlh ngai a, engtianga hlawk in nge chung mite chuan an thawh theih ang.
- C. Chu thil hralh chhuahna tura a pek chhawn dan khaidiat
- D. Chu thil leitur ber mipui te, dawrtute kha eng ang nge an nih hriat.
- E. Chu thil hralh chhuah tur el thei tur company dang
- F. Kan elpui te nen kan thil hralhchhuah tur kha adanglam bik em
- G. Amah thlak thei tu product dang emaw a service lo tawp ta se khaiding thei tur dang emaw an awm em
- H. Loneitu te leh anmahni tanpui tur entirnan fertilizer te lo supply tur ang chi te, tin, thar chhuah hralh lehna a hma latu tur awm remchang thei te.

### 5.2.4.b Thil man tur duan

Thil/thlai hralh tur te an man tur hisap a chhut chhuah dawnin heng thil pahnih hi ngaihtuah tel ngei ngei tur a ni :

- A. Cost plus pricing : Thlai emaw hralh chhuah tur chu a man chhut lawk a ni a, chumi bakah chuan a man tura duan sa (margin) a awm bawk a, chu margin chu za zela lakin emaw a sum fai zat, cheng chuti zat chu tiin fix thin a ni. Entirnan, atta buaipui na senso zawng zawng kha kg khat zelah Rs 4 ni ta se, pawlho inzawmkhawm khan za zela 25 emaw kg khat zelah Rs 1 kha margin angin lo fix ta se, an hralh chhuahna man tur chu kg khatah Rs 5 a ni dawn a ni. Hemi kalphung that lohna ve thung chu thlai thar tu tena a man an inchhiar leh a leituten an lei ngamna zat a ngaihtuah sak lem lo a, a awmia chu kg khat Rs 3 a hralh chhuak thei loneitu awm ta se, kg a Rs 5 a zuarte ta chu a leitur ten an lei sak duh dawn hauh lo a ni.
- B. Competitive pricing : Loneitu pawl inzawmkhawm khan an elpuite man chhiar zat atangin anmahni ta an hralhna tur an hisap a, an elpuite hralhna man ang hu emaw a aia to hretin an hralh thin. Entirnan, atta herna khawl siamtu thar lo awm ta se, a lo awm tawh sa ten kg khatah Rs 3 an tih chuan anni chuan chutiang ang zat tho emaw a aia to deuh emaw tlawm deuh emaw in an chhiar thei a ni.

Thil siam chhuak tuten an siam ang tho midangin an lo siam atanga a man an chhiar hi a thatlohna chu hlawk lo zawk emaw hloh hial khawpin an sumdawna a kal sual thei a ni.

#### **5.2.4.c Sum chevel dan tur leh hralh hlawk dan tur duan (market strategy)**

Marketing strategy chuan thil zawrh lo leitute a zir chiang a, a leituten an lei nawn duh fona tur a ngaihtuah thin. Tin hralh chhuahna tura mihring inrawlh ngai leh thawktu tur a ngaihtuah tel bawh a ni. Thil lo lei tura an beisei ang chi (targeted buyers) te, sum chevel danglam thei leh hunbi inthlak ang zela inthlak kual theih dan te a zir chiang bawh.

#### **5 2.4.d Sorkar leh sumdawng liante(corporate) tanpui dil**

Company (FPC) chuan hlawk taka an hralh chhuah theihna tura pui thei tur sorkar scheme te a hre bel tur a ni. Entiran, Rytu Bandhu scheme a awm a, chu chuan lo neituten an thar chhuah te an stock a an khawl na kawngah loan a lo pe thei a ni. Chutiang bawh chuan National Horticulture Mission te, Ministry of Food processing te, NABARD te, APEDA tih ang te hnuaiah scheme tam tak a awm a, hengte hi Agriculture department ah pawh ngaihven theih reng a ni. Duhthusamah chuan company hotuten henga thawkte hi be pawp se, State leh central sorkar in scheme a pek te a tam thei ang ber chhawr tangkai turin hma a la thei a ni.

Chutiang bawh chuan corporate kan tih sumdawng lian zawkte hi engtik lai pawhin an mamawh supply sak an ngai a, chhum lo chat loa hnathawk leh thil siam chhuah ngai an nihnaah loneitu pawl thenkhat te nen thawh hona thu pawh an thlung thei a, hemi tur hian a hnuaia kawngte hi an hmang tangkai thei a ni :

- A. FPC leh a hralhtu te chuan loneitute thar, thlai leh thei leh chawhmeh engpawh ni se, khaihlak awm lo tura pek chhuah an nih reng theihna turin inzawmna an siam thei.
- B. Sumdawng liante chuan loneitu te khawl hman tur te, thlai chi leh leitha an neih theihna turin inremsiamna an siam thei.
- C. Sumdawng liante chuan company te hnehah thil siamna khawl te an pe chhuak thei a, an lei let leh sak thei bawh.
- D. Sumdawng liante chuan loneitu te nen inremsiamin an hralh chhuahte duh anga loneitu te tana a lo hlawk si loh khan a rul let thei.
- E. CSR hnuaiah sumdawng lianten lo neitute sum leh pai mamawh phuhruksak turin scheme an siam thei.

### 5.2.5 Step 5 : Financial Analysis

Financial analysis kan tih chuan a chung a sumdawna kalpui dan tur duan chhuahthe khi kalpui tlak reng an ni em tih leh sum leh pai siam chhuah na atan an hlawk em tih ennawn a ni. Sum hmuh leh senso atangin hlawkna chu teh a ni a, sum hmuhna aia senso a tlem zawk chuan a hlawk kan ti thei ang.

#### 5.2.5.a Sum hmuhna tura tehfung pawimawhte

##### Budget

Budget chuan sum luhna leh chhuahna a tarlang a. FPC in sumdawna atana pawisa a lakuh dan leh a hman chhuah dan a tarlang a ni. Pawisa lut leh chhuak enfelna hmanraw pawimawh tak a ni. Budget chuan a hnuacia point te khu a huam

a. Thil hralhna atanga sum hmuh : Heihi thil hralhna man bituk atang leh thil hralh tura a man tuk lawk zat atanga teh tur a ni.

b. Thil hralhna man :

i) Fixed cost leh variable cost : Fixed cost chuan a siam chhuak tu lam a thir lo a. Thar chhuah leh hralh zat kha engzat pawh ni se, a tam emaw a tlem emaw a man chhiar zat a pangngai reng a ni. Variable cost ve thung chu thil siamchhuahna tura bungrua leh hmanrua remchan dan azir te, sum chevel inlumleh dan azir te in a danglam thei a ni.

Total cost: Fixed cost leh variable cost zawng zawng belh khawm hi total cost chu a ni. Bungraw mal awm zat zela kan sem sawm khan bungraw pakhat mal zel atana senso zawng zawng zat a chhut theih a ni (total cost per unit of production). Hei hi unit cost an ti a, unit cost chu bungrua pek chhuah a tam zelin a zat a hniam ve zel a ni.

ii) Direct leh indirect cost : Direct cost chu hralh chhuah a nih hnuah pawh a pe chhuak tu emaw a thar chhuaktu emaw chhuilet zung zung theih hi a ni. Entirnan, laherna hmuna hnathawk chhawrna man te, chhangphut siamna atana buh her chhuah zat ang te, a zat va hriat let zung zung theih ang kha direct cost chu a ni. Indirect cost chu a senso leh a man thil pakhat chauha va chhuikir theih tawh loh, thil dang tam tak chhui tel ngai leh inrawlh lo awm tawh ang hi an ni. Entirnan tui bill, inluahman tih te hi tunge hmang bik, eng atan bika hman nge tih a chhui theih tawh loh a, hetiang indirect cost reng reng chu bungrua emaw thlai emaw hralh chhuah tur mal malah khan a senso zat hi a rualin sem darh theuh tur a ni.

c. Net surplus : Net surplus chu pawisa hmuh zawng zawng atanga senso zawng zawng paih a a la bang a kha a ni. Loan pung pek a nih hma leh chhiar pek a nih hmaa pawisa hlawkna hmuh zawng zawng kha net surplus chu a ni.

## Break even analysis

Business plan siamna kawnga company sum dinhmun enna pakhat atan a hman a ni a. Company in a hralhna atanga a sum a hmuh zawng zawng atangin a senso a hlich vek theih hunlai kha *Break even point* anti. Chumi awmzia chu, Break even point pel a sum chuang ala awm chuan hlep (profit) ah ngaih a ni. He Break even point ah hian kan hralhsum atang senso kan neih leh kan hralh atang sum kan hmuh let kha a intluk a ni.

## Sum lu(capital) mamawhna

i) **Working capital** : Cycle khat, round khat hnathawhna atana sum mamawh zat kha working capital chu a ni. Loneitu te thlai thar leina tura pawisa pek chhuah te, chumi phurhna tur motor hman man te, a pack na atana senso te, a dahthatna hmun tur kudam luah man te, insurance tihna te a huam a ni. Hunbi vawi khat (thlai thar hunbi) a company leh loneitu pawl ho in an senso zat kha working capital chu a ni.

### Working capital a telte :

Current Assets	Current Liabilities
Cash and Bank	Creditors
Debtors	Interest and outstanding instalment
Stock on Hand	Other short-term liability
Net Working Capital is Current Assets - Current Liabilities	
Current Liabilities > Current Assets = Working Capital Gap	

1. Current Assets (Bungrua emaw sum chang thil kawl mek te) : Sum fai kawl leh bank a dah, sum puktute, stock khawlsa mek te hlut zawng
2. Current liabilities (Sum pek chhuah na tur te) : Leiba rulhna, loan pung leh instalment la rulh ngai te, hun rei lo zawk atana pawisa lo hman hawhna te.

Net working capital chu current asset atanga current liabilities paih a ni.

### **Current liabilities > current asset = working capital gap**

Operating cycle kan tih hi working capital kan chhut thiam theih nan hriat a pawimawh a, operating cycle chu a tlangpui thua bungrua supply tute hnen atanga bungrua dawn theih hun te, bungrua siamchhuahna in hun a duh zat te, a hralh lehna tur hun te leh sum dawn hun chung kha a huam a ni.

ii. Fixed capital : Fixed capital chu hun rei zawk hnathawh theihna tur pawisa a ni. Entirnan, warehouse sakna tur te, khawl leina tur ang chi sum te.

### 5.2.5.b Financial statement :

Financial statement chuan hun bituk chung entirnan 2017-18 chung (financial period) a sum chetvel dan a tarlang a, khami hun bituk tawp lama company in an sum peipun dan dinhmun kha a tarlang a ni.

#### Company te sum chevel tarlangtu financial statement pathum te chu:

- i. Profit and loss statement (Hlep leh hloh lanna), hei hian company hlawkna emaw hlohna emaw a tarlang.
- ii. Balance sheet (balance ziakna) chuan hun bituk zawh tawh hnua pawisa hmuhna leh hmanna inthlauh dan a tarlang.
- iii. Cash flow statement (sum chevel tarlanna) chuan sum a chhuah dan leh a luh dan a tarlang.

Heng pathumte hi a mal malin enchiang dawn ila:

#### i. Profit and loss statement

Hei hian hunbi tuk chung, thla li chung emaw kum khat emaw chung a sum hmuhna te leh hman chhuahna zawng zawng a tarlang a, company in hlawkna a siam nge a hloh zawngin a kal tih a hriat theih a ni.

#### Profit and Loss statement siam dan :

<b>Income / Sum Hmuh</b>	
<b>Total Sales (1) / Hralh zawng zawng</b>	
Other Revenue (2) / Sum hmuhna dang	
Total Revenue (3) = 1+2 / A belh khawm	
<b>Direct Expenses / Sum hmanna tlanglawn</b>	
Material Cost / Bungrua a senso kan neih te	
Overhead Cost / Sum hman chhuah dangte	
Opening stock + Any Purchase / Hralh chhuah tumna zat leh thil tul danga hmanna te	
<b>Gross Profit = Total Sales - Direct Expenses / Gross Profit zawn dan</b>	
<b>Indirect Expenses / Sum hmanna dang</b>	
Transportation / Veivahna leh bungrua phurhna senso	
Salaries / Hlawh	
Rent / In luahman	
Interest Payment / Loan Pung rulhna	
Other Miscellaneous Expenses like Phone, electricity / Senso hrang hrang awmthei te	
Total Expenses = Direct + Indirect Expenses / Senso zawng zawng	
<b>Operating Net Profit = Total Revenue - Total Expenses</b>	

Percentage hmangin Profit chhut dan :

$$\text{Profitability (\%)} = \text{Profit} / \text{Revenue} \times 100$$

Za zela hlep zat hriat dawn chuan profit(hlep) kha revenue (sum lut zat) in sem a, 100 a puntir leh tur a ni.

## ii. Balance sheet:

Balance sheet chu sumdawna kalpui a nih hun chung duh hun huna sum dinmun entheihna a ni a, hei hi assets leh liabilities atanga teh a ni.

**Assets** chu company (FPC) bungrua che thei emaw che thei lo pawh, engpawh sum changa siam theih leh suma chantir tura hlutna neite an ni. Company ta an ni a. Sumfai kawl te, bank a sum dah te, bungrua leh thil dahthat ang chi reng reng te hi assets kan tih chu a ni. Company atanga pawisa puktute puk zawng zawng te, suma chantir leh mai tur ni lo suma lei bungrua leh khawl (fixed asset) ang chi te a huam vek a ni.

**Liabilities** chu midang hnen atanga sum hman emaw puk, hun tiam eng emaw chungang rulh leh tur ang hi a ni a. Company in loneitu te emaw loneitu inzawmkhawm pawlthe hnen emaw a an pawisa a pek tur te a tel a. Sum lu (capital) midang nena an inremsiamna te, loan an puk te, an batna te hnen an sum rulh tur zawng zawng te a huam a ni.

Balance sheet kan tihah chuan assets leh liabilities te hi engtik lai pawhin an intluk thin a ni.

**Net worth** chu assets zawng zawng atanga liabilities nghet (tuna sum khawih a hmanral mek tiam loh) hi a ni.

Assets leh liabilities te hi hlawm hnihah a then leh theih a:

**a. Fixed assets and current assets:** Company in hun rei zawk daih tura hnathawk thei leh sum thawhchhuahna tura tanpui thei bungrua emaw khawl emaw ram hmun emaw motor te emaw a lei hi fixed assets chu a ni a. Bungrua tihral leh mai tur leh suma chantir leh tur a company in a dah ho hi current assets chu a ni. Current assets te hi kum khat vel emaw kawl an ni phawt tlangpui thin. Hmanrua dahkhawm stock te, pawisa puk chhuah tir lo kir leh mai tur te, bank a pawisa awm te, pawisa kawl lai te hi current assets chu an ni vek a ni.

**b. Fixed liabilities leh current liabilities :** Liabilities kan tih te hi chi 3 ah an then theih a :

- I. Entrepreneur fund an tih, sumdawna bul tantu in hloh huama risk takzeta sumdawn bultanna tur leh company inkhaidin na tura a dah.
- II. Long term liabilities an tih, loan leh deposit leh midang sum puk, kum khat chung emaw leka pek tlak theih loh.
- III. Short term liabilities an tih, mimal emaw pawl dang emaw sum puk, a zat tlemte, kum khat chungang emaw thla hnih atanga thla ruk chungang vela company in a rulh let mai theih.



A hnuacia ami te hi sum felfai taka vawn a nih theihna turin neih ngei tur a ni:

- Loan and Deposit book : Member te hnena peklet tur emaw loan rei chi, (long term loans) la rulh loh chin te ziahna tur.
- Creditors book : Midang lak a pawisa batna chhinchhiahna bu
- Profit and Loss (P&L) Book : Sumdawanna atanga hlep zat hriatna bu
- Fixed assets register : Fixed assets ho hlutna chhinchhiahna tur bu
- Stock book : Bungrua leh hmanrua chhinchhiahna bu
- Debtors book: Pawisa batu te chhinchhiahna tur.

A chung a bu ho khi kan vawn atangin, sum lut leh chhuak a hriat theih dawn a, chuchuan pawisa kan kawl theih zat a tarlang dawn a ni.

### Balance sheet siam dan:

Assets	₹
<b>Current Assets</b>	
Cash (1)	
Raw Materials (RM) Inventory (2)	
Work in Process (WP) Inventory (3) / Bungrua siam mek	
Finished Goods (FG) Inventory (4) / Bungrua siam zawh	
Accounts Receivable (5) / Pawisa dawn theihnte	
Total Current Assets = 1+2+3+4+5	
<b>Fixed Assets</b>	
Land (6) / Ram	
Building (7) / In	
Machinery + Equipment (8) / Khawl leh bungrua	
Office Equipment (9) / Office Bungrua	
Minus - Accumulated Depreciation (10) / Fixed assets tlak hnamna tling khawm	
<b>Net Fixed Assets = 6+7+8+9-10</b>	
Total Assets = Total Current Assets + Net Fixed Assets	
<b>Liabilities</b>	
Loans Payable (11) / Loan rulh tur	
Total Current Liabilities (11) / ba rulh tur	
<b>Long-Term Liabilities</b>	
Loans Payable / Loan rulh ngai	
<b>Total Liabilities / Pawisa pek chhuah tur zat</b>	
Owners' Equity / Company hnena a sum lo thawh ho te, pek letna tur	
Beginning Capital / Bultanna sum	
Minus : Withdrawal / dividends / Hlawh pek chhuah tur kha paih tur	
<b>Total Owners Equity</b>	
<b>Total Liabilities Equity</b>	

### iii. Cash flow statement

Eng hun pawha sum lut leh chhuak tarlang tu a ni. Cash flow statement ah chuan pawisa fai ni loa insumdawn tawna (a ba ang chi) te a huam lo a ni. Cash flow statement chuan a hnuacia mi te hi a tarlang:

1. Opening cash balance (a tira kuta sum awm zat)
2. Hun eng emaw chhunga sum lak luh dan
3. Hun eng emaw chhunga sum pek chhuah dan
4. Closing cash balance (sum chuang)

Hei hi opening balance leh sum lut zawng zawng belh a, chumi belhbawma sum chhuak zat paih leh a ni.

$$\text{Closing Cash Balance} = \text{Opening Cash Balance} + \text{Inflows} - \text{Outflows}$$

#### CASH FLOW STATEMENT

Cash flow from operations / Hnathawhna atang sum chevel	Cash flow from financing / Finance atanga sum chevel	Cash flow from Investments / Investment atanga sum chevel
<b>Cash Inflow / Sum lut</b>	<b>Cash inflow / Sum lut</b>	<b>Cash Inflow / Sum lut</b>
Sales of final products and payments to creditors / Bungraw hralhna leh sum puk chhuah tir	Receiving loans/ deposits / Loan leh deposit dawn	Interest received from investments / Pawisa peipun leh dahkham atanga pung hmuh
Payments by debtors / Sum puk tute atanga rulhna hmuh		Sale of fixed assets / Fixed assets hralhna
<b>Cash outflows / Sum chhuak</b>	<b>Cash Outflows / Sum chhuak</b>	<b>Cash outflows / Sum chhuak</b>
Purchases of raw materials / Mamawh (raw materials) leina	Payment of loan instalments and interest / Loan pung leh instalment rulhna	Purchasing of fixed assets / Fixed assets leina
Labour cost / Hlawhfa rawihna		Investing money in fixed deposits / Fixed deposit a sum dah
Related to other expenses like transportation expenses and rent / Chetvelna leh inluahma. Etc		Publicity/Promotion / Fakna leh intih larna atana sum pek

### 5.2.5.c Sum hmuhna hnarte

FPC hi hlep siam tura company din anih avangin bank leh sum puktirthei dang te nen an inthlunzawm tur a ni.

#### Sum faia tanpuina

FPC te sum fai pek dan kawng hnih a awm :

- i. FPC chhunga chanpual (shares) nei zawng zawng ten intluktlang taka sum an thawh theihna tura sum sem.
- ii. FPC ten hna an thawh tan hmaa bank atanga loan an lak theihna tura Credit guarantee fund siam sak.

A chung a pahnih te khi SFAC kaltlangin a ngaihven theih.

Sum hi Rural Development department leh VC atang te pawhin a ngaihven theih a, Ministry of Agriculture and cooperation te, Horticulture or Food processing, Government of India te leh State sorkar hnuacia scheme hrang hrang heng National and State Horticulture Mission te, Small Agribusiness consortium te, Rashtriya Krishi Vikas Yojana (RKVY) atang te pawhin a ngaihven theih a. World bank te leh anmahni anga sum puktir thei pawl dangte atang pawhin pawisa chu a ngaihtuah theih a. FPC ten an sumdawn dan tur mil a an hman tangkai tur an chhut a ngai a ni.

#### Sum siamna/hmuhna

Company te anmahnia sum an haichhuah dan tur kawng hmang zirtir hi financing an ti a. A hnuacia points te hmang hian FPC ten sum an siam chhuak thei a ni

**Equity financing** : Company hnuacia member ten an neih remchan leh an hausak ang hu zela sum an thawh theuh kha a ni. FPC in a rulh let tur a ni lo a, tin, company sum mamawh zawng zawng puhru zo lo mahse eng emaw chen chu bultan nan a pui a ni.

**Personal financing** : FPC indin thar te chuan heihi an nei ve thei lo a, company lo ding tawh tan chuan kum hmasa lama sum hman ban leh dahthat atang te a siam a ni.

**Credit capital** : FPC thar tan heihi a theih loh leh a. Company dawrtuten an thil leiah lungawina an hmuh chuan a kum leha company thil siam te an chan sak leh ngeina turin company te hnenah advance angin pawisa an lo pe lawk thei a ni.

**Debt financing** : A chung ami te ang lo tak khian, hetah chuan a pung pek tel tur a awm a. Thawhpui dang neih loh chuan hmuh a har bawk a. Mahse FPC ding tir tan chuan sum hmuh theihdan awm chhun leh thlanawm ber a ni.

## **Debt Financing - Bank atanga hmuh theih dan**

### **I. Hun rei lo zawk atana sum hman tir**

Operational cycle khat (thlai chin atanga hralh chhuah inkar) a sum mamawh zat bank in a puk tir thei a, a tlangpuiin Loan overdraft leh Cash Credit limit hmangin a pe a. A puk theih hun chhung hi thla 3 atanga kum khat a ni tlangpui. Bank chuan kum khatah vawi khat tal overdraft te chu rul turin a phut ve a ni.

### **II. Sum dawn let tur zawng zawng zat atanga hnathawhna tur mamawhzat chhut dan**

Nitin hnathawhna sum chevel atana bank in loan a pek danah chuan company sum dawn let tur zawng zawng (Projected Annual Turnover) atanga, alo ber ah, za zel ah 20 in chhut a ni. PAT chu an sum hmuh atanga an thawh chhuah zat sawina a ni. Hei hi FPG FPC, FPC nena inthlunzawm enterprise tenau te leh FPC ten a bungrua leh khawl pechhuak tura an hman ten bank atangin Rs maktaduoi 5 thleng an la thei. PAT hi thil hralh chhuahna zawng zawng atanga chhut a ni a, senso paih hnua hlep (net sales) atanga chhut a ni lo.

A tlangpui in bank te hian company thil hralh atanga sum lolet zawng zawng atanga za zela 25 hi bul tanna sum atan an hisap sak a, chumi atanga zaa 80 hi cash credit limit anga pek chhuah thin a ni. A awmzia chu FPO khan kum khata an hralh chhuah zat tura an chhut kha nuai 10 ni ta se, bank chuan FPO in nuai 2.50 bul tan nan a mamawh angin a chhutsak a, chuan nuai 2.50 atanga 80% chhutchhuah chu nuai 2 ani a, chu nuai 2 chu cash credit limit angin a chhut sak a ni.

FPO emaw FPG te khan thil pakhat aia tam siamna leh zawrhnaah inhnawm ta se, chung an item neih zawng zawng te atanga belhbawmin PAT hi a chhut chhuah theih a, PAT atang chuan nitin sum mamawh zat tur (working capital) chhut in loan mamawh zat chu a chhut theih a ni.

### **III. Bank in company sum lu pek chhuahna tura a ngaihtuah thin te**

- a. FPC in a loan rulh na tura bungrua emaw dahkham tur a neih dan azirin
- b. FPC in a tira margin money (bank in pawisa a pek chhuah tur zat zaa 20 vel) bank a pek tur a neih zat a zirin
- c. Loan punna rate
- d. Loan pe tura service charge leh a buaipuina senso
- e. FPG in stock a neih te a audit (sum hman dan record fel tak siam) leh audit loh leh bungraw dahkhawl, stock te mumal taka enfiah an nih leh nih loh.

- f. Bank in hunbi neia a dil stock awmdan a dik leh dik loh.
- g. Stock neih sa insurance hmangin emaw thil dahkham hmangin emaw an hum leh hum loh.
- h. Rulh let lehna tura an inhuam dan
- i. Loan lakna turin dahkham emaw, inremsiamna emaw atan document an nei that leh that loh
- j. FPC ten loan an lo lâk tawh an rulh that leh that loh azir.

#### **IV. FPC te tana hunbi neia rulh tur loan (term loan)**

FPC chuan khawl te, bungraw lian te, warehouse sakna tur te, thil thar phurh velna tur te leh thil thar siam danglam na tur atan te pawisa a dil thei a. Kum 3 atanga kum 5 chhunga an rulh let hian medium term loan an ti a, kum 5 leh a piah lam chu long term loan an ti. Loan engpawh, Working capital (kumkhat aia reilo) fihloh ho zawng hi medium emaw long term loan anih thin avangin, Term Loan ti a sawi thin a ni. A rulh chhung khat kum 3 atanga kum 5 anih chuan Medium Term Loan anti a, kum 5 chunglam rulh chhung pek anih chuan Long Term Loan a ni.

- FPC ten Term Loan lak chhan tur te :
- Khawl lei nan
- Warehouse sak nan
- Motor chetvelna tur lei nan
- Thlai vawn thatna vawt (cold storage) lei nan
- Nursery siam nana Greenhouse emaw poly house emaw din nan
- Thar chhuah te hralhna dawr siam nan
- Thar chhuahte atanga thil siam zawrhna dawr din nan
- Service centre emaw din nan
- Computer te leh office din nan
- Thil hralh a nihna bul vela thar chhuah khawlkhawmna, stock point siam nan.

#### **5.2.5.d Sum chungchanga thawh hona tha neihna tur**

Bank leh sum puk thei chi, pawl dangte hian FPC in a sumdawnna kawnga a mamawh phuhruk turin pawisa a bat tir thei a. Inlaichinna tha nei thei tur hian FPC in fihtur a nei a, chungte chu :

- Meeting mumal tak an nei thin tur a ni a, an meeting a an thurel leh hmalak dan tur te chhinchhiahna felfai fan an nei bawk tur a ni.

- An khuaa banka hnathawkte, an hnathawh mit ngeia hmu thei te nen inlaichinna tha an nei tur a ni.
- Anmahni chhunga thawhhona tha a awm chuan loan petu tur rilru kha an hmin ve thei a ni.
- Plan mumal tak, ho te pawh ni se, an hnathawhin a huam te, a tulna te, loan an rulh let dan tur te siamin chung chuan bank nen an inkungkaihna a siam nghet ve thei a ni.

### **5.2 5.e Term loan pek chhuah dawna ngaihtuah tulte :**

#### **Bank a hnathawk in term loan a pek chhuah hma a a ngaihtuah thin te :**

- a. FPC in margin money anga down payment an pek theih zat
- b. Loan pek chhuah theihna tur hun
- c. FPC ten dahkham an neih theih te, bungrua emaw a flukpui dang te atang
- d. Bank in a pung tur zat a duan
- e. Bank service charge leh thil dang avanga sum chawi belh ngai
- f. Bungrua leh sum a chantur theih thil te vawnhim leh humhim dan
- g. Loan an rulh letna tur term, kum tin nge thla tin tih ang chi
- h. FPC in dahkham atana an lo dah te dan pawmpui an ni em tih endik
- i. FPC in company din turin license pawimawh a nei vek em tih enfiah
- j. Company hnuacia member te rintlak an ni vek em tih en.

### **FPC te hnena loan pek dawna bank in a phutte**

- a) Sumdawnna kalpui tum dan leh project duan dan kimchang (DPR) chu sum tanpuina dilna thehluh rualin thil tel tur a ni.
- b) Loan lak dawna margin money company in a pek theih zat
- c) Project management (Hruaitu leh Board of Directors te qualification leh an experience te)kimchang
- d) Project ti tur leh enfel tura hnathawk a hma latu tur te chanchin kimchang
- e) Sumdawnna kalpui dan tur plan kimchang
- f) Bank tehfung hrang hrang atanga teha sumdawnna kalpui tum dan a inmil leh mil loh enfiah.

- g) Sumdawnna plan tipuitling tura sum mamawh zat
- h) Kum thum chhunga company te sum audit sa atanga an dinhmun enfiah. Company thar dintur tan chuan an sum dinhmun ruangam felfai tak a siam in (projected financial statement) thehluh tur a ni.
- i) A hmaa loan bank ngai emaw bank dang emaw sum puktir thei dang emaw atanga lo lak tawh a awm chuan, a chanchin kimchang.
- j) Loan rulh let ngei anihna tura security an pek theih kimchang
- k) Company din thei tura pawl emaw society emaw anga an in register na lehkha (document) kimchang
- l) PAN/TAN/Sales Tax an in register na copy
- m) Tax (I-T & Sales Tax) chungchanga sorkar in chawi velo tur a atih emaw chawi flem tura a tih chin lehkha te
- n) Lease emaw order emaw an lo dawn tawhna copy (a awm chuan)

#### **FPC in loan an hmuhna tura a tlin ngai te**

- a) FPC chuan FPC hmingin bank account a hawng tur a ni a, regular takin a khawih che thin tur a ni.
- b) Account vawna bu FPC te chuan an kawl tur a ni a, an update reng tur a ni.
- c) FPC board meeting regular taka neih thin tur a ni, a lo berah thla khatah vawikhat tal an inhmukhawm thin tur a ni. Companies Act hnuaia dan te an zawm fel tur a ni.
- d) FPC chuan sumdawnna kalpui dan tur plan fel tak a duang tur a ni a, chutah chuan loan mamawh a nih dan te, pawisa anmahni lamin an invest ve theih zat (zaa 20 atanga zaa 25)an tarlang tur a ni.
- e) FPC chu thla ruk tal loan a dil hma hian puitling takin a lo indin anga, lo emaw thlai lam kaihhnawih thil sumdawnna kawngah a lo inhnamhnawih tawh tur a ni.
- f) A theih chin chinah sorkar in a sponsor theih program a sum a bituk chin ang bawr loan chu a ni ve tur a ni.
- g) FPG ten loan an lo lak tawh chungchang bank a thawk te an hriattir hmasa tur a ni.
- h) FPC in loan a lak chu a company chhunga member malte hlawkna tur leh bungrua leina tur ni lovin, company pumpuiin an chhawr tlan vek theih leina atan hman tur a ni.
- i) FPC chuan a hnuaia member awmtan anmahni mimal loan an rulh that theih loh chuan puih dan kawng a dap tur a ni.
- j) FPC chuan chin dan tha te chu a lalut hreh tur a ni lo a, tih chhin emaw enchhin nan mai mai hman tur a ni lo.

### 5.2.5.f FPC te tana sum hmuh theihna dang te.

FPC indin thar tan chuan sum lu tam tak neih nghal te, sum khawlsa lo neih te, midang rulh tur sum lo pek chhuah tur ang te an la nei thei lo mai thei, chu chu company din tura phurrit lian ber te zing ami pawh a ni ngei ang. Sum tam tak inrawlh ngai hian phur lohna pawh a thlen thei a, chuvang chuan company in amaha a inbenbel hma chu heng a hnuai mi te hi a kalpui thei a ni.

a. A indin tirh lamah chuan sumdawna hautak lo leh sum hrawm nalo tur chi thlang thiam se

b. Thlai chi leh leitha pechhuaktu company te hnen atangin dealership nei se, hralh chhuak in a hlep tling khawm kha bul tan nan an hmang thei a ni.

c. Tui pump khawl te, leilehna khawl leh bungrua ang chi te pawh a pechhuaktu company te atanga dealership an neih vek a, member te hnenah man man zawka an hralh chuan hlep neiin an inkhawl thei dawn a ni.

d. Thlai thar chhuah reng reng anmahni in loneitute atangin la nghal se la, a lei duh tur pekchhuah danah pawh anmahni vekin buaipui se, chutiang chuan a hralh tu leh a leitu inkarah an tan chuan sum eng emaw chen an khawl thei ang.

e. Gol scheme te hi FPC tam tak chuan an hmang tangkai em em a ni.

Heng hi hlawhtling taka ken a nih chuan company a member te leh sum lo thawntu te tan pawh a phurawmin an rinna a siam ngheh sak thei a. Trade fair kan tih ang te pawh hi inzawmna siam nan leh thil zawrh tihlar nan a tangkai em em a ni.

#### Financial Products and Services for FPCs & FPGs

Financial Services & Products	Farmer Producer Organisations	Farmer Producer Groups
<b>Convergence with financial Institutions</b>	<b>Financial Institutions</b>	<b>Scheme for FPGs</b>
Financial products	1. SFAC	* Local banks - loans for agriculture inputs
1. Pledge loans	2. NABARD - Produce Fund Loan	NHAM - 50% Grant support can be availed by FGP for Mini tractor, Equipment, Nurseries and Poly houses
2. Working Capital Loans	3. PROCIF	Vermin Compost Units Supported by the State Agriculture Department and MGNREGS



3. Capital asset loans	4. MANAVIA MFI Loans	NREGS based Plantation and dryland horticulture schemes for FPGs
4. Custom hiring service investment loans	5. ANANYA FINANCE	Vegetable Nurseries
5. Credit guarantee instruments	6. UNITUS Capital	Shade nuts and plasticulture
6. Financial services - online payments to shareholders	7. SAMFIN Finance	Micro Irrigation Units and rain guns
7. Financial institutions linkages - wholesalers and retail financial Institutions	8. SIDBI	Rain Water Harvesting structures and soil conservation structures
8. Contract farming fine products	9. FLO (Fair Trade Labeling Organisation)	Seed production villages
9. Warehouse promotions	10. MIHD (Mission for Integrated Horticulture Development linked loans	Organic Farming support Grant schemes
10. Equity linked loans	11. RABO BANK	SC/ST sub-component based FPG loans (for FPG where all members are SC/ST)
11. Collateral services	12. TATA Trust - guaranteed loans	All the above schemes envisages matching loan support from local banks with customised bank loan plan
12. Daily product loans	13. CSR	
13. Under-writing enterprise investments of FPGs	14. Commercial banks	
	15. State Cooperative Banks	
	16. Grameen Banks	
	17. Strinidhi	
	18. Corporate Banks	
	19. Krishi Bandhu APMC Loan	
	20. MUDRA Bank Loans	
	21. MFI - wholesalers	
22. Origo Fin		

### 5.2.5.g DPR (Detailed Project Report) chu eng nge

DPR chu bank emaw bank anga sum puk tir thei te hnena pawisa puk dil dawna an thil tel thin hi a ni. Pawl inrelbawl dan kimchang te, sumdawna kalpui tum a nih dan te, sum thawh chhuah tum dan leh sum hmuh hman tum dan zawng zawng kimchang taka tarlanna a ni. DPR ah chuan a hnuacia mite hi thil tel ngei tur a ni

- a. Company in register na certificate (xerox copy)
- b. License leh certificate dang zawng zawng (xerox copy)
- c. Company hnuacia hotu Board of directors te chanvo leh an nihna tlangpui
- d. CEO leh a hnuacia mite chanchin inziahna lehkha
- e. Pawl dang te nen emaw inremna leh thawhhona lo siam tawhna copy
- f. Thla ruk liamta banka an sum chevel inziahna lehkha
- g. Kum thum liamta chhunga organization a sum dinhmun leh an audit na certificate
- h. Anmahni dawrtu te leh an sumdawn puite atanga rintlak ngei an nih sawifiahna
- i. An company enkawl turin a huam ram zau zawng, a map, leh an thlai chin tur kimchang
- j. FPC inzawmkhawm pawl, state emaw regional level a an tel vena membership certificate (xerox copy)

### DPR duan a nih dawna pui theitu te

SFAC hian Project Development facility (PDF) hi company ten DPR an siam nan leh equity grant application siam nan a pe thei a, hei hian tanpuina sum company in a mamawh ang a hmuh theih ngeina turin kawng a hawng a ni. SFAC chuan DPR buatsaihna senso zawng zawng a tum ang a, FPC te tan chauha tih a nih avangin FPC hnuacia secretary emaw te chuan SFAC hi a rang thei angin an be pawp tur a ni. Hemi bakah huan PODF leh NABARD te pawh hian DPR duana buatsaih na tur hian tanpuina sum an pe ve thei bawk a. Chu chu project senso za zela 0.5 emaw Rs nuai khat chin a tlem zawk an pe thei a ni.

## **5.2.6 Step 6 Midang nena thawhhona siam dan**

FPC in a tum chu thil thar chhuahna senso flem thei ang ber a a hlawk leh hlep tam thei ang bera pek chhuah te, loneitu te tana hlawkna sum tam thei ang ber hmuhsak te ani a.

Tun thangkhat lian chhung hian agriculture kaltlanga sumdawwna hian hma a sawn nasa em em a, khawl thar te, sumdawng liante nen inthlunzawmna avang te leh sorkar scheme thar tam tak avang te hian, mimal in hah tãk leh a hlawkna pawh tel em em loa lo a neih thin te kha a lo danglam ta a ni. FPC ten zar an zo theihna tur lian leh pawimawh tak tak te en dawn ila:

### **5.2.6.a Sorkar program nena insuihfinna (Annexure V)**

A tlangpui thuin India ramah bïk hian loneitute hamthamna tur leh sum an lakluh na tura pui tur hian scheme hrang hrang, agriculture leh rural department hnuaiah a tam em em a, hengte hi FPC member te hian an hmang tangkai thiam tur a ni.

### **5.2.6.b Sumdawng lian te nena insuihfinna**

Sumdawng lian zawk corporate kan tih ang lian leh rintlak, loneitu pawl te nena thawh ho chãk leh phur em em an awm, chung chu zawn chhuah tur a ni.

Agriculture kaltlanga sumdawngten an thar chhuah tilar leh semchhuah pui a hralh pui tur te, thlai chi siamna kawngah te, demonstration neihpui atan te leh thil dang tam tak atan sumdawng lian zawkte thawhpuiam mamawh em em a, chu chu FPC te hian corporate lian thlunzawmin an fithei a ni. Value chain ah chuan corporate lian te nena thawhho hi leh lam lehlam tan chakna leh hlawkna ve ve a ni. Thil ngaihnaawm deuh dang chu, FPC te hian an hmalak tumna te khawtlang nen thawhhona tha siamin an kal pui thin tih hi, heih zawngchhang zel tlak tak a ni.

### **5.2.6.c Market te nena insuihfinna**

NCDEX kan tih ang te, hralh chhuahna kawnga pawl lian leh hlun te nen inthlunzawmna siam hi a pawimawh leh em em a. FPC te hian rilru zau tak pu in sum siamna a nih dawn a, thlai thar chhuah hralh an nih ngei dawn chuan loneitute indaih lohnaah hlawhfa rawih emaw a hreh tur a ni lo. Chutianga inremsiam pui tur nghet chu zawn chhuah a, corporate te thurawn la chungah hman tangkai thiam a tha.

### 5.3. Business Plan Document atana thil ṭul hmasa te

#### a. Executive summary

Executive summary chu sumdawwna kalpui tum dan plan pumpui khaihawmna a ni a, company chhung ami ni lo mahse company in a thawhchhuaha chanpual nei stakeholders ten company tum te an hriat ve na tura buatsaih a ni. Hemi hmang tu te chu bank a thawkte, sorkar atanga fund pe chhuak tute leh loan a hlawma pe ṭhin te an ni. Business plan a thiltum tihlawhtling tura a lo chhiar tu rilru hmin ngei tumna a nih avangin fimkhur leh uluk takin, plan zawng zawng ziah kim a nih vek hnuah ziah a ni ṭhin.

Executive summary chuan a hnuacia ami hi huam tur a ni :

- Shareholders te mamawh leh Sumdawwna kawnga inkhaidiat dantur ruahman(Value chain development plan) dan te a sawifiah tur a ni.
- Sumdawwna kawnga a khaidiat, FPC in a hlen dan tur te
- Sum mamawh zat tur hisap
- Vanduaina leh chet fuh lohna awm thei te leh chung tihreh emaw do dan tur
- Mihring mamawh zat
- Sum mamawh dan kimchang fel fai taka ziak leh bank atanga loan hmuh leh a rulh leh dan tur term inhuam dan

#### b. Sumdawwna huntha a tlangpui a sawifiah

- Value chain a hlutna inphumru
- FPC in chu hlutna chu engtin nge an hmuhchhuah
- FPC in chu hlutna chu engtin nge a hman ṭangkai

#### c. Sub sector Analysis

Thil hralh chhuah tur te hralhna tur hmun enfel te, chhung lam leh pawn lam boruak ah a hralhna tur kawng engin nge nghawng thei tih en te, a elpui, a ang hralh chhuak dang an awm leh awm loh te, tuna hralh a nihna hmuna hlawkna tam zawk tela hralh zel theih a nih leh nih loh leh hmun thar panpui ni se hralh theih a ni ang em tih te hi sub sector analysis chuan a huam vek a, sumdawwna chak taka kalpui a nih theih nan a ṭangkai em em a ni.

#### **d. Marketing analysis**

Engati nge thlai emaw thil siam chhuah leitu khan midang aia a dawr duh bik na chhan tur kha sawi fiah a, engtin nge an dawr chhunzawm reng theihna tur che a inzawmna thuk zawk i siam ang tih te, engtin nge hlawk zawka i hralh chhuah theih nan i hnuaia i rawih te i chhawr theih ang tih te.

Heng zawng zawng hian hunbi fiam chhunga zawh fel theih leh tha leh sum daih zai taka i hman theihna tur plan mumal tak siam turin an pui ang che. Chu plan chu thil hralh chhuahna hmun leh sum chetvel berna mizia tilangtu, i thil hralh tur leitu tur te, tute nge i target tih te, elpui a nei em, hunbi hrang hrang leh hmun hrang hrangah engtin nge a hlawkna i tel khan danglamna a neih tih te a chhut thei vek a ni.

#### **e. Plan of operation**

Milem hmanga thil lantirna chi khat venn diagram an tih hmangin plan chu kalpui ni ta se a taka hna a thawh dan tur action leh operation plan kha ziah tur a ni. Chu chuan hun bik te, hmun bik te leh tu te nge plan chu a taka hmangtute tih kha a tilang dawn a. Operational plan chuan sum chetvelna hmun market a hlawk taka pawisa a hmuh theihna tura inchhunfinna leh sumdawnna a kawka a ni.

#### **f. Projected financials**

A hnuaia mite hi FPC in financial plan a siam tifiyah turin an tul

- a. Sum luan dan tur beisei zat
- b. Sum lut tur leh hman chhuahna tur beisei zat
- c. Sum hmuh te hmanchhuah an nih dan tur leh a zat (fixed leh working capital)
- d. Financial year khat a zawha balance sheet a sum awm tur beisei zat

A chung a beisei zat leh sum inrawlh dan tur tlangpui atang khian FPC chuan heng te hi a ngaihtuah tel thei a

- a. Company in sum a invest lo kir hlawk leh hlawk loh, return on investment an tih
- b. Company hnena hlep lo kir thei zat, internal rate of returns an tih.
- c. Tuna company thil siam te hlut zawng, net present worth
- d. Bank a loan pung emaw mi pawisa ba rul tura kuta sum kawl zat leh pek chhuah theih zat, debt service coverage ratio
- e. Company a share neite hnena ba an rulh zat tur theuh hriatna, debt equity ratio
- f. Share tina an thawhchhuah zat, earning per share (EPS)

Business Plan siamna tur atan a kalphung duan sa Annexure VIII ah hmuh theih a ni.

### Step-by-Step Approach for Registration of FPOs as Producer Company

- Step I Consolidation of FPGs
- Step II Selection of 10 Promoters (subscribers) - Get farming proof document for all 10 promoters attested by VRO/AO/MRO. Take care to have wide representation of FPGs.
- Step III Name search, Shortlist of 6 proposed names for the FPO
- Step IV Prepare MoA and AoA customised to designate commodity or product
- Step V Shortlist 5 initial directors out of 10 promoters (subscribers)
- Step VI Get required documents for 10 promoters
- a. Aadhaar Card copy
  - b. PAN Card copy
  - c. Address Proof copy
  - d. Four passport photos of each proposed director
- Step VII Get
- a. Digital Signature for two directors (president and vice-president) - DSC form with GO attested Aadhaar and PAN card
  - b. DIN No. for 5 directors
- Step VIII Select premises for the proposed FPO and get
- a. Address proof for the proposed office building
  - b. Consent letter from landlord if it is hired building
  - c. Tax receipts, electricity bills or water bills as the proof of the building
- Step IX by all 10 subscribers (promoters)
- INC-9
  - INC-10
  - PAN card copy (self-attested)
  - Aadhaar card copy (self- attested)
  - Bank statement or latest electricity bill copy (self-attested)
  - last pages of AoA and MoA
- Step X DIR 2 to be signed by five initial directors
- Step XI Submit for registration (for AP State it is Hyderabad RoC office)
- Step XII Open bank account in the name of the FPO

### **List of documents to be prepared for registration:**

1. Five sets of copies of MoA and AoA with last papers signed by all 10 subscribers
2. Five names with one name as choice for name verification
3. Name verification and confirmation copy from RoC
4. PAN card copies self-attested by all 10 promoters
5. Address proof copies for all 10 promoters self-attested (mobile bill, voter card, bank passbook, Aadhaar card)
6. Address proof of the building where the FPO office is going to be located (electric bill, water bill, house tax)
7. Consent letter of the landlord if it's a hired building - a letter of consent to hire the building
8. Farming proof copies (farmer passbook photocopy or adangal copy) attested by VRO/MRO/AO for all promoters (subscribers)
9. DIN copy for all 5 directors out of 10 subscribers
10. DIR 2 signed by all five directors
11. INC 9 and 10 forms signed by all five directors
12. DSC for two directors out of five directors who are president and vice-president

### **List of Statutory Licenses to be Obtained by FPO after registration**

- ✓ GST Registration in the name of FPO
- ✓ PAN in the name of FPO
- ✓ Licence from FSSAI
- ✓ Mandi Licence from local RMC
- ✓ Local Shop Licence from Panchayat or Municipality
- ✓ Other statutory licenses like fire safety, Labour Act and Weighment Scale, etc., as per requirement

### **Financial Resources required for Registration**

- a. Mobilise ₹1000 share capital for each promoter subscriber @ 100 shares of ₹10 each
- b. Totally, the below mentioned amounts) may be required towards registration of FPO

<b>Particulars</b>	<b>Actual fee</b>	<b>Mobilisation cost</b>	<b>Total</b>
Obtainance of PAN cards for 10 subscribers	₹ 75 per PAN card x 10 = 75	₹ 2250	3000
Obtainance of DIN No. for 5 directors	₹ 500 x 5 = ₹2500		2500
Obtainance of DSC for 2 directors	₹ 1500 x 2 = ₹3000		3000
Notarisation, stamping and scanning		₹600	1000
Registration fee for ROC	₹6500		6500
Total			16000
Company Secretary charges			Negotiable



### **Areas of Capacity Building for the Board Members and Office Bearers**

The critical areas to be covered under training/capacity building of Board of Directors of a PO and staff of PO are as under:

- a) Good Governance:**
  - Transparency
  - Democracy
  - Controls
  
- b) Sustainability:**
  - Operational sustainability
  - Financial sustainability
  - Outreach sustainability
  
- c) Convergence and Partnerships**
  - State-sponsored programmes
  - Corporates
  - Agriculture Research Institutions
  - With markets
  - Other State and national level FPOs with best practices
  
- d) Social Capital :**
  - Farmers' unity in procurement, value chain and markets
  - Unity in policy advocacy
  - Collectivisation of trade in and trade out
  
- e) Statutory compliance :**
  - Audit and filing returns
  - Licenses and their renewals
  - Disclosure norms and company management
  - Tax-related compliances
  - Company-related amendments and their compliances
  
- f) Business Planning :**
  - Cost reduction
  - Profit and productivity maximisation
  - Salient components of a Detailed Project Report
  - Business risk analysis
  - Balance sheet analysis
  - Simple financial ratios
  - Simple indicators that banks analyse for giving loan

**g) Financial Management**

- House keeping
- MIS
- Share capital and equity
- Borrowings
- Savings
- Loans
- Cash flows and fund flows
- Receivables and its management
- Payables and its management
- Investments

**h) Monitoring :**

The BoD training module should have various aspects of monitoring to ensure that the business goals are achieved and the business is carried out in a professional manner.

### **List of Suggested Schemes for FPOs**

- a. Agriculture Mechanisation Programme under National Horticulture and Agriculture Missions - In this scheme 50 per cent grant support can be availed of by FPG for mini tractors, equipment, nurseries and polyhouses
- b. Vermicompost units supported by State Agriculture Department
- c. NREGS-based plantation and dryland horticulture schemes for FPGs
- d. Vegetable nurseries
- e. Shade nets and plasticulture
- f. Micro irrigation units and rain guns
- g. Rainwater harvest structures and soil conservation structures
- h. Seed production villages
- i. Organic farming support grant schemes made available by APEDA and MoA - Gol
- j. SC/ST sub-component based FPO loans (for shareholders where all members belong to SC/ST)

## Annexure IV

### What subsidies are available from MoRD, MoA, NHM, etc.?

	Name of the Scheme	General Nature of Subsidy	Eligible Persons/Institutions	Website
1	Construction of Rural Godowns	Credit linked Back ended (25 to 33.33%)	FPG/FPO	Agricoop.nic.in
2	Development/Strengthening of Agri. Marketing Infrastructure, Grading and Standardisation	Credit linked Back ended	FPG/FPOs	Agricoop.nic.in
3	Agri Clinic and Agri-Business Centres	Credit linked Back ended (36 to 44%)	FPG/FPOs	Agriclinics.net
4	Dairy Entrepreneurship Dev. Scheme (DEDS)	Credit linked Back ended (25 to 33.33%) Individual producers can utilise the scheme.	FPG/FPOs	dahd.nic.in
5	<b>National Horticulture Mission</b>			Nhm.nic.in
	Nursery	Credit linked Back ended Maximum 50 %		FPGs/FPOs
	Nursery	Back ended Maximum 50% (credit linkage not necessary)		FPOs/FPGs
	Vegetable seed production	Credit linked Back ended Maximum 50 %		Individuals - max. 5ha facilitated by FPOs/FPGs
	Vegetable seed production	Back ended Maximum 50% (credit linkage not necessary)		FPGs/FPOs
<b>Establishment of new gardens</b>				
	Fruits (perennial)	Credit linked Back ended Maximum 75%		Individuals - Max 4ha-subject to terms and conditions
	Fruits (non-perennial)	Credit linked Back ended Maximum 50%		Individuals - Max 4ha-subject to terms and conditions
	Organic Certification	₹1.80 lakh for FPG and ₹3 lakh for FPO		www.apeda.org.in ; www.moa.gov.in
	Food Processing	No limit but credit linked for FPGs and FPOs		www.mofp.gov.in
	Agri-Business Promotion	FPOs and FPGs up to ₹50 lakh		www.mog.gov.in through respective State governments
	Agri, allied sector promotion through Umbrella Programme for Natural Resource Management	FPGs and FPOs		www.nabard.org
	Promotion of FPOs under PRODUCE	FPGs or group of individual farmers		www.nabard.org

### Major Supporting Programmes for Funding the Micro-enterprises

The following are the major supporting programmes for funding the micro-enterprises:

- National Rural Livelihood Mission
- Start-up Village Entrepreneurship Programme

#### 4.5.a. National Rural Livelihood Mission

NRLM is a Centrally sponsored scheme and the financing of the programme will be shared between the Centre and the States in the ratio of 75:25 (90:10 in case of North Eastern States including Sikkim). Existing SHGs and federations of SHGs, whose membership is mostly from BPL households, and which are functioning well will be supported under NRLM to achieve their full potential. NRLM encourages the promotion of FPOs for deriving economies of scales, backward and forward linkages, and access to information, credit, technology, markets, etc. NRLM encourages specialised institutions like Livelihoods Collectives - Cooperatives and Producer Companies for deriving economies of scales, backward and forward linkages, and access to information, credit, technology, markets, etc.

The NRLM provides a revolving fund support equivalent to corpus of SHG, with a minimum of ₹10,000 to a maximum of ₹15,000 per SHG, to groups meeting the eligibility condition of - Completed minimum period of six months of active existence. However, this condition could be reduced to three months for groups that meet regularly on weekly basis (for the purpose of revolving fund support). - Practising Panchasutra - Prepared a Micro Investment Plan covering all members of the group and use the plan for extending financial support to members.

#### Package of Economic Assistance/Financial Norms to SHGs under NRLM

S.No.	Activity	Financial Norms
1	Formation of SHGs	₹10,000 per SHG
2	Revolving fund	Equivalent to corpus of SHG with a minimum of ₹10,000 to a maximum of ₹15,000 per SHG
3	Capital Subsidy	Maximum amount of ₹2.50 lakh per SHG calculated @ ₹15,000 per general category and ₹20,000 per SC/ST category beneficiary
4	Capacity building and skills training	₹7,500 per beneficiary
5	Interest subsidy	Subsidy on interest rate above 7 per cent annum for all SHG loans availed of from banks, based on prompt repayment, up to ₹1.00 lakh per capita.

6	One time grant for corpus fund for sustainability and effectiveness of federations	<ul style="list-style-type: none"> <li>• ₹10,000 for village/panchayat level federation</li> <li>• ₹20,000 for block level federation</li> <li>• ₹1,00,000 for district level federation</li> </ul>
7	Administrative expenses	5 per cent of the allocation, net of the component relating to skill development & placement and net of the component of RSETIs
8	Infrastructure and Marketing	Up to 20 per cent (25 per cent in case of north eastern States and Sikkim) of the allocation
9	Skills and Placement Projects and Innovations	20 per cent of the allocation out of which expenditure on innovative projects should not exceed 5 per cent and the remaining will be for placement linked skill development projects. 7.5 per cent of the allocation will be retained at the centre for multi-State skill development projects and 7.5 per cent will be allocated to States to implement State-specific skill development and placement projects.

#### **4.5.b. Start-up Village Entrepreneurship Programme (SVEP)**

Start-up Village Entrepreneurship Programme is a sub-scheme of NRLM started by the MoRD to encourage rural youth to take up local entrepreneurship. The key objective of SVEP is to enable rural youth to start their own enterprise. The enterprise may be individual or group enterprises and should cover manufacturing, service and trade. The programme is expected to promote 1.8 lakh enterprises in 125 blocks in 24 districts by 2015-19. The unit cost per enterprise is ₹26,526. The National Resource Organisations for SVEP are Kudumbashree (Kerala State Poverty Eradication Mission), OMPLIS (Orvakal Mandal Samakhya, EDII (Entrepreneurship Development Institute) and National Academy of RUDSETI (NAR). State Rural Livelihood Mission (SRLM) of each State will select the Project Implementation Agency (PIA) from NGOs, CBOs. etc. FPOs matured into take-off stage could also apply as PIAs of SVEP in their respective blocks.

#### **Micro Unit Development & Refinance Agency Ltd. (Mudra) - Key Features**

Mudra was set up by the Indian Government during 2016 to support the micro business and start-ups. It is a refinancing agency and not a direct financial institution. Mudra is a common platform where financial institutions such as banks, RRBs, MFIs, NBFCs will meet the applicants who are willing to set up their micro and small enterprises. Mudra is also associated with a

government scheme namely, Pradhan Mantri Mudra Yojana, under which the applicants can apply for loan for their small and micro-enterprises. Mudra will provide financial support to only those enterprises which are non-corporate small business segments. Under these segments there can be sole proprietors, partnership firms, manufacturers, machinery business and many more can be considered. Mudra acts as a loan facilitator under the scheme namely, Pradhan Mantri Mudra Yojana. In Mudra, they have already set up a three-tier loan facility depending upon the requirement. There are three stages of growth that Mudra has identified. Based on these growth stages, Mudra will help one to acquire loans.

- Stage 1: Shishu (Kid): It is the lowest stage of the business where your enterprise is tiniest. Under this stage the loan amount is up to ₹50,000.
- Stage 2: Kishor (Young): In second stage, a little more growth has already happened to your enterprise. Mudra will lend you loan ranging from ₹ 50,000 to ₹5 lakh.
- Stage 3: Tarun (Adult): Under this stage, the loan amount will be ₹5 lakh to ₹10 lakh for the micro-enterprise that is in good shape and growing more.

The fields in which an applicant can start their business and can avail of loans under Mudra are food service units, truck operators, vegetable and fruit vendors, repair shops, fashion store, artisans, small industries, food processor units, shopkeepers, service sector units, potters, carpentry, RO water purifier and such fields of businesses that are eligible for Mudra loans. Manufacturing, processing and trading related to these fields can be financed by Mudra under Pradhan Mantri Mudra Yojana. To avail of Mudra loans under PMMY, the nature of industry should be non-farm earning activity related and needs investment of not more than ₹10 lakh. Other regulations will be same as the RBI guidelines and PMMY rules.

### **Custom Hiring of Agricultural Machinery**

Custom hiring is basically to do with FPO buying or hiring the equipment, infrastructure or machinery and re-hiring it out to members for the benefit of saving labour costs, other costs of production, processing, value addition and collective marketing.

For e.g. FPO buying a tractor mounted sprayer and custom hiring it out to its shareholders on hourly rent basis.

Some of the suggested custom hiring opportunities for FPOs are

1. Sprayers
2. Harvesters
3. Rented godowns
4. Driers
5. Transport vehicles
6. Precision equipment like moisture testers
7. Chaff cutters
8. Threshers
9. Tractors and tillers
10. Seeders and seed dressing units
11. Weeders
12. Earth movers

### **Dos and Don'ts of custom hiring and enterprise units**

1. It should always be zero risk. Never propose risk bearing enterprises as the FPO is in its nascent stage
2. Do thorough local study and start well informed enterprise only
3. It should be complementary and supplementary to ongoing FPO efforts and should not compete with it
4. It is always advisable to create trained cadre of operators who will handle the equipment instead of hiring out directly to different users who may misuse it
5. Give preference to shareholders but have differential price mechanism for non-members also to use it to full potentiality
6. Never forget: everybody's property is nobody's property
7. Adhere to the embedded values of organic cultivation, zero child labour and zero labour exploitation
8. Always follow statutory procedures and never by-pass them
9. As far as possible leverage government schemes to buy such utilities
10. Follow distributive justice so that everybody gets benefit and not monopolised by some powerful and influential members
11. Use of such custom hiring centres and enterprise units should have clear mandate in the business rules of the company
12. Try to decentralise to the FPGs to encourage them to handle the units instead of over-centralising at FPO level



**Suggested List of Micro-enterprises**

- a. Seed production
- b. Seed marketing
- c. Foundation and truthfully labelled seed enterprise
- d. Nurseries
- e. Organic stores
- f. Retail outlet for micro-irrigation equipment
- g. Spare parts shop of agriculture machinery
- h. Solar utilities
- i. Micro-nutrient organic solutions
- j. Vermin compost park
- k. Poultry-related utilities store
- l. Veterinary utilities store
- m. Packing material supply for FPOs
- n. Neem cake and soil amendments
- o. Mulching material
- p. Fumigation and sterilisation services
- q. Kitchen and nutri-garden material
- r. Hardening of day old poultry chicks and selling
- s. Feed mixing units
- t. Packing houses

## Business Plan Format for FPO

### Table of Contents

Particulars	Page No.
1. Executive Summary .....	
2. Introduction .....	
3. The Proposal .....	
4. About the PO .....	
5. About FPO .....	
6. Feasibility Assessment .....	
7. Risk Assessment and Proposed Management .....	
8. Products and Marketing .....	
9. Funds and Other Resources .....	
10. Plan Implementation; Monitoring and Evaluation .....	
11. Financials .....	
12. Annexes .....	

### Details on BP Structure

#### 1. Executive Summary

Summary of the Proposal/Plan/DPR

#### 2. Introduction

About the area and genesis of FPO

#### 3. The Proposal

About the Project of the FPO

Support required: Funds (loan/equity, etc.), Technology, HR (CEO, etc.) and others

#### 4. About the PO

Details about the Promoting Organisation

#### 5. About FPO

Vision/Mission/Goals and Objectives of the FPO

Board of Directors

Unique features

SWOT Analysis

## **6. Feasibility Assessment**

- a. Technical
  - Details of manufacturing or processing by the FPO
  - Technology requirement - if any - and access
  - Plant and machinery requirement and sourcing
- b. Commercial
  - Location
  - Raw Material
  - Consumables, Packing Material and Others
  - Storage and Transport
  - Water availability (if relevant)
- c. Managerial
  - Organisation Chart
  - Management
  - Human Resources (Manpower requirement, Skill development)
- d. Regulation and Policy
  - Clearances and approvals required, if applicable
  - Possible support from Central/State Governments
- e. Environment
  - Waste disposal (solid and liquid)
  - Safety aspects, wherever applicable
  - Eco-friendly aspects, if any

## **7. Risk Assessment and Proposed Management**

- a. Raw Material (including possible crop loss due to pests, diseases, etc.)
- b. Irrigation (source/access to irrigation; less or excess rainfall, etc.)
- c. Markets (of Agri/Farm Inputs and FPO Output)
- d. Funds and other resources availability/non-availability
- e. External factors (economy/political, etc.)
- f. FPO Management
- g. Natural Disasters (Cyclones, Floods, Earthquake, Twisters, etc.)

## **8. Products and Marketing**

- a. Output (FPO Products)
- b. Sector overview

- c. Demand and supply assessment (market feasibility)
- d. Marketing Strategy/Plans
- e. Business Promotion
- f. Market Linkages

## **9. Funds and Other Resources**

- a. Funds requirement
- b. Proposed sources of funds
- c. Request under this proposal
  - i. Equity
  - ii. Debt (term loans)
  - iii. Working capital
  - iv. Grants

## **10. Plan Implementation; Monitoring and Evaluation**

- a. Schedule of implementation
- b. Review and Revision

## **11. Financials**

- a. Financial Statements (P&L, Funds Flow Statement, Balance Sheets)  
(Three years history and five years projections are generally preferred; new FPOs can have an exception)
- b. Ratio Analysis
- c. Break-even Point Analysis
- d. Sensitivity Analysis, if possible.
- e. Assumptions for the above

## **12. Annexures-**

## Annexure IX

**Performance Measurement (Grading) Tool for Farmer Producer Organisations (FPOs) as on\_**

S.No.	Max Marks (Category - wise)	Parameter	Max Marks	Obtained marks
<b>A</b>	<b>5</b>	<b>Age Profile FPO</b>		
I		>5 Years	5	
II		4-5 Years	4	
III		2-3 Years	3	
IV		<1 Year	2	
<b>B</b>	<b>10</b>	<b>Governance</b>		
i		Compostition of board (no blood relatives/representation to women/SF/MF), Experience/professional qualifications of board members/representative of farmer' association, etc. (Range 3 to 0)	3	
ii		Extent of strategic support from promoter or promoting organisation to FPO (Range 2 to 0)	2	
iii		Regular conduct of Board Meeting & Quorum (Range 3 to 0)	3	
iv		Quality of agenda and discussion/decision making (Range 2 to 0)	2	
<b>C</b>	<b>10</b>	<b>Management</b>		
i		Availability of full time professional CEO -4 marks, part time CEO-3 marks, non-professional, part time CEO from FPO members-2; CEO below 10th Std.-1 mark	4	
ii		Availability of paid staff-2 marks, if not-zero marks	2	
iii		Training/experience of staff (CEO & staff trained-4 marks, only CEO of staff trained-2, No training-zero mark	4	
<b>D</b>	<b>5</b>	<b>Infrastructure</b>		
i		Separate office premises/own/rented (Range 3 to 1) - (0 marks for no office)	3	
ii		Other infrastructure like computers, furniture, fixture, etc - 2marks; only furniture-1 mark, No infrastructure-0 mark	3	
<b>E</b>	<b>10</b>	<b>Membership of FPO</b>		
		More than 1000	10	
		Between 501 to 1000	8	
		Between 201 to 500	6	
		Between 101 to 200	4	
		Between 50 to 100	2	
		Below 50	1	

\* Source : NABARD

S.No.	Max Marks (Category - wise)	Parameter	Max Marks	Obtained marks
<b>F</b>	<b>5</b>	<b>% of total members contributing to Share Capital</b>		
I		>90%	5	
II		>70%	4	
III		>60%	3	
IV		>50%	2	
V		<50%	1	
<b>G</b>	<b>5</b>	<b>Total share capital collected (₹lakh)</b>		
i		>5 lakh	5	
ii		3-5 lakh	3	
iii		<3lakh	1	
iv				
<b>H</b>	<b>10</b>	<b>Training of Board Members</b>		
i		All Board members trained	10	
ii		>80% of Board members trained	8	
iii		>70% of Board members trained	6	
iv		>50% of Board members trained	4	
v		>10% of Board members trained	2	
vi		<10% of Board members trained	0	
<b>I</b>	<b>4</b>	<b>Business Plan</b>		
i		Business plan including financial plan prepared for three years	4	
ii		Business plan including financial plan prepared for one year	2	
<b>J</b>	<b>2</b>	<b>Financial Aspects</b>		
		Availed of financial assistance from lending institutions - 2 marks, if not zero mark	2	
<b>K</b>	<b>10</b>	<b>Turnover (Annual) (₹Lakh)</b>		
i		Above 50 lakh	10	
ii		Between 25 to 49 lakh	8	
iii		Between 10 to 24 lakh	6	
iv		Less than 10 lakh	3	
v		No business	0	
<b>L</b>	<b>4</b>	<b>Market Linkage</b>		
i		Market linkage established with corporate buyers/ processors, etc.	4	
ii		Dependent on local markets	2	

S.No.	Max Marks (Category - wise)	Parameter	Max Marks	Obtained marks
<b>M</b>	<b>10</b>	<b>% of members availing of services (input supply/Extension, other services to members)</b>		
I		Over 75%	10	
II		Over 50%	8	
III		Over 25%	5	
IV		Over 10%	3	
V		Less than 10%	0	
<b>N</b>	<b>5</b>	<b>Convergence with Govt. Schemes/Corporates, etc.</b>		
i		SFAC equity support provided and convergence with Govt. other agencies achieved	5	
ii		Either SFAC support or Govt. convergence achieved	3	
iii		No convergence	0	
<b>O</b>	<b>5</b>	<b>MIS/Compliance/record keeping</b>		
i		Regular submission of audited balance sheet and other legal compliances	3	
ii		Only audited balance sheet regular and other compliance are irregular	2	
iii		Balance sheet not audited and compliances not done	1	
iv		No balance sheet, no compliance	0	
v		Maintained all required registers (Range 2 to 1)	2	
vi		Registers not maintained	0	
	<b>100</b>	<b>Total marks</b>		

Grade	Marks Obtained	Remarks
<b>A</b>	>75%	Ready for credit linkage
<b>B</b>	60-75%	Credit linkage after little capacity building
<b>C</b>	50-60%	Need further capacity building
<b>D</b>	<50%	Need detailed assessment for further capacity building

**Monthly Progress Report of Activities- FPO to POPI****Name of the FPO****No. of FPGs****Report for Month of .....****Names of Chair & Sect****Mandal****Dt. ....**

<b>Performance Indicator</b>	<b>Progress made</b>
Monthly meeting	
Share capital mobilisation	
House keeping	
Statutory compliance	
Enterprise activity	
Custom hiring	
Bank linkage	
Grant support	
FPO Training Programmes	
Patronage of FPO services	
1. Inputs	
2. Market	
3. Other services	
Convergence & partnerships	

**Brief Activity Report****I.****II.****III.**

Remarks by Leaders

Date



**Suggested Additional Readings**

1. Resource Book on Formation and Functioning of Farmer Producer Companies (The Green Book by BABKISAN Finance Ltd.).
2. Incorporation and Management of Farmer Producer Company by Shankar B. Dandin & Ashok S. Alur by University of Horticulture Sciences, Bagalkot, Ranchi (as it is).
3. A Hand Book on Company Law Provisions and Procedures of Producer Companies in Simple Language by V. Venkatachalam

**Model Memorandum of Association**

**THE COMPANIES ACT, 1956**

**MEMORANDUM OF ASSOCIATION  
OF  
(\*\*\*\*\* )PRODUCER COMPANY LIMITED**

**(Incorporated Under Part IX A, The Companies Act, 1956, Company Limited  
By Shares)**

- I. The name of the Company is “(\*\*\*\*\*) Producer Company Limited”.
- II. The registered office of the Company will be situated within the State of Andhra Pradesh.  
Address of the Company:
- III. The objects for which the Company is established are:

**(A) THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS  
INCORPORATION ARE:**

1. To produce, procure, harvest, grade, manufacture, pool, handle, preserve, build, marketing, selling, export and packing, in India or abroad, of all agricultural, livestock, fisheries, food and non-farm sector products produced by the members or import of goods or services for their benefit.
2. To acquire, procure, find out sources of raw material and inputs from economic and suitable sources for production, manufacture, processing, packing, trading and preservation of all the agricultural, livestock, food and non-farm sector products, in India or abroad, for the benefit of members and to carry on or encourage in India/ abroad the business of selling, supplying, procurement, grading, pooling, handling, marketing, purchasing, selling, export, import, processing, preserving, value addition, packaging of produce of its members.
3. To promote, encourage, establish, develop, maintain, organise, undertake, manage, operate, conduct and to run skill development trainings of members to build their capacities in terms of aggregation, product development, market intelligence, design input, technology upgradation, financial management, institutional or enterprise development, value chain integration on the principles of self-help and mutual cooperation for the promotion of the interest of its members and to undertake generation, transmission, and distribution of power, revitalisation of land and water resources, their use, conservation and communication and relatable to primary produce.

4. To promote the techniques of mutuality and mutual assistance, among members, render technical services, consultancy services, training, research and development and all other activities for the promotion of the interests of its members in India and/or in abroad and to promote or provide the health/ life insurance cover of the producers or their primary produces.
5. To provide for the welfare measures or facilities/ insurance and other schemes for the benefits of the members as may be decided by the Board and any other activity ancillary or incidental or incidental to any of the activities referred to in the above mentioned clauses or other activities which may promote the principles of mutuality and mutual assistance amongst the members in any other manner and provide financing of procurement, processing, marketing, or other activities specified in the foregoing clauses, which include extending of credit facilities or any other financial services to its members.

**(B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE:**

1. To explore opportunities in the current era of the globalisation for empowering some of the most marginalised communities in India by building upon livelihoods, agriculture and craft, tradition and skills.
2. To establish processing and value addition units.
3. To develop channels to market and put in place sustainable systems that would meet the market demands.
4. To have system of marketing and production to go hand in hand.
5. To make products that appeal in the widest possible market in both usage and price.
6. To replicate socially responsible business enterprise models.
7. To bridge the divide between economic and social goal.
8. To create a marketing organisation/wing that is appropriate for the commodity.
9. To formulate, apply and access Government-sponsored benefits and schemes to the primary members, Farmers Producers Groups and the shareholders of the FPO. To mobilise matching credit funds if required to make the FPO eligible for government-sponsored loan based schemes of both Central and State governments.
10. To deal with primary produce of the members and primary products include:
  - i. Produce of farmers, arising from agriculture (including animal husbandry, horticulture, floriculture, pisciculture, viticulture, forestry, forest products, re-vegetation, beekeeping, farming plantation products and dairy farming, goat farming) or from any other primary

- activity services which promotes the interest of the farmers, rural communities or consumers.
- ii. Produce of persons engaged in handicraft, handloom, food products, minerals production and other cottage and small scale industries.
  - iii. Any product resulting from any of the above activities, including by-product of such commodities/produce.
  - iv. Any product resulting from an ancillary activity that would promote any of the aforesaid activities on anything and thereof.
  - v. To take up all other connected activities for carrying out the above objectives for the overall socio-economic development of primary producers.
11. To acquire, purchase, start, run, erect and maintain lands, building, factories, workshop, farms, cultivation in public or private lands, producing equipment, common facility centres, manual processing plants, and any other equipment, plant, machinery, buildings and industrial undertaking of any kind, warehouses, branch offices, depots and showrooms for the business of the company.
  12. To invest any money of the producer company in the equity or preference shares or debentures of any company where such investment fulfils the business objects of the company and to invest any money of the company not immediately required for the purposes of its business in such investments or securities as may be thought expedient including, but not limited to, securities issued and/or guaranteed by Central or State Government, corporations, trusts and financial institutions.
  13. To sublet all or any of the works, contracts from time to time and upon such terms and conditions as may be thought expedient.
  14. To form, manage, join or subscribe to any syndicate, pool or cartel for the business of the company.
  15. Subject to the provision of the Companies Act, 1956 to distribute among the members in specific any property of company or any proceeds of sale or disposal of any property in the event of winding up.
  16. To enter into any arrangement with any Government Authority, State, municipal, local or otherwise or any person or company that may seem conducive to the company's objects or any of them and to obtain from any such Government authority, person or company any rights, privileges, charters, licence and concession, which the company may think fit and desirable to obtain and to carry out, exercise and comply therewith.

17. To make donations to such persons or institutions either in cash or any other, assets as may be thought directly or indirectly conducive to any of company's objects or otherwise and in particular to remunerate any person or corporation introducing businesses to this also to subscribe, contribute or otherwise assist or guarantee money for charitable, scientific, religious or benevolent, national, public, cultural, educational or other institutions or objects or for any exhibitions of any public, general or other objects.
18. To pay, out of the funds of the company, all expenses which the company may lawfully is expected to pay with respect to the promotion, formation and registration of the company.
19. To pay for any rights of properties acquired by the company and to pay or to remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of shares in company's capital or any debentures, stocks or other securities of the company or in or about the formation or promotion of the company or the acquisition of properties by the company for the purpose of the company whether by cash payment or by the allotment of shares, debentures, debenture-stocks or other securities of the company credited as paid-up in full, part or otherwise as the case may be.
20. To open current overdraft, cash credit or fixed deposit accounts with any bank, bankers, Shroff's, State-promoted financial institutions, wholesalers or merchants and to pay into and draw money from such accounts and to draw, make endorse, discount and execute all types of negotiable instruments.
21. To insure the whole or any part of the property and personnel of the company either fully or partially, to protect and indemnify any part or portion thereof either on mutual, principal or otherwise basis.
22. To employ experts to investigate and examine in to conditions, value, character and circumstances of any business, concerns and undertakings having similar objects and generally of any assets, property or rights.
23. To carry on any branch of business anywhere in India, which this company is authorised to carry on by means or through the agency of any subsidiary company or companies and to enter into any arrangement with such subsidiary company for taking the profits and bearing the losses of any business or branch so carried on or for finance any such subsidiary, guaranteeing its liabilities or to make any other arrangement which seems desirable with reference to any business or branch so carried on including the power and provision at any time either temporarily or permanently to close any such branch or business.

24. To take part in the management, supervision, conduct and control of the business or operations of any company or undertaking having similar objects and for that purpose to appoint and remunerate the directors, trustees, accountants or other experts, personnel or agents for any such operations or purpose.
25. To let on lease or licence or on hire purchase or to lend any properties belonging to the company and to finance for the purpose of any article whether made by the company or not by way of loans or by hire purchase system.
26. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any other special fund whether for depreciation or for repairing, improving, extending or maintaining any of the properties of the company or for redemption of debentures or redeemable preference shares or any other purpose whatsoever conducive to the interest of the company.
27. To adopt such means of making known the business/activities of the company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibitions of works of art or interest, by publication of books and periodicals by employing audio-visual media or by granting prizes, rewards and donations.
28. To raise or borrow money from time to time for any of the purposes and objects of the company by receiving advances of any sum or sums with or without security upon such terms as the directors may deem expedient and in any particular by taking deposits from or open current accounts with any individual or firms, including the agents of the company, whether with or without giving the security or by mortgaging or selling or receiving advances on the sale of any lands, buildings, machineries, goods or other properties of the company or by the issue of the debentures or, debenture -stocks, perpetual or otherwise, charged upon all or any of the company s properties (both present and future) including its uncalled capital or by such other means as directors may in their absolute discretion deem expedient.
29. To undertake and execute any trusts, the undertaking whereof may seem desirable and either gratuitously or otherwise and to act as brokers, agents or trustees, for any person or company and to perform as such contractors.
30. To institute, defend, compound or withdraw any legal proceedings by or against this company or its officers or otherwise concerning the affairs of the company or its officers, including to obtain or defend the legal titles to the property and assets of the company and also to compound, allow time for payment or satisfaction of any debts due to the company and of any demand by or against the company and to indemnify members, officers, directors, and employees of the company against proceedings, causes, damages, claims and demands in respect of anything done or ordered to be done for and in the interest of the company and for any loss, damage or misfortune,

whatsoever which shall happen in the execution of the duties of their office or in relation thereto.

31. To establish or provide assistance for establishment of well equipped laboratories and research stations to conduct any scientific, analytical, chemical and experimental research or any other investigation with a view to invent, effect or improve and process or products which the company is authorised to deal with.
32. To open and keep register or registers in any country or countries where it may deem advisable to do so and to allocate any number of shares in the company to such register or registers.
33. To appoint managers, brokers, agents, representatives, distributors, retailers and any other person, in all such places anywhere in the world, as the company may from time to time determine, for carrying on the company's objects and to establish and maintain office, agencies, branches, in any part of India or elsewhere, from time to time for the purposes of the company.

**C. OTHER OBJECTS NOT INCLUDED IN A AND B ABOVE IS:**

- a. To form producer groups at base village level for decentralisation of company's responsibilities and businesses. Such producer groups are common interest groups with members living in same habitation and pursuing similar kind of livelihoods
- b. The producer groups shall depute its members/shareholders as company directors and other functional committee members as and when required and specifically required by the board of the company
- c. The producer groups may represent the company under its specific advice and instructions to carry out businesses deemed fit and with the faith that such businesses will promote common interest of the shareholders and members of the company
- d. The producer groups shall delegate two of its representatives to the company for representing their interests in the general body meeting of the company. Such representatives of producer groups may rotate annually to give equal opportunity to all its members to represent over a period of time.
- e. The producer groups can jointly and severally undertake part or full of the business activity to meet the overall objects of the company
- f. The producer groups specifically recommend to allot specified shares to its member as and when such application is filed by the member through the producer group to the company
- g. The producer group will never compete with the company in pursuit of common objects but complements and supplements the business activities of the company

- h. The producer group will take responsibility for part or full of value chain development of a particular commodity delegated by the company
- i. The producer group will help with information systems for the company accurately and timely sharing information about the production and business activities of its members and shareholders
- j. Producer group is a shared entity with the producer company and all its acts and functions are integral part of the company's activities

**D. Liability of Members**

The liability of the members of the company is limited to the amount, if any, unpaid on the shares respectively held by them.

**E. Authorised Share Capital**

The authorised share capital of the company is ₹10,00,000 (Rupees Ten Lakh Only) divide: into 1,00000 (one lakh) equity shares of ₹10 (Rupees Ten only) each.

**F. FIRST DIRECTORS:**

The names, addresses and occupation of the subscribers being producers, who shall act as the first director of the company in accordance with, sub-section 2 of Section 581 J of the Companies Act, 1956 are as under.

The followings persons shall be the first directors of the company:

- 1
- 2
- 3
- 4

**Recommended Best Practices to be incorporated in MoA of the FPO**

I. About MoA

- MoA is subordinate bye-law to the Companies Act., and as such form key legal document of the company
- Copy of the Registered MoA is submitted with every return filed with the RoC every time
- Amendments to MoA must be registered with the RoC immediately
- Amendments to MoA can be taken up only by general meeting of the company with majority vote
- It is structured as per the provisions of the Act and the structure of the MoA must be followed



## MoA basically contains six clauses

- a. Name of the Company
  - b. Registered Office of the Company
  - c. Objectives of the Company
  - d. Liability of the Members
  - e. Authorised Share Capital of the Company
  - f. First Directors of the Company
- II. Name: The proposed name of the company should be secular and non-conflict with the existing names. Name search shall be made by the appointed auditor through RoC in Hyderabad (Hyderabad is common RoC office for both the new States).
- III. Provide complete postal address of the company. It is going to the registered office of the company and all correspondence with regards to Government like taxes, RoC and other statutory functions shall be carried out through the Registered Office. Hence it is critical and any change in address of the company needs to be filed with the RoC.
- IV. Objectives of the company can be broad based so that we need not go for registration of amendments frequently for any new activity.
- V. Liability of the members is limited to the extent of their paid up share capital but it should be explicitly mentioned in the MoA.
- VI. Authorised share capital is the maximum share capital amount authorised by the RoC to the company to collect from its members. In case the paid up share capital has crossed authorised share capital, the proposed revision of upper limit of authorised share capital needs to be registered with RoC immediately. Only general body of the company can propose the amendment to the authorised share Capital.
- VI. First directors of the company means the promoter directors who propose to establish the company. Maximum permitted bench strength of a company is 15 and minimum is five. There can be three nominated directors amongst them.

Since MoA is a critical legality of the MoA, all the lines have to be discussed, debated and understood by all the members and then only should be incorporated.

Recommended Best Practices in evolving the MoA

**a. Name of the Company:**

- ✓ We strongly recommend that the MMS name should be brought in for e.g., Sangamitra Mutually Aided Cooperative Society Ltd., has Sanga Mitra Food Producers Company Ltd.
- ✓ Name of the company should be secular and should have emotional appeal for the local farmers. E.g.: Jurala Farmers' Producers Company Ltd., Tungabhadra Farmers' Produce: Company Ltd., etc.
- ✓ As far as possible, avoid political leaders' names and other religious and celebrity names

**b. Address of the Company:**

- ✓ Address furnished for the company at time of registration becomes registered office address. Hence all precautions should be taken to have long-term availability of the proposed office building
- ✓ The building landlord should be apolitical and non-controversial
- ✓ While hiring a building keep in mind the accessibility of building for the members and business space it has
- ✓ It is advised to have premises with sufficient space for warehousing and process infrastructure
- ✓ It is advised not to share private property with joint tenancy

**c. Objectives of the Company**

- ✓ Every objective should be brainstormed in every FPG before incorporation
- ✓ Its advised to invite experts on the subject and solicit their inputs while framing objective, if any specific customised need is identified in the particular FPO
- ✓ There is no harm in having wide and exhaustive objectives in the MoA encompassing wide range of value chain-based activities

**d. Liability of the members of the company including its board members is always limited to the extent of their share capital.**

**e. Authorised share capital:**

Always make it higher for e.g., ₹10 lakh so that the company need not seek amendments to the MoA frequently.

The registration charges up to ₹10 lakh of authorised share capital remains same

**f. First Directors of the Company:**

- a. Make it as much representative board as possible by including Dalits, small and marginal farmers, tribals, physically challenged and other poor class.
- b. Make it minimum 10-member board though with two members as directors a company can be registered.
- c. All the board members should be first members in the FPG. It should be mandatory.
- d. Encourage participation of board members and build their capacities in good governance and financial controls.
- e. It is recommended to have one or two nominated board members who can be progressive farmers, researchers, NGO representatives, MMS leaders and corporate representatives.

The board members should be non-controversial, apolitical and should be having passion to work for the collective success of the company with inclusive spirit.

**THE COMPANIES ACT, 1956**  
**Model Articles of Association**  
**ARTICLES OF ASSOCIATION**

OF

**(\*\*\*\*\*) PRODUCER COMPANY LIMITED**

**(Incorporated Under Part IX A, The Companies Act, 1956, Company Limited By Shares)**

## 1. PRELIMINARY

The regulations contained in table 'A' in the first schedule to the Companies Act, 1956 shall not apply to this producer company.

## 2. INTERPRETATIONS

(1) In these Articles, unless there be anything repugnant to the subject or context, the following words shall have the meaning written against them:

- i. **"The Act" or "The Companies Act"** means the Companies Act, 1956 and its statutory modifications from time to time and all rules made there under.
- ii. **"The Company" or "this Company"** when used with reference to" this Company shall mean (\*\*\*\*\*) Producer Company Private Limited.
- iii. **"Articles of Association"** means these articles, which may be amended by the Company with approval by a General Meeting and filed with the Registrar of Companies.
- iv. **"The Seal"** shall mean the Common Seal of the Company approved by the Board of Directors from time to time.
- v. **'Office':** 'Office' means the registered office, for the time being, of the Company.
- vi. **'Member'** means a FPG admitted as a member of the Producer Company and who retains the qualification necessary for the continuance as such.
- vii. **'Active Member'** means a member FPG of this Producer Company, which fulfils the quantum and period of patronage of the Producer Company as may be required by the articles.
- viii. **"Person"** shall include any Association, Corporation, Company as well as individual.
- ix. **'Board'** means the Board of Directors constituted under the provisions of these Articles.

- x. **“General Meeting”** includes Annual and Special General Meetings represented by one authorised person nominated from their respective FPG recognised by Company as their constituent FPGs.
- xi. **“Manager”** includes any director or chief executives or Secretary or any person in accordance with whose directions or instruction part or whole of the business of the producer company is carried on.
- xii. **‘Chief Executive or Managing Director’** means an individual, who has been appointed by the Board as Chief Executive for the management of the affairs of the company.
- xiii. **Primary produce” means:**
  - a. Produce of farmers, which promotes the interests of the farmers to form the company and such produce is designated as prime produce by the company and its constituent FPGs.
  - b. Any product, including by- products of such products.
  - c. Any product resulting from an ancillary activity that would assist or promote any of the aforesaid activities or anything ancillary thereto.
  - d. Any activity which is intended to increase the production of anything referred to in sub-clauses (i) to (iv) or improve the quality thereof.
- xiv. **“Producer”** means any person engaged in any of activities connected with or relatable to designated primary produces. Such producer is invariably member of any FPG recognised by the company as its member/constituent FPG. The producer can be male or female and has agricultural activities by way of owning land or cultivating leased land. The producer invariably holds or agreeable to hold the minimum prescribed shares through his/her FPG.
- xv. **“Producer Company”** means a body corporate having objects or activities specified in Section **581B** and registered as producer company under this Act.
- xvi. **FPG:** Means Farmers Producer Group, an informal association of 15 to 20 contiguous primary producers who are shareholders of the company by virtue of being the primary members of the constituent FPG recognised by the producer company.
- xvii. **‘Mutual Assistance Principles’** means the principles set out in sub-section (2) of Section 581G of the Act.
- xviii. **‘Patronage’** means the use of services offered by the producer company to its members through constituent FPGs by participation in its business activities;

- xix. **'Period of Patronage'** for the purpose of provisions of these articles, the period of patronage shall be one year.
- xx. **'Quantum of Patronage'** for the provisions of these articles, the quantum of patronage shall be equivalent to the value of produce supplied, inputs purchased, customised services availed or job work done during previous year.
- xxi. **'Previous year'** means financial year immediately preceding the current year.
- xxii. **'Special right'** means any right relating to supply of additional produce by the active member or his/her FPG or any other right relating to their supply of other products and produce which may be conferred upon him/her or FPG by the board.
- xxiii. **"Withheld price"** means part of the price due and payable for produce or goods or services supplied by any member or FPG to the producer company; and as withheld by the producer company for payment on a subsequent date.
- xxiv. **'Limited returns'** means the maximum dividend as may be specified by the articles.
- xxv. **"Auditors"** shall mean and include those persons appointed as such for the time being by the company.
- xxvi. **"Special" Resolution**", "Ordinary Resolution" and "Resolution requiring Special Notice", respectively shall have the meaning assigned thereto by the Act.
- xxvii. **'Patronage Bonus'** means payments made by the producer company out of its surplus income to the member FPGs in proportion to their respective patronage.

(2) Unless the context otherwise requires, words or expressions contained in these Regulations shall bear the same meaning as in the Act or any statutory modification thereof in force.

### 3. MUTUAL ASSISTANCE PRINCIPLES

Save as otherwise provided in the Act and/or articles, the company shall adopt the following mutual assistance principles, namely: -

- i. **Primary Membership:** shall be voluntary and is available to only eligible /men/women who have joined as members of producer groups recognised by the company as its constituent member FPG. Such membership is conferred only through their respective FPGs which are recognised by the company as their constituent FPGs.
- ii. **Associate Membership:** shall be available to those who, can participate or avail of the facilities or services of the producer company and who are willing to accept the duties of membership, which is subject to the approval of board of directors.

- iii. The producer company shall be administered by a board consisting of persons elected or appointed as directors in the manner consistent with the provisions of the Part IX A of the Companies Act and the Board shall be accountable to the primary producers who are members of the FPGs recognised by the company as its constituent FPGs.
- iv. Save as provided in the Part IX A of the Companies Act, there shall be limited return on share capital;
- v. The surplus arising out of the operations of the producer company shall be distributed in an equitable manner by-
  - i. Providing for the development of the business of the producer company;
  - ii. Providing for common facilities; and
  - iii. Distributing amongst the member FPGs, as may be admissible in proportion to their respective participation in the business;
- vi. Provision shall be made for the education of members of FPGs, employees and others, on the principles of mutuality and techniques of mutual assistance;
- vii. The producers company shall actively cooperate with other producer companies (and other organisations following similar principles) at local, national or international level so as to best serve the interest of their members and the communities it purports to serve.

#### **4. THE COMPANY TO BE A PRIVATE LIMITED COMPANY**

The company shall become a body corporate as if it is a Private Limited Company to which the provisions contained in part IX A of the Act apply, without, however, any limit to the number of members thereof and the producer company shall not, under any circumstances, whatsoever, become or to be deemed to become a Public Limited Company under this Act.

#### **5. MEMBERSHIPS AND VOTING RIGHTS OF MEMBERS OF PRODUCER COMPANY**

##### **i. Voting Rights of Members:**

Each member shall, save as otherwise provided in the Part IX A of the Companies Act, have only a single vote irrespective of the shareholding. Herein the FPO member means only constituent FPGs comprising 10 to 20 primary producers as defined in these Articles.

The membership consists solely of FPGs only. The voting rights shall be determined on the basis of participation of constituent FPG in the business of the producer company in the previous year. However, Company can reckon the number of votes per FPG, based on its own business principles from time to time if it feels necessary.

- a. Voting rights of FPG shall be computed on the basis of a single vote for each of eligible FPG in the first year.
- b. FPG which fulfils eligibility conditions under the provisions of these Articles may apply for membership in the prescribed form to the board of the Producers Company undertaking to carry out the responsibilities of membership in writing.
- c. Where admission is refused by the board, the decision with the reasons for refusal shall be communicated to the concerned FPG by registered post within fifteen days of the date of the decision, or within 30 days from the date of application for membership, whichever is earlier.

**ii. Qualifications for obtaining membership:**

FPGs desirous of becoming a member shall subscribe at least minimum shares to the producer company as prescribed by the company and shall undertake to:

- i. Buy produce, services and supply produce and goods and accessories and provide required services as prescribed by the board from time to time.
- ii. Be constituent member FPG of the company.
- iii. Notwithstanding anything contained in Article 5 (1) or (2), the producer company may if so authorised by the articles, restrict the voting rights to active member FPGs, in any special or general meeting.
- iv. No FPG, who has any business interest, which is in conflict with business of the producer company or the other constituent producer groups, shall become a member FPG of the company.
- v. A member of FPG, who acquires any business interest, which is in conflict with the business of the producer company or constituent producer groups, shall cease to be a member of the FPG and be removed as FPG member in accordance



with Articles. Such disqualification is applicable equally to constituent FPG for the same mentioned reasons.

### **iii. Refusal**

The board of directors may refuse membership to any FPG without assigning any reason. However, refusal shall be communicated to the concerned person in writing.

### **iv. Expulsion of member/termination of membership**

- a) The board of directors of the company shall have the powers to expel/terminate a FPG from the membership of the association, on any of the following grounds:
- On written resignation and such resignation is approved by the majority members of the FPG in their latest meeting.
  - If the governing body opinions that the members of the FPG were found to be involved in any anti-social activities.
  - If any of the members of the FPG were convicted by a court for having committed a criminal offence or an offence involving moral turpitude.
  - If the FPG or its members, in the opinion of the governing body, were found to be involved in Acts conflicting with the aims and objects of the Association.
  - If fails to pay the annual subscription fees or ad-hoc fees for more than 180 days after the same has become due.
  - If the authorised representative of the FPG has not attended three consecutive general meetings of the company.
  - If the FPG ceases to have any direct or indirect links with the projects run by the company or its other member producer groups and/or such projects in which the company or its member producer groups are involved for consecutively 12 months.
- b) The decision of the board of directors regarding termination from the membership of the company shall be communicated to the concerned representative of the FPG. Each such expelled FPG shall have a right to appeal to the general body, whose decision shall be final and binding on all parties.

## **6. BENEFITS TO MEMBERS AND THEIR FPGs**

- a. Every member shall initially receive through their FPG only such value for the inputs, produce or products pooled and supplied as the board of producer company may determine and the withheld price may be disbursed later in cash or in kind or by allotment of equity shares, in proportion to the produce supplied to the producer company through their respective FPG during the financial year to such extent and in such manner and subject to such conditions as may be decided by the board.
- b. Every member who contributed to the share capital through their FPG shall receive only a limited return, which shall be the maximum of 100 per cent on the capital contributed by the member, provided that every such member FPG may be allotted bonus shares in accordance with the provision contained in Section 581ZJ of the Act.
- c. The surplus, if any, remaining after making provision for payment of limited return and reserves referred to in Section 581ZJ, may be disbursed as patronage bonus, amongst the member FPGs, in proportion to their participation in the business of the producer company, either in cash or by way of allotment of equity shares or both, as may be decided by the general meeting.
- d. The producer company may, by special resolution, not inconsistent with Section 581B alter its objects specified in its memorandum.
- e. Any amendment of the Articles shall be proposed by not less than two-thirds of the elected directors or by not less than one-third of the members of the producer company and adopted by the Members by a special resolution.

## **7. MANAGEMENT OF PRODUCER COMPANY**

- a. The company shall have at least five and not more than fifteen directors.
- b. The members who sign the memorandum and the articles may designate therein the board of directors (not less than five) who shall govern the affairs of the producers company until the directors are elected in accordance with the provision of this section.
- c. The election of directors shall be conducted within a period of 90 days of the registration of the company.
- d. Every person shall hold office for a period not less than one year but not exceeding five years.
- e. Every director, who retires in accordance with the Articles, shall be eligible for re-appointment as a director.

- f. Save as provided in Article, the directors of the board shall be elected or appointed by the members in the annual general Meeting.
- g. The board may co-opt not more than three expert directors or an additional director for such period as the board may deem fit provided that the expert directors shall not have the right to vote in the election of the managing director but eligible to be elected as managing director.
- h. Provided further that the maximum period, for which the expert directors or the additional directors hold office, shall not exceed three years from the date of appointment.
- i. The office of the directors of the company shall become vacant on happening of any event specified in Section 581 Q of the Act.

### **Vacation of office by Directors**

The office of the director of the company shall become vacant if :

- a) He/she is convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
  - b) The company, in which he/she is a director, has made a default in repayment or any advances or loans taken from any company or institution or any other person and such default continues for ninety days;
  - c) He/she has made a default in repayment of any advances or loans taken from the producer company in which he is a director or producer group in which he/she is member.
  - d) The producer company, in which he/she is director-
  - e) Has not filed the annual accounts and annual return for any continuous three financial years commencing on or after the 1st day of April, 2002; or
  - f) Has failed to repay its deposit or withheld price or patronage bonus or interest thereon on due date, or pay dividend and such failure continues for one year or more;
- Default is made in holding election for the office of director, in the producer company in which he/she is a director, in accordance with the provisions of this Act and Articles;
- g) The annual general meeting or extraordinary general meeting of the producer company, in which he/she is a director, is not called in accordance with the provisions of this Act except due to natural calamity or such other reason.
  - h) The provisions of sub-section (a) shall, as far as may be, apply to the representative of the producer group which is a member of a producer company.

## **8. POWER AND FUNCTIONS OF BOARD, THEIR DUTIES AND RESPONSIBILITIES**

- a. The board of directors of the company shall exercise all such powers and then do all such Acts and things, as that company is authorised to do so in particulars and without prejudice to the generality of the foregoing powers, such powers may include all or any of the matters as specified in Section 581 R of the Act.
- b. All the powers specified in Article 22 shall be exercised by the board, by means of resolution passed at its meeting on behalf of the producer company.
- c. A director or a group of directors, who do not constitute the board, shall not exercise any of the powers exercisable by it.

## **9. ROLES AND RESPONSIBILITIES OF BOARD OF DIRECTORS**

- i. Conduct of regular board meetings. Four meetings per annum are minimum prescribed
- ii. Mobilisation of share capital through FPG-based membership
- iii. Regular book keeping of company. It is recommended to hire a computer literate as manager right from the beginning and post all accounts in Tally module.
- iv. Preparation of business plan integrating the micro plans of shareholder at household level and FPG levels
- v. Implementation of business plans and value chain development plans
- vi. Mobilisation of bank linkages and other wholesale credit linkages
- vii. Mobilisation of State and Central sponsored schemes for the benefit of the company, and its shareholder FPGs
- viii. Operating bank account and treasury management
- ix. Conduct of regular statutory, internal and social audits of the company and filing returns
- x. Promotion of enterprise based common service cents and custom hiring cents
- xi. Conduct of regular general body meeting and electing new Directors
- xii. Co-option of expert directors
- xiii. Compliance of statutory requirements viz. VAT, Income Tax, licenses and statutory compliances of trading.

The above-mentioned roles and responsibilities are suggested but not limited to any other responsibilities that are incumbent upon the board to fulfill.

## **10. MATTERS TO BE TRANSACTED AT THE GENERAL MEETING**

- a. The board of directors of the company shall exercise the following powers on behalf of the producer company and it shall do so only by means of resolution passed at the annual general meeting of its members, namely.
  - i. Approval of budget and adoption of annual accounts of the producer company.
  - ii. Approval of patronage bonus.
  - iii. Issue of bonus shares
  - iv. Declaration of limited return and decision on the distribution of patronage.
  - v. Specify the conditions and limits of loans that may be given by the board to any director
  - vi. Approval of any transaction of the nature as is to be reserved in the Articles for approval by the members.

### **b. Roles and Responsibilities of the General Body:**

- i. Incorporation of the company with promoter directors and promoters (initial directors)
- ii. Ratification and approval of MoA, AoA and Business rules of the company within 90 days of incorporation
- iii. Amendments to MoA and AoA
- iv. Election of board of directors and special directors every year
- v. Calling for any special/extraordinary general body meetings
- vi. Removal or change of board of directors for any reason
- vii. Refusal of membership or cancellation of membership to any member with or without assigning any reason
- viii. Approval of audited annual financials of the company and compliance check of audit remarks
- ix. Major and critical decisions like mergers, liquidation and amalgamation
- x. The general meeting has jurisdiction and powers over the board of directors and can change, nullify or take action on any of the decisions or actions of the board of directors.

## **11. LIABILITY OF DIRECTORS**

- a. When the directors vote for a resolution, or approve by any other means, anything done in contravention of the provision of this Act or any other law for the time being in force or Articles, they shall be jointly and severally liable to make good any loss or damage suffered by the company.
- b. Without prejudice to the provision contained in Article 23, the company shall have the rights to recover from its Directors.
  - i. Where such director has made any profit as a result of the contravention specified in Article 23, an amount equal to the profit so made:
  - ii. Where the producer company incurred a loss or damage as a result of the contravention specified in Article 23, an amount equal to that loss or damage:

## **12. COMMITTEE OF DIRECTORS**

- a. The board may constitute such number of committees as it may deem fit for the purpose of assisting the board in the efficient discharge of its function, provided that the board shall not delegate any of its powers or assign the powers of the chief executive, to any committee.
- b. A committee constituted under Article 25 may, with the approval of the board, co-opt such number of persons as it deems fit as members of the committee, Provided that the chief executive appointed under Section 581W or a Director of the producer company shall be a member in such committee,
- c. Every such committee shall function under the general superintendence, direction and control of the board, for such duration, and in such manner as the board may direct.
- d. The fee and allowances to be paid to the member of the committee shall be such as may be determined by the board.
- e. The minutes of each meeting of the committee shall be placed before the board at its next meeting.

### **13. MEETINGS OF THE BOARD AND QUORUM**

- a. A meeting of board shall be held not less than once in every three months and at least four such meetings shall be held every year.
- b. Notice of every meeting of the board directors shall be given in writing to every director for the time being in India, and at his usual address in India to every other director.
- c. The chief executive shall give notice as aforesaid not less than seven days prior to the date of the meeting.
- d. A meeting of the board may be called at shorter notice and the reasons thereof shall be recorded in writing by the board.
- e. The quorum for a meeting of the board shall be one-third of the total strength of directors, subject to a minimum of three.
- f. The directors including the co-opted directors, may be paid such fees and allowances for attendance at the meeting of the board, as may be decided by the members in the general meeting.

### **14. CHIEF EXECUTIVE AND HIS/HER FUNCTIONS**

- a. The producer company shall have a full-time chief executive, by whatever name called, to be appointed by the board from amongst persons other than members, who shall be technically competent and experienced in the business of the company.
- b. The chief executive shall be ex-officio director of the board and such director shall not as such retire by rotation.
- c. The qualification, experience and terms and conditions of service of the chief executives shall be such as may be determined by the board.
- d. The chief executive shall be entrusted with substantial powers of management as board may determine.
- e. Without prejudice to the generality of Article 39, the chief executive may exercise the powers and discharge the functions, namely:
  - i. Do administrative acts of a routine nature including managing the day-to- day affairs of the producer company.
  - ii. Operate bank account or authorise any person, subject to the general or special approval of the board in this behalf, to operate the bank account.

- iii. Make arrangements for safe custody of cash and other assets of the producer company
  - iv. Sign such documents as may be authorised by the board, for and on behalf of the company
  - v. Maintain proper books of accounts, prepare annual accounts and audit thereof; place the audited accounts before the board and in the annual general meeting of the members
  - vi. Furnish members with periodic information to appraise them of the operation and functions of the producer company
  - vii. Make appointments to the posts in accordance with the powers delegated to him/her by the board
  - viii. Assist the board in the formulation of the goals, objectives, strategies, plans and policies
  - ix. Advise the board with respect to legal and regulatory matters concerning the proposed and ongoing activities and take necessary action in respect thereof
  - x. Exercise the powers as may be necessary in ordinary course of business
  - xi. Discharge such other functions and exercise such other powers, as may be delegated by the board
- f. The chief executive shall manage the affairs of the producer company under the general superintendence, direction and control of the board and be accountable for the performance of the producer company
- g. Subject to the provisions of the Act, the board may, any time and from time to time appoint a secretary/auditor of the company

## **15. GENERAL MEETING QUORUM AND VOTING RIGHTS**

- a. One-fourth of the total memberships shall constitute the quorum at a general meeting.
- b. Every member shall have one vote and in the case of equality of votes, the chairman presiding the meeting shall have a casting vote except in the case of election of the chairman.

## **16. GENERAL MEETING**

- a. The company shall in each year, hold, in addition to any other meeting, a general meeting, as its annual general meeting and shall specify the meeting as such in the notices calling it, and not



more than 15 months shall elapse between the date of one annual general meeting of the producer company and that of the next.

- b. The company shall hold its first annual general meeting within a period of ninety days from the date of its incorporation and the Memorandum and Articles of association of the company shall be laid before this meeting.
- c. The board of directors shall on the requisitions made in writing, duly signed and setting out the matters for the consideration, made by one-third of the members entitled to vote in any general meeting, proceed to call an extraordinary general meeting in accordance with the provisions contained in sections 169 to 186 of the Act.
- d. Every annual general meeting shall be called for a time during business hours, on a day that is not a public holiday and shall be held at the registered office of the producer company or at some other place within the city, town or village in which the registered office of the company is situated.
- e. A general meeting of the company shall be called by giving not less than fourteen days prior notice in writing.
- f. The notice of the general meeting indicating the date, time and place of the meeting shall be sent to every member and auditor of the company.
- g. Since the company is formed by producer's groups, such institutions shall be represented in the general body through the elected representative or person authorised by the FPG thereof who shall be competent to act on its behalf.
- h. A producer group shall not be represented if such institution makes a default or failure referred to in clauses (d) to (f) of sub-section of 581Q of the Act.

## **17. SHARE CAPITAL AND MEMBERS' RIGHTS**

- a. The share capital of the company shall consist of equity shares only.
- b. Shares in the company are held only by its constituent FPGs and not by any individual members of the FPG.
- c. The shares held by a member FPG in the company, shall as far as may be, be in proportion to the patronage of the company.
- d. The producers, who are active members, may have special rights and the company may issue appropriate instruments to them in respect of such special rights.

- e. The instruments of the company issued under Article 55 shall, after obtaining approval of the board in that behalf, be transferable to any other active member of that company.
- f. Save as otherwise provided in Article 58-60, the shares of a member of the company shall not be transferable.
- g. A member of the company may after obtaining the prior approval of the board, transfer the whole or part of his shares along with any special rights, to an active member at par value.
- h. Where the board of the company is satisfied that:
  - i. Any member FPG has ceased to be a primary FPG; or
  - ii. Any member FPG has failed to retain its qualifications to be a member as specified in Articles
  - iii. The board shall direct the surrender of shares together with special rights, if any to the company at par value or such other value as may be determined by the board:
  - iv. Provided that the board shall not direct such surrender of shares unless the member FPG has been served with a written notice and given an opportunity of being heard

## **18. FUNDS**

- i. Funds may be raised by:
  - a) Shares from new member FPGs
  - b) Additional shares in proportion to the business transacted with the producers company from time to time on the terms and conditions as decided by the board of the producers company and communicated to the member FPGs
  - c) Deposits and/or debentures from members
  - d) Loans from any financial institution
  - e) Grants, aids and subsidies
  - f) Donations
- ii. The funds of the kind specified in c) and d) above to be raised, shall not exceed (\*\*\*\*\*) times the total of paid up share capital and reserve fund less accumulated losses.
- iii. The producer company may accept funds directly or through its constituent produce groups, from any development agency or any other financing institution in the form of loans or grants or in any other forms except equity capital, as per the terms and conditions prescribed by such institutions as may be mutually agreed upon.

## 19. FINANCE, ACCOUNT AND AUDIT

- a. The company shall keep at its registered office proper books of accounts with respect to:
  - i. All sums of money received and expended by the company and the matters in respect of which the receipts and expenditure take place:
  - ii. All sales and purchase of goods by the company:
  - iii. The instruments of liability executed by or on behalf of the company:
- b. The assets and liabilities of the company:
  - i. In case of the company engaged in production, processing and manufacturing, the particulars relating to utilisation of materials or labour or other items or costs.
  - ii. The balance sheet and profit and loss account of the company shall be prepared as far as may be in accordance with the provision contained in Section 211 of the Act.
  - iii. The company shall have internal audit of its accounts carried out, on half-yearly intervals, by a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Institute of Chartered Accountants Act, 1949.
  - iv. Without prejudice to the provision contained in Section 227, the auditor shall report on the following additional matters relating to the company, namely:
    - a) The amount of debts due along with particulars of bad debts if any;
    - b) The verification of cash balance and securities;
    - c) The details of assets and liabilities;
    - d) All transactions which appear to be contrary to the provision of this part;
    - e) The loan given by the producer company to the directors or to the constituent producer groups
    - f) The donations or subscriptions given by the producer company;
    - g) Any other matters as may be considered necessary by the auditor.

## 20. DONATIONS, GENERAL AND OTHER RESERVES

- a. The company may, by special resolution, make donation or subscription to any institution or constituent producer group or individual for the purposes of-
  - i. Promoting the social and economic welfare of producer members or producers general public: or
  - ii. Promoting the mutual assistance principles:
- b. The aggregate amount of all such donations and subscriptions in any financial year shall not exceed (\*\*\*\*\*) per cent of the net profit of the producer company in the financial year immediately preceding the financial year in which donation or subscription was made.
- c. The company shall not make directly or indirectly to any political party or for any political purpose to any person any contribution or subscription or make available any facilities including personal or material.
- d. The company shall maintain a general reserve in every financial year, in addition to any reserve maintained by it.
- e. In case where the company does not have sufficient fund in any financial year for transfer to maintain the general reserves, the contribution to the general reserve shall be shared amongst the member FPGs in proportion to their patronage in the business of that company in that year.
- f. Provided that the maximum amount, to be contributed to such reserve shall be a maximum of ₹ (\*\*\*\*\*) for the year, which shall be shared among the members in the manner as provided aforesaid.
- g. The company may, upon recommendation of the board and passing of resolution in the general meeting, issue bonus shares by capitalization of amount from general reserves referred to in Article 76 in proportion to the shares held by the members on the date of the issue of such shares.

## 21. LOANS TO MEMBERS AND INVESTMENTS

- a. The board may provide financial assistance to the member FPGs of the producer company by way of
  - i. Credit facility, to any member FPG, in connection with the business of the producer company, for a period not exceeding (\*\*\*\*\*);
  - ii. Loans and advances, against security specified in Articles to any member FPG, repayable within a period exceeding three months but not exceeding seven years from the date of disbursement of such loan or advances;  
Provided that such financial assistance shall be limited to the maximum of (\*\*\*\*%) of the value of produce supplied by the member during previous financial year.
  - iii. Any loan or advance to any director or his relative shall be granted only after the approval by the members in general meeting.
- b. The general reserves to the company shall be invested to secure the highest return available from approved securities, fixed deposits, units, bonds issued by the government or cooperative or scheduled bank or in such other mode as may be prescribed.
- c. The company may, for promotion of its objective acquire the shares of another producer company.
- d. The company may subscribe to the shares capital or enter into any agreement or other arrangement, whether by way of formation of its subsidiary company, joint venture or in any other manner with anybody corporate, for the purpose of promoting the objects of the producer company by special resolution in this behalf.
- e. The company, either by itself or together with its subsidiaries, may invest, by way of subscription, purchase or otherwise, shares in any other company, other than the producer company specified under Article 82, or subscription or capital under Article 83, for an amount not exceeding thirty per cent of the aggregate of its paid up capital and free reserves:
- f. The company may, by special resolution passed in its general meeting and with prior approval of the Central Government, invest in excess of the limits specified in Article 84.
- g. All investments by the producer company may be made if such investments are consistent with the objects of the company.
- h. The board of the company may, with the previous approval of members by a special resolution, dispose of any of its investments referred to in Articles.

## **22. AMALGAMATION, MERGER OR DIVISION**

- a. The producer company may, by a resolution passed at its general meeting-
  - i. Decide to transfer its assets and liabilities, in whole or in part, to any other producer company, which agrees to such transfer by a resolution passed at its general meeting, for any of the objects specified in Section 581B of the Act.
  - ii. Divide itself into two or more new producer companies:
- b. Every resolution of the producer company under this Article shall be passed at its general meeting by a majority of total members, with right of vote not less than two-thirds of its members present and voting and such resolution shall contain all particulars of the transfer of assets and liabilities, or division, amalgamation or merger as the case may be.
- c. Before passing a resolution under this section, the producer company shall give notice thereof in writing together with a copy of the proposed resolution to the members and creditors who may give their consent.
- d. Notwithstanding anything contained in articles or in any contract to the contrary, any member or any creditor not consenting to the resolution shall, during the period of one month of the date of service of the notice on him, have the option-
- e. To transfer his shares with the approval of the board to any active member hereby ceasing to continue as a member of the company or
  - i. In the case of a creditor, to withdraw his deposit or loan or advance, as the case may be.
  - ii. Any member or creditor, who does not exercise his option within the period specified in Article 91, shall be deemed to have considered the resolution.
- f. A resolution passed by the company under sub-section (c), shall not take effect until the expiry of one month or until the assent thereto of all the members and creditors has been obtained, whichever is earlier.

## 23. RESOLUTION OF DISPUTES

- a. Where any disputes relating to the formation management or business of the company arises.
  - i. Amongst members, former members or persons claiming to be members or nominees of deceased members: or
  - ii. Between a member, former member or a person claiming to be a member's or nominee of deceased member and the company, its board of directors, office-bearer or liquidator, past or present: or
  - iii. Between the company or its board, and any director, office-bearer or any former director, or the nominee heir or legal representative or any deceased director of the company.

Such disputes shall be settled by conciliation or by arbitration as provided under the Arbitration and Conciliation Act, 1996 (26 of 1996) as if the parties to the dispute have consented in writing for determination of such disputes by arbitration and the provisions of the said Act shall apply accordingly.

Explanation: For the purpose of this section, a dispute shall include:-

- i. A claim for any debt or other amount due
  - ii. A claim by surety against the principal debtors where the company has recovered from the surety amount in respect of any debtor or other amount due to it from the principal debtor whether such debt or amount due be admitted or not
  - iii. A claim by company against a member for failure to supply produce as required of him
  - iv. A claim by a member against the company for not taking goods supplied by him.
- b. If any question arises whether the dispute relates to formation management or business of the company, the question shall be referred to the arbitrator, whose decision thereon shall be final.

## 24. RIGHTS OF MEMBERS TO OBTAIN INFORMATION

- a. At every annual general meeting, the board shall lay before the producer company balance sheets and profit and loss account made up in accordance with the provision of Section 210 of the Act and such balance sheet and profit and loss account shall comply with the requirements of sections 210, 211, 212, 215 and 216 and or Schedule VI as they are applicable to the company.
- b. There shall be attached to every balance sheet laid before the producer company a report by the board complying with Section 217 of the Act.

## 25. DISTRIBUTION AND DISPOSAL OF FUNDS AFTER MEETING LIABILITIES IN THE EVENT OF DISSOLUTION OR LIQUIDATION OF THE COMPANY

If the company shall be wound up, whether voluntarily or otherwise, the liquidators may divide among the contributories, any part of the assets of the company and may, with the lie section, vest any part of the assets of the company, in trustees upon such trusts for the benefit of the contribution, or any one of them as the liquidators, with the lie section, shall thin fit as provided under part IX-A of the Act.

## 26. The names, address, occupation of the first directors of the company in accordance with sub-Section 2 of Section 581 J of the Companies Act, 1956, are as under:

SN	Director's Name	Father's Name	Date of Birth	Occupation	Address

## Recommended Best Practices to be incorporated in AoA of the FPO

### About AoA

- Articles of Association is subordinate to the MoA
- It contains detailed guidelines to constitute the company and do business
- It is flexible and the board and members can draft AoA based on their own needs and opportunities but within the framework of the MoA
- It can be approved for its inception or amendments by the board and need to be filed with the RoC for every amendment if any



## **AoA basically contains about**

- a. Definitions and interpretations (Section II)
- b. Membership (Section III)
- c. About liability of the company (Section IV)
- d. About voting rights of the members (Section V)
- e. Benefits to members (Section VI)
- f. Management of company (Section VII)
- g. Powers and Functions of Board - Roles and Responsibilities (Section VIII)
- h. Subjects to be transacted in general meeting (Section IX)
- i. Liability of directors (Section X)
- j. Committees of Directors (Section XI)
- k. Meeting of the board and quorum (Section XII)
- l. Functions of Chief Executive (Section XIII)
- m. General Meeting - quorum and voting rights (Section XIV - XV)
- n. Share capital and member's rights (Section XVI)
- o. Funds of the company - maximum borrowing limits (Section XVII)p. Finance, Accounts and Audit (Section XVIII)
- q. Reserves (Section XIX)
- r. Loans to members and investments (XX)
- s. Sundries like right of members' information (XXI to XXIV)

## **Definitions and Interpretations: (Section II)**

- This section basically defines important terms frequently used in running the company.
- Members, especially board of directors and staff of the company should be fully conversant with the critical terms of the company affairs.
- It is advised to keep a note on the meaning and implications of critical terms of the company and such compendium can be prepared in local language by the CEO of the company for constant reference.

### About Membership: (Section III)

The company has to form broad guidelines as to who can join the company. In this model, AoA membership is strictly confined to FPGs and no individual can become a shareholder unless through his/her respective FPG. Related best practices suggested are

Basic qualifications to apply for membership are :

- I) Should produce and supply the designated commodity as prescribed by the company from time to time and participate actively in the common activities of the company
- II) Should be member of the constituent FPG
  - a. Those of the members who are in FPGs empanelled with the FPO
  - b. It is advised to enroll all the members of FPG at a time as members/shareholders
  - c. For the first year it is advised to have direct membership and avoid FPG becoming institutional member (associate membership). This will enable closer participation of members and strong cohesion of primary members
  - d. The FPGs located within the designated mandals of FPO should only form the panel of FPGs.
  - e. The member should produce farm title copy to be eligible for membership. If a tenant farmer, an agreement or proof of being farmer like in-put purchase receipts or certificate from VRO can help
  - f. Best practice is to avoid very old members who are above aged 70 years and minors
  - g. It is advised to take recommendation of the FPG through its resolution to admit new members in the company. The entire FPG can join at a time after registration of Company
  - h. Broad based consideration for gender, socially disadvantaged groups, small and marginal farmers is advised
  - i. Associate members who just avail of services of the company and institutional membership like FPG getting shareholding are to be avoided in the first year when the company is taking roots
  - j. Members should apply for membership in a prescribed membership application form and the company can levy membership admission fee (normal practices if ₹10 per member)

### **Liability of the company: (Section IV)**

The liabilities of the members or directors are restricted to the share capital of the members. An FPO registered under companies Act is always a private limited company and cannot become public limited company, as the shares of it are not tradable.

### **About Voting Rights of the member FPGs (Section V)**

1. Every member FPG who has purchased prescribed minimum amount of shares is eligible to vote
2. Each member shareholder will have only one vote irrespective of the number of shares they are holding
3. Member should have applied for membership and obtained shares to be eligible for voting rights
4. It is advised to keep minimum of 50 shares to be bought by a member to become shares holder. This will help share capital of the company develop rapidly
5. In the first year of company operations institutional membership, i.e. shares getting allotted in the name of the FPG should be avoided though it is provided in the AoA.
6. As the company gets critical mass of shareholders, like above 1000 shareholders then representatives from FPGs can form representative general body.
7. Till such time to encourage grassroots shareholder participation, it is advised to have full membership general body with voting right for every shareholder. This is called primary membership.

### **Benefits to Member FPGs vis-a-vis its members (Section VI)**

1. Member will get basic minimum price for the produce supplied and over above this s/he is eligible for withheld price which is generated out of sale of the produce and is surplus after paying the minimum price as agreed by the FPO at the time of supply to the company
2. If the company gets surplus with its revenue generating activities, the members are eligible for patronage bonus and bonus shares commensuration with the produce supplied or services rendered as decided by the general body after tabling the audited financial accounts of the year
3. Members and their producer groups can take custom hiring services, common facility centres and processing centres at concessional rates as decided by the company
4. The members and their producer groups can operate on enterprises that provide backward and forward linkages to the produce produced and marketed by the members of the company

5. The members can also avail of value-added services like insurance, pension schemes, etc., as decided by the company
6. The members can avail of government-sponsored benefit programmes under State and national programmes and missions and such benefits can be mobilised and facilitated by the company through its FPGs.

### **Members and Non-members**

For scale benefit, the company can render services to non-members or nominal members.

But there should be clear and positive discretion between the members and non-members in deciding the benefits and providing services.

Any member, eligible as per the MoA and AoA have to join membership through FPG, without waiting or watching for the benefits before joining.

### **Management of Company (Section VII)**

- i. Recommended best practice is to start with five directors as promoter directors and then enhance the board strength to 15 in the general meeting to be held within three months after registration of the company
- ii. It is advised to elect the directors through FPG channel
- iii. Maximum representation to include all social and geographical categories of members in the board is very essential
- iv. No board director shall leave the office within a year nor does remain for more than five years
- v. Best practice is to avoid re-electing the same person to the Board repeatedly and elect new members as directors
- vi. In the general body meeting, there should be conscious approach without giving room for vested interests, politics and discrimination.
- vii. There is provision for three expert directors @ one for every five directors (maximum three directors out of 15 board strength)
- viii. The expert directors or nominated directors can hold office only for maximum three years.
- ix. It is advised not to elect the expert directors as managing directors

## **Powers and Functions of Board, Its duties and responsibilities (Section VIII)**

- a. Conduct of regular board meetings. Best practice is to conduct monthly meeting instead of quarterly meeting, though as per MoA and AoA only four meetings per annum are minimum prescribed
- b. Mobilisation of share capital through FPG based membership
- c. Regular book keeping of company. It is recommended to hire a computer literate as manager right from beginning and post all accounts in tally module
- d. Preparation of business plan integrating the micro plans of shareholder at household level and FPG levels
- e. Implementation of business plans and value chain development plans
- f. Mobilisation of bank linkages and other wholesale credit linkages
- g. Mobilisation of State and Central sponsored schemes for the benefit of the company and its shareholders
- h. Operating bank account and treasury management
- i. Conduct of regular statutory, internal and social audits of the company and filing returns
- j. Promotion of enterprise-based common service centres and custom hiring centres
- k. Conduct of regular general body meeting and electing new directors
- l. Co-option of expert directors
- m. Compliance of statutory requirements viz. VAT, Income Tax, licenses and statutory compliances of trading

It is advised to retire the directors on rotation every year and add fresh directors from new FPGs and new members from old FPGs.

The above roles and responsibilities are listed but not limited to all other services the board is expected render to make the company profitable and sustainable.

## **Roles and Responsibilities of the General Body**

### **i. Subjects to be transacted in General Meeting (Section IX)**

General body is the supreme authority of the company. It is to be convened at least once in a year. Though prescribed quorum is one-fourth of the registered shareholders, it is advised to encourage full participation of all members.

It is advised to have general body meeting in the first year with all the members' direct participation.

As the numbers gather, the company can opt for representative general meeting through the constituent FPGs, each FPG representing with two of its leaders.

- i. Approval of budget and adoption and adoption of annual accounts of the producer company.
- ii. Approval of patronage bonus
- iii. Issue of bonus shares
- iv. Declaration of limited return and decision on the distribution of patronage
- v. Specify the conditions and limits of loans that may be given by the board to any director and
- vi. Approval of any transaction of the nature as is to be reserved in the Articles for approval by the members.

### **ii. Roles and Responsibilities of the General Body:**

- a. Incorporation of the company with promoter directors and promoters (initial directors)
- b. Ratification and approval of MoA, AoA and Business rules of the company within 90 days of incorporation
- c. Amendments to MoA and AoA
- d. Election of board of directors and special directors every year
- e. Calling for any special/extraordinary general body meetings
- f. Removal or change of board of directors for any reason
- g. Refusal of membership or cancellation of membership to any member with or without assigning any reason
- h. Approval of audited annual financials of the company and compliance check of audit remarks
- i. Major and critical decisions like mergers, liquidation and amalgamation
- j. The general meeting has jurisdiction and powers over the board of directors can change, nullify or take action on any of the decisions or actions of the board of directors

## **Liability of Directors (Section X)**

An FPO is a private limited company and liability of the members and board of directors is limited to the extent of their share capital and accumulations thereof like patronage bonus and bonus shares. But if the board of directors conduct any business in contravention of the Act or MoA and AoA or not in good faith of them and if such business decision causes loss or damage to the company, the board of directors are jointly and severally responsible for the damages or losses. The company shall have right to recover from its directors such losses.

It is advised to guide the board and handhold initially with intense training on dos and don'ts of the Company Act.

Some of the common mistakes that can be avoided are

- a. Non-compliance of statutory filing of returns and compliance
- b. Absence of robust business rules and adherence to all business rules
- c. Excessive handling of cash and transactions through cash rather than bank
- d. Illegal cost cutting measures, avoiding sales and other taxes
- e. Undue favours to set of buyers or sellers without board approvals
- f. Delinquency to banks

It is strongly advised that the company does not resort to any production based credit to individual members and such loans should be mobilised from banks directly to members or FPGs. The company should stick to its core agri-business with zero risk bulk loans for procurement, payment to suppliers, transport and other expenses.

## **Committees of Directors (Section XI)**

It is advised to form working committees that are functional and proactive to delegate critical responsibilities of the company. The following precautions are advised while forming and delegating responsibilities to such committees.

- a. There should be at least one board member in every committee
- b. The committee should actively include and engage FPGs
- c. Avoid honorariums and other incentives in the beginning that can trigger conflicts and only actual expenses shall be paid to the members while discharging duties as committee members
- d. No committee should be over and above the powers of the board of directors and all such committees should be reporting to the board

- e. The committee should be lean with not more than three members
- f. It should avoid enrolling members for the sake of nominal obligation
- g. No committee should be formed without back-up board resolution

The best practices recommended - construction of committees (suggestive)

- a. Purchase and Procurement Committee
- b. Market Committee
- c. Value-Added Services Committee
- d. Enterprise Promotion Committee
- e. Technical Committee
- f. Equity Mobilisation Committee
- g. Bank Linkages Mobilisation Committee
- h. Warehouse Committee

The roles and responsibilities of the committees are discussed in detail in business rules. It is advised to retire the committee members on rotation and induct new members from FPGs and experts' panel from time to time.

### **Meeting of the Board and Quorum (Section XII)**

The board meeting is the most critical exercise for the company to steadily progress. The best practices recommended are :

- a. Conduct board meeting every month without fail though it is once in quarter minimum as per law
- b. The quorum of the board should be minimum three members participation
- c. Written meeting notice with agenda points one week prior to the meeting date and acknowledgement of such notice is advisable and such notice should be signed by the CEO and acknowledgement register should be a security item
- d. Avoid sitting fee and other honorarium which leads to potential conflict but travel fee may be paid
- e. Encourage participation of all board members and the board meetings should not be ceremonial or nominal but very professional and business like
- f. The board meeting should be structured with agenda points. The structure of such board meeting is given in the business rules book of the company
- g. Adhoc meetings with hurried agenda and circulation meetings to hurriedly take resolutions or ratifications must be avoided



Best and Ideal Board Meeting agenda structure would be

- a. Attendance and discussion on reasons for absence of directors if any
- b. Review of the previous meeting minutes and adaption of actions taken
- c. Approval of monthly receipts and payments signed by the CEO and managing director for the preceding month including all financial transactions
- d. Proposed development activities for the succeeding month vis-a-vis the approved business plans of the company and monthly targets
- e. Proposed budgetary approvals for the succeeding month
- f. Any statutory compliances and issues related to it
- g. Any advances issued to the board members or committees and discussion and approval of such financial transactions
- h. Any value-added services introduced and updates on such activities
- i. Allotment of shares and sanction and approval of new membership applications
- j. Review of activities of FPGs and their plans

### **Functions of Chief Executive (Section XIII)**

CEO is ex-officio director of the board and

He/she is not to be retired on rotation like any other director

The CEO is full time paid employee of the company and is appointed by the board for a fixed tenure

He/She should not be from the shareholder members.

He/she should be technically qualified to run the business of the company

The CEO should have substantial powers delegated by the board to take decisions and run the business of the company

The prescribed roles and responsibilities of the CEO are

- a. Day-to-day administration of the company and its human resources
- b. Bank-related transactions
- c. Protection of solid and liquid assets of the company
- d. Signatory to the documents
- e. Book keeping
- f. MIS
- g. Coordination with the FPGs
- h. Preparatory work for board meetings
- i. Statutory compliances - filing returns of company with ROC, IT and sales tax, etc.
- j. Business plans and their execution and review

## **Qualifications and Experience**

The ideal CEO will have agri-business or agriculture background with computer knowledge. He/She should have local knowledge about livelihoods, value chains and market related information.

## **General Meeting - quorum and voting rights (Section XIV- XV)**

### **14. General Meeting Quorum and Voting Rights**

Best Practices prescribed for the conduct of general body meeting are

- a. The quorum should be one-fourth of the registered members who have taken minimum prescribed shares and are qualified by virtue of their utilisation of services
- b. Minimum two weeks notice period should be served
- c. All the members should be informed by written notice
- d. Auditor should also be invited to the GB meeting
- e. GB should not be conducted on holidays or at inconvenient places
- f. For extraordinary GB meeting, one-third members should sign calling for such meeting duly assigning the reasons
- g. The board meeting should pass a resolution in the preceding month of the GB meeting calling for GB meeting and also setting agenda points
- h. Within 90 days after incorporating the first GB meeting should be held ratifying the MoA, AoA and electing the new board of directors.
- i. For other regular GB meetings best is to conduct within 90 days after the financial year is closed and audited financials with reports are obtained.
- j. All the board members including the nominated directors and CEO must be present in the general meeting of the company. It has to be chaired by the managing director of the company
- k. General body meeting is a business meeting purely related to the transactions of the company. It should not be made like a function inviting celebrities or top officials.
- l. It is advised to list out the agenda and adapt in the latest board meeting held just before the general body meeting

It is advised to call all the members for the GB meeting in the formative years. Slowly as membership gathers, the company can switch to representative general body meeting with due amendments to MoA and AoA along with business rules.

This will encourage all the common members to participate and appreciate the initiatives of the company.

It is to be noted that all the shareholders have one vote each irrespective of the number of shares they hold.

### **Agenda of the General Meeting –**

- a. Review of quorum
- b. Read out the agenda
- c. Review of the implementation of resolutions of the previous general meeting with remarks if any
- d. Adaption and approval of audited financials and audit reports of the company preceding the latest financial year
- e. Adaption and approval of the annual business plan of the company
- f. Election and new board members and retirement of old directors on rotation
- g. Amendments to MoA if any
- h. Declaration of patronage bonus, dividend shares and other benefits
- i. Any other subject that has long reaching effect on the company.

It is very important to minute the general body meeting proceedings.

### **Share capital and members' rights (Section XVI)**

The best practices in the allotment of shares is that

- a. Every member subscribes through its FPG minimum prescribed number of shares. It is recommended that such minimum number should be 50 shares with face value of ₹10 per share amounting to ₹500
- b. Advise the FPG to motivate all its members to subscribe shares at a time and not in batches

- c. The company should insist on members to subscribe additional shares wherever the member is getting more patronage than other common shareholders
- d. No member can own more than 5 per cent of paid up share capital at any time
- e. It is good practice to make arrangement for nomination for every shareholder at the time of subscription itself
- f. It should be standard practice that membership and shareholding go at a time and not in sequence
- g. The company can collect membership admission fee for every application and such fee can be ₹10 per share
- h. The share certificate should be printed attractively in multi colour and the very design should enhance the esteem of the company towards their membership
- i. Always it is advisable to bunch all the share certificate allotments to the last working day of the month to enable the auditor to log in at a time for registering the shareholders with the RoC portal
- j. The serial numbers of share certificates should be maintained at any cost in sync with share capital register folio

In the formative days of the company, i.e. in its first year avoid Institutional share allocation to FPGs to encourage participation of last mile member.

Refund and disqualification of shareholders is provided in the Act but instead of going by book encourage the non-active shareholders to patronage and FPGs should play active role in making every member active shareholder in receiving or giving services to the company.

Make the share certificates allotment event a ceremonial one to motivate other qualified FPG members to subscribe.

Share certificates and their registers are security books and should be under the custody of the CEO.

## **Funds of the Company - Maximum Borrowing Limits (Section XVII)**

Model FPO will have its funds at a low cost of interest or fund cost

### **Ideal source of funds are**

- a. Equity generated through share capital of every member of constituent FPG
- b. Additional shares allotted to members in proportion to the business done or services availed of
- c. Loan funds from banks and fixed deposits from members
- d. Grant support from Central and State governments
- e. Corpus generated out of revenues through business activities
- f. Service charges levied while rendering services to the non-shareholders
- g. Income out of custom hiring services, warehouse rents and value-added service
- h. Other incomes like admission fee, etc.

### **FPGs as fund mobilisers**

FPGs can independently mobilise funds for their agri-business activities and to support their members by paying upfront for the produce or to do customised value-added services. But FPG borrowings should never be underwritten by the company.

### **Non-Credit services**

Company is responsible for the financial resources, both loan based and non-loan based and should discretely invest the funds in zero risk agri-business activities.

It is strongly advised that the company will not lend to its shareholders or FPGs for individual production activities. Such activities should be financed by the banks directly to the members.

Company should focus on services that are not available to the members rather than substituting and competing with the existing service providers.

### **Maximum Borrowing Power**

The company can prescribe its own maximum borrowing power and ideal practice is to strengthen the equity base to be eligible for low cost credit funds from banks.

## **Finance, Accounts and Audit (Section XVIII)**

It is advised to keep the following hard copies of registers initially in addition to the computer based accounts:

- a. Cash book
- b. Bank reconciliation register and bank original passbook
- c. Purchase, sales and stock registers
- d. Admission register- share capital register
- e. Share certificate in serial number pads

Other security documents include:

- a. Registration certificate
- b. Licence certificates
- c. Insurance policies
- d. Minutes book
- e. Notice service register
- f. Employees' records files
- g. Salary and other payments register
- h. Furniture and hardware register

It is advised to scan all the original documents and keep soft copies in a drive.

## **Audits:**

### **Internal Audit**

Designate statutory auditor has to do the internal audit at least once in half year and submit the audit report to the board.

### **Statutory Annual Audit**

This is done by designate statutory auditor every year before three months after the financial year closure. The audit report is structured in the Act and forms a critical document based on which patronage bonus, dividend shares and reserves are earmarked by the board.

### **Social Audit**

Model company is also advised to conduct social audit once in six months with designate community representatives to assess the impact of value added services being rendered by the company.

## **Reserves (Section XIX)**

It is advised to keep minimum of ₹50,000 reserves every year on cumulative basis. The company can capitalise the reserves by payment of

dividend bonus to the shareholders. It is to be decided by the general body meeting based on the availability of funds from such reserves.

The company should invest its reserves only in zero risk investment plans but with maximum returns on such investments.

### **Loans to members**

It is strongly advised that the company should not resort to individual production loans to its members. For such loans the members should depend on traditional bank linkages. The company has to work on agri-business plans and financing such plans. For this purpose, the company can loan to FPGs for

- a. Upfront payment to members against their supplies of commodities
- b. Agri-Input services investments
- c. Investment for processing
- d. Investment for value-added services like custom hiring centres.

The bottom line of such investments is that the company does zero risk business. Any risk bearing investments should not be entertained by the company.