1. Write explanatory notes on the following:

(a) Producer Companies

Ans: Producer Company is a company registered under the Companies Act, 2013, which has the objective of production, harvesting, procurement, grading, pooling, handling, marketing, selling, and export of primary produce of the Members or import of goods or services for their benefit. Produce are things that have been produced or grown, especially by farming. Therefore, a Producer Company deals primarily with agriculture and post-harvest processing activities. Over 85% of the Farmers in India are small and marginal farmers with land holdings of less than 2 hectares. This fragmentation in farmers and farm lands, leads to disorganization and it is not viable for Indian farmers to adopt the latest technologies. By organization of these farmers into producer companies, economies of scale can be unlocked and the livelihood of farmers can be improved. Thus the concept of Producer Company is aimed at empowering farmers by creating clusters of farmers organized as a Producer Company.

(b) Evolution of Corporate Legislation in India

Ans: The Company Legislation in India has closely followed the Company Legislation in England. The first legislative enactment for registration of Joint Stock Companies was passed in the year 1850 which was based on the English Companies Act, 1844. This Act recognised companies as distinct legal entities but did not introduce the concept of limited liability. The concept of limited liability, in India, was recognised for the first time by the Companies Act, 1857 closely following the English Companies Act, 1856 in this regard. The Act of 1857, however, kept the liability of the members of banking companies unlimited. It was only in 1858 that the limited liability concept was extended to banking companies also. Thereafter in 1866, the Companies Act, 1866 was passed for consolidating and amending the law relating to incorporation, regulation and winding-up of trading companies and other associations. This Act was based on the English Companies Act, 1862. The Act of 1866 was recast in 1882 to bring the Indian Company Law in conformity with the various amendments made to the English Companies Act of 1862. This Act continued till 1913 when it was replaced by the Companies Act, 1913. The Act of 1913 had been passed following the English Companies Consolidation Act, 1908. It may be noted that since the Indian Companies Acts closely followed the English Acts, the decisions of the English Courts under the English Company Law were also closely followed by the Indian Courts. Till 1956, the business companies in India were regulated by this Act of 1913. Certain amendments were, however, made in the years 1914, 1915, 1920, 1926, 1930 and 1932. The Act was extensively amended in 1936 on the lines of the English Companies Act, 1929. Minor amendments were made a number of times thereafter.

(c) Basic Framework of the Companies Act

Ans: Company Law is primarily contained in the Companies Act, 1956 comprising of 777 Sections and fifteen schedules (including the amendments till date). The provisions contained in the Act provide for: formation and registration of the companies; contents of mandate prospectus; procedure for alteration of memorandum and articles of association; penalties for mis-statements in prospectus; shares and share capital; various modes of acquiring membership transferability, transmission, and forfeiture of members; requirements for holding general body meetings including penalties for not holding; constitution of board of directors and their powers including restrictions thereon; remuneration of company directorial personnel; removal of directors; accounts and audit; inspection and investigation; amalgamation, reconstruction, mergers and takeovers; prevention of oppression and mismanagement; and winding-up of companies. The Act has not defined a company registration by identifying the features which a company requires as a consequence thereof of such a perpetuation of a creation and a common seal. The Act has laid down procedural rules to be followed for the registration of a company, flotation/raising of capital and commencement of business including details regarding nature and contents of the documents to be filed with the Registrar of Companies, and procedure for any alteration therein. To shares and debentures by a company is governed by the guidelines issued in that respect by SEBI. But, the Companies Act has laid down certain general principles in that context which include the statutory provisions regarding list allotment and the effects of irregular allotment. The Act also specifies the limits for time of shares at a premium, at a discount and also for issue of sweat equity, bonus shares and rights shares. Effective management of companies is sought to be ensured by the Act not only by laying down the procedure for appointment of managerial personnel but also by delineating the powers of the board of directors, and limiting certain powers which can be exercised shareholders in general meeting. The Act has also laid down the liabilities of directors to the company as well as to the third parties, and also imposed overall limit on their remuneration for companies having profits and those making companies, it can be paid as per slabs in schedule XIII. The Company meetings are required to be convened, constituted and conducted in conformity with the applicable provisions of the Companies Act the and relevant provisions of the Articles of Association of the companies. To prevent oppression and mismanagement, the Act has provided that the requisite number of members may apply to the Company Law Tribunal (earlier it was the Court) for relief if the affairs of a company are being conducted in a manner prejudicial to the public interest on that the interest of the company. The Company Law Tribunal is empowered to pass necessary orders to end oppression and mismanagement as also to specific relief. The proposals involving compromise, arrangement, reconstruction or amalgamation are also required to be submitted to the Company Law Tribunal for approval. Besides, procedures have been laid down for the appointment of sole selling agents and purchase agents. The Act also provides for books of accounts to be maintained on accrual basis and according to the double entry system and annually audited by external auditors. The process of winding up of any company constitutes the phase whereby its legal