

## CH. 34 E-Governance in Companies

### Introduction

MCA-21 stands for e-governance initiative of Ministry of Corporate Affairs (MCA) of the 21st Century. The project is named MCA-21 as it aims to fulfill the Government's vision of National e-governance in the country.

### E-governance

E-governance or Electronic Governance is the application of Information Technology to the Government functioning in order to bring about Simple, Moral, Accountable, Responsive and Transparent (SMART) Governance.  
This project of MCA aims at moving from paper based to nearly paperless environment.

### Scope

The scope of MCA-21 project covers only the offices of ROCs, Regional Directors, and the Headquarters at New Delhi at present. It does not include other offices of MCA like Official Liquidators, Company Law Board/Tribunal and Courts.

### ORGANISATION OF ROC OFFICES UNDER MCA-21

The major components involved in this comprehensive e-governance project are front office and back office.

### Front Office

The Front Office represents the interface of the corporate with the MCA21 system. This comprises of (i) Virtual Front Office and (ii) Physical Front Office.

#### (i) Virtual front office

Virtual front office is way available to stakeholders (companies and the professionals) to enable them to do the statutory filing with ROC Offices across the country.  
Virtual Front Office facilitates online filing of the e-Forms using Internet. It merely represents a computer facility for filing of digitally signed eForms by accessing the MCA portal through Internet.

#### (ii) Physical Front Office (PFO)

To facilitate the change over from Physical Document Filing to Digital Document Filing, the Ministry of Corporate Affairs had established 53 Physical Front Offices known as facilitation centers for a initial period of three years.  
PFOs have all facilities which will be required for online filing of e-forms including trained manpower, broadband connectivity, scanner, printer and related computer accessories.  
All the services for scanning and uploading of eForms are available free of cost at these Physical Front Offices.

### Back Office

Back Office represents the offices of Registrar of Companies, Regional Directors and Headquarters' and takes care of internal processing of the forms filed by the corporate users.

All the e-forms along with attachments are stored in the electronic depository, which the staff of MCA can view depending upon the access rights.

### **E-form**

An e-form is the electronic equivalent of the paper form. The e-governance initiative of the Ministry of Corporate Affairs, MCA 21 envisages that all company related documents would be filed electronically.

### **Digital Signature Certificates (DSC)**

Digital Signature Certificates (DSC) are the digital equivalent (that is electronic format) of physical or paper certificates. Examples of physical certificates are drivers' licenses, passports or membership cards.

Certificates serve as proof of identity of an individual for a certain purpose; for example, a driver's license identifies someone who can legally drive in a particular country. Likewise, a digital certificate can be presented electronically to prove your identity, to access information or services on the Internet or to sign certain documents digitally. Physical documents are signed manually, similarly, electronic documents, for example e-forms are required to be signed digitally using a Digital Signature Certificate.

### **Corporate Identity Number (CIN) based Search of Companies**

Every company has been allocated a Corporate Identity Number (CIN). CIN can be found from the MCA 21 portal through search based on:

- ROC Registration No.
- Existing Company Name
- Old Name of Company (in case of change of name)

### **Foreign Company Registration Number (FCRN)**

Every foreign company has been allocated a Foreign Company Registration Number (FCRN). Corporate Identity Number (CIN), works as a unique identifier of an Indian company. Foreign Company Registration Number (FCRN) is a unique identifier in the case of a Foreign Company.

Under the MCA-21 system the following **four types of users** are identified as users of Digital Signatures and are required to obtain digital signature certificate:

1. MCA (Government) Employees.
2. Professionals (Company Secretaries, Chartered Accountants, Cost Accountants and Lawyers) who interact with MCA and companies in the context of Companies Act.
3. Authorized signatories of the Company including MD, Directors, Manager or Secretary.
4. Representatives of Banks and Financial Institutions.

### **Mode of payment of statutory fee under Companies Act**

Ministry of Corporate Affairs vide its Circular dated 9th March, 2011 has decided to accept payments of value up to Rs. 50,000, for MCA 21 services, only in electronic mode w.e.f. 27th March, 2011.

For the payments of value above Rs. 50,000, stakeholders have the option to either make the payment in electronic mode or paper challan.

### **Important Terms**

#### **Service Request Number (SRN)**

Each transaction under e-filing is uniquely identified by a Service Request Number (SRN). On filing of an e-form, the system will generate and provide a Service Request Number (SRN). A user can check the status of the document/ transaction, by entering the SRN.

#### **Pre-fill**

Pre-fill is a functionality in an e-Form that is used for filling automatically the requisite data from the system without repeatedly entering the same.

#### **Pre-Scrutiny**

It is a functionality that is used for checking whether certain core aspects are properly filled in the e-Form. Before submitting the e-Form for pre-security, the user has to make the necessary attachments in PDF format.

#### **Check Form**

By Clicking CHECK FORM, the user will be in a position to find out whether the mandatory fields in an e-Form are duly filled-in or not.

For example, if the user enters alphabets in “DATE OF APPOINTMENT” field, he will be asked to correct that.

#### **Attachment**

An attachment refers to a document that is sent as an enclosure with an e-Form by means of an attached file. The objective of the attachment is to provide important details to the e-Form for processing. Some attachments are optional as well as mandatory.

### **PRE-CERTIFICATION OF E-FORMS**

Apart from authentication of e-forms by authorized signatories using digital signatures, some e-forms are also required to be pre-certified by practicing professionals.

Pre-certification means certification of correctness of any document by a professional before the same is filed with the Registrar.

This pre-certification is to be carried out by *inter-alia*, Company Secretaries, Chartered Accountants, Cost Accountants, & Advocates at some place.

#### **Addendum to e-Form**

The user may have to submit some additional supporting documents that are not submitted during the e- Form (application) filing but are required for the processing of the e-Form. MCA may also ask the applicant to provide some additional documents in support of the e-Form already filed so as to expedite the processing of the same.

### **KEY BENEFITS OF MCA 21 PROJECT**

The key benefits of MCA 21 project are as follows:

1. On-line incorporation of companies.
2. Simplified and easy mode of filing of Forms>Returns.
3. Registration as well as verification of charges anytime and from anywhere.
4. Inspection of public documents of companies anytime from anywhere.

5. Building up a centralized database repository of corporates operating in India.
6. Enhanced service level fulfillment.
7. Total transparency through e-Governance.
8. Timely redressal of investor grievances.

### **FEATURES OF E-FORM AND E-FILING PROCESS**

Features of e-form and e-filing process are as follow:

1. The e-Form contains a number of mandatory fields which are required to be filled-in. Certain other fields are non-mandatory in nature which may or may not be filled.
2. An instruction kit is available for each e-Form, which contains details of the instructions for properly filling the e-Form.
3. An e-Form may be filled in either online or offline. Online filling implies that the e-Form is filled while being still connected to MCA portal through the Internet. Offline filling denotes that the e-Form is downloaded into the user's computer and filled later without being connected to the Internet.
4. An e-Form may require certain mandatory attachments to be filed along with it.
5. Next to attachment, there is a declaration that is sought from the person filing the e-Form to the effect that the information given in the e-Form and the attachments is correct and complete.
6. Most of the e-Forms require the digital signature of the Managing Director or Director, Manager or Secretary of the company for successful filing/ submission.
7. Further, the digital signature of a third party may also be required in certain cases. In the case of an e-Form for creation or modification of charges, such digital signature is also required from the Bank or Financial Institution.
8. In certain cases, certification from the Chartered Accountant or Cost Accountant or Company Secretary in whole-time practice is also required to authenticate the particulars contained in the e-Form. For example, this requirement is mandatory in the case of an e-Form for creation or modification of charges.
9. There are built-in facilities to check the filled-in e-Form for requisite validations, and to modify the e-Form when the same is required to be re-submitted.
10. When the "Submitted" button is pressed; the e-Form gets uploaded into the MCA central document repository.
11. Thereafter, the requisite fees as applicable for the e-Form should be paid either on-line or off-line.
12. Once the e-Form has been accepted and payment of fees has been acknowledged, a work item is created and assigned to the appropriate MCA employee based on pre-defined assignment rules as part of MCA back office workflow automation.

13. After the processing of the e-Form is completed, an acknowledgement email is sent to the user regarding its approval/rejection.

### **XBRL**

XBRL (Extensible Business Reporting Language) is a language for the electronic communication of business and financial data.

It provides major benefits in the preparation, analysis and communication of business information. It offers cost savings, greater efficiency and improved accuracy and reliability to all those involved in supplying or using financial data.

It is an open standard, free of license fees, being developed by a non-profit making international consortium.

XBRL is a data-rich language of XML (Extensible Markup Language), the universally preferred language for transmitting information via the Internet.

It was developed specifically to communicate information between businesses and other users of financial information, such as analysts, investors and regulators.