
CHAPTER - VII

TOWARDS INTERACTIVE AND RESPONSIVE ADMINISTRATION

7.1 In its pursuit towards a more responsive, transparent and dynamic environment in the Headquarters and in the field offices, the Ministry of Company Affairs has undertaken several innovative measures and mechanisms.

E-Governance

7.2.1 The 'MCA21 e-Governance Project' is one of the mission mode projects of the Government of India under the National e-Governance plan to provide easy and secure on-line services through the use of information technology to various stakeholders.

7.2.2 Conceived as a holistic service delivery project, M/s. TCS Limited led consortium were selected as the operator following a competitive bidding process. The project involves an implementation phase followed by an operations phase for a period of six years.

7.2.3 The Project was initially launched at Coimbatore as a Pilot on February 18, 2006. Hon'ble Prime Minister of India launched the second Pilot at Delhi on March 18, 2006. Thereafter, the project was launched in a progressive manner and the nationwide roll-out was completed across all the Offices of 20 Registrars of Companies as on September 4, 2006.

7.2.4 A comprehensive statutory framework has been introduced under section 610B of the Companies Act, 1956, with the enactment of Companies (Amendment) Act, 2006 (No. 23 of 2006), published in the Gazette of India (Extraordinary), dated the 30th May, 2006. It enables electronic filing, storage, retrieval, viewing,

processing and transmission of company data required to be filed under the said Act.

7.2.5 All transactions, other than those applicable to matters pertaining to liquidation of companies, have been covered under the e-Governance programme, which includes: -

- (a) Incorporation of a company
- (b) Filing of annual statutory returns
- (c) Registration, modification and satisfaction of charges
- (d) Statutory filings related to all events as stipulated in the Companies Act (with the exception of matters related to liquidation)
- (e) Inspection of public documents
- (f) Issue of certified copies
- (g) Investor complaints; etc

Implementation of the Programme

Website/ Portal and Electronic Registry

7.3.1 The Government has created a website www.mca.gov.in and set up a portal accessible through the internet to enable electronic filing of documents under the project. A Data Centre has been set up at Delhi to serve as a Secure Electronic Registry for storage and retrieval of all the records. A Disaster Recovery Centre has also been set up at Chennai in order to provide for a back up of the Electronic Registry to which recourse can be taken in the event of any technology breakdown, man-made or natural disaster incapacitating the Data

Centre. The operations can be revived within a period of 12 hours in the event of services getting disrupted from the Data Centre. As the project operator manages the sovereign data, the project envisages setting up of a Government Secure Repository (GSR) to which the data would be archived periodically.

e-Forms

7.3.2 Prior to the implementation of the e-Governance programme, all transactions, including statutory filings by companies, were conducted in manual mode using the prescribed forms, which supported submissions in physical paper form. These Forms have been re-engineered and converted into electronic Forms (e-Forms) so as to make the same compatible with the e-Governance processes. The e-forms have been designed with the in-built “pre-fill” feature whereby the data in the required fields is captured from the database available in the electronic registry in an automated manner. Requirements of repetitive data entry have been significantly reduced. The process of electronic filing also incorporates the facility of “pre-scrutiny” of the e-Form. This is a completely electronic process where the system verifies if the form is complete in all respect. This is, however, limited to such checks as can be performed by the computerized system.

Scanning and Digitization of Company Records

7.3.3 The Central Government has scanned and digitized the permanent documents of companies and the Annual Return and Balance Sheets for a period of two years and thus created an electronic repository of part of the legacy data. All event-based filings by the companies immediately preceding the launch of the programme have also been captured in the electronic repository. It is expected that the data in the electronic Registry would get enriched substantially over a period of time, as the electronic

filings of Companies will add to the legacy records in a seamless manner.

Director Identification Number

7.3.4 A concept of Director Identification number (DIN) has been introduced as part of the e-governance initiative. The need for introduction of a unique identifier for Directors arose from (i) creating a comprehensive and authentic database on the Directors, and (ii) the phenomenon of companies that raise funds from the public and subsequently vanish, with their directors becoming untraceable. Sections 266A to 266G of Companies (Amendment) Act, 2006, provide for a Director Identification Number (DIN). The DIN is in the form of a unique identifier for an existing or a future intending director, containing personal information about such director. This would not only help in fixing the identity of the person but also co-relate his participation in other companies, past or present. A process for allotment of DIN has been put in place duly supported by the provisions contained in the Companies Act, 1956 and the rules made thereunder.

e-Filing

7.3.5 The Government has mandated electronic filing by the companies from September 16, 2006. Making the filings in electronic mode would also need use of methods that ensure the security and the authenticity of the filings. A process has been evolved according to which the user will be required to (i) register himself; (ii) apply for a Director identification Number (in the case of a Director); and (iii) obtain a Digital Signature for use in MCA21 application.

Authentication of Documents with Digital Signatures

7.3.6 To ensure security and authenticity of filings in electronic mode, use of Digital Signatures by the persons, specified under the Act and Rules made thereunder, has been introduced to file the

documents on behalf of the company. The provisions for use of Digital Signatures have already been made under the Information Technology Act, 2000 and the rules notified by the Central Government in this behalf vide Notification GSR. 735(E) dated 29th October, 2004. As such, all filings made from September 16, 2006 are required to be made with the use of Digital Signatures as provided for under various provisions of the IT Act.

Physical submission of paper

7.3.7 Notwithstanding the mandating of e-filing, some of the transactions involve submission of physical papers due to various requirements such as stamp duty, signed copy of complaint by the complainant, provision of supporting documents, issue of certified copies of documents, etc. Suitable mechanisms are proposed to be evolved to progressively facilitate all transactions in the electronic mode.

Payment of statutory fees

7.3.8 The filings by the companies entail payment of statutory fees. The system has been designed to facilitate payment of these fees, both in the off-line and on-line mode. A total of 200 Bank Branches of 5 Banks across the country had been authorized initially to accept payment of statutory fees in off-line mode. This network has been extended with another 199 Branches of the Punjab National Bank. The facility for online payment through Credit Card and Internet Banking has also been provided as an option through a secure payment gateway, to ensure prompt recognition of payment and delivery of service.

Investor Complaints and Grievance Handling

7.3.9 Suitable forms have been devised for investors to make complaints and for a complainant to seek redressal of his grievances in the electronic mode using the e-Governance programme. The idea

behind instituting the electronic submission of complaints is to ensure that complete details of the complaint are obtained so that the facilitation of redressal can be done effectively. It also provides a facility to consolidate the type of complaints that are received against any company, so that the company can effectively analyze the causes and take remedial action. The persistent complaints and serious nature of complaints also provides the Government with early indicators of problems in companies so that reasonable steps can be taken as provided by the Law, to protect the interest of the investors/depositors/stakeholders.

Facilitation centres

7.3.10 The solution architecture provides for setting up of Registrars' Front Offices (RFOs) as facilitation centres at 52 locations throughout the country. Keeping in view that the stakeholders including corporate entities and the public may face certain difficulties in the beginning in switching over from the manual mode of document filing to an electronic filing system, these facilitation centres have been set up to provide complete range of services for e-filing of documents to the stakeholders who do not have the necessary computing/ IT infrastructure or capability to use the same for e-filing from their own locations. The Project provides for continuation of this support for a period of three years without any charge to the stakeholders. Recognising the need for greater outreach for facilitation in e-filing, the Ministry has introduced a scheme of 'Certified Filing Centres (CFC)' wherein the practising professionals (Chartered Accountants, Company Secretaries and Cost Accountants) have been authorised to set up the CFCs and provide services to the stakeholders on a user charge basis. More than 800 CFCs have been approved for this purpose.

Help Desk

7.3.11 In a large-scale transition involving migration from a traditional paper based system to an e-

Governance system, extensive help and handholding facilities were arranged during the transition period. These include a centralized Call Center with phone numbers published on the MCA portal, insertions through the print media on User Filing Guide and education/ orientation programmes were conducted with the involvement of all the stakeholders across the country. The facilities were made available continuously through a localized help-line facility at all RFOs and an e-mail based help-desk that can be accessed through the portal and direct facilitation through RFO and CFCs.

7.3.12 Acceptance of the Programme by Stakeholders – a smooth transition.

- (i) The Portal www.mca.gov.in has emerged as one of the most popular site in any Government programme experiencing 1.7 million hits on an average and having experienced a maximum of 5.8 million hits on a single day i.e. on 13th November, 2006.
- (ii) Total number of documents electronically filed till 31st December, 2006 was 11,67,266.
- (iii) More than 80% of the filings were done by the companies and professionals directly using the virtual portal (Internet).
- (iv) 1,26,959 public view of documents facilities availed as on 31st December, 2006.

Recognition

7.3.13 The MCA21 Project has been recognized as a major Government initiative in the field of e-Governance, with the use of technology for improving and changing the existing processes and making life easier for India's business community, investors and aspiring entrepreneurs. The project was recognised as a path-breaking initiative and conferred the "Pathbreaker Award 2006" by the Data Quest.

Investor Grievance Redressal Mechanism

7.4.1 With a view to improving the system of lodging of complaints by investors and processing, a new system for online lodging of complaints by the investors and depositors has been jointly developed by the Ministry of Company Affairs and National Informatics Centre. This system for lodging online complaints of investors and depositors was put on the website of the Ministry of Company Affairs, (<http://dca.nic.in>) in January, 2005 (now website <http://mca.gov.in>). The new system facilitates the complainants to electronically lodge their complaints with the Investor Protection Cell. The system issues complaint numbers online as acknowledgments for future reference. The complainant is able to know the status of his complaint at any time, thus making the system more user friendly and responsive.

7.4.2 In this regard further steps have been taken by the Ministry to educate the investors about the nuances and dynamics of investment to equip them with a better understanding of the system. This will enable them to take well-considered decisions before making any corporate investment.

7.4.3 Since 1st January, 2001, the Investor Education and Protection Fund (IEPF) has been working for educating the investors and for creating greater awareness about investments in the corporate sector. So far, it has more than 20 NGOs/Voluntary Organisations (VOs) registered, and funded for the activities like organizing seminars/interactive workshops/awareness programmes, publishing magazines, pamphlets, developing websites etc. A website, www.watchoutinvestors.com which is a national registry of economic defaulters and covering information on convictions by various regulatory bodies, has been created to help the investors protect themselves from unscrupulous promoters, companies and entities. Spots on education and awareness of investors have been telecast on the Doordarshan and private channels. Panel discussions on investor related issues have also

been telecast over the Doordarshan. Besides, interactive workshops with NGOs/Voluntary Organisations (VOs) in this field and "Training the Trainers" programmes have been funded under the Investor Education and Protection Fund window.

Settlement of Grievances of Officers and Staff

7.5 Keeping in view the need for settlement of grievances of officers and staff, a Staff Council is in place in the Ministry, which is an elected body. The Staff Council is headed by the Joint Secretary in charge of Administration. It meets at least once in 2 months and all the grievances and problems are discussed and solved in this forum itself. It has proved to be a very effective mechanism in creating a healthy atmosphere in the Ministry.

Vigilance

7.6.1 A separate Vigilance Section is working in the Ministry of Company Affairs in line with the policy of the Central Government to eliminate corruption at every level. Prompt action is taken whenever any credible complaint is received. At the beginning of the year 2006-07, 18 vigilance cases were pending, out of which one case has been disposed of by imposing the penalty of compulsory retirement. Remaining cases are also expected to be finalised expeditiously.

7.6.2 The Ministry has implemented a pioneering e-Governance programme known as MCA 21 is an effective step in the direction of bringing transparency in Governmental working. This measure has introduced not only speed and certainty in delivery of services but also the required level of transparency of systems. Legacy data of companies running into more than 4.5 crore sheets of paper have been scanned and digitised

thereby enabling the public and citizens to view company documents in public domain, on payment of prescribed statutory fees, on-line from the comfort of their offices and homes. Further transparency in delivery of services is envisaged through introduction of a FIFO (First-in-First-out) model introduced from February 19, 2007 for delivery of services following the seniority of filing of requests/papers. The MCA21 system also provides for on-line lodging of complaints by the citizens and their follow-up at various levels.

7.6.3 To impress the importance of proving corruption-free environment amongst the employees, the Ministry observed Vigilance Awareness week beginning from 6th November, 2006 to 10th November, 2006 at the Headquarters as well as in all the field offices including MRTPC, DGI&R, CCI, SFIO and CLB. A pledge was administered to all the officers and the staff while commencing the week on 6th November, 2006.

Gender Issues

7.7 As regards gender issues, no discrimination is made on the basis of gender while allocating work. The work is allocated on the basis of designation.

Representation of Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs)

7.8 As on 31st December 2006, there were 1509 employees working in the Ministry including its subordinate and field offices. Of these, 232 were Scheduled Castes, 119 were Scheduled Tribes and 101 were Other Backward Classes. During the period, vacancies identified to be filled by SCs, STs and OBCs were 10, 6 and 13 respectively. Out of these, vacancies filled by SCs, STs and OBCs was 1, nil and nil respectively.

Table 7.1

**Statement showing the total number of Government servants and number of SCs, STs and OBCs amongst them for the year 2006-07
(For the period April, 2006 to December, 2006)**

Group	Total No. of employees	No. of employees out of total employees			Total vacancies reserved during the period			Total No. of reserved vacancies filled up during the period		
		SCs	STs	OBCs	SCs	STs	OBCs	SCs	STs	OBCs
Group A	246	31	10	18	-	-	2	-	-	-
Group B	208	29	16	13	3	-	-	1	-	-
Group C	812	102	63	55	6	6	7	-	-	-
Group D										
(a)Safaikaramchari	14	12	-	-	-	-	-	-	-	-
(b)Others	229	58	30	15	1	0	4	-	-	-
Total	1509	232	119	101	10	6	13	1	-	-

Progressive use of Hindi

7.9.1 The Ministry of Company Affairs deals with the corporate sector with regard to matters relating to the Companies Act, 1956 and MRTP Act, 1969 and other legislation permitting thereto. Majority of staff of the Ministry have a working knowledge of Hindi. Efforts are being made to provide them training to prepare noting and drafting of legal matters in Hindi also. As a result of the efforts made in this regard during the last few years, there has been an encouraging increase in the progressive use of Hindi. The percentage of correspondence originating from the Ministry at the period ending December, 2006 was 31.

7.9.2 The steps taken by the Ministry of Company Affairs to promote the use of Hindi in order to achieve the target during the year 2006 are as under: -

- (i) The correspondence under Section 3(3) of the Official Language Act, 1963 is being done bilingually.
- (ii) All the letters received in Hindi are replied to in Hindi only.
- (iii) The first meeting of the Hindi Advisory Committee for the Ministry of Company Affairs was held on 11.9.2006 under the chairmanship of Hon'ble Minister of Company Affairs. Suggestions received from the Members of the Committee are being implemented.
- (iv) Another important target has been achieved by the Ministry by distributing administrative and other glossaries in English-Hindi and Hindi-English to the Officers of the Ministry including all the Field Offices.

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- (v) A Hindi workshop was held for 22nd September, 2006 in which the importance of working in Hindi and to do the noting/drafting in Hindi was emphasized. The Sections were advised about the need and manner to send the prescribed reports on use of Hindi in time.
 - (vi) The Cash Award Scheme was continued to encourage doing of original work in Hindi and cash awards has been enhanced upwards.
 - (vii) Under MCA 21, every computer is being provided with the facility of bilingual Software.
 - (viii) Hindi Section conducted inspection of all the Sections in the Ministry to see the progressive use of Hindi in official work..

7.9.3 Many competitions viz. essay competitions, noting-drafting competition, poem recitation and debates were organized in the Ministry during the Hindi fortnight from 12.9.2006 to 26.9.2006 and prizes were awarded to the winners of different competitions by the Hon'ble Minister of Company Affairs on the concluding day of the function i.e. 11th October, 2006. Similar functions were also organized in the field offices of the Ministry spread all over the country.

Publications

7.10 The Ministry has brought out the following publications during the year 2006 which are given below:-

(a) Annual Report on the working & Administration of the Companies Act, 1956

Annual Report on the working and Administration of the Companies Act, 1956 is required to be laid before both Houses of Parliament in pursuance of the provisions of Section 638 of the Act. The 49th Annual Report as on 31.3.2005 was laid on the Tables of both Houses of Parliament in 2006.

(b) Annual Report on the Working and Administration of the Monopolies and Restrictive Trade Practices Act, 1969

Annual Report on the Working and Administration of the Monopolies and Restrictive Trade Practices Act, 1969 is required to be laid before both Houses of Parliament in pursuance of the provisions of Section 62 of the Act. The 34rd Report pertaining to the provisions of the MRTP Act, 1969 for the period from 1st January 2004 to 31st December, 2004 was laid in both Houses of Parliament in 2006.

Budget Provisions and Actual Expenditure

7.11 Table given below shows the Budget Estimates and Actual Expenditure incurred in respect of the Ministry of Company Affairs and its field offices and fees etc. realised under the Companies Act, 1956 / Monopolies and Restrictive Trade Practices Act, 1969 for the years 2005-2006 and 2006-2007. The expenditure of Rs. 44.57 crores is for the period from April, 2006 to December, 2006 (progressive) for the financial year 2006-07. The revenue receipts of Rs. 715.45 crores consist of Rs.93.49 crores under Major Head 0075 and Rs. 621.96 crores under Major Head 1475.

Budget Provisions and Actual Expenditures

(Rs. in Crore)

Sl. No.	Year	Budget Estimates	Actual Expenditure	Revised Estimates	Fee realised under Companies Act and MRTTP Act
1	2	3	4	5	6
1	2005-2006	116.27	74.21	90.00	728.32
2	2006-2007*	145.00	44.57*	145.00	715.45

*upto 31.12.2006

Source: - The information has been prepared on the basis of Expenditure Statement (4.2) for the month of December, 2006 (progressive) received from the Principal Accounts Office, Ministry of Company Affairs.

Important foreign tours of Officers of the Ministry during the period from 1.4.2006 to 31.12.2006 are:

S.No	Name of the Officer and Designation	Country visited	Period	Purpose of visit
1	2	3	4	5
1.	Shri Jitesh Khosla Joint Secretary	Mexico	23 rd to 26 th April, 2006	To attend the AGM and Conference, 2006 of IAIR.
2.	Smt. Sudha Midha Director	Beijing (China)	27 th to 28 th April, 2006	To attend the Fifth Meeting on Forum on Asian Insolvency Reform.
3.	Shri Jitesh Khosla, Joint Secretary	Brussels	8 th to 9 th June, 2006	To attend 1 st Meeting of EU-India Dialogue on Financial Services Regulation.
4.	Shri Anurag Goel Secretary	Maldives	17 th to 18 th June, 2006	To attend the Workshop on Developments, Structures, Capacity and Roadmap for enhancing Corporate Governance Standard.
5.	Shri Y.S.Malik, Joint Secretary	Philadelphia (USA)	4 th to 6 th Dec., 2006	To attend the 14 th XBRL International Conference.