

E-governance in G2B - A Study of MCA21

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Governments across the world are taking major initiatives to transform the functioning of the government departments in terms of business process reengineering, change management, various policy changes, incorporating information technology etc. E-governance has been recognized as the most important and effective tool for not only to modernize the government departments but also to make them more efficient, effective, accountable and responsible. Hence E-governance in corporate sector is undoubtedly the utmost requirement of every economy. In the wake of ever increasing competition, there is a need for a transparent, accountable, responsible and well regulated corporate sector. Therefore the present study is an attempt to throw some light on what E-governance can do in Government to Business (G2B) sector. In the present study, E-governance initiative in the corporate sector is considered. The paper makes an effort to study the pioneer project of MCA21, an initiative of Ministry of Corporate Affairs, Government of India.

Key Words: Corporate sector, E-governance, G2B

INTRODUCTION

E-governance is concerned with the application of Information and Communication Technology to the processes of government functioning to bring out SMART (Simple, Moral, Accountable, Responsible and Transparent) governance. There can be number of interactions under E-governance – G2C, G2B, G2G etc. E-governance enhances the access of services to citizens as well as the business community to a large extent. In terms of G2B, efficient services can be made available at all the levels for the business community which further leads to greater customer satisfaction, better administration and management of business activities, more profits and increased growth of the companies. E-governance in G2B context facilitates number of transactions with the business community. The transactions consist of Business registrations, small business assistance, licenses and permits, e-forms and services, e-payments,

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clearances and approvals. In India, the growth of corporate sector over the years has been phenomenal. The number of companies in 1956 has rose from mere 30,000 to 7 lakh companies till date which calls for efficient and prompt delivery of services by the Ministry of Corporate Affairs in order to compete in international arena. India is a preferred nation for international investment hence it becomes imperative to make the functioning of this sector efficient. In the paper based method it became very difficult for the concerned Ministry to ensure timely and efficient delivery of services, hence Government launched a National E-governance Plan for the country under which it mentioned various Mission Mode Projects for digitizing various sectors, in which Corporate sector is one of them. E-governance initiative in the corporate sector under the Mission Mode Project is launched by the name of MCA21 (Ministry of Corporate Affairs of 21st Century). MCA21 brought a paradigm shift in the functioning of corporate sector in India and digitized all the services provided by it. MCA21 Project has brought about a service transformation in terms of ease of use with Electronic filing as the key feature. It facilitates easy interaction with all the citizens and improves the speed of back office work (K.S. Muthupandian, 2006).

OBJECTIVE OF THE STUDY

The specific objective of the study is to study the E-governance initiative in Government to Business context taking up the case study of MCA21 project of Ministry of Corporate Affairs. The study is based on secondary information. The data is collected through research papers, national and international journals, reports of Ministry of Corporate Affairs and articles.

ABOUT MCA21 PROJECT

MCA21 is flagship project of Ministry of Corporate Affairs launched with the objective to provide easy, convenient, transparent and secure services to the end user. It endeavors to build a healthy system for business community which help them in fulfilling compliance related statutory requirements.

SALIENT FEATURES OF THE PROJECT:

- Anywhere and anytime e-filing
- Multiple payment options- including electronic payments
- Use of digital signatures in signing e-forms to ensure validity of documents in the court of law
- Stamp duty collection process simplified

- Registration time for new companies reduced from days to hours
- Online access to the public documents filed by the companies over the years
- Verification of the charges of the company from anywhere
- Effective compliance management and transparency
- Promoting efficiency and effectiveness in the working and business processes

ADVANTAGES OF E-GOVERNANCE INITIATIVE

There are numerous advantages that have been achieved through this initiative. All the companies across the country have accepted the system wholeheartedly and have approved the same. The major benefits that have accrued due to this system are **TRANSPARENCY AND EFFICEINCY**. With such an efficient system in place, the Indian business will become more competitive. By the launch of this system, business can be conducted more easily. All the stakeholders has benefited from this system. Not only the users but Government is also able to track the system more efficiently. Now government can easily track the compliance by various companies. The most important benefit is the reduced cost to the companies and easy to use facility and anywhere facility. With the help of this online system anyone can file anywhere 24X7. Not only the clients but the general public has also benefited a lot from this system. Now any person can check the details of any company in which he wish to invest. This system has been proved beneficial almost all the sections of the society. It will help the various stakeholders in various ways:

1. **Business:** Enable to register a company and file statutory documents quickly and easily. The system enables quick disposal of the registration and incorporation processes with the use of self operating e-systems, minimizing physical interface and the use of discretionary statutory powers by registering authorities.
2. **Public:** To get access to relevant records and effective grievances redressal. The system is useful for the general public also. Any person can take the information of any company anytime for any purpose. If any investor wants to know the address of any company and want to access its annual reports then my making a small payment it can access all the documents of any company.

3. **Professionals:** To be able to offer efficient services to their client companies. The professionals like company secretaries and chartered accountants are able to provide better services to their client companies and ensure timely and adequate services.
4. **Financial Institutions:** To easily find charges registration and verification. Financial institutions like banks can always verify the loan taken by companies and the maturity period and can view charges against a company.
5. **Employees:** To ensure proactive and effective compliance of relevant laws and corporate governance. With the launching of this system the employees are able to provide quick services with no errors to the users. The new online system has also reduced the pressure of work which was more in paper based method. This new system has improved the efficiency of the employees as well.

UNIQUE APPROACH UNDER MCA21

New kind of e-forms has been developed specially designed for e-filing under MCA21. For each and every event based filing under MCA21 there is a separate form. E-forms are designed in such a way that some of the static information gets prefilled automatically. For eg CIN i.e Company's Identity Number, when filled in e-form then all the data related to the company's information is pre filled in the form avoiding unnecessary repetition of the data.

- (a) **E-payment-** System of e- payment is also there in order to give convenience to the stakeholders. There are various online e-payment options given to the user's along with traditional payment system.
- (b) **Authorised Banks-** Ministry has also authorized various banks having branches nationwide for accepting MCA payments.
- (c) **Digital Signature Certificate (DSC)-** Digital Signature have been made mandatory to secure the transactions and authenticate the e-forms by authorized signatory.
- (d) **Physical Front Offices (PFO's)-** Ministry had opened various physical front offices / facilitation centres in order to assist the stakeholders in e-filing process.
- (e) **Digitisation-** MCA21 envisages digitizing all the documents of the companies over the period of time. It will include Memorandum of Association, Articles of Association and all other relevant documents of the companies.

- (f) **Stamp duty-** It is proposed that stamp duty will be collected online for all the relevant transactions subject to authorization by the state government.

PROCESS UNDER E-FILING

The process under MCA21 is explained hereunder:

1. REGISTER YOURSELF-

The first step under e-filing is to register as the user on the MCA website. It is an easy step after which the user will get a unique ID and password. Sometimes the user also needs to register DSC on the website.

2. DOWNLOAD E-FORM

E-forms are readily downloaded and are in the PDF format. There is separate form for each transaction. Ministry keeps updating the e-forms from time to time. Also the instruction kits is given for each e-form which helps the user in filling the form easily.

3. COMPLETE THE E-FORM

Next step is to complete the e-form that is downloaded from the MCA's website. E-form can be filled either in online mode or in offline mode. These forms can further be signed digitally by using DSC. Some of the fields will be pre filled automatically as well the e-form will be pre scrutinized automatically to look for the mistakes while filling the e-form. The facility of attachments is also given along with e-forms. After attaching the required documents and filling the e-form, next step is to digitally sign the form.

4. SUBMIT E-FORM

After completing the form, next step is to submit the e-form while being connected to internet. E-form will be submitted on the website of MCA and after the successful upload of the e-form, the system will generate the receipt.

5. MAKE PAYMENT

After submission of the e-form next step is to make the payment. There are various payment options given under MCA website. Payment can be made through both online and offline mode. Fee is calculated automatically. The payment options given are internet banking, credit card and challan. The

challan can be submitted at the authorized branches of the banks throughout India.

COMPARISON OF MANUAL FILING MODE WITH ONLINE FILING MODE

From the above steps under e-filing mode, it is clear that online filing mode is much simpler and transparent as compared to manual mode of filing. MCA21 has had the positive impact on the users in terms of various dimensions. The dimensions are covered hereunder:

- **Number of trips:** Users nearly saved one trip under online mode as compared to manual mode
- **Waiting time:** Waiting time under online mode is reduced to 25 minutes as compared to 75 minutes
- **Corruption:** There had been significant positive impact on the corruption levels which reduced from 20 percent to 5 percent under online mode.
- **Perception of service:** There has been significant improvement in the service delivery perception under online mode as compared to manual mode.
- **Perception of Governance quality:** There has been significant improvement in the quality of governance under online mode.
- **End to end online delivery:** MCA21 is the only project that provides end to end online delivery of services to the stakeholders.
- **No need for physical visit to ROC's:** Stakeholders in remote areas can avoid visiting to ROC office and get access to all the services at their place.

Comparison of Manual mode with Online mode

Sl.No.	Dimensions	Manual	Online
1.	Number of Trips made to avail a service	2.2	1.6
2.	Waiting time to avail a service	75 minutes	29 minutes
3.	Proportion paying bribe	20.1%	1.4% (VFO) 10.8%(PFO)
4.	Overall service quality (score out of 5)	3.6	4.4
5.	Overall governance (score out of 5)	3.3	4.2
6.	Preference for computerized		92%

Source: Impact assessment report, Department of IT, Ministry of Communications and IT, GOI (2008)

Not only there was improvement in the above mentioned dimensions but also in the time taken in the various services offered by Registrar of Companies has significantly reduced which has made the service delivery by Registrar of Companies very efficient.

Comparison of Service Metrics

SERVICE TYPE	Prior to MCA21	After MCA21
Name Approval	7 days	1-2 days
Company Incorporation	15 days	1-3 days
Change of Name	15 days	3 days
Charge/ Modification of Charge	10-15 days	2 days
Certified copy	10 days	2 days

It is seen from the above table that not only in terms of number of trips, waiting time to avail a service, decrease in payment of bribe etc, there is an improvement but also in terms of various service metrics. There is reduction by half of days for almost every service such as name approval, company incorporation, change of name, charge/ modification of charge and certified copy. Hence it shows that there is significant improvement after the launch of MCA21 E-governance project.

CONCLUSION

With Indian governments taking proactive steps on the front of providing seamless services, it is also the imperative of the business community to take proactive measures to be ready to avail the electronic services. Companies should also improve their E-readiness index in order to fully realize the benefits of Information and Communication Technology.

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