

## **New Initiatives of MCA for Corporate Governance**

In order to save trees and environment by cutting down the consumption of costly paper habits, the **Ministry of Corporate Affairs** has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies under the provisions of the Companies Act, 1956. Giving details of the initiatives to the media persons here today Shri Avinash Kumar Shrivastav, Joint Secretary in the Ministry of Corporate Affairs expressed the hope that these initiatives will save the time as well as the environment for a better future. Some of the important initiatives are as under :

### **(i) Allowing service of Documents including Balance Sheets and Auditors report etc through e-mail addresses :**

In order to reduce cost of posting and speedy delivery of documents, service of documents through electronic mode has been permitted under section 53 of the Companies Act, 1956 in place of service of document under certificate of posting.

Similarly, to reduce the consumption of papers and speedy secure delivery, service of copies of Balance Sheets and Auditors Report etc., to the members of the company as required under section 219 of the Companies Act, 1956 has been allowed to be served through electronic mode by capturing their e-mail addresses available with the depositories or by obtaining directly from the shareholders.

**(ii) Participation by Directors and shareholders in meetings through video conferencing :** to provide larger participation and for curbing the cost borne by the Company, Directors, and shareholders to attend various meetings under the provisions of the Companies Act, 1956, participation through video conferencing has been permitted subject to certain compliances.

**(iii) Voting in General Meeting of Companies through electronic mode :** In order to have

secured electronic platform for capturing accurate electronic processes, Central Depository Services (India) Ltd (CDSL) and National Securities Depositories Limited (NSDL) are being given approval by the Ministry of Corporate Affairs to provide their electronic platform for capturing accurate electronic voting in General meetings of the company.

**(iv) Issue of Digital Certificates by Registrar of Companies :** The Registrar of Companies has to issue a number of certificates to the companies and other stakeholders as required under the provisions of the Companies Act, 1956. In order to cut timelines and an another step towards “Green Initiative” it has been decided that all certificates and standard letters issued by the Registrar of Companies will now be issued electronically under the Digital Signatures of the Registrar of Companies.

### **B. Improvements in process in MCA21 to help stakeholders / corporates**

## **1. Introduction of Refund Process**

Earlier there was no process in MCA21 for refund of fees wrongly paid by the stakeholder while availing various services at MCA 21. Now the Ministry has introduced process of refund of statutory fees paid for certain services.

The refund of MCA21 fees is available in the following cases:

a) Multiple Payments; b) Incorrect Payments & c) Excess Payment

Refund process is not applicable for certain services/ eForms like Public Inspection of documents, Request for Certified Copies, Payment for transfer deeds, Stamp duty fee (D series SRN), IEPF Payment, STP Forms, DIN eForm, etc.

The refund form is to be filed within the stipulated time period. Also, there shall be deduction in the amount to be refunded based on time period within which refund eForm is filed. The following is the time slab for filing refund form and the corresponding deduction in refund amount:

<b>Time within which refund application is made</b>	<b>Default value for deduction</b>
0-90 days	2.5%
91-180 days	5%
181- 270 days	7.5%
271-365 days	10%
>365 day	25%

Filing of refund form shall not be allowed after expiry of 1095 days of filing of the original request. For all earlier cases, (i.e. cases filed before introduction of refund process), the time limit shall be considered from the date on which the refund process is introduced i.e. from 01/05/2011.

## **2. Removal of Prioritizing by MCA officers**

Earlier while processing a eforms by the MCA , there was a facility available to officers to mark a work item as urgent to bypass the First in First Out (FIFO) processing. However, in order to bring in more transparency, this functionality has been stopped. The work items will be processed in the order of their filings only.

## **3. Automatic approval for Form 2, Form 3 regarding return of allotment of shares, Form 18 for change of registered office and for 32 for change in directors details to be processed under STP mode (Straight through processing)**

(a) Form 2 and Form 3 have been made as STP (Straight Through Process) form and are not required to be processed by RoC.

(b) Form 18 filed for existing company for change in registered office where there is no change in State or RoC has been made as STP form and is not required to be processed by RoC user.

(c) Similarly Form 32 filed by an existing company for change in directors has also been made as a STP form.

Now the form is process and taken on record without intervention of ROC it will save time for approving the form and immediately available for public inspection.

#### **4. Mandating stamping for the state of Jammu and Kashmir**

With effect from 1<sup>st</sup> May, 2011, facility has been introduced to pay stamp duty fee of eForm 1, AOA, MOA and Form 44 for the state of Jammu and Kashmir mandatorily in electronic manner through MCA21 system. Now 30 States and UTs are covered by estamps leaving only 2 States and 2 UTs (Nagaland, Goa, UTs Daman & Diu and Dadar & Nagar Heveli).

#### **5. Delegation of power to issue section 25 license to a company from RD to RoC.**

Presently, any company seeking approval for issue of license u/s 25, makes an application to regional director in eForm 24A. The application is processed and approval/rejection order is passed by the concerned regional director.

Now the power to issue license under section 25 companies has been delegated to Registrar of Companies by amendment in the relevant notification. In view of this, all applications for issue of license u/s 25 in e Form 24A shall be henceforth processed by the concerned office of Registrar of Companies. It will reduce the time taken in incorporation of section 25 companies (Companies not for profit).

#### **6. Changes w.r.t filing of Form 8, Form 10 and Form 17 for Dormant companies**

The companies which had defaulted in filing their annual returns and balance sheets for a continuous period of three years, have been moved into a separate basket as “Dormant“ companies.

Form 8, 10 (for registration of charges) are not allowed to be filed by a dormant company. However the same have been allowed in case of charge modification in favor of ARC or assignee under SARFASI Act.

Similarly, Form 17 for satisfaction of charges is also allowed to be filed by Dormant Company