



-- Mrs Sheela Bhide and Ms. Renu Budhiraja***

Raining in Coimbatore during October? Rather unusual. So was the event that took place in the Stock Exchange Building on October 21, 2003 amid heavy downpour there. The sprawling portico of the building was geared for a special event - the formal public announcement of the DCA21 Programme, a major Modernization and Computerization initiative by Department of Company Affairs (DCA).

It may seem strange as to why Government should go to such great lengths, just to announce a programme, well ahead of its countrywide implementation. The reason was simple. The DCA wanted to bring about a paradigm shift by taking the services to the doorstep of six lakh companies, rather than asking them to come to the Department for availing the services -- enabled primarily through the 'electronic Filing' (eFiling) mechanism. And by organizing such an event, DCA demonstrated Government's keenness to share the programme objectives with all key stakeholders earlier than scheduled, and partner with them for a successful transformation.

eFiling is a Government initiative that focuses on citizen convenience while delivering services with speed and certainty besides fostering partnering approach between various stakeholders by giving them the biggest asset -- information at the press of a button.

a healthy business eco-system and make India globally competitive. It may be looked at as one of the early eGovernance building blocks capable of providing sustainable ethos to Government's several Hi-tech initiatives.

The Programme

The DCA21 programme is a unique initiative in that the Service Oriented Approach of the Government is the principal driving factor in producing the transformation using the right technology enablers. It is hence the convenience in the delivery of services to the citizen that has been the main thrust. The programme is also designed to establish

Beneficiaries

The DCA21 programme will provide citizens easy and secure access to DCA services, any time and from any place and in a manner that best suits the citizen. The focus of the programme is on bringing about a fine balance of the stakeholder requirements - between facili-

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tation and control - as a blend of well-defined goals and performance metrics. **Adopting International Best Practices, the goals have been set to bring immense value to the stakeholders and have been succinctly articulated as under:**

1. **Business:** enabled to register a company and file statutory documents quickly and easily
2. **Public:** to get easy access to relevant records and get their grievances redressed effectively
3. **Professionals:** to be able to offer efficient services to their client companies
4. **Financial Institutions:** to find registration and verification of charges easy
5. **DCA:** to ensure proactive and effective compliance of relevant laws and Corporate Governance
6. **Employees:** enabled to deliver best of breed services

eFiling

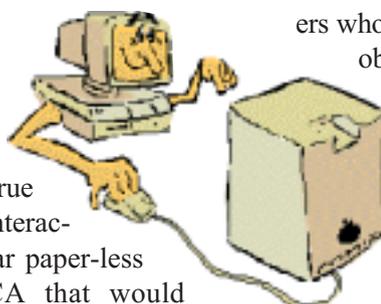
eFiling or Electronic Filing is a key feature of the DCA21 system. The major benefits that accrue due to eFiling are the ease of interaction with all citizens and a near paper-less back-office operation at DCA that would improve the level of service drastically. Of course a small amount of paper will still need to be maintained, but the bulk of the operations is bound to be paperless. While it shortens the cycle time for DCA service delivery, it also provides transparency to the operations.

There has been significant amount of thinking, study and discussion that has gone into the formulation of the eFiling process. But before we discuss the enabling aspects of eFiling, let us examine how the process itself will work.

The Front Office

This is the conceptual foundation that enables eFiling. The Front Office can either be 'virtual' signifying the DCA Portal or Website that serves as an interaction point to the citizen, or, a 'physical' front office that will be well equipped to provide facilitation services.

The reason for providing the choice of a virtual or a physical front office stems from the digital divide. It is duly recognized that there would be companies at one end of the spectrum with state of the art computing



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infrastructure and connectivity, while there could be others who would need facilitation for eFiling; it is DCA's objective to ensure that service is provided uniformly with citizen-centric approach.

The front office is more of a concept that can be allowed to evolve and manifest itself in several different ways depending on what is considered most convenient by the user community. People without the necessary computing infrastructure could choose to carry out this transaction from an Internet café while most others would still choose to use the services of the professionals.

Citizens will thus have the choice to do electronic filing either directly at the portal or through an intermediate facilitation. This would eliminate the arduous task of the citizen physically going to DCA offices to complete a transaction. More importantly, the transaction can be carried out from any location as physical boundaries have been eliminated. For instance, a form that needs to be submitted to RoC Delhi can be submitted from Hyderabad or any other major town also.

eFiling involves the following steps

- Downloading the eForm
- Filling-up the eForm
- Carrying out electronic pre-scrutiny
- Digitally signing the form
- Submission of the form
- Making necessary payments

Since the documents submitted to DCA will need to be compliant with the Evidence Act, signing documents using Digital Certificates has been established. Signing DCA documents digitally is compliant to the IT Act 2000, which is recognized by the Evidence Act.

The details of the above steps are explained hereunder:



eForms

This is the electronic equivalent of the paper form. The existing forms of DCA have been analyzed and simplified for this purpose. The result is a set of easy-to-use forms that have been optimized and digitized for electronic use. These can be downloaded free of cost from the DCA website.

Form filling

Form filling has been simplified and information that is already available with DCA need not be filled-in. Consequently many of the columns in the form, such as address of the registered office (which needs to be filled-in for statutory reasons) need not be filled in by the applicant; instead the system will fill in these columns.

Lot of attention has been paid to the simplification of key operational RoC forms as part of the Process re-engineering exercise that was carried out by a team of experts. Form filling will be done using freely downloadable software and it can be done offline i.e. one need not remain connected to the Internet while filling-in the form. Such an approach ideally suits use of home and small office Internet connections.

It will also be possible to make attachment of any supporting documents to the main form - such docu-

ments if not available in electronic form, but available in paper form, can be scanned and attached.

The instructional packages for downloading, filling-up and submission of forms will all be available on the website.

Electronic pre-scrutiny

This step is very similar to the scrutiny of the forms and associated documents, but these will be done electronically and there will be an instantaneous response to the applicant. Any errors and/or deficiencies will be highlighted and brought to the attention of the applicant, so that the same can be rectified.



Also, at the same time, the system will provide as much data to the forms as possible from the data that is maintained by the DCA back office. To illustrate the benefit of this step, let us take Annual Return (AR) as an example. In this case the form corresponding to AR is pre-filled with information with regard to the directors and shareholding pattern as per the latest details available with DCA. The applicant can make further modifications to this before submission of the form.

Digital Signature

Since the documents submitted to DCA will need to be compliant with the Evidence Act, signing documents using Digital Certificates has been established. Signing DCA documents digitally is compliant to the IT Act 2000, which is recognized by the Evidence Act.

Signatories will need to procure digital signatures from authorized vendors and use the same to sign the documents digitally. Digital signatures will be issued as per the DCA guidelines. Signing digitally is a very simple process and does not need one to be a computer savvy. It is, however, important to understand that the passwords and secret codes associated with the digital signature must not be shared or divulged to any one else, because these are as good as physical signatures.

If a digitally signed eForm is modified subsequent to the signature, then the digital signature will be



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invalidated. In such cases where the changes are made by the applicant or authorized representatives, the forms will need to be pre-scrutinized and digitally signed once again. The basic principle is that if any changes are made to forms post the affixation of digital signatures the integrity of the signatures will be lost - and this is an intrinsic feature of the Digital Signature Technology, which provides these basic safeguards.

Submission of eForms



The forms that are pre-scrutinized and digitally signed by the authorized signatories can be submitted to DCA

via their website.

Payments related to the forms can be either made using a credit card online or a pre-filled challan can be generated from the system. Payments can also be made at a Bank counter using traditional forms of payment.

To provide ethos to the rapid eFiling process, secure payment by means of credit card and other similar electronic mechanisms have been enabled using payment gateway facilities of Banks. In addition to Punjab National Bank that is currently involved for collecting payments, DCA has authorized several new banks and their branches nationwide to collect payments on behalf of DCA.

It will not be necessary for the citizen to go back to DCA after making the payment at the Bank, as long as the same is done within the stipulated time frame. The concerned Bank will intimate DCA regarding the collection of money from the applicant, based on which the documents will be accepted by DCA.

Transaction identification numbers are generated

at the time of submission and can be used for tracking any discrepancies.



Enhancing Usability

In order to make the system usable, one of the most important things undertaken as part of this project is the digitization of legacy documents. All permanent and subsisting charge documents that are maintained at all RoC offices will be digitized and made available for access over the Internet. This will facilitate citizens to view public documents and also request certified copies online. In addition to the old documents, all new documents that have been filed as eForms will be available for public view.

Digitization is a Herculean task, as a few crores of sheets of paper will need to be converted for electronic access.

Role of the Company Secretary



The eFiling process has been worked out very meticulously to ensure that the process is smooth. This has been tested out through a 'proof of concept' that was put together using commercially available tools and technologies to prove

viability of the concept. Some key transactions such as charge registration and filing of annual statutory documents were demonstrated to the public at Coimbatore.

Government recognizes the challenges involved in moving from a traditional paper-based system to a paperless solution, and so has taken all necessary steps to make this change easy for all the stakeholders.

To summarize, eFiling is a Government initiative that focuses on citizen convenience while delivering services with speed and certainty; and fosters partnering approach between various stakeholders by giving them the biggest asset viz. information at the press of a button.



Digital certificate and PKI

As eFiling could involve sensitive documents being sent on Internet, few aspects need to be addressed effectively. These are:

a. Authentication - To ensure someone who says it is "so and so" is really that person.

b. Confidentiality- Only the "sender" and "receiver" can understand the information and it is kept confidential otherwise.

c. Integrity- No part of the message can be tampered enroute without all the parties being involved in the transaction being aware.

d. Non-repudiation- Neither the "sender" nor the "receiver" can deny having "sent" or "received" the information.

e. Access control- Only the person whom it is meant for can access the protected information.

PKI really provides the necessary framework for addressing these to implement the security properties described, especially, through use of Digital Certificates. The PKI benefits are made possible through Public key cryptography, which primarily focuses on "encryption" and "decryption" of digital data. The idea of encryption is to make it totally unintelligible for the non-intended. The only way to produce the intelligible data is to perform the reverse process i.e. "decrypt". This protected two-way process employs Public and Private

keys. The Public and Private key pair comprises two uniquely related cryptographic keys (basically long random numbers). The Public Key will be available to everyone through a public repository - just as in the case of telephone directory.

Digital Certificates are issued by Certification Authorities. Just as in the case of issue of driving licenses or passports, the Certification Authorities fulfil the role of the Trusted Third Party, who will verify the identity of the Certificate applicant.

The Private Key, however, must be kept confidential to the owner and protected from public access. The key pair is mathematically related. Hence whatever is encrypted with a Public Key can only be decrypted by its corresponding Private Key and vice versa. It is thus clear that Public Key Cryptography can achieve Confidentiality.

Public Key Cryptography has

the ability to create Digital Signature. Digital Signatures applies the same functionality to an e-mail message or data file that a manual signature provides for a paper-based document. The Digital Signature vouches for the origin and integrity of a message, document or other data file. Digital Certificate is a digital file used to cryptographically bind an entity's Public Key to specific attributes relating to its identity.

Digital Certificates are issued by Certification Authorities. Just as in the case of issue of driving licenses or passports, the Certification Authorities fulfil the role of the Trusted Third Party, who will verify the identity of the Certificate applicant. Currently, in India, there are a few organizations such as NIC (operates in G2G space), IDRBT, TCS, Safescrypt, which, as authorized Certification Authorities issue digital signatures. DCA, while ensuring the implementation of uniform issuance process by such Authorities, wants to create a competitive market environment and hence has taken specific steps to make the Certification Authorities aware of the opportunities. ■

Invitation for contributing articles

Braving the effects of globalisation, fast changing economic dimensions and a few gray areas in banking scene, the Indian Finance world has had somewhat tumultuous times recently. To put all the finance related issues in a professional perspective, we have decided '**FINANCE**' as the theme of our October 2004 issue of *The Chartered Accountant*. Experts in the field are invited to contribute articles, broadly on following lines: (1) Finance (No. 2) Bill, 2004 and its impact (2) Kelkar Committee Report (3) Basel-II: Issues and challenges (3) Regulators' initiatives (4) Acts governing the financial world (5) Issue of FDI in equity (6) Y H Malegam Committee report

The theme for the November issue has been decided to be '**RISK MANAGEMENT**' and the articles on the same should be sent latest by October 15, 2004.

The articles, not exceeding 3,500 words each, should reach us by 17th of September, 2004 along with passport size photographs, e-mail and postal addresses and contact numbers of the authors. The articles can be sent to us by e-mail at ebsecretariat@icai.org and nadeem@icai.org or by post (two manuscripts along with a soft copy) to:

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