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E-Governance: A Move towards Better Governance

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Abstract:

The advent of information technology has revolutionized the way the organizations maintain and value their information assets. e-Governance is the latest buzzword where government is trying to transform from being a passive information and service provider to active citizen involvement. According to A.P.J. Abdul Kalam (2003) e-governance is the transparent, smart, seamless access, secure and authentic flow of information crossing the inter-departmental barriers and providing a fair and unbiased service to the citizen. e-Governance is becoming a necessary tool to enhance corporate governance and to ensure greater transparency and efficiency. This paper seeks to discuss the origin and development of e-governance in India and highlights the provisions relating to e-governance as laid down in the new Companies Act, 2013.

Key words: e- Governance, MCA21, Green Initiatives, Companies Act 2013, Transparency, Efficiency

1. Introduction

Development of Information and Communications Technology (ICT) has provided means for faster and better communication, efficient processing, storage and retrieval of data and transfer of information to its users and its utilization by them, be they individuals, groups, businesses, organizations or governments. Now with growing computerization and increasing internet connectivity more and more users are motivated to modify their ways of doing several things so that they can leverage the advantages of using ICT. Moreover when the combination of computerization and internet connectivity/web-enablement is used in any association it creates a synergetic effect and provides the benefit of faster and better processing of information which leads to speedier and qualitatively better decision making, greater reach and accountability, better utilization of resources and as a result overall good governance. It also provides citizens, enhanced access to Information about Govt. agencies, efficient delivery of services and transparent interactions with the Government.

In today's scenario the whole paradigm of governance has changed as citizens are more aware about their rights and they expect the Government to perform and deliver in a transparent and efficient way. This has necessitated the use of ICT in any agenda drawn towards achieving good governance and e-governance was considered as an important move towards good governance.

e-Governance or 'electronic governance' is basically the application of Information and Communications Technology to the processes of Government functioning in order to bring about 'Simple, Moral, Accountable, Responsive and Transparent' (SMART) governance.¹ This definition says that e-governance involves the use of Information and Communication Technology by government agencies for the purpose of exchange of information with various stakeholders, speedy and efficient delivery of public services, reduction of costs and improving internal efficiency.

Although the term 'e-governance' has gained popularity in recent years, there is no standard definition of this term. Different governments and organizations have defined this term to suit their own aims and objectives. Sometimes, the term 'e-government' is also used instead of 'e-governance'. According to the World Bank e- Government is the use of information technologies in improving the interactions between citizens and government, reduction of costs and generation of revenue with transparency. As per the definition of e- governance given by UNESCO, it is the use of electronic medium in the management of the country's affairs along with articulation of citizens' interests leading to greater transparency and efficiency. The Council of Europe explained e- governance as the use of electronic technologies with a view to encourage better interaction between citizens and government, improved democracy and to provide public services. The US E-government Act of 2002 also defined e- government in more or less the same way.

In total we can say that e-governance is generally considered as the use of Information and Communication Technology at various levels of the Government the purpose of which is to provide services to citizens, interactions with businesses and communication between different departments/agencies of the Government in a speedy, efficient, convenient and transparent manner.

¹ paragraph 83, Report of the Working Group on Convergence and E-Governance for The Tenth Five Year Plan (2002-2007), Planning Commission, November, 2001

It is clear that e-governance is intrinsically linked with the development of computer technology, networking and communication systems, but, in a developing country like ours such technology and systems are not available without a perceptible time lag. However the things have been changed since the liberalization of the Economy.

In India e- governance developed through four phases namely computerization, Networking, online presence and online interactivity. e-Governance facilitates interactions and provisions of services among different stakeholders under three types of interactions which are Govt. to Govt., Govt. to Citizens and Govt. to Business Interactions.

2. MCA-21

In the ensuing years with increased computerization, teleconnectivity and internet connectivity Govt. of India took various e-governance initiatives both at the Union and State levels. Union Ministry of Information Technology was created in 1999. By 2000, Govt. of India had identified a 12 point minimum agenda for e-governance for implementation in all Union Government Ministries / Departments. Tax administration departments were among the first to use Information and Communication Technology (ICT) to improve their internal working. ICT helped these departments to have better reporting systems, preventing leakages and faster processing of returns. However in the earlier years the focus was on introduction of e-governance initiatives the scenario is changed in recent years to adopt a more tough minded approach. By keeping in mind the changed scenario, in 2006 Government of India launched its National e-governance Plan formally. Even prior to this some departments of Government of India and State Government has taken steps to adopt e-governance. These initiatives can be categorized into three types namely Government to Citizen (G2C) initiatives, Government to Business (G2B) initiatives and Government (G2G) initiatives.

Government has taken a large no. of e-governance projects under Government to Citizen initiatives like Bhoomi Project in Karnataka for online delivery of land records, Gyandoot in Madhya Pradesh to provide relevant information to rural population and act as an interface between district administration and the people. Other projects include Lokvani in Uttar Pradesh, FRIENDS in Kerala and e-Seva in Andhra Pradesh.

Second category of e-initiatives i.e. Government to Business initiatives includes all activities of government which impinge upon businesses. The main aim of bringing these activities under e-governance is to provide a congenial legal environment, reduce corruption, expedite processes and provide necessary information to businesses. E- procurement project in Andhra Pradesh and Gujarat were initiated by the Govt. under G2B initiatives in 2003 and 2007 respectively.

In September 2006 Ministry of Corporate Affairs implemented MCA21 project. This project aimed at providing easy and secure online access to all services related to registry provided by Union Ministry of Corporate Affairs to various stakeholders including the corporate, professionals, public, financial institutions and banks, Government and the MCA employees at any time and in a suitable manner. This project repositioned the Ministry as a dynamic and modern organization, capable of fulfilling the aspirations of stakeholders in the 21st century. This MCA21 project enables businesses to register their names and file statutory documents quickly and easily. This project gives public an easy access to relevant records and effective redressal of grievances. It also provides various benefits/ services in a quick and efficient manner to professionals, financial institutions and employees and thus ensures proactive and effective compliance of relevant laws and corporate governance. This MCA21 project facilitated automating of various processes related to proactive enforcement and compliance of the legal requirements under the Companies Act 1956. It is designed to provide Govt. to Citizen, Govt. to Business and Govt. to Govt. services electronically and in an efficient way. Government has taken Govt. to Govt. initiatives also like Khajane Project in Karnataka which is comprehensive online treasury computerization project of the Govt. of Karnataka. These types of G2G initiatives help in making the internal government processes more efficient. Important lesson learnt from these independent initiatives undertaken at various levels is that the political support is a must for successful implementation of e-governance initiatives and these types of projects bear fruit only when application of IT is preceded by process re-engineering.

3. Green Initiatives

Ministry of Corporate Affairs, Government of India through its circulars has taken green initiatives in the corporate governance. These initiatives were taken by allowing paperless compliances by the companies after considering Section 2, 4, 5 and 81 of the IT Act 2000. This was done for legal validity of Companies under Companies Act through electronic mode. To initiate these changes, Company has to obtain e-mail addresses of its members by giving them an advance opportunity to register their e-mail addresses. However in cases where any member has not registered with the company, other mode can be used by the company to comply with the Companies Act 1956. MCA has covered provision of various services through electronic mode under these green initiatives like sending of notices/documents to its members through e-mail, sending copies of balance sheets, auditor's reports etc to the members of the company through electronic mode and also display of full text of these documents on company's website. Although Section 192 A of the Companies Act already recognized voting by electronic mode for postal ballot as per Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and even some of the listed companies have already started using electronic platform of certain agencies for providing and supervising the electronic platform for e-voting, to facilitate the electronic voting and to have a secured platform for capturing accurate e-voting processes Ministry of Corporate Affairs duly approved agencies like NSDL and CDSL for providing and supervising electronic platform for e- voting under circular no. 21/2011. MCA also clarified through its circular no. 28/2011 that the directors and shareholders may participate in their respective meetings through video conferencing or electronic mode. MCA has also taken another step towards green initiative by bringing the circular that all certificates and standard letters issued by the ROC would be issued electronically under digital signature of ROC.

4. Companies (Amendment) Act 2006

Companies (Amendment) Act 2006 was enacted by amending the Companies Act 1956, in 2006 to give legal validity to MCA21 Project of Govt. of India. This amendment has provided a suitable framework for successful implementation of e-governance initiatives under MCA21 Project by inserting new provisions in the Companies Act 1956. Concepts like Director Identification Number (DIN) and Online registration and electronic filing of the company's statements and documents were introduced by inserting sections 266 A - 266 G and 610 B – 610 E respectively.

5. Provisions in New Companies Act

In order to protect the interest of shareholders and other stakeholders in a transparent manner and facilitate easy and timely availability of information to the stakeholders which is very important for taking informed decisions, various provisions related to e-governance measures have been included in Companies Act 2013.

Clause 108 prescribed the class or classes of companies and manner in which a member may exercise his/her right to vote by electronic means. Clause 120 prescribed the maintenance and inspection of documents in electronic form. Option of keeping of books of accounts in electronic form and uploading of financial statements on company's website and conducting of board meetings through video conferencing or any other electronic means are some other measures included in the new Companies Act to facilitate e-governance.

6. Impact of e-Governance

Use of ICT in governance improves transparency in data, decisions/actions, rules, procedures and performance of Govt. agencies. It automates the processes to take away discretion. e-governance projects like MCA21 project has successfully replaced paper based registry system to a virtual registrar office. With the help of this and similar projects all information which is being filed is just a few clicks away for the use of its stakeholders. Introduction to e-governance provides many benefits like it reduces direct public interaction and corruption significantly.

e-Governance builds accountability and helps in providing documentation to citizens for follow up. Standardized documentation of comments/ objections leads to effective supervision through comparative indicators. Use of e-governance also helps in centralizing and integrating data for better audit and analysis. It makes our businesses more globally competitive by overcoming the constraints of time and space imposed by the traditional manually operated systems. In total we can emphasize that e-governance provides benefits of speed, cost reduction, transparency and accountability to its users. But the success of any e-governance project is dependent on active participation and support of its users. The implementation of e-governance does have certain constraints. Literacy and ability of the users affects the success of any e-governance project like users who do not know how to read and write would need assistance. Studies have shown that, factors such as the access to Internet technology and usability of services and the ability to access to computers also reduce the usability of government online. Although the level of confidence in the security offered by government websites is high, security is still a major concern among its users. So, like any other concept, e-governance also is not free from drawbacks. One of the most important benefits of e-Governance is to provide corruption free administrative services to stakeholders of a company in specific and to the citizens of a country in general. To ensure the efficacy of its governance, the Government must generate an auto-response system to support the essence of e-governance i.e. to serve the target users easily and quickly. In global village where the companies procure resources from different countries and is thus dependent upon different stakeholders inside and outside the country, ensuring good corporate governance is a pre-requisite. e-Governance plays a vital role in corporate governance leading to greater transparency and efficiency.

7. Conclusion

Technology offers a number of possibilities in terms of providing “anytime – anywhere” transparent and accessible services. e-Governance simplifies the way government functions and delivers services to its citizens.

e- Governance projects and green initiatives taken by the government were major steps in the direction of governance reforms. New Companies Act 2013 also recognized the importance of green governance by introducing provisions related to e-governance in it, which aim to revolutionise the way India Inc interfaces with its stakeholders. Failure to comply with good governance practices calls for regulatory problems and government interventions. Governance with the help of information technology is critical to foster good governance practices and to compliance with industry standards.

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