

E-adjudication of Company Law breaches

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In news: The Ministry of corporate affairs will begin the e-adjudication of Company law breaches

Key updates

- The central Ministry will begin adjudication of company law violations, compoundable in nature, entirely in the virtual mode by the Registrars of Companies and Regional Directors (RDs) starting October.
- The current move is part of scaling up services offered through the ministry's MCA21 platform, being maintained by L&T Infotech Ltd., to cover a host of new activities including consultation, scrutiny and compliance management electronically
- As per the ministry, the idea is to help de-clog the National Company Law Tribunal (NCLT) benches and improve ease of doing business.
- The Ministry of corporate affairs, in its statement said that the new version of the portal—MCA21—is designed to strengthen enforcement, improve user experience and help in seamless exchange of data among various regulators. Electronic adjudication entails online hearing of stakeholders.
- The ministry's statement said the new version of the portal will use artificial intelligence and machine learning and is designed to "transform the corporate regulatory environment in India."
- The ministry will set up an e-scrutiny cell that will go through regulatory filings and flag entities that warrant a deeper look.

Significance of the move

- The e-adjudication facility is set to lower the compliance burden of businesses as the government has already decriminalized several procedural lapses and breaches of technical nature for which the adjudicating authority is the designated government official
- Since these lapses are of technical nature and no criminal intent is involved, they need not go to company law tribunals
- The scaling up of technology use in company law related regulatory oversight is in line with the trend already seen in the Income Tax Department and in central and state Goods and Services Tax (GST) authorities which extensively rely on data analytics to identify tax evaders with precision.
- This helps in making life easier for the bulk of businesses and to take targeted action against those who get red flagged in the portal for mismatches and violations.
- The system will also aid in issuing notices electronically to defaulters and to run compliance enforcement drives.

MCA21 platform

- MCA 21 is an ambitious e-Governance project of the Ministry of Corporate Affairs, Government of India
- The core objective of this project is to transform the Ministry's mode of working from traditional paper to paperless format.
- The MCA 21 is also the first portal under the Government to use the Digital Identity of the Users.
- This project is the first successful Mission Mode Project under the National e-Governance Plan and has received the Prime Minister's Award for Excellence in Public Administration.
- It is one of the 27 Mission Mode Projects of the National e-Governance Plan.

- The portal is the key platform for companies to submit the required documents and filings. Besides, it provides public access to corporate information.
- The project has been implemented by Tata Consultancy Services under a Build Own Operate and Transfer (BOOT) model, with project monitoring done by external reviewers/auditors.
- The second phase of the project is being implemented by Infosys for the period January 2013 – July 2021.
- The new MCA21 portal, allows electronic filings of various documents under the Companies Act.