Investor Education and Protection Fund (IEPF) has been established under Section 205C of the Companies Act, 1956 by way Companies (Amendment) Act, 1999 for promotion of investors' awareness and protection of the interests of investors.

**Acts, Rules &** GuidelinesThe IEPF is administered under the provisions of Section 205C of Companies Act , the Rules framed there under and the guidelines issued by the Committee and the Sub- Committee. For more details click the relevant links below.
Section 205C of the Companies Act, 1956 provides for establishment of Investor Education and Protection Fund which was introduced by way of Companies (Amendment) Act, 1999 w.e.f. 31.10.1998.

**Act**The Fund is administered as per the provisions of Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001 notified on 01.10.2001.For more details, please click at the links below

**Rules**In addition the Committee/Sub-Committee on IEPF has formulated certain guidelines for the various activities under IEPF.

**Submission of Research Proposals****Guidelines for submission of Research Proposals**

1. 2000 word outline of the research program that is being proposed including rationale of why the same fits the goal of Investor Education and Protection Fund.
2. Resume of all the Researchers involved giving the full details along with their background.
3. Three best recent published/unpublished papers of the researchers.
4. Letters of commitment by researchers promising that they will put atleast 50% of their time for the proposed project from a stated starting date and a stated ending date.
5. Two specific paper proposals of 1000 words each, out of the larger research program.
6. The guidelines of the NSE Research Initiative for writing paper proposals should be rigidly used (see NSE web site).

**Funding NGOS To fight Class Action Suits****Guidelines for funding NGOs to fight "class-action suits"**

1. Organisation should be registered by the Department of Company Affairs under the IEPF.
2. Whenever funding will be required under IEPF to fight a "class-action suit" prior approval of the Department of Company Affairs/IEPF will be required to be obtained.
3. No request for funding will be entertained in a case where any of the Government Departments or other regulatory bodies are made respondents;

4. Legal expenses will be reimbursed (not given in advance) only in cases where the judgment is in favour of the investors;
5. Expenditure on fee to advocates shall be regulated as per provisions of Delegation of Financial Powers Rules, 1978;
6. The total quantum of assistance will be on expenditure incurred on fee of advocates, official documents and other related expenses and not on creation of assets like furniture, computers etc.;
7. The quantum of assistance will not exceed 5% of the budget of IEPF that year, out of which 20% of the expenses will be borne by the voluntary organization;
8. No frivolous cases shall be launched to gain popularity and publicity;
9. Amount given shall be subject to audit by the Department of Company Affairs or any other Government agency;

**Financial Assistance from the IEPF** **Criteria/guidelines for the purpose of financial assistance from the Investor Education and Protection Fund**

i. Any organisation/entity who has a viable project proposal on investors education and protection should be eligible for assistance from the Fund.
ii. The limit for each person/organisation for assistance from the Fund should be subject to 5% of the budget of IEPF during that financial year and not exceeding 80% of the amount to be spent on the proposed programme/activity.
iii. The associations or institutions or organisations already engaged in activities relating to investor awareness, education and protection and proposing to take up investors programmes, organising seminars, symposia etc. shall undertake projects for investor protection including research activities.
iv. The associations or institutions or organisations shall be registered under the Societies Registration Act or formed as Trusts or incorporated companies.
v. Associations or institutions or organisations, shall unless specific exemption has been made in this regard by the Committee on IEPF, be in existence for a minimum period of 2 years prior to its date of application for registration.
vi. Associations or institutions or organisations shall have a minimum of 20 Members and a proven record of 2 years.
vii. The association or institution or organisation shall have rules, regulations and or by-laws for the governance and management of the association or institution or organisation. These rules, regulations and or by-laws shall be in conformity with the conditions of registration. The association or institution or organisation shall be managed by a governing Board/management committee.
viii. No profit making association or institution or organisation shall be eligible for registration for the purposes of financial assistance from the fund.
ix. Notwithstanding the above the Committee on IEPF can give a project to any organisation.

x. The amount of grant assistance given from the Fund shall be subject to an audit by the Department of Company Affairs to ensure its proper utilization.

xi. While considering the proposals the Committee will take into account the audited accounts and the annual reports of the last three years of the organisation seeking assistance from the Fund.

**Committee**There is a Committee (Commonly referred to as Main Committee or Apex Committee) to administer the IEPF. The Committee can appoint Sub - Committee to facilitate efficient and speedy discharge of its functions. To know more about the Main Committee or Sub- Committee click on the relevant links below.

**Main Committee****Brief of Main Committee**

Pursuant to Section 205C(4) read with Rule 7 of the IEPF Rules 2001, the Central Government has constituted a Committee vide SO No. 125(E) dated 28-1-2004. Secretary, Department of Company Affairs is Chairman of the Committee. The members are representatives of Reserve Bank of India, Securities Exchange Board of India, and experts from the field of investors' education and protection. The non-official members of the Committee hold office for a period of two years. The official members hold office for a period of two years or until they occupy their position whichever is earlier. The term of the present Committee is two years with effect from 28th January, 2004.

Previous Committees (SO 1280 (E), dated 28th December, 2001 )

Present Committee Notification -S.O. 125 (E) Dated 28th January,2004

**Functions of the Main Committee**

The Committee shall recommend the following activities relating to investors' education, awareness and protection:

a. Education Programmes through Media;
b. Organizing Seminars and Symposia;
c. Proposals for registration of Voluntary Associations or Institution or other Organizations engaged in Investor Education and Protection activities;
d. Proposals for projects for Investors' Education and Protection including research activities and proposals for financing such projects;
e. Coordinating with institutions engaged in Investor Education, awareness and protection activities;

The Committee may also be entrusted with such other functions for carrying out the objects for which the Fund has been established.

f. The Committee may appoint one or more Sub-Committees whenever it considers necessary to facilitate efficient and speedy discharge of its functions.

i. Sub-Committee shall be constituted from amongst the members.

ii. The Chairperson of the Committee may nominate any one of the members of the Sub-Committee as its convenor and where no such nomination has been made, the members of the Sub-Committee elect a convenor amongst themselves.

iii. The Committee may have Sub-Committee to examine the end use of grants and assistance and recommend release of funds.

**Functions of Committee**

The Committee shall recommend the following activities relating to investors' education, awareness and protection:

a. Education Programmes through Media;
b. Organizing Seminars and Symposia;
c. Proposals for registration of Voluntary Associations or Institution or other Organizations engaged in Investor Education and Protection activities;
d. Proposals for projects for Investors' Education and Protection including research activities and proposals for financing such projects;
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iii. The Committee may have Sub-Committee to examine the end use of grants and assistance and recommend release of funds.

| Main Committee Members | | |
|---|---|---|
| 1 | Shri Anurag Goel, Secretary, Ministry of Company Affairs | Chairman |
| 2 | Additional Secretary &Financial Adviser Ministry of Company Affairs | Member |
| 3 | Dr. Nitish Sengupta | Member |
| 4 | Shri R.K. Pandey | Member |
| 5 | Shri S.R. Bansal | Member |

| | | |
|---|---|---|
| 6 | Executive Director, RBI | Member |
| 7 | Shri Dilip Cherian | Member |
| 8 | Shri Chinubhai R. Shah | Member |
| 9 | Executive Director, SEBI | Member |
| 10 | Shri Mohan Guruswamy | Member |
| 11 | Shri B.D. Narang | Member |
| 12 | Shri Y.S. Malik, Jt. Secretary, Ministry of Company Affairs | Convener |

**Shri S Balasubramanian**, Chairman, Company Law Board - Special Invitee

**Shri Y.S. Malik, Joint Secretary**, Department of Company Affairs - Convenor

**Sub Committee****Brief of Sub-Committee**
Rule 7(f) of the Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001 provides that the Committee may appoint one or more sub-committees amongst its members whenever it considers necessary to facilitate efficient and speedy discharge of its functions. The Chairperson the Committee may nominate any one of the members of the Sub-Committee as its convenor and where no such nomination has been made, the members of the sub-committee elect a convenor amongst themselves. The Committee may have Sub-Committee to examine the end use of grants and assistance and recommend release of funds.

**Constitution of the Sub-Committee on IEPF**

**A sub-committee consisting of the following members has been reconstituted:**

| | | |
|---|---|---|
| 1 | Additional Secy. & Financial Advisor/MCA | Chairman |
| 2 | Shri Dilip Cherian | Member |
| 3 | Shri R.K. Pandey | Member |
| 4 | Shri S.R. Bansal | Member |
| 5 | Shri Y.S. Malik, Joint Secretary/MCA | Convenor |

**Credits to IEPF**Section 205C (2) of the Companies Act, 1956 specifies the amounts that shall be credited to Investor Education and Protection Fund in the prescribed manner. For more details please click on the following links.Amount to be Credited to IEPF

The following amounts that remained unpaid and unclaimed for a period of seven years from the date they became due for payment is credited to the fund:

| | |
|---|---|
| 1 | Amounts in the unpaid dividend accounts of the companies |
| 2 | the application moneys received by companies for allotment of any securities and due for refund |
| 3 | matured deposits with companies |
| 4 | matured debentures with companies |
| 5 | the interest accrued on the amounts referred to in clauses (i) to (iv |
| 6 | grants and donations given to the fund by the Central Government, State Governments, companies or any other institutions for the purposes of the fund; and |
| 7 | the interest or other income received out of the investments made from the fund |

### Procedure for Crediting

i. Any amount required to be credited by the companies to the Fund, as provided in the Act shall be remitted into the concerned specified branches of Punjab National Bank, within a period of thirty days of such amounts becoming due to be credited to the Fund.

ii.

a. The amount shall be tendered by the companies on behalf of the Central Government in authorized branches of Punjab National Bank along with Challan (in triplicate) and the Bank will return two copies duly stamped to the Company as token of having received the amount.

b. Every Company shall file with the concerned Registrar of Companies one copy of the Challan referred to in (a) evidencing deposit of the amount to the Fund. The Company shall fill in the full description and nature of the amount tendered and its Head of Account.

c. Every Company shall, when effecting a credit to the account of the Fund, will separately furnish to the concerned Registrar of Companies a statement in Form 1 duly certified by a Chartered Accountant or a Company Secretary or a Cost Accountant practicing in India or by the statutory auditors of the company. However , it is mandatory that each Company keep a record relating to folio number, Certificate Number etc. in respect of persons to whom the amount of unpaid or unclaimed dividend, application money, matured deposit or debentures, interest accrued or was payable, for a period of three years and the Committee or Sub-Committee shall have powers to inspect such records of that period.

**Manner of Accounting:** All amounts received shall be accounted for under the following Heads of account, which shall thereafter be transferred to the Fund.MAJOR HEAD 0075 - Miscellaneous General Services.

Minor Head 104 - Unclaimed and unpaid dividends, deposits and debentures etc. of Investors in Companies:

a. Unpaid dividend.
b. Unpaid application money received by Companies for allotment of securities and due for refund
c. Unpaid Matured Deposit.
d. Unpaid Matured Debentures.
e. Interest accrued on (a) to (d)

- Interest on unpaid dividend
- Interest on unpaid application money received by Companies for allotment of securities and due for refund.
- Interest on unpaid matured deposits.
- Interest on unpaid matured debentures.

Note: (a) to (d) shall be sub-heads, (e)(i) to (iv) shall be detailed heads.

**Current Credit** As per the figures furnished by the ROCs the amount of Rs. 241,59,51,347.45 is credited to the Fund at the end of the financial year 2003-2004. The entire amount is maintained in the Consolidated Fund of India.Forms for Crediting

**Activities** Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001 stipulates the activities related to investors education, awareness and protection for which the financial sanction can be provided under IEPF.

i. **Activities stipulated under Rules**

Education programme through Media

Organising Seminars and Symposia;

Proposals for registration of Voluntary Associations or Institution or other organizations engaged in Investor Education and Protection activities.

Proposals for projects for Investors' Education and Protection including research activities and proposals for financing such projects;

Coordinating with institutions engaged in Investors Education, awareness and protection activities.

ii. **Activities undertaken by IEPF**

Educating and creating awareness among investors through Voluntary associations or organisations registered under IEPF. – 15 associations have been registered so far.

Educating investors through Media. - Conducted Panel discussions on DD (Delhi, Mumbai, Kolkata, Chennai and

Ahmedabad), Telecast of TV Video spots on DD & private channels, advertisement in national as well as regional newspapers. All these programmes have been undertaken in Hindi, English and regional languages.

Organising seminars and workshops through associations registered under IEPF.

Financing research projects pertaining to investor education, awareness;

Coordinating with institutions engaged in investor education, awareness – Indian Institute of Capital Markets (IICM) has been engaged for conducting research/study on unclaimed dividend, interest etc. and also conducting "Training of Trainers" programme

**Registration of Organisation**

Any voluntary organisation or association engaged in investor education and protection activities may register itself under IEPF. For details please click on the following links:-

## Procedure for registration

Any association or institutions or organizations, engaged in the activities relating to investors awareness, education and protection and proposing for investors programmes; organizing seminar; symposia and undertake projects for investor protection including research activities may register itself under Investor Education and Protection Fund. Such NGOs/Voluntary agencies which fulfill the

Criteria/guidelines for the purpose of financial assistance from the Investor Education and Protection Fund may apply to the IEPF for such assistance in Form 3 and Form 4 .

**Form 3**

**List of organisations registered under IEPF**.

**Procedure for Registration**

**Financial Sanctions**

Any voluntary organisation registered under IEPF may apply for financial assistance under IEPF in the prescribed form. For details please click on the links below:-

**Who can Apply**

Any organisation/Association/Society which fulfills the Criteria/ guidelines for financial assistance under the IEPF can apply.

**Procedure for Financial Assistance**

**General Procedure**

Any association or institution or organization which fulfills the criteria/guidelines for financial assistance under IEPF and engaged in the activities relating to investors awareness, education and protection and proposing for investors programmes, organizing seminar; symposia and undertake projects for investor protection including research activities may register for financial assistance under Investor Education and Protection Fund. Such NGOs/Organisation may submit the application in Form 3 and Form 4. The feasibility of the project, quantum of financial assistance, genuineness of the organisation, etc. are considered by the Sub Committee in its meeting held in a regular intervals. After the Sub -Committee approves the proposal of the organisation, the IEPF Section issues fincnial sanction with the approval of Internal Finance Wing of the Ministry of Company Affairs. The amount is released to the organization only after submission of the BOND and pre receipt to the IEPF. After the project is over, the organisation is required to submit the utilization certificate and copies of the bills etc. to the IEPF for scrutiny.

## Who can apply

Any organisation/Association/Society which fulfills the Criteria/guidelines for financial assistance under the IEPF can apply.

## How to apply

The organisations are required to submit their applications in Form 3 and Form 4

Form 4

Details of financial assistance sanctioned under IEPF

### Media Programmes

This Ministry is also educating investors and creating awareness through media activities.

Programmes relating to Investors' Awareness and Education were undertaken over the Electronic Media. For details (click here). Advertisement to educate the investors regarding the agencies to be approached for settling of their grievances was published in the National dailies. (click here)

Electronic Media

Print Media

### Special
### Schemes

Financial assistance has also been provided under this Fund for some special projects and research activities for the benefits of investors. To know about these projects please click at the links below

Watchoutinvestors.com

Class Action Suits

Training of Trainers Programme(TOT)

## Frequently Asked Questions (FAQ's)

### Q1. Who can Apply for Financial Sanctions?

**Answer:**Any organisation/Association/Society which fulfills the Criteria/ guidelines for financial assistance under the IEPF can apply.

### Q2. How to Apply ?

**Answer:**The organisations are required to submit their applications in Form 3 and Form 4

### Q3. What is IEPF?

**Answer:**Investor Education and Protection Fund (IEPF) has been established under Section 205C of the Companies Act, 1956 by way Companies (Amendment) Act, 1999 for promotion of investors' awareness and protection of the interests of investors.

### Q4. What activities are being undertaken ?

**Answer**:Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001 stipulates the activities related to investors education, awareness and protection for which the financial sanction can be provided under IEPF.

(i) Activities stipulated under Rules

Education programme through Media

Organising Seminars and Symposia;

Proposals for registration of Voluntary Associations or Institution or other organizations engaged in Investor Education and Protection activities.

Proposals for projects for Investors' Education and Protection including research activities and proposals for financing such projects;

Coordinating with institutions engaged in Investors Education, awareness and protection activities.

**Q5. What is the procedure for Registration?**
**Answer:**(ii)Activities undertaken by IEPF

Educating and creating awareness among investors through Voluntary associations or organisations registered under IEPF. – 15 associations have been registered so far.

Educating investors through Media. - Conducted Panel discussions on DD (Delhi, Mumbai, Kolkata, Chennai and Ahmedabad), Telecast of TV Video spots on DD & private channels, advertisement in national as well as regional newspapers. All these programmes have been undertaken in Hindi, English and regional languages.

Organising seminars and workshops through associations registered under IEPF.

Financing research projects pertaining to investor education, awareness;

Coordinating with institutions engaged in investor education, awareness – Indian Institute of Capital Markets (IICM) has been engaged for conducting research/study on unclaimed dividend, interest etc. and also conducting "Training of Trainers" programme. Q6. What is procedure for crediting to IEPF ?

**Answer:**(i)Any amount required to be credited by the companies to the Fund, as provided in the Act shall be remitted into the concerned specified branches of Punjab National Bank, within a period of thirty days of such amounts becoming due to be credited to the Fund.

ii) (a) The amount shall be tendered by the companies on behalf of the Central Government in authorized branches of Punjab National Bank along with Challan (in triplicate) and the Bank will return two copies duly stamped to the Company as token of having received the amount.

(b) Every Company shall file with the concerned Registrar of Companies one copy of the Challan referred to in (a) evidencing deposit of the amount to the Fund. The Company shall fill in the full description and nature of the amount tendered and its Head of Account.

(c) Every Company shall, when effecting a credit to the account of the Fund, will separately furnish to the concerned Registrar of Companies a statement in Form 1 duly certified by a Chartered Accountant or a Company Secretary or a Cost Accountant practicing in India or by the statutory auditors of the company. However , it is mandatory that each Company keep a record relating to folio number, Certificate Number etc. in respect of persons to whom the amount of unpaid or unclaimed dividend, application money, matured deposit or debentures, interest accrued or was payable, for a period of three years and the Committee or Sub-Committee shall have powers to inspect such records of that period.

**Q7. Which amounts are to be credited to IEPF ?**
**Answer**:The following amounts that remained unpaid and unclaimed for a period of seven years from the date they became due for payment is credited to the fund:

(i) amounts in the unpaid dividend accounts of the companies;

(ii) the application moneys received by companies for allotment of any securities and due for refund;

(iii) matured deposits with companies;

(iv) matured debentures with companies;

(v) the interest accrued on the amounts referred to in clauses (i) to (iv);

(vi) grants and donations given to the fund by the Central Government, State Governments, companies or any other institutions for the purposes of the fund; and

(vii) the interest or other income received out of the investments made from the fund:
Q8. What is the manner of Accounting ?

**Answer**:All amounts received shall be accounted for under the following Heads of account, which shall thereafter be transferred to the Fund.

**MAJOR HEAD 0075 - Miscellaneous General Services.**

Minor Head 104 - Unclaimed and unpaid dividends, deposits and debentures etc. of Investors in Companies:

(a) Unpaid dividend.

(b) Unpaid application money received by Companies for allotment of securities and due for refund

(c) Unpaid Matured Deposit.

(d) Unpaid Matured Debentures.

(e) Interest accrued on (a) to (d)

(i) Interest on unpaid dividend

(ii) Interest on unpaid application money received by Companies for allotment of securities and due for refund.

(iii) Interest on unpaid matured deposits.

(iv) Interest on unpaid matured debentures. Note: (a) to (d) shall be sub-heads, (e)(i) to (iv) shall be detailed heads.