

Investor Education and Protection Fund

August 12, 2020

The fund has been established with a view to support the activities relating to investor education, awareness and protection. It has been set-up under Section 205C of the Companies Act, 1956. The Act also provides for setting up of a committee for taking decisions regarding spending moneys out of the fund for carrying out the objectives. For the purpose of administration of IEPF, the Investor Education and Protection Fund Rules 2001 were notified.

Features of the Fund

- As per the Act, the following amounts which have remained unclaimed and unpaid for a period of 7 years from the date they became due for payment shall be credited to the IEPF Unpaid dividend accounts of the companies
- The application moneys received and due for refund
- Matured deposits
- The interest accrued in the amounts referred above
- Matured debentures
- Grants and donations by the Central Govt., State Govt., companies or any other institutions
- The interest or other income received out of the investments made from the Fund.
- Following are the objectives/ activities of the Fund
- Educating investors about market operations
- Equipping investors to analyze information to take informed decisions
- Making investors aware about market volatilities
- Empowering the investors by making them aware of their rights and responsibilities under various laws
- Continuously disseminating information about

unscrupulous elements and unfair practices in the securities market

- Broadening the investors' base by encouraging new investors to participate in the securities market
- Promoting research and investor surveys to create a knowledge base that facilitate informed policy decisions.
- The Secretary, Ministry of Corporate Affairs is the 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.
- In 2016, the Ministry of Corporate Affairs notified IEPF to allow investors to seek a refund on their unclaimed rewards. For claiming such an amount, they have to fill the IEPF-5 along with the required documents of the website of the IEPF. Previously, there was no provision for the claims of genuine investors