

Investor Education and Protection Fund

1.1 Investor Education and Protection Fund (IEPF) has been set-up under Section 205C of the Companies Act, 1956 by way of the Companies (Amendment) Act, 1999.

1.2 As per the Act, the following amounts which have remained unclaimed and unpaid for a period of seven years from the date they became due for payment shall be credited to the IEPF:-

- (a) Unpaid dividend accounts of the companies;
- (b) The application moneys received and due for refund;
- (c) Matured deposits;
- (d) The interest accrued in the amounts referred to in clauses (a) to (d);
- (e) matured debentures;
- (f) Grants and donations by the Central Govt., State Govt., companies or any other institutions ;
- (g) The interest or other income received out of the investments made from the Fund.

1.3 The Fund has been established with a view to support the activities relating to investor education, awareness and protection. 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 securities market and
- Broadening the investors' base by encouraging new investors to participate in securities market
- Promoting research and investor surveys to create a knowledge base that facilitate informed policy decisions.

1.4 The Act provides for setting up of a Committee for taking decisions regarding spending moneys out of the Fund for carrying out the objects as mentioned above.

1.5 For the purpose of administration of IEPF, the Investor Education and Protection Fund (awareness and protection of investors) Rules 2001 were notified on 1st October 2001. These Rules, inter alia, contain provisions relating to constitution and functions of the Committee, activities relating to investors' education, awareness and protection to be undertaken with the recommendation of the Committee, conditions for utilisation of Funds by the Committee, proforma for applications for registration of associations, institutions or organisations and also for seeking financial assistance under IEPF, etc.

1.6 The present Committee has been constituted of members who are experts in various fields of Capital Market, Accountancy, Taxation, Media, Management Consultancy, etc. Presently, following are the members of the Committee on IEPF, which has been constituted for a period of 2 years:

- Secretary, Ministry of Corporate Affairs (MCA) - Chairman
- Addl. Secretary/Jt. Secretary and Financial Advisor, MCA - Member
- Executive Director, Reserve Bank of India, Mumbai - Member
- Executive Director, SEBI, Mumbai - Member
- Ravi Narain, Managing Director, National Stock Exchange - Member
- Manu Chadha, Chartered Accountant (CA) - Member
- Nesar Ahmed, Company Secretary (CS) - Member
- P. Vaidyanathan, Investor Activist (Chennai) - Member
- Vinod Kothari, CA&CS, Kolkata - Member
- K.K Gupta, IRTS (Retd.) - Member
- Avinash K. Srivastava, Joint Secretary, MCA - Convenor

Major initiatives under IEPF

2.1 Under IEPF, various programmes on investor education and awareness have been funded and organized through Voluntary Associations or organizations registered under IEPF. About 69 associations/ organizations have been registered under IEPF, till date.

2.2 The various initiatives for increasing the investors' awareness and education undertaken in the year 2008-09, under the aegis of IEPF were as follows:

- (i) Series of advertisement on investor education were issued in national as well as regional language newspapers. Through these advertisements, efforts have been made to educate investors for investing in IPOs, market instruments, Mutual Funds etc.
- (ii) Media campaigns were launched in various newspapers, wherein besides the above said educative message, NGOs/VOs involved in investor education and protection activities, especially those with a rural outreach, were been invited to apply for financial assistance under IEPF schemes. Further, organizations, which were keen to carry out the research on the subjects of investor education/protection, related issues were also invited to submit their proposals to the IEPF.
- (iii) Investor Education message was aired on All India Radio through Prasar Bharati to create awareness on the issues concerning investors and about the IEPF.
- (iv) An “Investor Helpline” www.investorhelpline.in project which had been launched under IEPF through Midas Touch Investors Association to provide a mechanism for redressal of grievances and to create investor awareness has been rendering effective service to the investors. The redressal rate has been around 46 percent.
- (v) Further, another website, namely www.watchoutinvestors.com which is a national registry of economic defaulters and covers information on convictions by various regulatory bodies has also been rendering effective service to not only investors and prospective investors but also to professionals such as advocates, chartered accountants and company secretaries. The registry contains information about 91,000 such entities/ individuals.
- (vi) Another website, namely, www.iepf.gov.in was launched by the Hon’ble Minister for Corporate Affairs during the year to serve as a knowledge sharing platform in the area of financial literacy as a measure of investor awareness and education.
- (vii) During the year, the quarter ended November 2009 was observed as ‘Investor Awareness Quarter’ by the Ministry of Corporate Affairs. This event was organised in association with the Institute of Chartered Accountants of India and the institute of Company Secretaries of India and various investor awareness programmes were organised at 100 locations across the country.
- (viii) Under the Capacity Building Programme, “Training of Trainers” programmes through Indian Institute of Capital Market (IICM), Mumbai had been conducted especially for the new organizations active at Taluka level.