

**INVESTOR EDUCATION AND PROTECTION FUND  
(AWARENESS AND PROTECTION OF INVESTORS) RULES,  
2001**

CONTENTS

1. Short title and commencement.
2. Definitions.
3. Credits to the Fund.
4. Manner of Accounting.
5. Expenses of the committee,
6. Audit of Account.
7. Constitution and Functions of the Committee.
8. Power to call upon a Company.
9. Report by the Committee.
10. Meeting.
11. Agenda.
12. Voting.
13. Minutes.
14. Conditions for Utilization of Funds by the Committee.

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INVESTOR EDUCATION AND PROTECTION FUND (AWARENESS AND PROTECTION OF INVESTORS) RULES, 2001

**1. Short title and commencement. :-**

(1) These rules may be called the Investor Education and Protection Fund (Awareness and protection of investors) Rules, 2001.

(2) They shall come into force on the date of their publication in the Official Gazette.

**2. Definitions. :-**

In these rules, unless the context otherwise requires, -

(a) 'Act' means the Companies Act, 1956 ;

(b) 'Fund' means the Investor Education and Protection Fund (IEPF) established under sub-section (1) of Section 250 of the

Companies Act, 1956 (1 of 1956);

(c) "Ministry" or "Department" means Ministry or Department of the Central Government dealing with the Company Affairs;

(d) 'Committee'/'Sub Committee' means the Committee specified by the Central Government under sub-section (4) of section 205C of the Act to administer the Fund;

(e) 'Form' means forms prescribed by these rules;

(f) words and expressions used in these rules but not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

### **3. Credits to the Fund. :-**

(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 and the amount so credited shall be accounted for as provided in Rule 4 below;

(ii)

(a) The amount shall be tendered by the companies on behalf of the Central Government in such 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 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 the nature of the amount tendered and its Head of Account;

(c)

(i) 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. Provided the each Company shall 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 payable, for a period of three years and the Committee or Sub-Committee shall have powers to inspect such records of that period;

<sup>1</sup> (d) The Forms prescribed In these rules may be filed through electronic media or through any other computer readable media as referred under section 610A of the Companies Act, 1956 (1 of 1956).

(e) The electronic-form shall be authenticated by the authorized signatories using digital signatures, as defined under the Information Technology Act, 2000 (21 of 2000).

(f) The Forms prescribed in these rules, when filed in physical form, may be authenticated by authorized signatory by affixing his signature manually."

(ii) On receipt of this statement, the concerned Registrar of Companies shall enter the details of such receipt in a register and reconcile the amount so remitted and collected, with the concerned Pay and Accounts officer, on monthly basis;

(iii) Each Registrar of Companies shall furnish an abstract of such receipt received during the month to Department of Company Affairs within seven days after the close of the month;

(iv) Department of Company Affairs shall maintain a consolidated abstract of receipts and shall reconcile them on a quarterly basis with Principal Pay and Accounts Officer of the Department of Company Affairs.

In the investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, in rule 3, in sub-rule (ii), after clause (c), the following clauses shall be inserted, namely: - (d) The Forms prescribed In these rules may be filed through electronic media or through any other computer readable media as referred under section 610A of the Companies Act, 1956 (1 of 1956). (e) The electronic-form shall be authenticated by the authorized signatories using digital signatures, as defined under the Information Technology Act, 2000 (21 of 2000). (f) The Forms prescribed in these rules, when filed in physical form, may be authenticated by authorized signatory by affixing his signature manually." by the Companies Act, 1956 (1 of 1956).

#### **4. Manner of Accounting. :-**

(i) (A) 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 SERVICE.

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.

(i) (B) Grants and donations given to the Fund by State Governments, Companies or any other Institutions will be credited under a separate Sub-Head under the Minor Head 800-Other Receipts below the Major Head 0075-Miscellaneous General Services'.

(ii) All expenditure for the purposes of carrying out the objects for which the Fund has been established shall be incurred under the functional Head expenditure head of Department of Company Affairs and Equivalent amount will be shown as deduct entry by transfer of amount from Fund.

(iii) Surplus amount, if any, from the fund account shall not, for the present, be utilised for investment purpose.

#### **5. Expenses of the committee, :-**

(a) The official member of the Committee or subcommittee shall be entitled to Travelling Allowance according to the rules regulating their official position.

(b) For journeys performed by a non-official member of the

Committee or Subcommittee or a special invitee in connection with the work of the Committee or a Subcommittee shall be entitled for TA/DA as per supplementary Rules of Central Government.

(c) Committee shall have powers to recommend appointment/remuneration to any experts in such areas as may be considered necessary.

(d) Committee shall have powers to recommend appointment of Auditors and for scrutinizing the accounts of the voluntarily agencies registered with it.

#### **6. Audit of Account. :-**

The accounts of the Fund shall be audited by internal audit party of the Department of Company Affairs every year and will also be subject to audit by office of Comptroller and Auditor General of India.

#### **7. Constitution and Functions of the Committee. :-**

(a) The Committee shall consist of ten members, excluding the Chairperson who is Secretary, to the Department of Company Affairs. The members shall be nominated by Reserve Bank of India, the Securities and Exchange Board of India and or from any other Ministry or Department of Central Government dealing with investor protection activities and experts from the field of investors' education and protection. The non-official Members shall hold office for a period of two years. The Official members shall hold office for a period of two years or until they occupy their position which ever is earlier. The constitution of the Committee shall be notified in the Official Gazette.

(b) Functions of the Committee The Committee shall recommend the following activities relating to investors' education, awareness and protection :

(a) Education Programmes through Media;

(b) Organising Seminars and Symposia;

(c) Proposals for registration of Voluntary Associations or Institution or other Organisations 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)

(i) The Committee may appoint one or more Sub-committees whenever it considers necessary to facilitate efficient and speedy discharge of its functions.

(ii) Sub-committee shall be constituted from amongst the members.

(iii) 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.

(iv) The Committee may have Sub-committee to examine the end use of grants and assistance and recommend release of funds.

**8. Power to call upon a Company. :-**

(i) The Committee shall have suo moto powers to call upon any company to pay the amount due to the Fund.

(ii) Committee shall call upon any company to give estimates of the amounts to be credited to the Fund in Form 2.

**9. Report by the Committee. :-**

The Committee shall furnish its activity report for every six month's period to the Central Government.

**10. Meeting. :-**

(i) One third of the total members subject to five members in the case of meeting of committee and three members in case of sub-committee meeting shall constitute a quorum.

(ii) The Chairperson of the Committee and the convenor of a sub-committee, respectively, shall preside over the meetings of the Committee or the sub-committee as the case may be. In the event of the Chair person or, as the case may be, the convenor being unable to attend the meeting for any reason, the members present

may elect one amongst themselves to preside over the meeting.

(iii) The Chairperson of the Committee or the convenor of a Sub-committee may, call meetings of the Committee or a sub-committee:

Provided that the Chairperson or the Convenor, as the case may be, call meeting if a requisition for that purpose is presented to him by at least five members in the case of the Committee and three members in the case of a Sub-committee.

(iv) At least fourteen clear days' notice indicating the time and place of the meeting shall be sent to the members of the Committee or the Sub-committee as the case may be :

Provided that in case of urgency, a special meeting of the Committee or Subcommittee may be called at any time by the Chairperson or the convenor, who shall inform the members at least three clear days in advance of the subject matter for consideration at the meeting and the reasons for which he considers the meeting urgent:

Provided further that no other business shall be transacted at such a meeting.

(v) The Chairman or the convenor, as the case may be, may invite any person to attend any meeting of the Committee as a special invitee but such person shall not be entitled to vote.

### **11. Agenda. :-**

(i) At least seven clear days before any meeting of the Committee or a Sub-committee, except meetings referred to in proviso to sub-rule (iv) to rule 10, a list of business proposed to be transacted at the meeting shall be sent to the members of the Committee or of a Sub-committee, as the case may be.

(ii) No business, not included in the list of business, shall be transacted at a meeting without the permission of the Chairperson presiding over the meeting.

### **12. Voting. :-**

(i) Every question brought before any meeting of the Committee or Sub-committee, as the case may be, shall be decided by a majority vote of members present and voting at the meeting. No member shall vote by proxy.

(ii) In the event of equality of votes, at a meeting the chairperson or the convenor, as the case may be or in his absence, the person presiding, shall have a second or casting vote.

**13. Minutes. :-**

The minutes of the meetings of the Committee or Sub-committee shall be caused to be recorded and circulated among the members.

**14. Conditions for Utilization of Funds by the Committee. :-**

(i) The Committee may register from time to time various Associations or institutions or organisations, engaged in activities relating to investor awareness, education and protection and proposing for Investors programmers, organising seminar, symposia and undertake projects for Investor Protection including research activities.

(ii) Application for registration by such organisations referred to in sub-rule (i) be made in Form - 3.

(iii) Application for release of funds for the activities listed in Rule 7(1) from the organisations or institutes registered with the Department of Company Affairs shall be made in Form 4.

(iv) A copy of the summary or recommendations of the seminar or programme conducted and copy of Accounts for such activity by such organisation e.g. registered associations or chambers of commerce or institutes shall be provided to the Committee within ten days of the conclusion of the seminar or programme.

(v) The organisation or Associations registered shall be considered for grant of funds as a grant-in-aid either as one time measure or in stages by way of reimbursement depending upon the nature of the activity proposed.

(vi) The Committee shall be entitled to examine the end use of grants and assistance before recommending release of funds.

(vii) The Committee shall cause to draw at the end of each Financial Year, a statement of Total Receipts from various sources installed in section 205C of the Companies Act, 1956 and the grants disbursed or the expenditure incurred in connection with the activities organised by the Committee or Sub-committee and other expenditure incurred for holding the meetings.

(viii) The Committee shall maintain the necessary records showing

amount disbursed, date of disbursement, the name of Organisation or Voluntary agency, the activities of the agency for which such disbursement was made.