

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4822  
ANSWERED ON:04.05.2012  
UNCLAIMED DIVIDEND  
Viswanathan Shri P.

**Will the Minister of FINANCE be pleased to state:**

- (a) the details of legal provisions relating to unclaimed dividends lying with listed companies for more than seven years;
- (b) whether the Government has plans to amend the same and if so, the details thereof; and
- (c) the steps taken or proposed to be taken to prevent misuse of the law?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) The legal provisions relating to unclaimed dividends lying with listed companies for more than seven years are contained in section 205 A of the Companies Act, 1956. Section 205A (1) inter-alia requires that in case a dividend has been declared by a company but has not been paid or claimed within thirty days from the date of the declaration to any shareholder entitled to the same, the company shall, within seven days from the date of expiry of the said period, transfer the total amount of dividend to a special account to be opened by the company for the purpose in any scheduled bank, to be called "Unpaid Dividend Account of Company Limited/Company (Private) Limited".

As per the subsection 5 of the aforesaid section, any money transferred to the unpaid dividend account of a company is unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund established under sub-section (1) of section 205C (Investor Education and Protection Fund).

(b) Based on the recommendations of Dr. J.J. Irani Committee and Hon'ble Parliamentary Committee on the Companies Bill, 2009, it has been inter-alia provided in Section 125 of the Companies Bill, 2011, that amounts of unclaimed dividends transferred to Investor Education and Protection Fund (IEPF) after seven years would be allowed to be refunded to legitimate claimants irrespective of lapse of time.

(c) The question does not arise, as the Companies Bill 2011, is yet to be passed by the Parliament