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How to do Process Reforms: Case study of IEPFA

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Table of Contents

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Executive summary

A large number of process reforms have been undertaken by the government over the last few years to improve ease-of-doing-business and ease-of-living. Unlike major structural reforms, they often go unrecognized but economic efficiency can gain significantly from such small, iterative changes. They have ranged from simplification in administrative procedures, changing regulations and legislations, removing obsolete laws and so on.

In this paper, we have used the case study of the reforms done in Investor Education Protection Fund Authority (IEPFA). IEPFA was set up in 2016 to administer the Investor Education and Protection Fund (IEPF) where unclaimed corporate shares and their related dividends are accumulated. The idea was that unclaimed shares and dividends would be restored to rightful owners from this fund.

However, when Economic Advisory Council to the PM started looking into the issue for the first time in early 2025, we found that the process was very cumbersome. Claimants often had to wait close to three years to recover their dividends or shares. Unsurprisingly, many claimants either abandoned their claims midway or resorted to paying commissions to intermediaries to navigate the system.

As on 31st March 2025, IEPFA had shares and dividends worth about Rs 80,000- 90,000 crore. Meanwhile, with new unclaimed shares and dividends continuously pouring into the fund, the problem was growing.

As a first step towards understanding the problem, a detailed mapping of the "As-Is" process was undertaken. It was found that the overall process entailed twenty-five steps spread over three separate web portals. Each portal related to one of the three broad phases in the process: (i) MCA-21 portal that was only used for the application and approval process; (ii) depositories' portal for share transfers after the approvals, (iii) yet another portal called Public Financial Management System (PFMS) for dividend payments after share transfers.

Incredibly, the three separate portals did not speak to each other and operated in silos. Consequently, the information had to be manually re-entered in each of them and cross-checked multiple times at each stage. This was not merely a waste of time, it also meant that manual entry mistakes at any point could derail the whole process and force the claimant to go back to the starting point. Note that each segment was digitized in its own capacity, but the absence of integration undermined its very purpose. The result was that even after all the approval was granted after multiple layers of scrutiny and many years of effort, the transfer of shares and dividends took another eighteen to twenty-four months.

Following the as-is process mapping, IEPFA officials undertook a series of significant process reforms in order to resolve the inefficiencies in the system. The most important change was the most obvious one - to integrate the three portals. This eliminated the need for redundant data entry and manual documentation, reducing the number of steps required for share and dividend transfers from 13 to just 4. This change alone meant that the overall number of steps dropped from 25 steps to 15. Under the new system, once approvals are granted, transfers now occur in parallel and almost instantaneously. What earlier took up to two years is now completed within days. In addition, an administrative decision was taken to process the applications entirely based on the e-verification report of companies for dividend worth less than Rs 10,000 and shares worth less than Rs 1 lakh.

All pending applications were migrated to the new backend portal by August 2025, and the system has now been fully operational for nearly six months. The results of these reforms have been remarkable.

Between April and September 2025, an average of about 850 applications were approved each month. Following the rollout of new system, the approvals have increased significantly: 3,614 in October 2025, 7,570 in November 2025, 11,443 in December 2025, 8,837 in January 2026, and 12,005 in February 2026 and 14,523 in March 2026. This translates into an average of about 9,660 approvals per month. In other words, the monthly rate is now comparable to the previous annual rate!

At this sustained pace, the remaining backlog will be eliminated within the next few months. New cases are being directly loaded on to the new system and should be processed quite quickly. These remarkable improvements reflect the effectiveness of targeted process reforms.

More can be done to further enhance the operational efficiency of the IEPFA, particularly by improving the portal's search functionality and increasing public awareness about unclaimed assets held with the IEPFA and the streamlined reclaim process. These measures would encourage a greater number of individuals to come forward and claim their assets.

I. Introduction

Economic reform debates usually tend to gravitate towards the big reforms. Reforms such as tax system overhauls, introduction of Insolvency and Bankruptcy Code (IBC), inflation targeting usually dominate headlines. These are *structural reforms*, which make changes to the underlying framework of an economy. While such reforms are important, they overlook a quieter but equally powerful source of improvement, which we term as '*process reforms'*.

Process reforms are the nuts-and-bolts reforms, often microeconomic in nature, with a specific focus on an individual sector or issue. They are achieved by fixing the routine administrative procedures, workflows, regulations and in some cases legislations as well. Individually, these reforms may appear small or technical, but collectively, they can dramatically improve efficiency, reduce costs, and improve ease of doing business and ease of living.

We have identified that there are at least seven[1] types of process reforms so far. We have explained them in detail in our Working Papers, "*Process Reforms as Public Policy: Case of India"*[2] in 2024 and "*Process Reforms: Fixing the Nuts -and-Bolts*"[3] in 2023.

The first type, which is the simplest of all, requires administrative streamlining of existing processes. This is done in cases where the hurdle in the process is not due to the rules or law, rather due to administrative reason(s). The second type of process reforms requires changes in regulations under the existing law as some processes get complicated due to the complex regulations governing them. The third type requires amendments to the legislation. The fourth type requires adding capacity at some level of the government. This is relevant in cases where some bottleneck is developing in necessary government activity due to capacity constraints such as lack of manpower, IT infrastructure etc. The fifth type of process reforms involve removing of a state monopoly or state enabled monopoly. The sixth type of process reform involves merging, closing or restructuring government bodies which have outlived their utility. Finally, the seventh type includes revisiting default lists or precedents. All organizations including government works on the basis of default lists and precedents- it could list of invitees, national monuments, vendors and so on. Typically a few are changed from time to time at the margin, but a large number of lists simply get perpetuated year after year. Revisiting some of these can bring in important changes.

This paper is a part of our effort to document some of the process reforms in detail, including mapping of the process, identification of the problem, reforms undertaken and

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[1] In the two working papers, we had mentioned six categories of process reforms, however since then we have added one more category since then.

[2] https://www.competitiveness.in/wp-content/uploads/2024/04/TID_WP_18_Process_Reforms_as_Public_Policy_Sanjeev_Sanyal.pdf

[3] http://dsppg.du.ac.in/wp-content/uploads/2023/11/Process-Reforms-Working-Paper-Nov-2023_Final.pdf

its impact. We did a similar EAC-PM working paper an year ago, titled "*How to do process reforms: Case Study of Voluntary Liquidation in India*"[4] to illustrate the impact of process reforms in area of voluntary liquidation. We hope this will lead to more systematic documentation of government process re-engineering.

In this paper, we illustrate a case study of the process reforms in reclaiming the unclaimed dividends and shares from Investor Education Protection Fund Authority (IEPFA). IEPFA was set up in India in 2016 under provisions of the Companies Act 2013, for administration of the Investor Education and Protection Fund (IEPF) where the unclaimed dividends of companies and their underlying shares are accumulated. The idea was that unclaimed shares and dividends should be restored to the rightful owners from this fund. However, the system of reclaiming the dividend and underlying shares was very complicated and lengthy before various reforms were undertaken in late 2025.

II. Issues in IEPFA system

IEPFA is a statutory body constituted under provisions of Section 125(5) of the Companies Act, 2013, for administration of Investor Education and Protection Fund (IEPF). The legislative mandate for the functioning of Authority is drawn from Section 124 and 125 of the Companies Act 2013 and the rules prescribed therein. Dividend remaining unpaid and unclaimed for seven years or more are transferred to the Fund under the Section 124(5) of the Companies Act. In addition, the corresponding shares for which dividend has not been paid or claimed for seven consecutive year or more are transferred to the fund under Section 124(6) of the Companies Act.

Economic Advisory Council to the PM started looking into the issue related to process of reclaiming the unclaimed shares/dividends for the first time in early 2025. At that time, it used to take about three years for a claimant to get the dividend or underlying shares credited back. There were many complaints that claimants just gave up or paid commission to a "broker" to get their shares. Consequently, investors' hard-earned money remained stuck with the IEPFA for years despite claimants making every effort to complete the formalities.

The magnitude of the problem was growing each day. The number of pending applications kept increasing every year with new dividends and their underlying shares and dividends pouring into the fund and the disposal rate of applications being too slow. As on 31st March 2025, IEPFA had Rs 80,000- 90,000 crore worth of shares and dividends in the fund. With continuous flow into the fund, and the lag in processing, the magnitude of the problem was increasing.

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[4] https://eacpm.gov.in/wp-content/uploads/2025/04/Case-study-on-Voluntary-Liquidation-11th-April.pdf

To understand the source of the problem, the first step was to undertake a detailed mapping of the "As-Is" process- end-to-end flow of the procedure. The results of the mapping were disappointing! We found that the overall process entailed twenty-five steps. And this was not the end of the problem. These 25 steps were spread across three separate web-portals, each relating separately with one part of the process.

(1) MCA-21 portal which was used for the application and approval process.
(2) Portal of the depositories (NSDL/CDSL) which were used for transfer of shares after approval.
(3) Public Financial Management System (PFMS) portal which was used for the transfer of dividend amount after the shares were transferred.

The key pain point in the process was that the three separate portals did not speak to each other and information had to be manually re-entered in each of them! Any delays or mistakes at multiple points could derail the whole process and force the claimant to go back to the starting point. Note that each segment was digitized in its own capacity, but, as we shall see, this did not make things easier in the absence of system rationalization.

Before beginning the process, the claimants needed to create a user ID on the search portal of IEPFA to check if their shares/dividends are with IEPFA. Once they had identified that they have unclaimed dividends/shares, the claimants next had to get an entitlement letter from the company for establishing that they were the rightful owners by filing the prescribed forms and sending the proof of ownership to the company. After they obtain the entitlement letter, the actual application process of reclaiming began.

The first step in this is that claimants had to apply online using the MCA21 portal by filing in the IEPF-5 form. He/she then had to send a copy of the application along with an indemnity bond and a large set of documents (detailed in Box 1) certifying them to be the rightful claimant to the company. They upload the proof of sending these documents on MCA portal and it is only after this the application became a part of the queue of applications to be addressed. The company then sent a e-Verification Report on the MCA-21 portal back to IEPFA within prescribed timelines.

Once IEPFA received the e-Verification report, the approval process within IEPFA started. The system was such that the Dealing Hands had to manually check the record room for the Service Request Number (SRN) separately for each share when they were transferred to IEPFA (using the IEPF-1/4/7 form that are filed by the companies for the respective SRNs when they transfer the shares and dividends to IEPFA). This is an important step as it has to be first checked that the IEPFA has the claimed dividend amount or the underlying shares. This was the most time-consuming step as the companies used to file these details in pdf and other formats prior to 2019. This is called record room checking and after this a record room report is prepared by the Dealing Hand.

Once this is checked, the Dealing Hand prepared an approval note proving the synopsis of the claim while attaching required documents such as Sanction Order, record room report and so on. The application then passed through various levels of scrutiny within IEPFA. The number of levels through which it will pass and the final approval authority is decided on the basis of value of underlying shares or dividends. This process finally certified that the applicant was the rightful claimant of the dividends and the underlying shares.

The above tedious process of application and approval involved 12 steps and we found that it took about 1.5 years to complete on an average (The detailed steps are listed in Box 1). All of this- application and then the entire approval process took place on the MCA-21 portal.

Once an application was approved, the shares had to be transferred. It may appear simple enough given all the approvals, but in practice, the transfer had to be done on the NSDL/CDSL websites which were not linked to MCA21 website. This process involved 5 steps, but took a lot of time.

First, all the information had to be manually transferred to e-files of IEPFA. All the documents had to be attached with the e-file. The dealing hand then manually entered data such as ISIN No, Source Folio/DEMAT Account no, quantity of shares, destination Demat account on the depository's portal. Another important thing to check at this level was whether or not the destination demat account is active. It then went to checker level which was decided as per the value of the shares. If the share value is less than Rs 50,000, Senior Technical Assistant is the checker, if it is between Rs 50,000 and Rs 25 lakh, AGM/DGM plays the checker role, and GM if value is more than Rs 25 lakh. Thus, after 5 additional steps, the shares were transferred from the demat account of IEPFA to the claimant's account.

Only after the shares were transferred, the process of refund of dividends would begin. This happened on a third portal- PFMS (Public Financial Management System) which is not related to MCA21 and depositories websites. Since the websites were not linked, the data could not be automatically shared. Therefore, the e-file had to be transferred to a separate team- which is the sanction team. The team then checked the files for details such as cheque details, sanction note, Verification Report, record room details along with sanction order. At this stage, if any discrepancy was found – say, account number mismatch, illegible record room entry etc., the file was sent back to Dealing Hand for clarification. This essentially means the application is back to where it began! After the files were checked, a physical order had to be printed and a pass order had to be created for each sanction order. Even after this, it needed further approvals were needed before the amount was transferred (depending on the amount involved). The file was then moved to

Drawing and Disbursing Officer (DDO) who finally approves on the PFMS system. After this, the file is moved to Pay & Accounts Officer who then finally transfers the money. The transfer of dividends, in this way, required 8 long steps. The detailed step-by step process is listed in Box 1.

Even after the approval by IEPFA, the transfer of shares and dividends took another 18 to 24 months. In other words, the whole process took almost three years from the initial filing of claim. The process had become so complex and time-consuming that it created a class of "brokers" specialized in extracting the claims in return for a hefty commission. Thus, the IEPFA claims process was an illustration of how digitization does not solve the problem in itself unless the process is re-imagined.

BOX 1: "AS-IS" PROCESS OF CLAIMING DIVIDENDS AND UNDERLYING SHARES (BEFORE PROCESS REFORMS)

SECTION I: APPLICATION AND APPROVAL

Step 1: Claimant has to get an entitlement letter from the company for being either the original owner or the rightful owner of the dividend/ underlying shares by filing the prescribed forms and sending the proof of ownership to the company.

Step 2: Applicant creates a user ID at MCA-21 portal.

Step 3: Claimant has to submit an online application Form IEPF-5 along with the entitlement letter and necessary documents proving the ownership of dividend/underlying shares.

Step 4: After the form is submitted, a Service Request Number (SRN) is generated by the system. After successful generation of SRN, the user (Claimant) receives a system generated acknowledgement confirming the filing and submission of the web-form. Indemnity bond is also generated and a copy of this is attached to the acknowledgement email received by the claimant.

Step 5: Claimant has to submit the printout of the IEPF-5 form via post to the nodal officer of the company at its registered office for verification of claim within 30 days along with following documents:

1. IEPF 5 application with claimant signature
2. Copy of acknowledgement email
3. Indemnity bond with claimant signature
4. Advance Stamped receipt (original) with revenue stamp and signature of claimant and witnesses
5. Original matured deposit / share certificate (in case of securities held in physical form) or copy of transaction statement in case of securities held in DEMAT Form
6. KYC documents (Copy of Aadhar Card, PAN Card)
7. Proof of entitlement (certificate of share/Interest warrant Application No. etc.)
8. Client Master List

9. Cancelled Cheque leaf for dividend
10. Copy of Passport, OCI and PIO card in case of foreigners and NRI
11. Copy of FIR if lost share certificate value is greater than Rs 5,00,000.

In addition, for transmission case, the following documents also need to be uploaded:

1. Transmission form
2. Death Certificate
3. Affidavit from all legal heirs
4. Indemnity bond for transmission
5. Will/Probate of Will/Letter of Administration for value greater than Rs 5,00,000.

Step 6: Claimant uploads the postal e-receipt of the letter sent to the company on the application created on MCA-21 portal. It is only after this that the claim application starts reflecting in the dashboard of IEPFA. (*Note: Email to Nodal or Deputy Nodal Officer of the company is triggered only when the claimant submits the postal receipts in online System and status of SRN is changed to 'Pending for e- verification'. It is only after this that work item is added to the queue of nodal officer/ deputy nodal officer of the respective company/ bank.*)

Step 7: Company to send the Verification Report (VR) to IEPFA (on the MCA-21 portal only) within 30 days after the receipt of claim documents in the format specified by the Authority. They need to attach the scanned copy of all the original documents submitted by the claimant in physical form duly certified by its Nodal Officer. There is a penalty on the company for delay of each day after the completion of 30 days. If the company does not reply in 60 days, a notice is sent to the company from MCA-21 portal, as per Rule 7(3). Further, if no response is received within 15 days from receipt of notice, the application is dropped and the status of application is updated as "Rejected".

Step 8: If the Verification Report by Nodal officer/Deputy Nodal officer of the company states 'Rejected', then the application is automatically rejected by IEPFA and an email goes to the claimant. If they send a positive report, then the application comes to the Dealing Hand in IEPFA, and its status is changed to PQDH- Pending in Queue of Dealing Hand.

Step 9: The Dealing Hand checks the application on various accounts-

a) Record room-Whether the particular SRN of dividends as listed in the Verification Report have been transferred to IEPFA. This is checked using the IEPF-1/4/7 form that are filed by the companies for the respective SRNs (*this the most time consuming as the companies prior to 2019 used to file these details in pdf or other formats*)
b) Completeness of documents
c) Check share valuation (NSE/BSE)
d) Depository records
e) DEMAT account details
f) Original share certificate
g) FIR in case of loss of shares (for value greater than Rs 5 lakh)
h) Transmission certificate, death certificate and an indemnity bond in case of death of the owner.

i) Other records such as indemnity bond, indemnity for loss, succession certificate, ISR forms as required for the claim.

After checking all of the above, the Dealing Hand prepares an approval note giving the synopsis of the claim and attach required documents on the portal such as Sanction Order, record room report etc. and put up the claim for approval.

Step 10: If the Dealing Hand finds any discrepancy, the application is put up for approval to Processing Officer. Once approved by the Processing Officer, the queries are sent to the claimant and the company on their registered email IDs. {*Even at this stage, the company has to send the revised Verification Report within 30 days of the receipt of claim documents. There is a penalty after 30 days and after 75 days, the application is rejected (Rule 7(7)*}

Step 11: If no discrepancy is found, but the claim value is more than Rs 1 lakh, file is first sent to Processing Officer who then sends it to Approving Officer after checking the documents. If the claim value is less than Rs 1 lakh, the file is sent directly to Approving Officer by the Dealing Hand. The Approving Officer depends on the valuation of the claim. However, note that the applications to CEO first go through the General Manager. At each level, the reviewing/approving authority can approve or reject the application or ask for any resubmissions. The approving authority gives its approval or rejection comments. {*At each level the assignment of work is on a FIFO (First In First Out) basis*}.

Level	**Assistant General Manager/ Deputy General Manager**	**General Manager**	**CEO**
Dividend	Upto 1.5 lakh	1.5 lakh -10 lakh	More than 10 lakh
Share valuation	Upto 25 lakh	25 lakh-2 crore	Above 2 crore

**The Market Value will be of the date on which the proposal is being processed by the Dealing Hand*

Step 12: After the Approving Officer signs the approval note, the claim is finally considered to be approved. At this stage, an acknowledgment email /SMS is sent to the claimant and the company intimating about the approval of the application. All the approved claims are collected at the end of the month and taken up for transfer separately in internal e-office files of IEPFA.

SECTION II: TRANSFER OF SHARES

Step 13: An e-file is initiated by the Dealing Hand for each claim separately. The following documents are attached with the file:

a) Approval note
b) Screenshot of depositories
c) Client Master List
d) Verification Report
e) Share certificate
f) Death certificate/transmission certificate

<u>Step 14</u>: The file is sent to Assistant General Manager who enters the execution date for the transfer on the file and allocates the files back to a Dealing Hand (which is known as maker level).

<u>Step 15:</u> The Dealing Hand feeds data on various things on the depositories' portal such as ISIN No, Source Folio/DEMAT Account no, quantity of shares, destination DEMAT account, execution date, depository ID of the officers to whom the file will be sent for share transfer. A refund ID or instruction number is generated at this level. The status of destination DEMAT account is checked and if it is active, the file is moved up to checker level.

<u>Step 16:</u> The checker level is decided as per the value of the shares. If the share value is less than Rs 50,000, Senior Technical Assistant is the checker, if it is between Rs 50,000 and Rs 25 lakh, AGM/DGM/DD plays the checker role, and GM if value is more than Rs 25 lakh {*this is only about 7-8% of cases*}. Once the checker approves, the shares are transferred by the depositories on the execution date.

<u>Step 17</u>: The file is sent back to the accounts head to check if the transfer was successful. In case of any technical reason at depositories, the transfer was not successful, the file is again put up for execution at maker level for later date.

<u>SECTION III: TRANSFER OF DIVIDEND AMOUNT</u>

<u>Step 18</u>: After the transfer of shares, the e-file is transferred to sanction team for vendor creation on PFMS portal.

<u>Step 19</u>: The sanction team checks the file for details such as cheque details, sanction note, Verification Report, record room details etc. All necessary documents are checked and attached with the sanction order (that was prepared by the Dealing Hand). {*At this stage, if any discrepancy is found such as account number mismatch, illegible record room entry etc., the file is sent to Dealing Hand for clarification*}

<u>Step 20:</u> The sanction note, record room notes are printed for each sanction order. For dividends amount less than Rs 10,000, 10 sanction orders are grouped into one bunch.

<u>Step 21</u>: A pass order is created and stamped with the amount mentioned at each page.

<u>Step 22</u>: The efile along with the physical sanction order and pass order is sent to Approving Officer (who is AGM/DGM for value of claim up to Rs 1.5 lakh and GM for values higher than Rs 1.5 lakh} who verifies and signs the sanction order. The file is then sent to bill creation team along with the physical copy of sanction order.

<u>Step 23</u>: Bill creation team enters the bill number in e-office file and notes it on the physical sanction order. The e-office file and the physical sanction order then goes to Assistant Accounts Officer (AAO).

Step 24: AAO is in the Programme Division maker role. He makes an entry on the PFMS portal- with approved amount to be disbursed. After this, the file is sent to the Drawing and Disbursing Officer (DDO).

Step 25: DDO approves on PFMS (Checker level) and then the file is moved to Pay and Accounts Officer (PAO) of Ministry of Corporate Affairs who disburses the amount and sanction is closed.

III. Reforms

Once the above issues were identified after detailed process mapping, a serious effort to fix the system began an year ago.

The first step was the most obvious one- to integrate the three portals so that manual interchanges were not needed. Doing this did away with manual entries of data on all portals separately, manual creation of documents such as sanction note and so on. The main changes happened in the transfer of share and dividend process due to this integration. This reduced the number of steps needed for shares and dividend transfer from 13 to 4, reducing the overall number of steps from 25 to 15 (The detailed revised process is in Box 2).

In the revised process, once the approval process is complete, the share transfer requires 2 steps. First, the file goes to the dealing hand, who just puts in an execution date and then the checker approves. Once it is approved by the checker, the shares are transferred by the depositories on the execution date.

An important change that happened due to this integration of the portal is that the transfer of shares and dividends now happen parallelly. Hence, once the approval of claim has been done by IEPFA officials, an API call hits PFMS portal automatically for Claim Reference Number (CRN) generation, vendor creation, creation of e-bill, sanction order. This is all system generated now, unlike earlier, where all of these had to be created manually and uploaded in files etc. Once these documents are generated, file moves to DDO who approves the file using his digital signature. This is the first step in the process of dividend transfer. The file then goes to Pay and Accounts Officer who finally disburses the payment.

So, what used to take about 1.5-2 years in the old process is now a matter of only few days. Not only did this process reform reduce the steps for transfers of shares/dividends, it also reduced the probability of errors caused due manual data entry and need for checking at various levels as the data is fetched automatically by the system using APIs. Hence, even though the approval steps did not change significantly, it became much faster.

Box 2: Revised IEPFA Process

Section I: Approval process

Step 1: Claimant has to get an entitlement letter from the company for being either the original owner or the rightful owner of the dividend/ underlying shares by filing the prescribed forms and sending the proof of ownership to the company.

Step 2: Applicant creates a user ID at MCA-21 portal.

Step 3: Claimant has to submit an online application Form IEPF-5 along with the entitlement letter and necessary documents proving the ownership of dividend/underlying shares.

Step 4: After the submission of the form, a unique SRN is generated and an indemnity bond is generated.

Step 5: Claimant has to submit the printout of the IEPF-5 form via post to the nodal officer of the company at its registered office for verification of claim within 30 days along with the necessary documents (same as in the previous process).

Step 6: Claimant uploads the postal e-receipt of the letter sent to the company on the application created on MCA-21 portal. It is only after this that the claim application starts reflecting in the dashboard of IEPFA.

Step 7: Company to send the Verification Report (VR) to IEPFA (on the MCA-21 portal only) within 30 days after the receipt of claim documents in the format specified by the Authority. They need to attach the scanned copy of all the original documents submitted by the claimant in physical form duly certified by its Nodal Officer.

Step 8: If the Verification Report by Nodal officer/Deputy Nodal officer of the company states 'Rejected', then the application is automatically rejected by IEPFA and an email goes to the claimant. If they send a positive report, then the application comes to the Dealing Hand in IEPFA, and its status is changed to PQDH- Pending in Queue of Dealing Hand.

Step 9: Dealing Officer checks the application on various accounts.[5]

Step 10: Only every fifth case per Dealing hand goes to the Processing Officer for quality check. Or else, the file goes to Approving Officer (who is decided based on the valuation)

Level	Assistant General Manager/ Deputy General Manager	General Manager	CEO
Dividend	Upto 1.5 lakh	1.5 lakh -10 lakh	More than 10 lakh

[5] For shares with market value less than Rs 1 lakh crore and dividend worth Rs 10,000, the transfer would be completely only based on the company's Verification Report.

Share valuation	Upto 25 lakh	25 lakh-2 crore	Above 2 crore

Step 11: After the approval, an acknowledgement email /SMS is sent to the claimant and the company intimating about the approval.

Section II: Transfer of shares

Step 12: File goes to the Dealing Hand (who is in the maker). The Dealing hand fills in the execution date and checker ID (unlike in the previous process where the maker had to fill in all details such as ISIN No, Source Folio/DEMAT Account no, quantity of shares, destination DEMAT account, execution date, depository ID).

Step 13: The checker level is decided as per the value of the shares. If the share value is less than Rs 50,000, Senior Technical Assistant is the checker, if it is between Rs 50,000 and Rs 25 lakh, AGM/DGM/DD plays the checker role, and GM if value is more than Rs 25 lakh {*this is only about 7-8% of cases*}. Once the checker approves, the shares are transferred by the depositories on the execution date.

Section III: Transfer of dividend amount

Step 14: Once the Approving Officer has approved, an API call hits PFMS for CRN generation, vendor creation, creation of e-bill, sanction order. These are all now generated via the system (in the earlier system, there were all made manually). The file then moves to Drawing and Disbursing Officer (DDO). DDO process the file and puts his Digital Signature.

Step 15: File then goes to the Pay and Accounts Officer (PAO) who finally disburses the payment.

Apart from the above-described portal integration, there are other changes also that were done by IEPFA. Some of them are listed below:

1. An administrative decision was taken that the approval of claims with value of shares worth Rs 1 lakh and dividends worth Rs 10,000 can entirely be based on company's e-Verification report. In any case, as per the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the companies are responsible for correctness of the verification report and IEPFA is indemnified from any error[6]. But earlier, claims of all values went through the same rigour of checking, meaning a refund of dividend with value of Rs 100 needed the same effort and level of checks as for Rs 10 lakh. This has been corrected now. Since a very large proportion of cases are under this threshold, so the approval process has become much faster.

[6] https://ibclaw.in/the-iepf-accounting-audit-transfer-and-refund-rules-2016/

2. New IEPF-5 forms have been launched[7]. This was done by bringing in Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2025 on 1st October 2025. These have a lot of pre-filled information making it easier for claimants. The updated form introduces better validation for 16-digit Demat Account details, reducing the risk of rejections due to entering only client IDs at a later stage. The form is now PAN-verified, ensuring that the PAN matches with the database. It also includes additional fields for Entitlement Letter details and authorized representatives, improving the accuracy and traceability of claims. OTP-based verification has been introduced for both mobile numbers and email IDs. Investors can now claim shares from multiple folios of the same company in a single form, which was not allowed earlier. It is designed to reduce errors and incomplete submissions. This will help accelerate the approval process and hence the overall refund process.

3. It has also standardized the format in which companies furnish the reports along with IEPF-1 forms. For this, public notices under Rule 1(A) were published by IEPFA. These noticed urged companies that have not yet uploaded their IEPF-1/7 SRNs along with the prescribed Excel template to complete the process at the earliest[8].

4. The claimants will now be able to track the status of their application.

Other measures are still being considered by IEPFA. In order to simplify the process further, especially for low-value claims, IEPFA had constituted a committee[9] for streamlining the documentation requirements for such cases. The committee defined the low value claims as one which satisfy any of the following criteria: (i) Shares (Physical): Claims where the market value of shares does not exceed ₹5,00,000; (ii) Shares (Dematerialised): Claims where the market value of shares does not exceed ₹15,00,000; and (iii) Dividends: Claims where the amount of dividend does not exceed ₹10,000. The committee recommended reduced documentation and reliance on verification reports directly from companies for low value claims. At the time of writing, the recommendations of committee were under consideration for implementation. Once implemented, this will further shorten the process and also reduce the processing time significantly for low-value claims.

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[7] https://ca2013.com/notifications/mca-notification-dated-01-10-2025-regarding-investor-education-protection-fund-authority-accounting-audit-transfer-refund-amendment-rules-2025/

[8] https://www.pib.gov.in/PressReleseDetailm.aspx?PRID=2151474&reg=3&lang=2#:~:text=Timely%20compliance%20is%20crucial%20for,robust%20and%20investor%2Dcentric%20ecosystem.&text=The%20Investor%20Education%20and%20Protection%20Fund%20Authority%20(IEPFA)%2C%20functioning,fosters%20a%20financially%20aware%20citizenry.

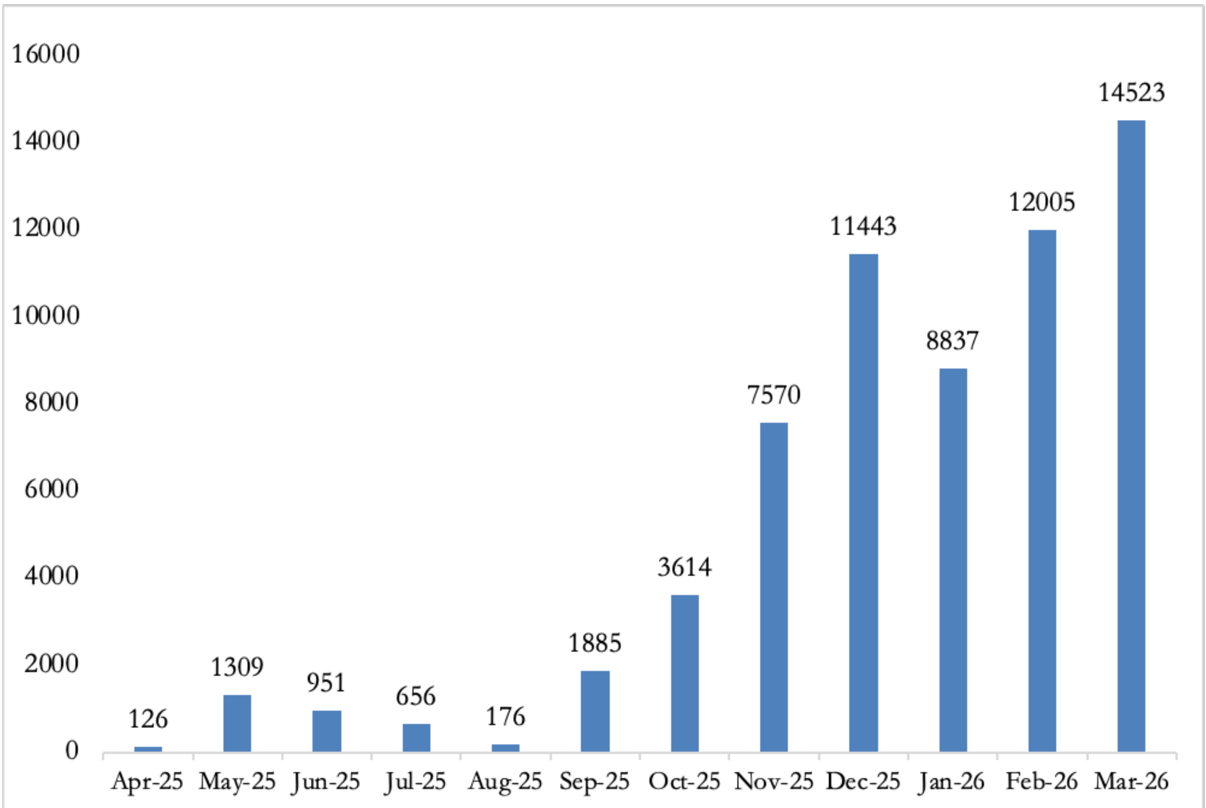
[9] The committee comprised representatives from IEPFA, MCA, SEBI and other Industry Bodies like FICCI, PHDCCI, CII, RAIN, ICMAI, ICAI, ICSI.

IV. Impact of the process reforms

All pending applications were migrated to the new backend portal by August 2025, and the system was fully operational for October 2025-March 2026. The results of these reforms have been outstanding.

Between April and September 2025, an average of about 850 applications were approved each month. Following the rollout of new system, the approvals have increased significantly: 3,614 in October 2025, 7,570 in November 2025, 11,443 in December 2025, 8,837 in January 2026, and 12,005 in February 2026 and 14,523 in March 2026 (Figure 1). This translates into an average of about 9,660 approvals per month. In other words, the monthly rate is now comparable to the previous annual rate! The amount of dividend transferred has increased significantly.

Figure 1: IEPFA monthly application approvals



Source: IEPFA

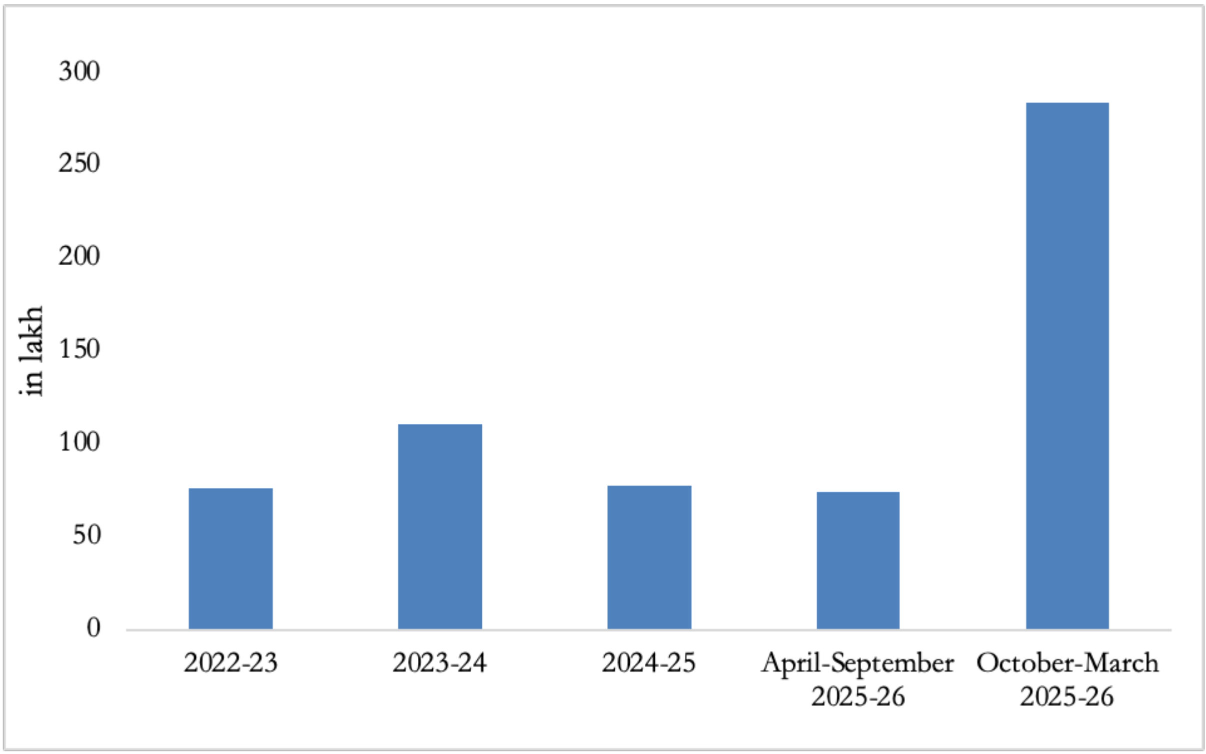
Overall, 57,570 applications were processed in October 2025-March 2026, as compared to only 5,098 in the first six months of the financial year 2025-26 or 12,749 in 2024-25 (Table 1). Similarly, the number of shares transferred and dividend refunded has also seen a significant increase.

Table 1: Key statistics of IEPFA

	2022-23	2023-24	2024-25	2025-26 (April-September)	2025-26 (October-March)
Number of applications (IEPF 5 forms) filled on MCA portal	51,652	55,031	59,940	36,508	36,097
Number of applications processed	45,351	50,726	35,473	20,966	76,620
Approved	10,989	16,985	12,749	5,098	57,570
Rejected	34,362	33,741	22,724	15,868	19,050
Applications pending at the end of the year	22,719	27,024	51,491	-	26,510
Number of shares transferred by IEPFA	76,53,878	1,10,42,765	77,68,635	74,44,844	2,84,24,381
Dividend amount refunded (in Rs crore)	11.54	16.59	24.97	12.46	40.39

Source: IEPFA

Figure 2: Number of shares transferred by IEPFA (in Rs lakh)



Source: IEPFA

At this sustained pace, the remaining backlog will be eliminated within the next few months. New cases are being directly loaded on to the new system and should be processed quite quickly.

More can be done to further enhance the operational efficiency of the IEPFA, particularly by improving the portal's search functionality and increasing public awareness about unclaimed assets held with the IEPFA and the streamlined reclaim process. These measures would encourage a greater number of individuals to come forward and claim their assets.

V. Conclusion

Process improvements are a key tool for policymakers, yet they are rarely studied in a structured way, properly recorded, or formally taught. As a result, policymakers often find themselves repeatedly rediscovering methods that could otherwise be standardized and embedded into regular practice.

This paper is an attempt to demonstrate the value of focused process reform. As illustrated, successfully implementing such reforms involves several steps: (a) mapping the existing process, (b) identifying specific bottlenecks, (c) taking action to remove those obstacles, and (d) tracking the results.

One can clearly see the Pareto principle (80-20 rule) here at play- which is a rule-of-thumb that roughly 80% of consequences are driven by about 20% of causes. In this case, most of the problems were caused by the process being fragmented across three separate portals. Therefore, integrating the portals alone solved a significant part of the problem. Much of the backlog could be cleared in just about 6 months and going forward the turnaround time for applications will be much less for the new applications being filed.

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