



An Empirical Study on Shareholders' Awareness of Legal Rights and Protections Related to Dividends in India

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Abstract

This research paper explores how well Indian shareholders understand the legal rights and protections related to company dividend payments. Although dividend distribution is governed by well-established regulations—namely, the SEBI (Listing Obligations and Disclosure Requirements) Regulations and the Companies Act of 2013—many investors, especially individuals in the retail segment, remain unaware of these provisions. Despite the existence of strong legal safeguards, knowledge gaps still persist. To examine this issue, the study employed a structured questionnaire and surveyed 1,536 individual shareholders across different regions of India. The findings reveal that while most participants are familiar with the general idea of dividends, a substantial number are unclear about key aspects such as the timeline for payments, procedures for unclaimed dividends, and the role of the Investor Education and Protection Fund (IEPF). The data also indicates that awareness levels are influenced by several factors, including the shareholders' level of education, prior investment experience, and exposure to financial literacy programs. These insights point to the need for better educational outreach and more transparent corporate communication to ensure shareholders are fully informed of their rights.

Keywords: Companies Act, Dividend, Legal Rights, Shareholders Awareness, shareholders Protection.

1. Introduction

Dividends are an essential part of shareholder returns and provide a significant, observable incentive for investing in a company. They stand for a company's commitment to delivering value to shareholders and its profitability in India's dynamic business climate. The Companies Act of 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, and numerous regulatory authority circulars are just a few of the comprehensive legal frameworks that regulate dividend distribution. The goal of the legislative measures is to ensure accountability, transparency, and timely profit sharing in order to safeguard shareholder interests and foster confidence in financial markets. However, despite the significant advancements in corporate governance rules in India, there is still a lack of awareness among shareholders, especially with regard to their legal rights surrounding dividends.

Despite the fact that there are several legal requirements for investor redressal procedures, payment schedules, processing of unpaid dividends, and dividend announcements, many shareholders—particularly individual shareholders—are either uninformed or inadequately educated. This ignorance can lead to missed claims, unclaimed dividend accumulation, and a diminished ability to hold companies accountable for non-compliance. The gap is caused by a number of factors, including low shareholder involvement in Annual General Meetings (AGMs), poor interpretation of financial disclosures, and reliance on unofficial sources for information pertaining to investments. Despite the ongoing endeavors of regulatory entities such as SEBI and the Ministry of Corporate Affairs (MCA) to enhance financial literacy and investor education through diverse initiatives, the practical comprehension of legal rights among shareholders remains disparate and inconsistent across various investor segments.

To find out how well-informed shareholders are about dividend laws, with a focus on individual shareholders, this research conducts a comprehensive empirical study with 1,536 respondents throughout India. This study is highly relevant given the current climate of increased individual participation in Indian capital markets, as it aims to identify significant knowledge gaps, evaluate the effect of awareness on shareholder behavior, and offer useful recommendations to improve investor education and corporate communication. Understanding the rights and responsibilities of new shareholders via digital platforms is crucial to building a strong investment ecosystem. In order to contribute to the larger discussion on strengthening shareholder protection and enhancing participatory corporate governance in India, the study aims to shed light on the current state of legal awareness about dividends.

2. Review of Literature

The analysis of recent research sheds light on the behavioral, financial, and legal facets of dividend consciousness among shareholders. It lays the groundwork for the current empirical investigation and points out any gaps that need more research.

2.1. Legal Framework and Dividend Policy

While corporations generally comply with statutory requirements, such as paying out declared dividends within 30 days and depositing unpaid amounts into the Unpaid Dividend Account, Reddy (2016) examined the impact of the Companies Act, 2013 on corporate dividend disclosures in India and discovered that most retail shareholders are unaware of these rules because companies do not communicate with them.

2.2. Shareholder Awareness and Financial Literacy

Sharma and Gupta (2018) highlighted the significance of financial literacy in raising investor awareness. Their survey of retail investors revealed a conspicuous ignorance of dividend procedures, such as unclaimed dividend claims and declaration deadlines. In order to empower shareholders to properly claim their rights, they supported comprehensive financial education campaigns.

Mukherjee (2021) evaluated the company's dividend disclosures' clarity and accessibility. The study found that while disclosures follow technical guidelines, they usually don't employ language that is easy for average investors to understand, which reduces their practical value. This impedes shareholder engagement and undermines the objective of transparency.

Tripathi and Rao (2023) linked awareness of legal rights to shareholder activism. Their findings revealed that informed shareholders were more likely to participate in AGMs, vote on dividend resolutions, and challenge management decisions. The study concluded that legal knowledge empowers investors to assert their rights, improving the overall quality of corporate governance.

3. Objective of study

- 1. To examine the level of awareness among shareholders regarding dividend related legal rights and protections in India.

4. Hypothesis

H₀: There is no significant proportion of shareholders aware of the legal provisions associated with dividends in Indian companies.

5. Methodology

The universe is large, every company has lakhs of shareholders, and this study is to be carried out by an individual researcher, so it is not feasible to collect information from all the shareholders. Therefore, a sample of 384 shareholders from each region of India (East, West, North, and South), totaling 1,536 shareholders, was selected from diverse sectors (e.g., IT, FMCG, banking, and manufacturing). According to statistical guidelines, the minimum required sample size for an infinite population is 384.

This research adopts a descriptive and empirical design with a focus on measuring the awareness levels of shareholders across India. The study uses primary data collected from 1536 individual shareholders through a structured questionnaire. Respondents were selected using a convenience sampling method, The questionnaire can be divided into two parts. Part A is a demographic profile that includes age, gender, educational qualifications, and region. The region in question includes all of India, which is divided into four parts. South India is a region in southern India that includes the Indian states of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, and Telangana, as well as the union territories of Lakshadweep, Puducherry, Andaman, and Nicobar. The North India region includes the states of Haryana, Himachal Pradesh, Punjab, Rajasthan, and the Union Territories of Chandigarh, Delhi, Jammu and Kashmir, and Ladakh. The West India region includes the states of Goa, Gujarat, and Maharashtra, along with the Union territories of Dadra and Nagar Haveli and Daman and Diu. East India includes Bihar, Jharkhand, Odisha, and West Bengal, as well as the union territory of Andaman and Nicobar Islands. The questionnaire part B also included multiple-choice questions, Likert scale items, and scenario-based awareness checks designed to assess knowledge of legal provisions under the Companies Act, 2013 and SEBI regulations.

Data collection was carried out online through trading communities, and direct emails to demat account holders with the support of shareholders associations. The collected responses were analysed using descriptive statistics, and regression analysis through tools like SPSS and MS Excel.

6. Discussion and Results

Table 1. Gender-wise Perceptions of Respondents on Awareness of Legal rights and protections Related to Dividends

Factor	Gender	N	Mean	S. D	F-value	P-value
Awareness of Legal rights and protections Related to Dividends	Male	1347	36.22	5.53	140.44	.000*
	Female	189	31.47	5.10		
	Total	1536	32.05	5.38		

Source: (From field study, 2025) * Significant at 0.05

The above table presents the perceptions of respondents regarding their awareness of legal rights and protections related to dividends, categorized by gender. The findings reveal a statistically significant difference between male and female respondents, as indicated by the F-value of 140.44 and a p-value of .000, which is less than the 0.05 significance level. Male respondents (N=1347) reported a higher mean score of 36.22 with a standard

deviation of 5.53, indicating a relatively higher level of awareness. Female respondents (N=189), on the other hand, had a lower mean score of 31.47, with a standard deviation of 5.10.

This implies that male respondents exhibit significantly greater awareness of legal provisions related to dividend compared to female respondents. The statistical significance confirms that the difference in awareness levels between genders is not due to random chance.

Table 2. Age -wise Perceptions of Respondents on Awareness of Legal rights and protections Related to Dividends

Factor	Age	N	Mean	S. D	F-value	P-value
Awareness of Legal rights and protections related to Dividends	Up-to 30 years	307	36.81	7.06	140.44	.000*
	31 - 45 years	965	31.61	2.96		
	46 - 65 years	257	27.64	5.23		
	Above 65 years	7	47.00	3.41		
	Total	1536	32.05	5.38		

Source: (From field study, 2025) * Significant at 0.05

The table depicts the age-specific perceptions of respondents about their awareness of legal rights and safeguards associated with dividends. The study indicates a statistically significant difference across various age groups, demonstrated by an F-value of 140.44 and a p-value of .000, which is substantially lower than the 0.05 significance threshold. The statistically significant difference in mean scores between age groups suggests that awareness levels vary significantly with age, with younger and older respondents typically knowing more about the legal rights associated to dividends than middle-aged respondents.

Table 3. Region -wise Perceptions of Respondents on Awareness of Legal rights and protections Related to Dividends

Factor	Region	N	Mean	S. D	F-value	P-value
Awareness of Legal rights and protections Related to Dividends	South India	384	30.88	3.64	27.57	.000*
	North India	384	34.02	7.55		
	West India	384	31.22	3.91		
	East India	384	32.10	4.95		
	Total	1536	32.05	5.38		

Source: (From field study, 2025) * Significant at 0.05

The table shows respondents' perceptions by region of their knowledge of dividend-related legal rights and safeguards. A p-value of .000, below the 0.05 significance level, and an F-value of 27.57 show that there is a statistically significant difference between respondents from different locations. With a mean score of 34.02 and a relatively high standard deviation (7.55), indicating some variation in responses, North Indian respondents had the highest level of awareness, while South Indian respondents had the lowest, with a mean score of 30.88 and a relatively low standard deviation of 3.64, indicating greater consistency in their responses.

The statistically substantial difference indicates that understanding of legal rights and safeguards associated to dividends is significantly shaped by regional differences. Regional investing culture, access to legal information, and disparities in financial literacy could all have an impact on this.

Table 4. Education Qualification-wise Perceptions of Respondents on Awareness of Legal rights and protections Related to Dividends

Factor	Qualification	N	Mean	S. D	F-value	P-value
Awareness of Legal rights and protections Related to Dividends	SSC	235	26.21	2.03	263.97	.000*
	Intermediate	162	31.84	3.19		
	UG	795	31.30	2.75		
	PG	184	38.54	7.91		
	Ph.D.	155	36.94	4.91		
	Others	5	44.00	4.24		
	Total	1536	32.05	5.38		

Source: (From field study, 2025) * Significant at 0.05

The table shows how respondents viewed their educational background in connection to their knowledge of dividend-related legal rights and protections. Significant differences in awareness between educational levels are shown by the F-value of 263.97 and the p-value of .000 (significant at the 0.05 level). The results show a positive correlation between knowledge of legal rights and protections with regard to dividends and higher educational attainment. The high statistical significance demonstrates that respondents' educational attainment is a significant determinant of their legal and financial awareness.

Table 5. Marital status-wise Perceptions of Respondents on Awareness of Legal rights and protections Related to Dividends

Factor	Marital Status	N	Mean	S. D	F-value	P-value
Awareness of Legal rights and protections Related to Dividends	Single	298	36.75	7.00	343.7	.000*
	Married	123	30.92	4.19		
	Total	153	32.05	5.38		

Source: (From field study, 2025) * Significant at 0.05

The table shows the respondents' evaluations of their knowledge of their legal rights and protections with regard to dividends, broken down by marital status. With an F-value of 343.7 and a p-value of .000, well below the 0.05 threshold for statistical significance, the statistical analysis shows a significant difference between respondents who are single and married.

Due to factors like increased financial independence, exposure to financial education, or proactive financial involvement, single people seem to have higher financial awareness. This significant difference implies that awareness of legal rights and safeguards with regard to dividends influence marital status.

Table 6. Occupation-wise Perceptions of Respondents on Awareness of Legal rights and protections Related to Dividends

Factor	Occupation	N	Mean	S. D	F-value	P-value
Awareness of Legal Provisions Related to Dividend Policies	Govt. Employee	26	41.42	8.83	77.58	.000*
	Private Emp.	218	32.89	5.52		
	Professional	117	37.23	8.71		
	Business / Self-employed	267	28.15	5.96		
	Student	900	31.98	2.81		
	Homemaker	6	41.50	5.20		
	Retired	2	42.50	.70		
	Total	1536	32.05	5.38		

Source: (From field study, 2025) * Significant at 0.05

The table displays the occupation-wise perceptions of respondents on their awareness of legal provisions related to dividend policies. The results reveal a statistically significant difference in awareness across different occupational groups, as indicated by an F-value of 77.58 and a p-value of .000, which is significant at the 0.05 level.

The results suggest that occupation significantly influences awareness levels, with professionals and government employees being more informed, possibly due to better access to financial resources, formal education, or work-related exposure to legal and corporate frameworks. Conversely, business owners/self-employed individuals may lack structured exposure to such legal information.

6.1. Awareness Of Legal Rights and Protections Related to Dividends

This study aims to explore the level of awareness among shareholders regarding legal requirements governing dividend distributions, assess compliance practices, and identify opportunities for enhancing regulatory effectiveness and investor protection in the financial markets. Table 7 below depicts the respondents' awareness of legal rights and protections regarding dividends.

Table 7. Awareness of Respondents on Legal rights and protections Related to Dividends

S. No	Factors	N	Very great extent	Great extent	Moderate extent	Little extent	Not at all	Mean	S. D
1	There is a compulsory requirement of making provision for depreciation before payment of dividends.	1536	383 (24.9)	173 (11.3)	51 (3.3)	916 (59.6)	13 (0.8)	3.00	1.32
2	Dividend on equity shareholders is declared only after the declaration of dividend to the preference shareholders.	1536	80 (5.2)	251 (16.3)	945 (61.5)	251 (16.3)	09 (0.6)	3.09	.74
3	The board of directors proposes the dividend in the Annual General Meeting.	1536	1026 (66.8)	202 (13.2)	287 (18.7)	11 (0.7)	10 (0.7)	4.45	.86
4	The company is required to have the approval of shareholders in the Annual General Meeting for the declaration of dividends.	1536	977 (63.6)	232 (15.1)	60 (3.9)	23 (1.5)	244 (15.9)	4.09	1.46
5	The company does not need to transfer some amount of net income to reserve before declaration of dividend.	1536	101 (6.6)	424 (27.6)	75 (4.9)	18 (1.2)	918 (59.8)	2.20	1.51
6	Tax deducted at source (TDS) becomes applicable on dividend pay-out under section 194 of the Income Tax Act.	1536	111 (7.2)	978 (63.7)	411 (26.8)	21 (1.4)	15 (01)	3.75	.64
7	Dividend becomes unsecured debt to the company after approving it in the Annual General Meeting.	1536	112 (7.3)	82 (5.3)	1076 (70.1)	21 (1.4)	245 (16)	2.87	.99
8	The amount of the dividend shall be deposited in a scheduled bank in a separate account within 5 days from the date of declaration of such dividend.	1536	82 (5.3)	121 (7.9)	174 (11.3)	919 (59.8)	240 (15.6)	2.27	.99
9	Dividends must be paid within 30 days from the date of declaration.	1536	1022 (66.5)	81 (5.3)	171 (11.1)	249 (16.2)	13 (0.8)	4.20	1.20
10	If the company fails to pay dividends within 30 days from the date of declaration. The declared amount shall be transferred to a special bank account titled an unpaid dividend account.	1536	82 (5.3)	354 (23)	165 (10.7)	25 (1.6)	910 (59.2)	2.14	1.44

Source: (From field study, 2025)

The researcher interprets the responses based on primary data. The mean values of the surveyed factors provide insights into the prevailing awareness of dividend policies among respondents. Among these factors, the analysis reveals a range of sentiments. Notably, factors such as the proposal of dividends by the board of directors in the Annual General Meeting (mean = 4.45) and the requirement for companies to take shareholder approval for dividend declaration (mean = 4.09) indicate a strong inclination towards formal processes and governance. Conversely, factors like the absence of a compulsory requirement to transfer net income to reserves before dividend declaration (mean = 2.20) and the possibility of dividends becoming unsecured debt to the company (mean = 2.87) suggest areas where awareness might lean towards flexibility or less stringent regulations. These mean values reflect a spectrum of perspectives, from a preference for structured procedures to a tolerance for more relaxed policies within dividend frameworks.

6.2. Multiple Regressions of Awareness on Legal rights and protections of Dividends

Regression analysis comprises a set of statistical approaches for assessing the relationships among variables in statistical modeling. The emphasis on the relationship between a dependent variable and one or more independent variables, or 'predictors,' involves several ways for modeling and assessing multiple variables. Regression analysis elucidates the variation in the expected value of the dependent variable (or 'criterion variable') when one independent variable is altered, while the other independent variables are held constant.

Regression analysis primarily forecasts the conditional expectation of the dependent variable based on the independent factors or the average value of the dependent variable while the independent variables remain constant. The emphasis is less often on a quantile or other location aspect of the conditional distribution of the dependent variable, given the independent factors. The regression function, reliant on the independent variables, must be computed in all instances. In regression analysis, employing a probability distribution is beneficial for quantifying the variance of the dependent variable around the predictions of the regression function.

This paper aimed to assess the level of understanding regarding various legislative variables influencing dividend policy. The model to fit the relationship between a dependent and independent variable is shown in the table below.

Dependent Variable: Level of awareness.
Independent variables: Various legal factors of Dividends.

Table 8. Regression Model for the Awareness of Legal Factors in Dividends

Model	R	R square	Adjusted R Square	F-value	p-value
1	.7115 ^a	.512	.503	58.20	0.00*

Source: (From field study, 2025) * Significant at 0.05

1) Predictors: (Constant), Legal factors of Dividend Policies

The table shows an overview of the model of regression analysis. The R-squared statistic is a widely used metric for assessing model fit. The R-square is equal to 1 minus the residual variability ratio. The adjusted R², also known as the coefficient of multiple determinations, is the percentage of variance in the dependent variable explained by the independent variables individually or collectively. It shows that the combined influence of the predictor factors accounts for 51.2 percent of the variations in the level of awareness.

The capacity to predict awareness of dividend policies was indicated by R² = 0.512. The R² score in this model demonstrates that the awareness of legal aspects of dividend policies can explain 51.2 percent of the observed variability. The remaining 48.8% of the variation is unaccounted for, implying that the remaining 48.8% of the variation is due to additional factors not included in the model. The F value (F=58.2 and P 0.01) indicates that this variation is extremely significant.

It provides the details of the model parameters (the beta values) along with their significance. It indicates that β represents the Y-intercept and that this corresponds to the constant's value B. According to the table, β₀ is 24.055, indicating that in the absence of predictors (when X=0), the model forecasts an awareness level of 24.055. The value of 0.013 signifies that a modification of one perception unit results in a total perception change of 0.013 times. The β-values of the other variables are 0.715, 0.310, and so on.

Table 9. Unstandardized and Standardized Coefficient Values of awareness levels on Legal provisions of Dividends

Model	Un-standardized Coefficients		standardised Coefficients	t-value	p-value
	B	Std. Error	Beta		
Constant	24.055	.639		37.661	.000
There is a compulsory requirement of making provision for depreciation before payment of dividends.	.013	.179	.003	.075	.940
Dividend on equity shareholders is declared only after the declaration of dividend to the preference shareholders.	.715	.199	.120	3.649	.000 *
The board of directors proposes the dividend in the Annual General Meeting.	.310	.170	.066	1.822	.069
The company is required to have the approval of shareholders in the Annual General Meeting for the declaration of dividends.	.785	.173	.169	4.534	.000*
The company does not need to transfer some amount of net income to reserve before declaration of dividend.	.034	.173	.009	.270	.008 *
Tax deducted at source (TDS) becomes applicable on dividend pay-out under section 194 of the Income Tax Act.	1.281	.186	.274	6.893	.000 *
Dividend becomes unsecured debt to the company after approving it in the Annual General Meeting.	1.140	.192	.220	5.927	.000 *
The amount of the dividend shall be deposited in a scheduled bank in a separate account within 5 days from the date of declaration of such dividend.	.565	.164	.116	3.451	.001*
Dividends must be paid within 30 days from the date of declaration.	.704	.176	.149	4.004	.000 *

Source: (From field study, 2025) * Significant at 0.05

A: Dependent variable: Awareness levels of Legal provisions

The above table shows that the p-values of some of the factors are less than 0.05. This represents that the respondents awareness levels are impacting the legal factors of dividend policies are it is understood that the respondents have more awareness levels on the legal factors of dividend policies such as: (i) Dividend on equity shareholders is declared only after the declaration of dividend to the preference shareholders (ii) Company is required to take approval of shareholders in Annual General Meeting for declaration of dividend (iii) It is not mandatory for the company to transfer some amount of net income to reserve before declaration of dividend (iv) Tax deducted at source (TDS) becomes applicable on dividend pay-out under section 194 of the Income Tax Act (v) Dividend becomes unsecured debt to the company after approving it in the Annual General Meeting (vi) The amount of the dividend shall be deposited in a schedule bank in separate account within 5 days from the date of declaration of such dividend (viii) Dividend must be paid within 30 days from the date of declaration.

The scatter diagram is represented by the histogram below. The link between the dependent and independent variables is also shown. A scatter diagram is employed to investigate the relationship between two variables. It demonstrates what happens to one variable when another changes. Each pair of independent-dependent variables is displayed in a graphical shape to identify the link between them, with the X-axis for independent and the Y-axis for dependent variables. Because all of the factors have a positive and linear connection with perceived organisational performance, the points in the scatter diagrams tend to cluster around a straight line. Scatter plots provide a visual pattern of how two variables change at the same time.

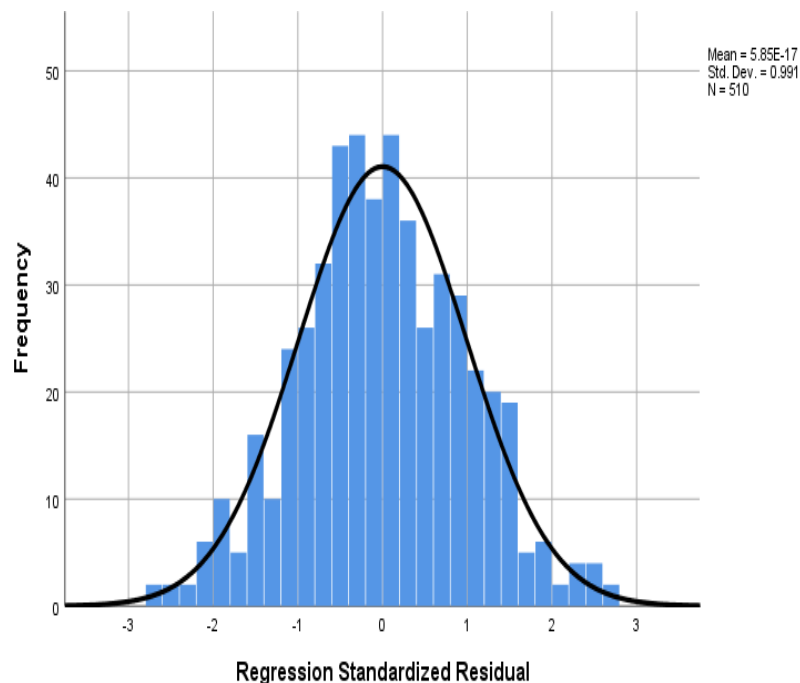


Figure 1. Histogram of the Awareness of the Legal Provisions of Dividends
Source: (From field study, 2025)

6.3. Test of Normality to apply either Parametric / Non-Parametric Tests

Assessing data normality is essential for specific statistical studies, as normality is a fundamental assumption in parametric testing. Normality can be assessed by two principal methods: pictorial and numerical. The Kolmogorov-

Smirnov (K-S) and Shapiro-Wilk tests are essential for assessing normalcy. The aforementioned studies align the sample scores with a naturally distributed range of scores possessing same mean and standard deviation; the null hypothesis posits that the sample distribution is normal. The distribution is non-normative if the test is applicable. When employing parametric statistical approaches, it is essential to address the verification of the normalcy assumption. The K-S test, due to its limited capacity, is no longer applicable as the predominant normalcy test. Normality can be assessed both physically and through statistical measures, such as the Shapiro-Wilk test. The Kolmogorov-Smirnov (K-S) and Shapiro-Wilk (S-W) tests are designed to evaluate normality by contrasting the results with a normal distribution that shares the same mean and standard deviation. If the measurement is irrelevant, the data is considered normal, so normality is shown by any value exceeding 0.05. The data is irregular if the outcome is significant (less than .05). The researchers assessed the normalcy of the components excluded from the factor analysis. The findings are presented in the table below.

Table 10. Tests of Normality for Legal Provisions to Dividends

Variable	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Legal provisions to dividend policies	.130	1535	.000	.938	1535	.000

a. Lilliefors Significance Correction

From the above table, it is evident that the p-value for the Kolmogorov-Smirnov test and Shapiro-Wilk test is 0.00, which is less than 0.05. This implies that the data is non-normal. So, it is important to note that further analysis can be done by non-parametric tests. Same we can see from the below normal curves.

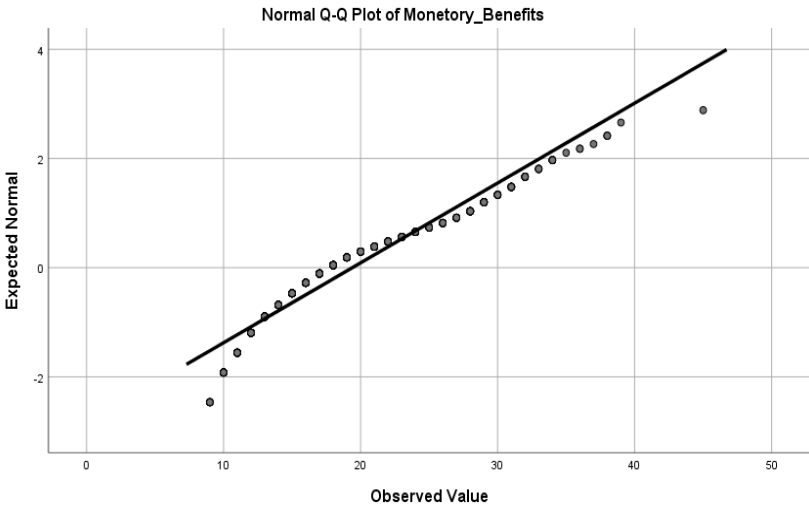


Figure 2. Normal curve to Check Normality for Legal provisions to dividend policies
Source: (From field study, 2025)

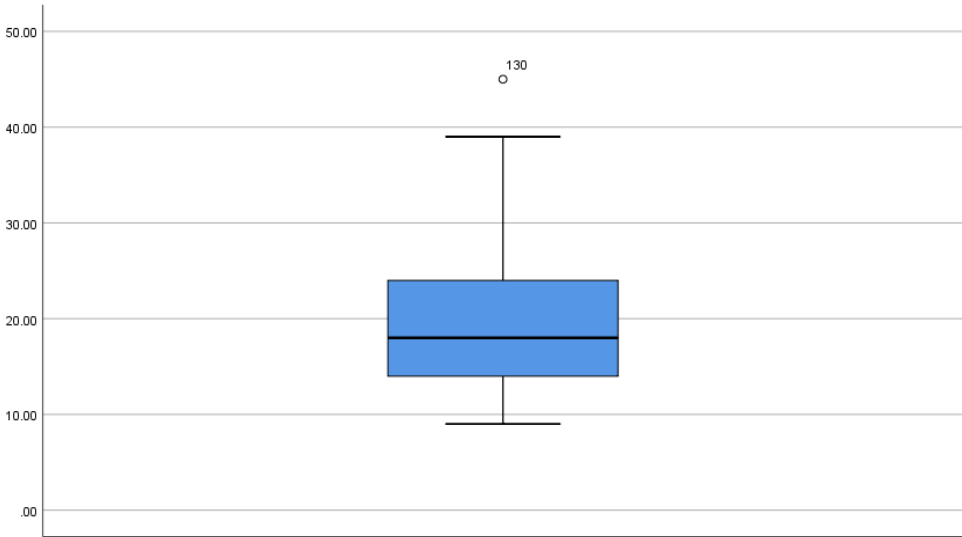


Figure 3. Box-Plot to Check Normality for Legal Provisions to Dividends
Source: (From field study, 2025)

6.4. Significance Testing

The procedure by which a statistician tests a hypothesis is known as hypothesis testing. The kind of data being analyzed and the objectives of the analysis dictate the analyst's methodology. The process of evaluating a hypothesis based on a sample of data from a larger population—which may be null or alternative—is known as hypothesis testing. Finding out if the null hypothesis should be accepted or rejected is the goal of hypothesis testing. Calculated from a survey or test result, the approach determines whether a null hypothesis should be accepted or rejected in favor of an alternative hypothesis by evaluating whether it falls within a predefined acceptance range.

Table 11. Significant Testing for Legal Provisions to Dividend Policies

S.NO	Null Hypothesis	Test	Test Statistics	Sig.	Decision
1	There is no significant proportion of shareholders aware of the legal provisions associated with dividends in Indian companies.	Kruskal-Wallis Test of Independent Samples	275.418	.000 *	The null hypothesis is Rejected

* Significance at 0.05

Source: (From field study, 2025)

The researcher has applied the Kruskal-Wallis Test of Independent-Samples to test the hypothesis. It is observed that the test statistic value is 275.418 with a p-value is 0.00, which is less than 0.05. Therefore, the Null Hypothesis is false, and it may be rejected. Hence, there are significant differences in the awareness levels of legal provisions to dividends.

7. Conclusion

This study comprehensively examines the level of awareness among Indian shareholders, particularly retail shareholders, regarding their legal rights and protections associated with dividend declarations and payments. The analysis of responses from a large and diverse sample of 1,536 shareholders reveals a significant awareness gap, despite the presence of clear legal frameworks such as the Companies Act, 2013. While dividends are perceived as a vital financial benefit and signal of corporate profitability, many shareholders are unaware of the statutory timelines for payment, the process for claiming unclaimed dividends, or the role of the Investor Education and Protection Fund (IEPF).

The results demonstrate the unequal distribution of knowledge, with important drivers including educational achievement, prior investment experience, and access to financial education programs. While those with professional or postgraduate education showed noticeably greater levels of awareness, those with formal financial exposure showed notable deficiencies. Due to this ignorance, shareholders are less able to effectively exercise their rights and participate in corporate governance activities including monitoring company filings and attending annual general meetings.

In conclusion, improving shareholders' legal understanding is essential for fostering an open and engaged corporate governance culture in India and goes beyond simple compliance. Informed and empowered shareholders are essential for improving accountability, lowering unclaimed dividends, and building long-term trust in India's financial markets.

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