

# *The Accounting Times*



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## **INDIAN OVERSEAS BANK BECOMES THE SECOND MOST-VALUED PUBLIC LENDER**

Indian Overseas Bank (IOB) has become the second most-valued listed public sector bank (PSB) with a market capitalisation of over Rs 50,000 crore. As Street discounts privatisation of the state-owned lender, its shares have appreciated nearly 80 per cent on the BSE in the past one month. IOB stood with an m-cap of Rs 51,887 crore, pushing PNB (Rs 46,411 crore) and BOB (Rs 44,112 crore) to third and fourth position, respectively, as per data available on BSE. In the past month, the market price of IOB has zoomed 57 per cent, as compared to a 4 per cent decline in PNB and a 5 per cent gain in BOB share price. The bank plans to come out of the Prompt Corrective Action (PCA) framework by focusing on recovery, low-cost deposits, and less capital consuming advances.

**(Harijan Shweta Mahendra /S.Y.B.Com. (B&I)-3)**

## **FIXED DEPOSIT: WHY ARE SMALL INVESTORS DITCHING BANK FDS FOR MUTUAL FUNDS?**

Declining interest rates seem to be pushing small investors away from fixed deposits towards equity markets. A recent [SBI](#) Research report said that since the last year, the number of individual investors in the market increased by a whopping 142 lakh in FY21, with 122.5 lakh new accounts at CDSL and 19.7 lakh in NSDL. As many as 44.7 lakh retail investors were added during the two months of the current fiscal. The Reserve Bank of India ([RBI](#)) has maintained a low interest rate in order to boost growth and help the economy recover from the impact of the Covid-19 pandemic and subsequent lockdowns. However, this has resulted in banks cutting the interest rate offered on fixed deposits. In view of this, small investors investing in bank FDs for guaranteed risk-free return are shifting to equity and debt funds to earn a higher return, despite the higher risk, says Archit Gupta, Founder and CEO, Clear. According to a media report, bank deposits crossed the Rs 150 trillion mark in March 2021. However, the banks could add only Rs 32,482 crore from 23 April 2021 to 21 May 2021 compared. During the same period last year, total deposits were Rs 1.2 trillion. In contrast, equity mutual funds witnessed a 14-month high inflow of Rs 10,000 crore in May 2021, according to AMFI data.

As of May-end, assets under management (AUM) of the mutual fund industry touched a record high of Rs.33 lakh Crore. Harsh Jain Co-founder and COO, Groww, “With the banks becoming more conservative on loans, most of them are struggling with higher liquidity. And therefore the FD rates have gone as low as 3% for retail investors. This has pushed a lot of people, who were earlier ignoring the capital market or were sitting on the fence and waiting for the right trigger, to diversify towards stocks and equity mutual funds.” Jain said Groww has continuously seen a positive growth of retail/salaried class users for Mutual funds and specially SIP. Mutual funds offer several investment options across equity, debt and hybrid schemes. Small investors can choose suitable mutual funds depending on their investment objectives and risk tolerance. According to Gupta, the Government has been consistently reducing small saving scheme rates over the years and may continue to do so in the future. As per SEBI data, investors in India opened 14.2 million new Demat accounts in FY21, which is nearly three times the figure of 4.9 million accounts in FY20. Meanwhile, the stock markets have also performed well over the past year despite the economic slowdown due to the pandemic.

**(Nandini Narayan Gurekar/ S.Y.B.Com. (B&I)/2)**

### **LAW MINISTER RAVI SHANKAR PRASAD LAUNCHES ‘ITAT E-DWAR’**

Union Minister for Law & Justice, Communications and Electronics & IT, Ravi Shankar Prasad has formally launched the e-filing portal of Income Tax Appellate Tribunal (ITAT), ‘ITAT E-DWAR’, in New Delhi. The newly developed e-Filing Portal would enable the parties to file their Appeals, Miscellaneous Applications, documents, paper books, etc., electronically. The portal will enable the online filing of appeals, applications and documents by various parties. According to Law Minister Ravi Shankar Prasad, the launch of the e-filing portal of the Income Tax Appellate Tribunal (ITAT), should be seen as a larger narrative of transformation the country is undergoing through the digital medium.

**(Pooja Mohanty/S.Y. B.Com. /02)**

### **CRYPTO CURRENCY**

Crypto currency is a form of payment that can be exchanged online for goods and services. Many companies have issued their own currencies, often called tokens, and these can be traded specifically for the good or service that the company provides. Think of them as you would arcade tokens or casino chips. You’ll need to exchange real currency for the crypto currency to access the good or service. Crypto currencies work using a technology called block chain. Block chain is a decentralized technology spread across many computers that manages and records transactions. Part of the appeal of this technology is its security.

More than 10,000 different crypto currencies are traded publicly, according to CoinMarketCap.com, a market research website. And crypto currencies continue to proliferate, raising money through initial coin offerings, or ICOs. The total value of all crypto currencies on July 9, 2021, was more than \$1.4 trillion — down from April high of \$2.2 trillion, according to Coin Market Cap. The total value of all bit coins, the most popular digital currency, was pegged at about \$630 billion — down from April high of \$1.2 trillion

**(Darshan Danekar /S.Y.B.Com./B)**