




# THE COMSOC GAZETTE



**OCTOBER 2021**

Date of Issue: 15th October 2021

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## 01 7-ELEVEN NEXT ON SHOPPING LIST FOR RELIANCE

Days after Kishore Biyani's Future Group terminated its agreement with 7-Eleven Inc (SEI), Reliance Retail Ventures, the retail arm of Reliance Industries (RIL) has struck a deal with the Texas-based convenience store chain to launch its stores across India. The first store of 7-Eleven opened in a Mumbai suburb on 9th October 2021. This will be followed by a rapid rollout across India's financial capital. The store will offer residents and tourists, the world's largest convenience retailer's unique style of convenience, signature food and drinks, as well as products and delicacies especially created to appeal to the local market. The 7-Eleven brand's entry into the country will modernize the small-retail environment and bring greater convenience to shoppers. This move will pit 7-Eleven against the likes of Samir Modi-led Twenty Four Seven and In&Out. Going ahead, 7-Eleven stores could also face competition from online food and grocery delivery service providers like Dunzo, Swiggy, Grofers, etc. India will be the 18th country or region where 7-Eleven stores operate. Others include the United States, Canada, Mexico, Japan, Thailand, South Korea, Taiwan, China, the Philippines, Singapore, Malaysia, Vietnam, Cambodia, Australia, Norway, Sweden, and Denmark.



## 02 CARGO HALTED BY ADANI GROUP

Adani Ports and Special Economic Zone, which happens to be the largest port operator in the country, stated on Monday, 12 October 2021 saying that its terminals would no longer handle export and import of container cargoes from Iran, Pakistan, and Afghanistan from November 15. "This trade advisory will apply to all terminals operated by (Adani Ports) and including third party terminals at any (company) port till further notice," Adani Ports, which is part of the Adani Group conglomerate, said in a statement.

Though the Company did not mention any particular reason for its action the decision is most likely an outcome of the past incident where the officials seized nearly 3 tonnes of heroin originating from Afghanistan that was valued at an estimated \$2.65 billion from two containers at western Gujarat's Mundra Port, run by Adani Ports. On the seizure, the statement issued by the Adani Group was that port operators are not allowed to examine containers and the company has "no policing authority over the containers or the millions of tonnes of cargo" that passes through the terminals at its ports.





# FINANCE & INVESTMENT

## 01 TATA SONS IN THE COCKPIT OF AIR INDIA

After a year of rigorous planning and modification, the bidders for Air India disinvestment have been finalised. 2021 has been a year of homecoming. It began with Cristiano Ronaldo going back to boyhood club Manchester United and in October it was Air India that went back to Tata group. The deal now allows Tata to fully control Air India and Air India Express that is the company has been granted a 100% share of the airlines. The group paid 18,000 crore rupees for acquiring the airline which was almost 50% more than the reserve price set by the government, which shows how desperate was the group for a reunion. As a part of the deal, the government has ensured the welfare of the employees by making sure that Tata retains all the employees in the first year and those who will be dismissed in the second year will be covered under the voluntary retirement scheme. The 18,000 crore deal includes 2700 crore rupees as cash that will be paid to the government and the rest 15,300 is the debt that the company will bear that was raised by Air India and its subsidiaries. It may be a sweet deal for Tata's sons but the government is in troubled waters because they still have to pay off the current liabilities of almost 15,000 crore rupees along with a debt of around 45,000 crore rupees. However, this deal is likely to give a boost to other disinvestment ventures that are moving at a very steady pace.



## 02 WILL FOREIGNERS ENJOY LIC'S PARTY?

The budget for 2021 brought an array of hope for insurance companies when the government raised the FDI investment through automatic routes to 74% in this sector. Another notable remark related to this sector was the announcement of an IPO for India's largest insurance company according to market share-Life Insurance Corporation of India (LIC). The proceeds from this offer will likely be used for meeting the trade deficits, so the government is trying to bring the public offer on the floor as soon as possible.

According to recent developments, the government is considering allowing 20% foreign investment in the initial public offer of the company. This means that the authorities are considering an amendment in the FDI rules so that the foreign suitors can invest in LIC without getting involved in the bureaucracy. Since the company is created through an act of the Parliament the FDI rules of normal insurance companies do not apply to this entity. Not only this, the government is thinking of blocking any Chinese investor from investing in the company because of the recent border tensions. The government is seeking a valuation of \$134 billion and is trying its level best to get this company listed on the Dalal street before the next budget.



# ECONOMY

## 01 BLOW TO AUTO DEBIT FACILITIES

Amid various economic changes, RBI has come out with new debit rules to make transactions secure and safe for customers. These are called Additional Factor Authentication (AFA) rules. These were set to be implemented from the 1st of April 2021 but were postponed to October 1.

All recurring transactions will need additional authentication which here implies that the customer needs to respond or reply to pre-debit message. This will apply to credit and debit cards, both domestic and international. For payments exceeding Rs 5,000, a one-time password (OTP) will have to be validated by a customer each time a payment is due. Customers will receive a pre-debit notification 24 hours before the transaction. This notification can be in the form of an SMS or e-mail. This rule, however, will not affect e-NACH and UPI auto pay transactions. To set a maximum amount limit, a Standing Instructions (SI) feature is to be used. If the transaction amount is bigger than the maximum amount, the customer receives a pre-debit notification consisting of a link to authenticate the transactions along with AFA without which the transaction will not be processed. This rule will not put any sort of extra burden like extra bank charges on customers.



## 02 INTEREST SAME, WHERE IS THE CHANGE?

RBI released its biannual monetary policy on October 8. This time it's the eighth time that the Monetary Policy Committee (MPC) headed by RBI Governor Shaktikanta Das has continued to maintain the status quo.

The Monetary Policy Committee maintains the key interest rate (repo) at 4 pc resulting in a reverse repo rate which remains unchanged at 3.35 pc. Bank rate also didn't see a change and stays yet at 4.25 pc

For FY22, RBI keeps the target of GDP growth at 9.5 pc. RBI confirms to continue with an accommodative stance to revive, sustain growth on a durable basis. IMPS limit to be increased from Rs 2 lakh to Rs 5 lakh. For FY22 RBI lowered its projection for retail inflation projection from 5.7% to 5.3%. Core inflation remains sticky, says RBI Governor RBI has proposed to introduce a framework for retail digital payment in offline mode across India.



## 01 EVERGRANDE'S GRAND MESS

China's property prices have been rising for the past 15-20 years, to the extent that it has become unaffordable for most people there and this has largely been the government's own doing. For years, the government has facilitated easy financing options for the likes of Evergrande - one of China's largest real estate groups. Since these companies have access to cheap debt, they've been on a land-buying spree. But with a limited land stock, this buying spree has created an artificial scarcity that has indirectly pushed land prices higher, thus leading to a boom in property prices. Now, realizing this, the government forced an audit to see whether these companies breached the credit limits set by them. And that's exactly what happened with Evergrande. They have liabilities to the tune of \$300 bn, making them ineligible to borrow anymore. And some people believe this to be a replica of the infamous Lehman moment - when the US investment bank crumbled under its debt burden and precipitated the Global Financial Crisis in 2008. A total collapse of the Evergrande group won't bode well for anyone - suppliers are waiting for their payments, banks want their loans repaid & homebuyers want their homes. If Evergrande goes bankrupt, the implications will spread far & wide. So there's a growing belief that the government will mitigate the disaster - they have the resources and the political willpower to do so. And unlike the US, the Chinese influence doesn't extend as far. So a real estate crisis in China will most certainly impact some nations, but it's unlikely to be as damaging as the 2008 financial crisis.

## 02 BLACK DIAMOND LEADS TO BLACKOUT

Past this fortnight, the nation is under fears of widespread blackouts, with a fear of being a baffle in the economic growth and impacting all of the lives. India is facing a looming power crisis since stocks of coal in power plants have fallen to unprecedentedly lower levels. Coal which makes up around 70% of India's electricity mix is leading some industrial users to buy electricity at the power exchange which has further led to spot prices on the Indian Energy Exchange Ltd. getting threefold over the past two weeks. It even touched the point of highest in 12 years. This all started when a message by Tata Power Delhi Distribution Ltd (TPDDL) to its consumers saw the central government dismiss reports of an impending power crisis in India. Rajasthan has been receiving less than half of its contracted volumes of coal from Coal India Ltd. There were also power shortages in other states including Punjab and Jharkhand, according to government data. Reasons behind it, according to the ministry are reflected to be an unmatched and sudden increase in demand for electricity due to the revival stage of the economy; heavy rainfall in September in coal mine areas resulting in disrupting the coal production as well as the dispatch of coal from mines; a sudden increase in rates of imported coal, leading to more dependence on domestic coal; the inability of coal stocks to replenish due to monsoon.



## 01 ANOTHER VACCINATION- BUT NOT FOR COVID

Malaria affects over 220 million people and kills over 400,000 people per year globally. It infects a person every seven seconds and claims the life of a child under 5 years of age every two minutes. The world is now equipped to fight it with the launch of Mosquirix (RTS, S/ASO1 (RTS.S)), the first and only vaccine for malaria endorsed by the World Health Organization. The moment was called a historic feat as it is projected to save more than tens of thousand young lives and create better fighting chances for children of the Sub-saharan Africa region and other regions with high transmission rates. WHO has laid the foundation but the road ahead is long because of infrastructural lacking in African developing countries, where the most number of cases and deaths are recorded. The Global Alliance for Vaccines and Immunizations (GAVI) will require billions of dollars in funds from governments and philanthropic donations to administer the necessary millions of doses per year. The vaccine has a moderate efficacy as it is said to prevent 30-40% of malaria cases in children below the age of 5 years. According to several sources, it is estimated that the vaccine, if administered according to plan, can prevent over 2.8 million to 6.8 million malaria cases every year and save 11000 to 35000 lives of children below 5 years of age.



## 02 VIRTUAL LIFELINES TAKE A HIT

October 4 came with an eye-opener when a 6-hour long outage made the world realize how dependent we've become on the internet and how the internet has become synonymous with social media apps. The massive outage that shut down Facebook, its associated apps (Instagram, Whatsapp, Oculus, Messenger), and its internal network began with routine maintenance. Facebook's router update that coordinated network traffic went awry and sent a wave of system-wide outages. As a result, Facebook and its associated apps suffered an outage. The engineers were able to bring the backbone online and slowly restore services with gradually increasing loads. This is one of the reasons why some people took longer to regain access yesterday, as the power and computational requirements to turn it on at the same time may have caused more failures.

When Facebook suffered the shutdown, several businesses also suffered. The platform and its siblings Instagram and WhatsApp play a key role in commerce, with some companies relying on the Facebook network rather than their websites. Many of the 2.8 billion users also felt the impact on their business and communications. Fifty billion (£ 37 billion) was wiped out from the company's market value by skeptical investors. Mark Zuckerberg's paper fortune dropped by \$ 7 billion and more than \$ 13 million in advertising disappeared every hour the platform was offline. All in all, it was a global outage that left the world paralyzed.



*Thank you for reading!*

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