खनिज समाचार

KHANIJ SAMACHAR

VOL 1 NO-6

(As appeared in National/Local Newspapers Received in Central Library, IBM, Nagpur)

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL 1 NO-6, 1st – 15th JULY, 2017

BUSINESS LINE

DATE: 3/7/2017 P.N. 8

Gold under pressure despite weak dollar

Prices can dip further in the short term

GURUMURTHY K

It was a volatile week for the yellow metal. The global spot gold prices crashed over a per cent initially on Monday from around $1,253 per ounce to $1,238 per ounce in a few minutes on a possible wrong trade placed on the system.

Though prices clawed back from the low of $1,236 to $1,250 levels once again, the pull-back could not sustain and prices fell back to close the week at $1,241, down 1.2 per cent for the week.

Increasing hopes that many central banks would join the US in hiking interest rates kept bullion prices under pressure. The European Central Bank (ECB) President, Mario Draghi, hinted last week that the ECB could begin winding up its stimulus. This triggered a sharp rally in the euro last week.

As a result the dollar index tumbled, breaking below a key support level of 96.45 and closed 1.6 per cent lower for the week at 96.61.

Dollar outlook

The sharp fall last week has dragged the dollar index well below the key 61.8 per cent Fibonacci retracement support level of 96.45. This support level was limiting the downside in the index for more than a month. The near-term view is negative. The index can dip to test the 95.30-95.05 support in the coming days.

An upward reversal from this support zone may ease the downside pressure. It will also increase the possibility of the index re-visiting 96 and 96.45 levels once again. Such a bounce in the dollar index can limit the upside in gold prices, going forward.

BABIEVSKYIVIACHESLAV/SHUTTERSTOCK.COM

Gold outlook

The global spot gold ($1,241.6 per ounce) is more likely to break below the immediate support at $1,240 this week. Such a break can take it lower to the next crucial support at $1,233, where both the 200-week and 200-day moving averages and also a trend-line are poised.

This makes the possibility of an upward reversal from $1,233 level high. Such a bounce can take bullion prices higher to $1,245 and $1,250 levels once again. But if gold breaks below $1,233 decisively, then the possibility of the prices tumbling to $1,222 will increase.

On the domestic front, the gold futures contract (₹28,439 per 10 gm) on the Multi Commodity Exchange (MCX) opened the week on a negative note with a wide gap-down and touched a low of ₹28,350 per 10 gm on Monday. The contract failed to sustain the bounce-back move and reversed lower after touching a high of ₹28,725.

The key resistance is between ₹28,600 and ₹28,800. As long as the contract trades below this resistance zone, a fall to ₹28,100 and ₹28,00 cannot be ruled out. A break below the immediate support at 28,400 can trigger this fall. Whether the contract reverses higher from ₹28,000 or not will decide the next move. A strong bounce from ₹28,000 will mean that the broader ₹28,000-29,500 range is intact and can trigger a rise to ₹28,500 or even higher. On the other hand, a decisive break below ₹28,000 can drag the MCX-gold futures contract lower to ₹27,500.

Silver outlook

The global spot silver ($16.63 per ounce) prices fared relatively better when compared to gold last week. It touched a high of $16.90 and reversed lower from there to close the week 0.5 per cent lower.

The immediate outlook is not clear. Support is at $16.25 and resistance is at $16.85. A range-bound move between these levels is possible for some time. A breakout on either side of $16.25 or $16.85 will then determine the next move. A break below $16.25 can take the prices lower to $16 or $15.75. On the other hand, the targets if silver breaks above $16.85 are $17 and $17.35.

On the domestic front, MCX-Silver (₹38,344 per kg) has come down after touching a high of ₹38,920. The immediate outlook is negative. A fall to test the key support at ₹37,850 is likely in the near term.

If the contract manages to reverse higher from this support, a rise to ₹38,800 or even ₹39,000 is possible thereafter. But a strong break below ₹37,850 will increase the likelihood of the fall extending to ₹37,000.

MCX Gold
Supports
₹28,400 / ₹28,000
Resistances
₹28,800 / ₹29,000

MCX Silver
Supports
₹37,850 / ₹37,000
Resistances
₹38,800, ₹39,000

BUSINESS LINE

DATE: 3 /7/2017 P.N. 8

Metals ($/tonne)

Aluminium	1914	3.0	-0.6	16.5	1962	1545
Copper	5927	2.5	4.8	22.5	6145	4573
Iron Ore	56	2.2	-1.9	6.2	95	54
Lead	2273	2.7	8.3	27.3	2466	1779
Zinc	2753	1.8	6.4	31.0	2971	2060
Tin	20230	4.9	-1.0	18.5	21945	17047
Nickel	9347	3.5	4.8	-0.6	11735	8710

BUSINESS LINE

DATE: 3 /7/2017 P.N.19

Singareni Collieries registers record output, dispatches

OUR BUREAU

Hyderabad, July 2

The state-owned Singareni Collieries Company Ltd (SCCL) has achieved record coal production and dispatches during the first quarter ended June 30.

The company, which has set higher targets this fiscal, has also managed to surpass the overburden removal by removing 94.5 million cubic metres in the first quarter of the current financial year as against 76.4 million tonnes last year.

During June, the mining company achieved overburden removal of 26.4 million cubic metres against 21.4 million cubic meters it achieved during June 2016.

A statement said the company mined 14.34 million tonnes of coal during the first quarter, up 2 per cent over 14.1 million tonnes it logged during the corresponding quarter last fiscal. This in itself is an all-time record for the company. During the month of June 2017, the production was up at 4.81 million tonnes against 4.74 million tonnes during June last year.

The statement added that the company had set a record in coal dispatches by transporting 15.59 million tonnes, up 11 per cent over 14 million tonnes dispatched during the corresponding period last year.

In spite of the 10-day strike by a section of miners, during June, the coal dispatches were 4.97 million tonnes as against 4.48 million tonnes achieved during June last year.

Singareni Colleries set record in coal dispatches by transporting 15.59 million tonnes of coal, up 11 per cent over 14 million tonnes dispatched during the corresponding period of last year CN RAO

BUSINESS LINE

DATE: 4/7/2017 P.N. 16

Near-term view positive for MCX-Aluminium

GURUMURTHY K
BL Research Bureau

The aluminium futures contract on the Multi Commodity Exchange has reversed sharply higher in the past week. The contract tested its key support level of ₹119 per kg on June 26, and has surged over 4 per cent from there.

It is currently trading at ₹124.5 per kg. The 200-day moving average at around ₹120, and a trend-line support at around ₹119, have aided in halting and triggering a reversal in the downtrend that was in place since late May.

The outlook is bullish. A key support is in the ₹124-₹123 region, which is likely to limit the downside in the near term. A rise to ₹126 is likely in the coming days. If the contract manages to breach ₹126 decisively, the upmove can extend to ₹127.5 or ₹128.

The region around ₹130 is a crucial long-term resistance level that had halted the rally that began in November 2015. Whether the contract breaks above this hurdle or not will then decide the next move.

If the contract fails to break above the immediate resistance at ₹126 in coming days, it can fall to ₹124 or ₹123 again.

Such a downward reversal will also mean that the Channel movement in place since March is still intact. It will also keep alive the possibility of the contract falling to ₹120.

Note: The recommendations are based on technical analysis. There is a risk of loss in trading.

THE ECONOMIC TIMES

DATE: 4 /7/2017 P.N. 11

Steel Cos Stay Away from Coal Block Auctions

The fifth round of auctions receives tepid response as only 4-5 steel players evince interest

Sarita.Singh@timesgroup.com

New Delhi: The fifth round of coal block auctions that was set to start next week is in doldrums, having received tepid interest from steel makers. Bad financial position of most steel companies is being seen as the reason behind the lukewarm response.

Some of the coal blocks offered have not received even the minimum number of three bids required for reverse e-auction, sources said. A senior coal ministry official said the fifth tranche of mine auctions was carried at the steel ministry's insistence. The coal ministry had last year annulled the fourth round of coal mine auctions due to lack of adequate number of bidders.

The coal ministry had in April this year offered six blocks — five in Jharkhand and one in Madhya Pradesh — for production of iron and steel. The blocks include Rohne OCP with estimated reserves of 8 million tonnes and Rabodih with 2.5 million tonnes of coal.

Sources said in all 4-5 firms including JSW Steel and Tata Steel have evinced interest in the fifth round of coal auctions. Interest is discouraging even for lucrative mines like Rohne, Rabodih and Urtan North coal block in Madhya Pradesh.

The Central Bureau of Investigation has filed a chargesheet against Naveen Jindal-led Jindal Steel & Power Ltd, alleging cheating and criminal conspiracy by misrepresenting facts for securing the Urtan North mine in the earlier screening committee route of allocations.

Steel companies dominate the list of 12 most stressed loan cases being pursued under the insolvency and bankruptcy code. The list includes five steel companies, including Essar Steel, Bhushan Steel, Bhushan Power & Steel, Monnet Ispat and Electrosteel Steels. Most of these five companies have been referred by the lenders to the National Company Law Tribunal.

JSPL, a prominent player with most number of captive coal blocks before the Supreme Court de-allocated 204 mine leases, did not bid for coal blocks in the fifth auction tranche.

The last date for technical bid submission for the latest round of auctions was May 22. The coal ministry is examining the technical bids and is expected to take a final call by next Monday. The conduct of reverse electronic auction was scheduled from next Tuesday.

No Takers

Steel cos dominate list of 12 biggest NPA accounts being pursued under the insolvency and bankruptcy code

Blocks that received lukewarm response from steel cos:

Coal Blocks	State	Reserves (MTPA)
Brahmadiha	Jharkhand	0.15
Charitand Tiliaya	Jharkhand	0.78
Jogeshwar & Khas Jogeshwar	Jharkhand	0.6
Rabodih OCP	Jharkhand	2.5
Rohne	Jharkhand	8
Urtan North	MP	0.6

CIL Misses Apr-June Sales Target by 8%

Kolkata: Coal India has missed its sales targets for April-June quarter by 8% as difficulties in railway movement, law and order situation and rainfall hit its operations. Production, declined 5.4% during the period against the previous corresponding period. Certain mines that are producing enough are faced with evacuation issues, while several others are facing production issues leading to reduced supplies.
—Our Bureau

THE HITAVADA DATE: 5/7/2017 P.N. 11

Gems & jewellery exports rise 11 per cent

NEW DELHI, July 4 (PTI)

INDIA'S gems and jewellery exports rose by over 11 per cent to USD 6.78 billion during the first two months of the current fiscal, largely driven by demand in major markets like the US.

In April-May last year, the sector's exports aggregated to USD 6.1 billion, according to the data from Gems and Jewellery Export Promotion Council (GJEPC).

The labour intensive gems and jewellery sector contribute about 14 per cent to the country's overall exports.

The rise in shipments was mainly supported by exports of silver jewellery, and gold medallions and coins.

Silver exports more than doubled to USD 1.51 billion during April-May 2017 from USD 674.14 million a year ago.

Similarly, shipments of gold medallions and coins registered a growth of about 50 per cent to USD 1 billion during the period under review.

Exports of cut and polished diamonds, coloured gem stones and rough diamonds also reported positive growth.

India's main export destinations include Europe, Japan, China and the US. However, shipments of gold jewellery contracted 35.6 per cent to USD 542.15 million during April-May 2017.

According to the GJEPC data, imports of rough diamonds rose by about 6 per cent to USD 3.60 billion in April-May 2017.

Imports of gold bars, however, dipped by about 67.28 per cent to USD 300.22 million.

BUSINESS LINE DATE: 5/7/2017 P.N.16

MCX-Zinc faces a key resistance level

GURUMURTHY K
BL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange (MCX) is gaining momentum. The contract extended its rally for the third consecutive week. It surged about 3 per cent last week to record a high of ₹182.85 per kg on Monday. It has come-off from this high and is currently trading at around ₹180 per kg. The 61.8 per cent Fibonacci retracement resistance at ₹182 is capping the upside at the moment.

Inability to break above this hurdle in the coming days may increase the possibility of a corrective fall in the coming days. Immediate support is in the ₹179-₹178 region.

A strong break below ₹178 can drag the contract lower to ₹175 initially. A further break below ₹175 may increase the likelihood of the contract extending its corrective fall to ₹173. The region between ₹175 and ₹173 is a strong support zone, a dip to which is more likely to attract fresh buyers

into the market. As such, a further fall below ₹173 is less likely. An eventual reversal from the ₹175-₹173 support zone can take the contract higher to ₹180 and ₹182 again.

A decisive break above ₹182 can boost the momentum and take the contract higher to ₹190 or even ₹195 thereafter.

Short-term traders can make use of dips to go long near ₹175. A stop-loss can be placed at ₹172 for the target of ₹181.

Revise the stop-loss higher to ₹177 as soon as the contract moves up to ₹179.

Note: The recommendations are based on technical analysis and there is a risk of loss in trading

THE TELEGRAPH
DATE: 6/7/2017 P.N. 7

Mines shut to look into allegations of trespass and illegal sand lifting

Temporary stop for licensed mining

SNEHAMOY CHAKRABORTY

Suri, July 5: The Birbhum administration has decided to close down licensed sand mining in the district until further order to carry out a survey on complaints of miners crossing their stipulated boundaries as well as illegal sand mining.

Officials said the chief minister had repeatedly expressed her concern over illegal sand mining in the districts and the Birbhum administration would send a status report on sand mining to Nabanna.

Sources in the district administration said the survey would bring out a clear picture of illegal sand mining in the district.

Sources in the land and land reforms department said the district had allotted 146 sand blocks through e-tenders to sand miners who together would have to deposit Rs 800 crore to the district treasury before they start mining. "But we have received Rs 80 crore only and we have information that most of those selected through e-tenders have started the mining process," an official said.

"Many licensed miners have lifted sand from outside their stipulated boundaries. So, there was no other option than to stop mining and conduct a survey," a senior district official said.

On July 3, the DM held a video conference with the subdivisional officers, block development officers and officers-in-charge of police stations to identify the spots where illegal sand lifting from riverbeds are going on.

An earth-moving machine loads sand, mined from the Mayurakshi riverbed, onto a truck near Suri in Birbhum. Picture by Dwijodas Ghosh

The district administration had also decided to demarcate legal sand mining areas and install watch towers and CCTV cameras beside rivers in areas where illegal sand mining is suspected.

Block level officials headed by the BDOs and OCs would also take legal action against the illegal miners. Earlier, the DM had formed a committee in each block comprising the respective BDO and the OC to stop illegal lifting of sand.

Nilkamal Biswas, the district land and land reforms officer, said, "We have stopped all licensed sand mining. We want to verify whether the complaint received by us are true."

Asked about the order to stop the sand mining, a licensed sand miner said: "I have deposited money for five sand blocks but did not find any sand in one of the blocks. I have informed the district administration and they assured me that they would look into the matter."

Sources among sand miners said there were several miners who were illegally using earth moving machines to lift sand where they are supposed to extract sand manually using labourers.

Madanmohan Mondal, another licensed sand miner, said: "It is a very unpleasant decision to stop legal sand mining in this manner. I will be losing Rs 20,000 per day from my block. I don't know when the administration will again allow us to resume sand mining."

THE INDIAN EXPRESS
DATE: 6/7/2017 P.N. 17

Essar Steel's going to court could hit recovery: Lenders

ENS ECONOMIC BUREAU
MUMBAI, JULY 5

SEEKING RELIEF

■ Essar Steel on Tuesday moved the Gujarat HC against RBI, SBI, Standard Chartered Bank and NCLT, seeking relief against bankruptcy proceedings stating that the RBI notification arrived even while the company was trying to implement a board-approved restructuring package

BANKERS ARE anxious the resolution process for the 12 large bad loan exposures identified by the Reserve Bank of India (RBI) could be disrupted after Essar Steel approached the Gujarat High Court on Tuesday. The company said in a petition that if action was taken under the provisions of sections 7, 16 and 17 of the Insolvency and Bankruptcy Code (IBC), the administration of the company would go into hands of interim resolution professionals (IRP) and it would result in the closing down of the company.

With the next hearing on July 7, bankers hope the court will rule in favour of the RBI notification.

Meanwhile, State Bank of India and Standard Chartered have filed separate applications with the Ahmedabad National Company Law Tribunal (NCLT) but these are yet to be admitted.

According to a senior banker, companies should benefit from the insolvency proceedings as the IRP and the committee of creditors would finalise a resolution plan within 180 days. "With other measures to recover the money having failed, NCLT appears to be the best option at the moment, not only for lenders but borrowers as well," he said.

He added that even if the judgment does not favour Essar Steel, other firms might also move high courts across the country to delay the proceedings. Essar Steel on Tuesday moved the Gujarat High Court against RBI, SBI, Standard Chartered Bank and NCLT, seeking relief against bankruptcy proceedings stating that the RBI notification arrived even while the firm was trying to implement a board-approved restructuring package. After hearing the arguments, justice SG Shah ordered the Ahmedabad NCLT to adjourn Essar Steel's case listed for hearing.

"Practically until May 19, the firm was trying to restructure the package approved by its board of directors, but before any concrete decision has been arrived at between the parties, all of a sudden a notification in the form of press release dated June 13 by the RBI has come in picture," it said.

The company said that it has repaid almost Rs 3,467 crore in last one year. It added that it employs 4,500 people and the company would be "revived in view of serious effort of revival of the company by the company and the bank also by settling the accounts suitably". FE

BUSINESS LINE

DATE: 6 /7/2017 P.N. 4

Govt launches e-bidding portal to help power firms optimise coal use

OUR BUREAU

New Delhi, July 5

The Power Ministry launched a portal for optimum utilisation of domestic coal by Independent Power Producers on Thursday.

Speaking at the launch, Piyush Goyal, Minister of State (Independent Charge) for Power, Coal, New and Renewable Energy and Mines, said, "Producers can reduce power costs by 10 paisa per unit through rationalising of coal supply made possible through the e-bid portal."

It would mean a saving of close to ₹20,000 crore five years down the line.

Goyal also spoke about the Merit Order Despatch of Electricity for Rejuvenation of Income and Transparency (MERIT) app. He said that the app will allow consumers to better assess the performance of power distribution companies (Discoms) when it comes to sourcing power.

An official statement from the Ministry of Power also noted that the gap between the Aggregate Rate of Realisation (ARR) and Aggregate Cost of Supply (ACS) for discoms has reduced under Ujjwal Discom Assurance Yojna.

Power Minister Piyush Goyal with Power Secretary Ajay Kumar Bhalla at the launch of Merit order Dispatch of Electricity App and portal in New Delhi on Wednesday

Rajasthan has emerged as the best achiever here with a difference reduction of ₹1.18 per unit in the realisation and supply costs. Goa comes second with a reduction of ₹0.76 per unit in difference while Jammu and Kashmir is next with a ₹0.40 per unit reduction.

The statement said that, on an average, the gap has reduced from 59 paisa per unit in financial year 2015-16 to about 45 paisa per unit in financial year 2016-17.

The reduction in ACS-ARR gap is the combined effect of savings in interest cost, power purchase cost, tariff rationalisation, and better billing/collection efficiency among others.

The statement also said that these benefits shall continue and further improve in future and provide sustainability to the distribution utilities.

Report card

State	FY16 achievement (₹/kWh)	FY17 achievement (₹/kWh)	Change from FY16 (₹/kWh)
Rajasthan	1.68	0.50	1.18
Goa	1.50	0.71	0.79
Jammu & Kashmir	2.55	2.15	0.40
Chhattisgarh	0.23	-0.15	0.38
Himachal Pradesh	0.01	-0.26	0.27
Tamil Nadu	0.60	0.36	0.24
Andhra Pradesh	0.82	0.60	0.22
Uttar Pradesh	0.88	0.66	0.22
Telangana	0.75	0.64	0.11

BUSINESS LINE
DATE: 6 /7/2017 P.N.14

Silver imports surge in H1, but the momentum may not last

COMMENTARY

G CHANDRASHEKHAR

Rising demand for silver in two of the world's largest consumers, China and India, since the beginning of this year is seen raising hopes of a better price performance for the metal. A precious metal and industrial metal at once, silver generally follows the footsteps of its more sought-after sibling, gold.

The first half of this year has been no different. In the initial months, silver prices rose two per cent on strong investment demand and in line with gold. The market came under pressure following the waning effect of most of the supportive factors, including interest rates and currency. In other words, the Fed rate hike and firmer dollar have pressured the market down.

To be sure, demand is a significant driver of the silver market. Three countries — USA, China and India — account for close to two-third of global fabrication demand; and between China and India, they account for about 40 per cent. Demand for jewellery has decidedly been weak in the two Asian majors in the whole of last year.

Fortunately, rising consumption in the photovoltaic and automotive sectors has propped up the metal.

Tide turning

Now, there are incipient signs that the tide could again be turning in favour of the metal. According to reports, fabrication demand in China and India is seen rising as evidenced by import data. Both China and India have shown strong growth in import of the metal in recent months.

From around 6,000 tonnes in 2015, India's silver imports declined by nearly half to about 3,100 tonnes last year, reaching lows not seen since 2012. This was the combined effect of limited liquidity in rural areas after two years of below-normal monsoon and withdrawal of high denomination currency notes in November.

But the first few months of this year have seen the tide turning with an increase in inflows. Arrivals in the first half are estimated at 3,000 tonnes, nearly equal to the volume for the whole of last year.

Will these levels of imports sustain in the second half of the year? While opinions differ, according to consultancy firm Metals Focus, it will be difficult to achieve the same level of import in the second half of the year. The firm sees the surge in import in H1 not so much as an indication of consumption demand, but for replenishing inventory to meet the expected demand growth in H2.

It is also seen as an anxious response on the part of traders to build inventory well before introduction of the Goods and Services Tax.

Importantly, in India, from June to September, demand for precious metals such as gold and silver ebbs because of the pre-occupation of the rural population with agricultural activities. After September, with the commencement of the harvest and improved liquidity in rural areas, demand returns.

This year, if farm output is good and rural incomes rise, renewed demand for silver has the potential to emerge in the form of jewellery, coins and silverware.

The remarkable firmness in the rupee will of course help contain any upside price risk to prices. At the same time, farmers' agitations in different parts of the country — seeking loan waivers, price support and so on — have cast a shadow on the emerging situation. Investment demand is likely to continue to struggle. India's silver imports will aggregate 4,500-5,000 tonnes for the whole year, says Metals Focus.

The writer is commodities market and agribusiness specialist. Views are personal

BUSINESS LINE
DATE: 6 /7/2017 P.N. 14

WEEKLY OUTLOOK

MCX-Nickel may fall to ₹579 and bounce back

GURUMURTHY K
BL Research Bureau

The past week was very volatile for the Nickel futures contract on the Multi Commodity Exchange (MCX). The contract had surged over 3 per cent initially, to touch a high of ₹612.6 a kg on Monday.

However, it failed to sustain higher and has come off from this level wiping out all the gains made during the week. It is currently trading at ₹592.5.

Immediate support is at ₹587, which is likely to be tested in the near term. A break below this support level will increase the possibility of the contract extending its downward move to ₹581 — the 21-day moving average — or ₹579 — the 61.8 per cent Fibonacci retracement support level.

The region between ₹581 and ₹579 is a strong support, which is likely to halt the current down move.

However, a further fall below ₹579 is less likely. An upward reversal from this support zone will see the contract rallying to ₹600 levels. A strong break and a decisive weekly close above ₹600 can boost the momentum. Such a break will increase the likelihood of the contract extending its upward move to ₹620 or even ₹630 levels thereafter.

Short-term traders can wait for dips and go long near ₹582. A stop-loss can be placed at ₹575 for the target of ₹595. Revise the stop-loss higher to ₹585 as soon as the contract moves up to ₹590.

Note: The recommendations are based on technical analysis. There is a risk of loss in trading

BUSINESS LINE
DATE: 7 /7/2017 P.N. 14

MCX-Lead hovers above a key support

GURUMURTHY K
BL Research Bureau

The Lead futures contract on the Multi Commodity Exchange (MCX) has been volatile over the last week.

The contract rose to a high of ₹151.6 a kg on Monday and reversed sharply to a low of ₹145.3 on Wednesday.

However, the contract price managed to move higher from this low and is currently trading at ₹147.8.

Technically this bounce is significant as it has happened from around the 200-day moving average as well as a trendline support.

As long as the contract trades above ₹145, the possibility of it falling further is less. While above ₹145, a rise to ₹150 and ₹152 is possible in the near-term.

The 61.8 per cent Fibonacci retracement resistance is at ₹152.35. Inability to break above this hurdle can keep the contract range-bound between ₹145 and ₹152 for some time.

But if the contract manages to rise above ₹152.35 decisively, it can gain fresh momentum.

Such a break would take the contract higher to ₹155 and ₹156 initially. A further break above ₹156 will then pave the way for the next targets of ₹160 and ₹165.

The contract will come under pressure only if it declines below ₹145. A break below ₹145 can take it to ₹144 initially.

A further break below ₹144 can drag the MCX-Lead futures contract to ₹140.

Note: The recommendations are based on technical analysis and there is a risk of loss in trading

BUSINESS LINE

DATE: 7 /7/2017 P.N. 14

Rework gold monetisation scheme, says YV Reddy

OUR BUREAU

Mumbai, July 6

The Government has to rework the Gold Monetisation Scheme to attract depositor and bank interest, said YV Reddy, Former Governor of the RBI, in the World Gold Council report published on Thursday.

Stressing on a new gold policy, Reddy said that the gold monetisation scheme has faced some practical and implementation challenges while the efficacy of the sovereign gold bond issued by the government is untested and the benefits to both government and bond buyers are not obvious.

The Central government, he said should come out with a comprehensive gold policy that addresses both opportunities and challenges besides focusing on what gold savings can do for India rather than whether India can do without gold.

'Policy should be fair'

It seems highly inappropriate to discourage gold imports, which meet women's needs, while allowing imports such as luxury cars and men's shaving lotion.

"I believe that public policy with regard to gold should be fair to all, and not imply a bias against tradition or gender," said Reddy.

Some of the demand for gold today stems from black market transactions, which have a nefarious influence on the economy and social fabric. It needs immediate and serious,attention, he said.

Looking ahead, he said an inward looking US economy, with a globally used currency (dollar) has built-in tensions.

All major reserve currencies — the dollar, the euro and the yen — carry high public debt, giving gold an edge as a safe haven.

THE HITAVADA

DATE: 7/7/2017 P.N. 1 & 2

NITI Aayog for making CIL subsidiaries separate cos

- National Energy Policy draft proposes 'open' coal market, subsidy for power consumers to shield them from effect of possible rise and power generation cost

Staff Reporter

IN WHAT could be termed as a major step towards 'market pricing' of coal, National Institution for Transforming India (NITI) Aayog has come up with a draft National Energy Policy that proposes to make all seven subsidiaries of Coal India Limited (CIL) including Western Coalfields Limited (WCL) as independent companies.

In the draft released recently, NITI Aayog stresses upon introducing 'greater competition' in 'opaque' coal economy. To achieve this goal, it has floated the idea of corporatising seven subsidiaries of CIL into independent companies and 'allow them to compete against one another in an open coal market'. Also, it has proposed 'comprehensive reforms' in allocating coal blocks 'on commercial lines' to independent companies specialised in coal mining. As per the draft, these two steps will replace the current system of administrative allocation of coal by a market with 'prices performing the function of allocation'. To boost this concept, the draft proposes that CIL should do away with 'differential pricing' of coal for different category of consumers.

NITI Aayog feels that the resulting competition will increase efficiency in the sector and also reduce coal prices substantially.

However, as bulk of the coal is consumed for thermal power generation, such competition and 'open market pricing' may do away with subsidised rate of coal and increase the cost of power generation.

(Contd on page 2)

NITI Aayog for making CIL...

Obviously, the power generation companies will pass on the increase in cost to consumers through rise in sale price of electricity. However, NITI Aayog feels that competition will reduce prices. Still, considering the 'potential adverse impact' on consumers, it has suggested that the Government may think of giving subsidy to consumers through Direct Benefit Transfer (DBT) scheme.

Considering the projections of increase in coal demand to support the growth in installed thermal power generation capacity of the country by 2040, the draft National Energy Policy pitches for 'synergising' the effort of Geological Survey of India, Coal Mine Planning and Design Institute, and Indian Bureau of Mines, to undertake '100% resource mapping of coal.'

Further, NITI Aayog has stressed the need for an independent statutory Coal Regulator, to ensure that decision-making is 'at arm's length' when coal sector opens up to encourage commercial mining and move towards market pricing of coal. It feels that increased competition in the wake of opening up of coal sector will improve productivity and production of coal, and also help in reducing imports. Its logic is that if the delivered price of domestic coal is lower than that of imported coal, the buyers will not go for imports.

As per the data collected while preparing draft National Energy Policy, in 2015-16, total supply of coal was 840 million tonnes, of which 540 million tonnes was supplied by CIL's seven subsidiaries. Singareni Collieries Company Limited, owned jointly by Government of Telangana and Government of India, supplied another 60 million tonnes. Of the remaining 240 million tonnes, around 200 million tonnes was imported, and private companies contributed 40 million tonnes.

THE HITAVADA
DATE: 8 /7/2017 P.N. 6

Ensure ban on illegal sand mining: NGT tells U'khand

NEW DELHI, July 7 (PTI)

THE National Green Tribunal on Friday directed the Uttarakhand Government to ensure there is no 'illegal' sand mining being carried out on the floodplains of river Ganga in the State.

A bench headed by NGT Chairperson Justice Swantanter Kumar asked the Trivendra Singh Rawat Government to take necessary steps in this regard on a plea filed by an NGO seeking a stay on mining of minor minerals on the bed of river Ganga in Haridwar.

"The counsel appearing for the Uttarakhand Government and the state pollution control board submit that they will take all requisite steps to ensure that there is no illegal mining in the State and there are no stone crushers which pollute the environment," the bench noted. During the hearing, the Uttarakhand Government and the state pollution control board told the tribunal that they have taken action against 30 stone crushers.

The direction came while disposing a plea, filed by NGO Social Action for Forest and Environment (SAFE), which had alleged that illegal mining of sand and boulders is being carried out in villages Bishanpur, Goghpur and Kandabhagamal on the bank of Ganga in Uttarakhand.

"The act of illegal mining is not only endangering environment but is also in non-compliance of enactments listed in Schedule I of the National Green Tribunal Act, 2010," it had said.

The plea had also submitted photographs showing large- scale illegal mining of minerals and contends that mining in these areas is not only damaging the environment and ecology of the river but also affecting the movement of wildlife.

NAVBHARAT

DATE: 8/7/2017 P.N. 7

अनेक उत्पादों के सस्ता होने की उम्मीद

कोयले पर GST कम होने से मिलेगा लाभ

व्यापार प्रतिनिधि

नागपुर. कोयले का उपयोग आज भी अनेक उद्योगों में बड़े पैमाने पर किया जाता है. कोयले पर जीएसटी दर 6 फीसदी कम होने का लाभ उपभोक्ताओं को मिल सकता है. खास कर बिजली, स्टील और प्लास्टिक जैसे उत्पादों के दाम कम हो सकते हैं. उद्योग जगत भी मान रहा है कि कुछ उत्पादों के दाम कम होंगे, तो कुछ क्षेत्र की प्रतिस्पर्धा करने की क्षमता काफी बढ़ जाएगी यानी उद्योगों को नई संजीवनी मिल जाएगी.

वीआईए अध्यक्ष अतुल पांडे ने कहा कि अगर बिजली कंपनियां दरें कम करती हैं और अपने ग्राहकों को लाभ पहुंचाती है, तो सारे के सारे उद्योगों को इसका लाभ मिलना तय है. हमें उम्मीद है कि बिजली कंपनियां ग्राहकों को लाभ देंगी. उनका कहना है कि जिन उद्योगों में कोयले का इस्तेमाल अधिक होता है, उन उत्पादों की कीमतों में भी कमी आनी तय है. खासकर स्टील, फेरो एलाय, प्लास्टिक उद्योग. कीमतें कितनी कम होंगी यह तो नहीं कहा जा सकता है. परंतु कंपनियां स्पर्धा करने के काबिल हो जाएंगी.

स्टील सेक्टर को मिलेगा लाभ

स्टील एवं हार्डवेयर चेंबर के राजेश लखोटिया कहते हैं कि स्टील सेक्टर को इसका लाभ मिलेगा. कीमतें कई चीजों से तय होती हैं, इसलिए अभी सही अनुमान लगाना मुश्किल है. परंतु एक बात तो तय है कि बाजार में कीमतें कम होंगी. ग्राहकों को जीएसटी का लाभ मिलेगा ही.

50,000 का पंजीयन

नागपुर संभाग में वैट के काल में लगभग 54,000 रजिस्टर्ड डीलर थे, जिसमें से लगभग 50,000 डीलर्स जीएसटी में माइग्रेट हो चुके हैं. उन्होंने कहा कि हजारों की संख्या में नए डीलर पंजीयन के लिए आ रहे हैं. इससे लगता है कि रजिस्टर्ड डीलरों की संख्या में अच्छी खासी वृद्धि हो सकती है.

रंग बदला तो 5 फीसदी कर

जीएसटी में हरी मिर्च को कर से मुक्त रखा गया है, लेकिन मिर्च अगर रंग बदला और लाल हो गया, तो लाल मिर्च पर 5 फीसदी कर देना होगा, क्योंकि सरकार का मानना है कि लाल रंग होते ही मिर्च का इस्तेमाल मसाला के रूप में होता है, इसलिए इस पर कर लगाया गया है. इसी प्रकार राज्य में पहली बार हल्दी, चीनी, सौंठ पर भी कर लगाया गया है, राज्य में अब तक उक्त उत्पाद कर मुक्त थे.

कर रहे निगरानी

बिक्री कर के संयुक्त आयुक्त पी.के. अग्रवाल ने कहा कि उनका विभाग बाजार में निगरानी कर रहा है. कई दल बाजार पर नजरें रखे हुए हैं. उत्पादों की कीमत कम हो रही है या नहीं. इसका पूरा खयाल रखा जा रहा है. विभाग चाहता है कि कम कीमत का लाभ ग्राहकों तक पहुंचना शुरू हो जाए. उन्होंने कहा कि कोयले को 11 फीसदी से 5 फीसदी में लाने का बड़े पैमाने पर लाभ होगा. संपूर्ण उद्योग जगत को इसका लाभ मिलेगा.

THE HITAVADA DATE: 8 /7/2017 P.N. 11

Steel output in June qtr grows to 24.73 MT

NEW DELHI, July 7 (PTI)

INDIA'S crude steel production grew 4.3 per cent to 24.73 million tonnes (MT) during first quarter of the ongoing fiscal.

The crude steel production stood at 23.71 MT during April-June of 2016-17, Joint Plant Committee (JPC), a body under Ministry of Steel, said in its latest report. Last month, the production rose 3.24 per cent at 8.29 MT against 8.03 MT in June 2016. In April-June, hot metal output stood at 15.99 MT, registering a growth of two per cent over same period last year, JPC said in the report adding, "overall hot metal production last month at 5.32 MT was almost at the same level as in June 2016 and May 2017."

During the quarter, the country's pig iron production for sale was at 2.28 MT, down three per cent over same period last year. Overall production for sale of pig iron last month was at 0.75 MT, down 0.9 per cent over May this year and 3.7 per cent over June 2016. "Production of total finished steel for sale was at 26.30 MT during April-June 2017, a growth of 6.7 per cent over same period of last year," the report said. In June, the overall production for sale of total finished steel was down two per cent at 8.82 MT over May this year. The ministry of steel has set an ambitious target of taking the country's steel output to 300 MT by 2010-31 from 100 MT now, and is taking various measures to boost the sector. The government has approved National Steel Policy 2017 (NSP) in this regard.

It has also given nod to another policy for providing preference to domestically manufactured iron and steel products in government procurements.

BUSINESS LINE DATE: 10 /7/2017 P.N. 8

'Too much support weakens steel'

Make the sector globally competitive, says SUFI chief Nikunj Turakhia

MEERA SIVA

Steel prices are likely to remain in a tight range globally, says Nikunj Turakhia, President of the Steel Users Federation of India (SUFI). The Indian steel industry does not need excessive protectionism but needs to be made more efficient and globally competitive, he says. Excerpts from a chat:

How is the supply in India and globally? What capacity additions are coming up?

The global steel situation is one of oversupply. Capacities are stagnant or declining – US capacity reduced from 88 million tonnes (mt) in 2014 to 78 mt in 2015. Japan and South Korea also showed a declining trend. However, as per WSA, production increased 5 per cent y-o-y in April and stands at 142.1 mt.

India plans to add about 180 million tonnes of capacity by 2030 with the goal of achieving 300 mt by 2030. As of now, there is no real movement seen in this regard but it should gather steam in 1-2 years. JSW has got the go-ahead for setting up 10 mt steel project at Paradip.

Do you think China's role will diminish as production is reduced due to environmental concerns?

China will always remain a big player. The production capacity is about 900 mt. This is substantial and is nearly half of the world capacity.

I agree with the point made by an analyst during a recent SBB conference in Mumbai that until steel mills in China make a profit they will not shut down. The capacities which will ultimately shut down or become non-viable are those in Europe, the US and countries where cost of overheads remains high.

What are the demand drivers in India and globally and how is your outlook?

There is no demand from real estate. The major demand driver is infrastructure, driven by government projects. These are announced and cleared, but implementation seems to be slow.

India has a challenge of building infrastructure, as we saw in China. The intent and initiation has happened, implementation needs to be the focus.

Globally, demand is coming from African and Asian countries. Europe and the US have reached saturation.

Where do you expect prices to head?

Prices are very much expected to remain in the tight range of $400-450 free on board (FOB) basis for hot rolled coils. The raw material prices are expected to be range-bound but on the softer side. Hence, prices will depend on demand, which is not expected to be very strong. In my opinion, prices will be more on the softer side.

What may be the impact of GST on the steel sector?

GST on steel is rate neutral. The real impact of GST is on SME and MSME sectors as the compliance part is very complex and exhaustive. How many in this sector can sustain such statutory compliance is a big question.

The biggest hurdle is of input tax credit not being allowed if seller defaults and only 60 per cent of CGST allowed for non-excisable purchase. In my opinion, the government should have introduced certain compliances in steps so that trade and industry becomes accustomed to the same. However, in the long run, GST is beneficial to trade and industry. The biggest benefit is that now trade and manufacturers are on "at par" level.

The steel trade will move towards more organised from unorganised. The costs are expected to go down as logistics cost will go down; input credit allowed on services for trade is also a big plus.

What regulatory support will help Indian steel industry?

Excessive protection is not in the interest of the steel industry as it makes it complacent. Steps must be taken to make the sector more efficient and globally competitive. One, steel quality control order can be amended to exempt well-known, international standards such as JIS, ASTM and EN from its purview. Two, set the pricing mechanism in the domestic market in line with international market or at the export price of domestic mills for a certain product.

Three, regularise raw material supply to steel mills. Four, address the high debt situation of steel mills immediately by restructuring but combining it with performance. Five, make transportation by railways more efficient.

What are your views on the medium-term growth prospects and profitability of the Indian steel sector?

The Indian steel industry must maintain 8 per cent growth rate to achieve the target of 300 mt by 2030. In the medium term, the steel sector is expected to grow between 5 and 8 per cent, depending on how GST and "Make in India" pans out. The industry currently has robust margins. For example, Tata Steel's standalone EBITA is at 27.9 per cent while JSW Steel is at 19 per cent for 2016-17. But the secondary steel sector is reeling under tremendous operational pressures.

The flat steel secondary producers have issues of getting raw material such as hot rolled coils at the right price and time. The long products secondary segment is largely dependent on scrap imports and Indian prices are not in sync with the movement of scrap in global market. They are hit badly and high energy costs compound their woes.

BUSINESS LINE

DATE: 10/7/2017 P.N. 8

Pressure mounts on gold

Falling for second consecutive week, yellow metal breaks below key support

GURUMURTHY K

Bullion prices continue to remain under pressure. Gold prices fell for the second consecutive week while silver is down for the fifth consecutive week. The global spot gold prices were down over 2 per cent and closed at $1,212.46 per ounce.

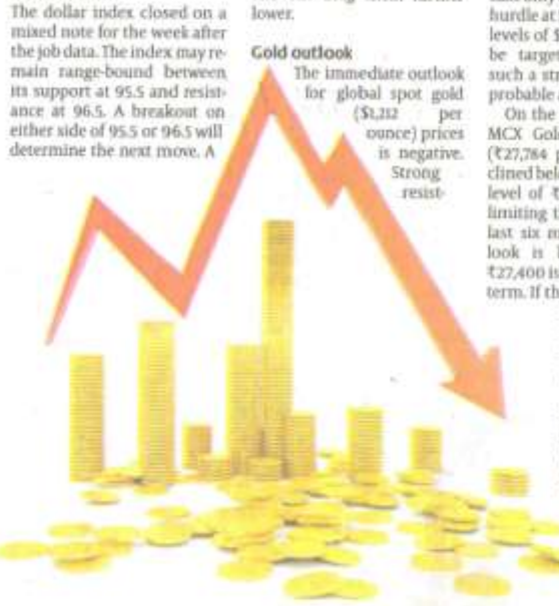
Silver, on the other hand, slumped 6 per cent to close the week at $15.61 per ounce. Increasing expectation that the major central banks would join the US Federal Reserve in tightening the monetary policy continues to weigh on bullion prices.

On the domestic front, the gold futures contract on the Multi Commodity Exchange fell 2.3 per cent and closed the week at ₹27,784 per 10 gm. But the MCX-Silver futures contract tumbled 5.5 per cent to close the week at ₹36,231 per kg.

Strong US jobs data released on Friday may continue to keep bullion prices under pressure in the coming week. The US Non-Farm Payroll increased by 2,22,000, much higher than an increase of 1,79,000 expected by the market. The unemployment rate inched slightly higher to 4.4 per cent from 4.3 per cent.

Dollar index

The dollar index closed on a mixed note for the week after the job data. The index may remain range-bound between its support at 95.5 and resistance at 96.5. A breakout on either side of 95.5 or 96.5 will determine the next move. A break below 95.5 can take the index lower to 95.3 and 95. It may aid in slowing down the pace of fall in gold and silver prices. On the other hand, if the dollar index breaks above 96.5, it can rise to 97 or even 97.5. Such a rise will add more pressure on bullion prices and can drag them further lower.



Gold outlook

The immediate outlook for global spot gold ($1,212 per ounce) prices is negative. Strong resistance in the $1,220-$1,230 zone may cap the upside in the near term. A fall to $1,198 or $1,195 is likely in the coming days. Further fall below $1,195 will increase the likelihood of the downmove extending to $1,188 or even $1,180 thereafter.

The downside pressure will ease only if gold surpasses the hurdle at $1,230 decisively. The levels of $1,240 and $1,255 can be targeted thereafter. But such a strong rally looks less probable at the moment.

On the domestic front, the MCX Gold futures contract (₹27,784 per 10 gm) has declined below a crucial support level of ₹28,000, which was limiting the downside in the last six months. So, the outlook is bearish. A fall to ₹27,400 is possible in the near term. If the contract manages to bounce from ₹27,400, a relief rally to ₹28,000 can be seen.

In such a scenario, a range-bound move between ₹27,400 and ₹28,000 is possible for some time. But a fall below ₹27,400 can drag the contract lower to ₹27,000. The bearish outlook will get negated only if the contract breaches above ₹28,000. The next target will be ₹28,600.

Silver outlook

The global spot silver ($15.61 per ounce) has an immediate support at $15.4. If it sustains above this support, a bounce-back move to $16 is possible. If it manages to break above $16, prices can even recover up to $16.5 But if silver declines below $15.4, the downside pressure will increase.

Such a break will increase the possibility of the prices tumbling to $14.80.

On the domestic front, the MCX-Silver futures contract (₹36,231 per kg) has declined below a key long-term support level of ₹36,800. Inability to bounce above ₹37,000 from current levels may continue to keep the prices under pressure. The price action on the chart suggests that an immediate bounce breaking above ₹37,000 is less probable. So, as long as the contract remains below ₹37,000, a fall to ₹35,500 looks likely in the near term.

A further break below ₹35,500 will increase the likelihood of the fall extending to ₹34,500 or even ₹34,000 thereafter.

MCX Gold
Supports
₹27,400 / ₹27,000
Resistances
₹28,000 / ₹28,600

MCX Silver
Supports
₹35,500 / ₹34,500
Resistances
₹37,000 / ₹38,000

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GLOBAL

Metals ($/tonne)	Price	Change in % Weekly	Change in % Monthly	Yearly	52-Week High	52-Week Low
Aluminium	1918	0.2	0.8	17.7	1962	1545
Copper	5804	-2.1	3.8	24.2	6145	4573
Iron Ore	60	-2.8	8.0	9.9	95	54
Lead	2279	0.3	11.6	26.0	2466	1784
Zinc	2790	1.4	14.9	33.4	2971	2087
Tin	19675	-2.7	1.4	10.8	21945	17673
Nickel	8880	-5.0	1.4	-8.5	11735	8710

Have a question on commodities?

Write to us at commodityquery@gmail.com

Demystifying a commodity - Copper

GURUMURTHY K

Copper, an excellent conductor of heat and electricity, finds use in many sectors, including construction, electrical/electronic products, industrial machineries and transportation equipment. Economists gauge the economic prospects of a country from its demand for copper.

Major players

Chile leads the world in mine production. But when it comes to refined copper production and consumption, China leads the pack, accounting for over 45 per cent of global copper demand. Keeping a close watch on developments in China can give a cue on how copper prices may move. Similarly, any infrastructure spending announcement by the US or other large developed countries also takes prices higher as it will stoke demand.

Take, for instance, the strong rally in copper prices seen last year after the US Presidential election. Copper prices, which were trading at a multi-year low, got a boost from Donald Trump's surprise victory in the elections. This is because during his election campaign he had promised job creation in the construction, steel and other manufacturing sectors by spending on infrastructure.

Domestic market futures

On the Multi Commodity Exchange (MCX), copper is traded in two variants - Copper and Copper Mini, Monday to Friday from 10 am to 11:30/11:55 pm. The Copper contract has a lot size of one tonne whereas Copper Mini comes with a smaller lot size of 250 kg.

For a trader, there is an initial margin requirement of 5 per cent. Brokerage and other charges add to the cost for the trader. Margin requirements will vary depending on the volatility of the market. Physical delivery happens only if both the intentions of the buyer and the seller to take or give match. Else the contract is cash settled.

The copper futures contract traded on the LME and COMEX are the global benchmarks. The MCX contract moves in tandem with the global contracts. The movement of the rupee against the dollar will also influence MCX prices. Catching the trend in the LME or COMEX contract, with a view on the rupee, can help one figure out the trend in the MCX-Copper contract.

BUSINESS LINE
DATE: 11/7/2017 P.N. 16

MCX-Aluminium reverses lower from a key resistance

GURUMURTHY K
BL Research Bureau

The Aluminium futures contract on the Multi Commodity Exchange failed to break above the resistance at ₹126 a kg last week. The contract touched a high of ₹125.8 on Thursday and has reversed lower from there. It is currently trading at ₹123.5.

Technically, this downward reversal is significant as this has happened from a key channel resistance level of ₹126. The contract has been moving inside a channel since March. The pull-back from ₹126 keeps this movement intact.

As such, there is a strong likelihood of the contract falling to ₹121, ₹120 or even ₹119 — the channel support in coming weeks.

Intermediate supports are at ₹123 and ₹122. Short-term traders with a big risk appetite can go short on rallies at ₹124.5. A stop-loss can be placed at ₹127 for the target of ₹120. Revise the stop-loss lower to ₹123.5 as soon as the contract moves down to ₹122.5.

However, the contract will gain fresh momentum only if it breaks above ₹126 decisively. Such a break can take the contract higher to ₹127.5 immediately.

A further break above ₹127.5 will increase the possibility of the contract rallying to ₹130.

The contract may come under more pressure if it declines below the channel support at ₹119. Such a break can drag it to ₹117 or even ₹115 thereafter.

BUSINESS LINE
DATE: 11 /7/2017 P.N. 3

Tata Steel commissions solar plant at iron ore mine

OUR BUREAU
Bengaluru, July 10

Tata Steel has commissioned a 3-MW solar PV power plant at Noamundi.

This is the first solar power plant in any iron ore mine in the country. The project, executed by Tata Power Solar, is expected to reduce CO_2 emission by about 3,000 tonnes per annum.

Set up at a cost of ₹35 crore, the initiative is aimed at addressing climate change issues and other demands on natural resources for the company's captive use around its mining locations.

Synergy between three Tata companies, namely Tata Steel, Tata Power Solar and Tata Power Trading Company, was instrumental in shaping the project.

The 3-MW solar plant was jointly inaugurated by T V Narendran, Managing Director, Tata Steel India and SEA, along with Ashish Khanna, Executive Director & CEO, Tata Power Solar, and Sanjeev Mehra, Managing Director, Tata Power Trading Company.

Reiterating Tata Steel's commitment to clean energy, Narendran said: "We have constantly looked at opportunities to exploit renewable energy sources. Renewable energy is the best way of mitigating the impact of climate change."

DAINIK BHASKAR
DATE: 12/7/2017 P.N.3

THE INDIAN EXPRESS
DATE: 12 /7/2017 P.N. 14

खनिज उत्खनन में तेजी लाने पीपीपी मॉडल की जरूरत: गोयल

ब्यूरो | नई दिल्ली

केन्द्रीय बिजली, कोयला और खान मंत्री पीयूष गोयल ने देश में उन खनिजों के उत्खनन में तेजी लाने पर बल दिया है, जो फिलहाल निजी क्षेत्र की भागीदारी के अभाव में तेज गति नहीं पकड़ पा रहा है। उन्होंने कहा कि अब समय आ गया है कि हम इस बात का पता लगाएं कि इस दिशा में कहां कमी रह गई। गोयल ने यह बात फिक्की और खान मंत्रालय द्वारा भारतीय खनन उद्योग 2030 - आगे की राह थीम पर आयोजित सम्मेलन को संबोधित करते हुए कही।

Tata Steel sells UK pipe mills to Liberty House

REUTERS
LONDON/BENGALURU, JULY 11

TATA STEEL said on Tuesday it had agreed to sell its pipe mills in the north of England to UK-based metals and industrial group Liberty House for an undisclosed sum.

The mills in Hartlepool employ 140 people and have a production capacity of over 250,000 tonnes a year.

Tata Steel has been selling off parts of its UK business since last year, when it announced talks to merge its British and European steel assets with those of Germany's Thyssenkrupp.

"With this sale, Tata Steel UK will complete its portfolio restructuring to focus on the strip products supply chain linked to Port Talbot," said Bimlendra Jha, chief executive officer of Tata Steel UK.

"The sale is also an important step towards developing a more sustainable future for the rest of our UK business."

In February, Tata signed a 100 million pound deal to sell its speciality steel business to Liberty House, saving 1,700 jobs, mostly in South Yorkshire, northern England.

Under Tuesday's deal, Tata retained ownership of a tube mill in Hartlepool that is supplied with steel coils from the European steel assets that it wants to retain and merge with Thyssenkrupp.

Tata, whose UK business is centred on the steelworks in Port Talbot, Wales, said it will invest 1 million pounds ($1.29 million) in the Hartlepool tube mill, which employs 270 people.

Privately-owned Liberty, which plans to list some of its businesses in 2018, has been snapping up distressed steel assets in Britain and around the world, including in the United States and Australia.

"This step will inspire investments not only in Hartlepool but also in our upstream plate mill at Dalzell (Scotland), and potentially ... at Whyalla in Australia in due course, to give us a fully-integrated world class capability to supply pipeline projects," Liberty's Executive Chairman Sanjeev Gupta.

The Hartlepool pipe mills make heavy-duty steel pipe for the oil and gas sector.

Liberty, which operates together with energy and commodities business SIMEC under the $9.4 billion Gupta Family Group (GFG) Alliance, said it is in talks to secure a support package to recruit more staff for the pipe mills business.

Gupta's Liberty House is one of the largest industrial employers in the United Kingdom with a workforce of nearly 5,000 people. Following Tuesday's deal, Tata remains the largest UK steelmaker with a workforce of 8,500 people.

The UK steel sector is emerging from a crisis that saw some 5,000 jobs, a fifth of the workforce, axed in 2015/16. It is estimated that for every steel job saved, four jobs are retained in related industries.

Gupta first hit the headlines last year when he offered to rescue all the distressed UK steel plants owned by Tata, but the Indian group eventually decided against selling its entire UK business in favour of a tie-up with Thyssenkrupp.

THE ECONOMIC TIMES DATE:12 /7/2017 P.N. 15

Govt to Look into Imposing 3% IGST on Sale Value of Gold

Nominated banks may now resume gold imports on consignment basis following government assurance

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Mumbai: Nominated banks could soon resume gold imports on consignment basis with the government assuring them that it would consider their request for imposing 3% IGST on the sale value to customer rather than on the tariff value, which is substantially higher and could cause them significant losses.

Just before the new indirect levy kicked in on July 1, banks ceased imports of gold on consignment basis following concerns that they would lose funds on sales the same day or in case the value of gold fell below the tariff value at the time of sale.

This is because the IGST rules for bullion import on consignment basis don't facilitate tax refund for banks if they sell at a rate lower than the tariff value. On the flip side, if the gold rate is higher than the tariff value, banks have to deposit the extra bit of tax collected from customer with the central government.

The matter is of significance as 17 nominated banks and 5 agencies import around 500-600 tonnes of gold annually.

For instance, if banks impose IGST at 3% on the current tariff value of $1282.89 an ounce (oz), it would amount to around $38 (₹2,495 with dollar value for imports at 65.65). However, intraday Tuesday, the spot price was $1211/oz. On this 3% IGST is $36.3 (₹2,385). That works out to banks losing ₹3,439 on every kilo of sale to customer.

NO SUPPLY CRUNCH

Since it is traditionally lean season, no supply shortage is perceived. We are hopeful the matter will be resolved within a week or so

HARESH ACHARYA
Secretary, Bullion Federation of India

The matter was explained by leading banks to minister of state for finance Arjun Ram Meghwal and CBEC chairman Vanaja Sarna.

"They have promised to look into and resolve the issue at the earliest, having understood that it makes the consignment imports business unfeasible for banks," said the head of a leading bullion bank.

Haresh Acharya, secretary of Bullion Federation of India, who was present at the meeting, said the minister assured the trade representatives that the matter would be clarified in a "week to 10 days".

"Banks have stopped imports on consignment basis as there is uncertainty about their being able to claim refund on IGST if the rate of sale is lower than the tariff value at which they import," said Acharya. "Since it is traditionally lean season, no supply shortage is perceived. We are hopeful the matter will be resolved within a week or so."

THE HITAVADA DATE: 12/7/2017 P.N. 11

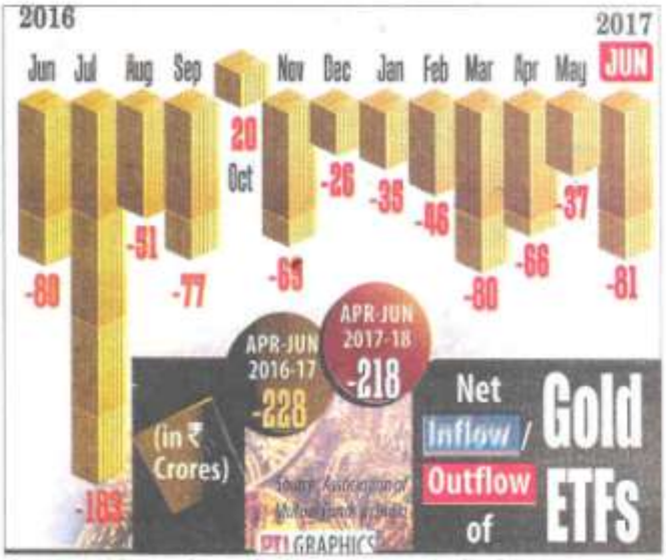
Gold ETFs see Rs 200 crore outflow in Q1

NEW DELHI, July 11 (PTI)

GOLD exchange traded funds (ETFs) continued losing steam as an investment class with investors pulling out more than Rs 200 crore from the instrument in the first quarter of the current fiscal, preferring equities over them. The outflow meant assets under management (AUMs) of gold funds plunged by over 22 per cent during the quarter to Rs 5,174 crore, from Rs 6,645 crore in the year-ago period.

Trading in gold ETF segment has been tepid during the last four financial years. It has witnessed outflows of Rs 775 crore in 2016-17, Rs 903 crore in 2015-16, Rs 1,475 crore 2014-15 and Rs 2,293 crore in 2013-14.

On the other hand, equity and equity-linked saving scheme (ELSS) saw an infusion of more than Rs 8,000 crore during the first quarter of 2017-18. Stock markets have been on an upswing, touching new highs this year.



"With the rate tightening kicking off in US and a possible tightening in Europe by 2018 gold may be losing steam as an investment asset class. This is because, when debt as an asset delivers higher yields, gold, which has no underlying fundamentals, tends to underperform," said Vidya Bala, head of MF Research at Fundsindia.Com. Gold ETFs are passive investment instruments that are based on price movements and invest in the metal.

"While demand from India has traditionally buttressed gold prices globally, sound rally in the Indian equity markets has meant that gold as an asset class has not been favoured. The global rate tightening and a strong Indian equity market may mean a sober outlook for gold," she added.

Further, demonetisation and lower gold price from a strengthening rupee had kept its prices low, she said.

BUSINESS LINE
DATE: 12/7/2017 P.N. 4

Govt looking at open acreage policy for minerals

OUR BUREAU

New Delhi, July 11

The Ministry of Mines is evaluating the possibility of an open acreage approach for mineral exploration in the country similar to the one launched by the Oil Ministry for oil and gas blocks.

At an industry interaction organised by the Federation of Indian Chambers of Commerce & Industry, Arun Kumar, Secretary, Ministry of Mines, said, "We are conscious of OALP and our four member team has gone over to the Petroleum Ministry to understand if we can get some learning from them."

But, the OAL approach for minerals will not be exactly similar to the one that has been enabled for oil and gas.

Kumar said, "In oil exploration, the minimum block size is 350 km sq and the level of risk in oil is much higher than in mineral, so both systems cannot be compared off the hook. .So it is not that I am debunking the system, but any miner would know the difference between petroleum and mineral exploration. We will study the system and then we will see."

BUSINESS LINE
DATE: 12/7/2017 P.N. 16

MCX-Zinc can decline further

GURUMURTHY K

BL Research Bureau

The strong uptrend in the MCX Zinc futures contract that has been in place since early June has come to a pause in the last week. Technically, the 61.8 per cent Fibonacci retracement resistance at ₹182 has halted this rally and the contract has come off after making a high of ₹182.85 a kg on July 3. The contract made a low of ₹177.25 and has bounced back slightly from there. It is currently trading at ₹179.35 .

The contract will gain fresh momentum only if it surpasses the ₹182 mark decisively. As long as it trades below ₹182, a fall to test the key near-term support at ₹175 cannot be ruled out. If it manages to rebound from this support, a range-bound move between ₹175 and ₹182 is possible for some time. But a fall below ₹175 may increase the downside pressure and drag it to ₹171.

However, the possibility of the contract falling below ₹175 looks less as the price action in the past week signals lack of strong sellers in the market. As such dips to ₹175 may bring in fresh buyers in the contract.

THE ECONOMIC TIMES

DATE: 13 /7/2017 P.N. 13

Gold Traders may Have to Pay More Under GST

Yellow metal likely to cost up to ₹40 more per 10 gram since banks and nominated agencies could pass on 3% GST they pay upfront on imports

Sotanuka Ghosal
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Kolkata: Bullion dealers and gold traders may have to pay ₹20-40 per 10 gram more for the commodity since banks and nominated agencies may pass on their increased working capital requirement on account of the 3% GST imposed from July 1.

"In the current scenario, banks may be forced to charge an extra 50 cents to $1.5 per troy ounce, or Rs 2,000-4,000 per kg of gold from buyers, because their working capital requirement will go up," said Shekhar Bhandari, business head-global transactions and precious metals at Kotak Mahindra Bank.

Import of gold has declined significantly since the implementation of the GST regime, industry executives said, mainly because issues regarding payment of the new levy are yet to be sorted out by the banks and nominated agencies with the government.

India had imported about 70 tonnes of gold in June, more than three times 22.7 tonnes imported a year ago. In July 2016, the country had imported [illegible] tonnes of gold.

Industry executives said that the banks and nominated agencies may have to pay 3% GST upfront on gold while importing. "It will not be the case where once the gold is sold to the bullion dealer or jeweller, the banks will then have to pay the 3% GST," said an executive, who did not wish to be identified.

However, Surendra Mehta, national secretary, India Bullion and Jewellers Association said that for the banks the working capital will increase Rs 86,000 per kg of gold. "For a month the interest payout will be only Rs 800 per kg. Gold is generally sold off within a month and therefore the burden on the banks will not be huge," he said.

"The importing agencies are worried that if prices fall after they import gold then they would suffer. But if there is a differential GST loss when gold prices fall, there will be a differential GST profit when the price of gold moves up."

In the pre-GST regime, nominated banks used to import gold on a consignment basis and deduct 1% value added tax upon sale of consignment to bullion dealers. Under GST, they will have to pay 3% to the government.

If a bank imports a consignment at $1,270 per ounce, for instance, then it will have to pay a GST of $38.1 per troy ounce. If at the time of the sale the price of gold drops to $1,210, GST the bank will get to recover from a customer will be lower. That is the cause for worry for the banks, industry executives said.

The working capital of even the manufacturers and retailers could get tied up because of inter-state gold stock transfers, according to the executives. Somasundaram PR, managing director, World Gold Council (India), said that GST may be disruptive in nature in the short term as the industry adjusts to the new tax regime.

Meanwhile, gold held steady on Wednesday as investors awaited testimony from US Federal Reserve chair Janet Yellen and central bank officials expressed caution about further interest rate hikes. Spot gold rose 0.1% to $1,218.36 per ounce and US gold futures for August delivery rose 0.2% to $1,217.70 per ounce.

BUSINESS LINE

DATE: 13 /7/2017 P.N. 16

Near-term outlook is positive for MCX-Nickel

GURUMURTHY K
BL Research Bureau

The Nickel futures contract on the Multi Commodity Exchange (MCX) made a low of ₹573 a kg and has reversed sharply higher from there. The corrective fall that was in place since the beginning of this month ended early this week.

The contract has surged over 4 per cent from its recent low and is currently trading at ₹596.5 a kg. A cluster of supports is poised in the ₹590-₹580 zone. As long as the contract manages to sustain above this support zone, a further rise is possible in the coming days.

There is a psychological resistance point at ₹600. A strong break and a decisive close above this hurdle will ease the downside pressure. It will increase the possibility of the contract rallying to ₹610 and ₹615. Inability to break above ₹615 can trigger a pull-back to ₹600 or even lower. In such a scenario, the contract may remain range bound between ₹580 and ₹615 for some time. A breakout on either side of these will decide the next move.

Short-term traders with a big risk appetite can go long on dips at ₹585. A stop-loss can be placed at ₹575 for the target of ₹605. Revise the stop-loss higher to ₹588 as soon as the contract moves up to ₹595.

The contract will come under pressure again only if it declines below ₹580 decisively. Such a break will increase the likelihood of the contract falling to ₹570 or even lower levels.

THE INDIAN EXPRESS DATE: 14/7/2017 P.N. 16

SBI tells HC: Essar Steel ready for NCLT proceedings

The RBI and SBI have demanded termination of the interim relief given to company

ENS ECONOMIC BUREAU
AHMEDABAD, JULY 13

THE STATE Bank of India (SBI) told the Gujarat High Court (HC) on Thursday that the top officials of Essar Steel were present in the meeting with the lenders on June 22 and the company was informed and had agreed about proceedings in the National Company Law Tribunal (NCLT).

Arguing before Justice SG Shah, the SBI counsel also said that petitioner has made false statement as it was aware about the NCLT process at a meeting on June 26 where eight top officials of Essar Steel including Essar Group CEO Prashant Ruia were present. "Essar Steel had accepted in the meeting that SBI can go to NCLT for insolvency proceedings and this has been kept away from the court. It is sufficient to dismiss the petition of the company," the SBI counsel said. The counsel told the court that the company had made presentation in joint lenders' forum (JLF) meeting and had agreed to participate in the insolvency proceedings with the NCLT. The company had also requested for the insolvency resolution professional (IRP) to work smoothly with Essar Steel in a "cohesive manner" with the management.

Both the RBI and SBI demanded termination of the interim relief given to the Essar Steel in the earlier order by the court. However, Essar Steel's senior counsel Mihir Thakor raised objection to the submissions made by the respondents and sought to clarify with counter arguments. The arguments would continue on Friday.

Meanwhile, Standard Chartered Bank argued that being a foreign bank, it did not fall under the Banking Regulation Act or under the RBI's circular. Therefore, it was not the part of the JLF. It has filed a same petition with NCLT on its own merits. In its petition, filed on July 4, Essar Steel had mentioned that it was taken by surprise by the RBI's June 13 press release to initiate insolvency procedure under the NCLT against 12 top NPA accounts, even as the company was in the middle of the debt restructuring talks with its lenders. FE

Jindal: May tweak Monnet offer

Mumbai: Sajjan Jindal, chairman and managing director, JSW Group, said on Thursday that JSW Steel might tweak its offer for the near-bankrupt Monnet Ispat. Jindal was speaking at a press conference following the annual general meeting of JSW Energy.

An offer by JSW Steel to buy a controlling stake in the loss-making Monnet has been rejected by lenders. State Bank of India (SBI) told the National Company Law Tribunal (NCLT) on Thursday the offer was not acceptable in the "current form". FE

THE HINDU DATE: 14 /7/2017 P.N. 13

JSW Steel to revise offer for Monnet Ispat

Lead banker State Bank of India had opposed the company's bid

PIYUSH PANDEY
MUMBAI

Billionaire Sajjan Jindal-led JSW Steel is keen on revising its bid for his brother-in-law Sandeep Jajodia-led Monnet Ispat and Energy, after the lead banker SBI opposed Mr. Jindal's bid to buy the firm.

However, Mr. Jindal is not very interested in acquiring JSPL power unit, led by his brother Naveen Jindal for which he signed a deal last year, as the power sector is still struggling.

Steely resolve: There will be consolidation in the industry and the good firms will look into stressed assets, says Sajjan Jindal.

New process

Sajjan Jindal chairman of JSW Steel said: "Now there is a completely new process that RBI is initiating that all these stressed assets will have to go through NCLT process and whatever that process will entail, we will follow that."

"Probably, it will be looked into afresh," Mr. Jindal told *The Hindu*. "There would be consolidation in the industry and the good companies will look into stressed assets." "At the moment power purchase agreements (PPAs) are not being signed as the state electricity boards and other users are not signing long term PPAs. Right now, there is lots of stress on the power sector and the new PPAs are difficult to come by."

Mr. Jindal expects the bankers to take haircuts to make power assets lucrative for the buyers like him. "Without haircut, there is no viability. These plants have become highly overpriced. Markets have changed as the viability of coal based power plant was ₹4.5 crore per MW till yesterday and today it's probably ₹2 crore per MW. Of course, the Equity goes out first but then the banks need to take the haircut."

On JSPL unit, he said: "They have time till June 2018 to get all the approvals but right now they are going slow. Without PPAs, we can't take that."

THE ECONOMIC TIMES
DATE: 15/7/2017 P.N. 5

Essar Steel Plea: HC Reserves Order

Co has challenged the initiatiation of bankruptcy proceedings against it

Press Trust of India

Ahmedabad: The Gujarat High Court on Friday reserved its order for Monday on Essar Steel's plea against the June 13 RBI circular to banks to act under Insolvency and Bankruptcy Code against the steel major and eleven other firms with over ₹5,000 crore of outstanding loans each.

A bench of Justice S G Shah reserved the judgement for July 17 after conclusion of the arguments by the steel major and those of the Reserve Bank of India and the State Bank of India.

The bench had earlier stayed the insolvency proceedings against Essar Steel before the National Company Law Tribunal (NCLT) as an interim measure on its plea. Essar Steel had moved the court against the June 13 RBI circular contending that the order was improper as the firm was in an advanced stage of loan restructuring.

The company argued before the HC that it should not be treated on par with other eleven accounts (firms) which have been closed now, while Essar Steel is still doing well with an annual turnover of ₹20,000 crore.

The RBI last month had identified 12 accounts for insolvency proceedings with each of them having over ₹5,000 crore of outstanding loans, accounting for 25% of the total non-performing assets of banks.

During today's hearing, Essar Steel's counsel Mihir Thakore argued that the SBI and other lender banks under the Joint Lenders Forum may not have

> Co has termed RBI's move improper saying it is already in an advanced stage of restructuring

approached the NCLT for insolvency proceedings, had the RBI not issued the circular.

The company was challenging the RBI's directive, not the SBI's decision. The State Bank was asked by the RBI to file a case before the NCLT against Essar Steel through the circular, advocate Thakore said. The action was a violation of his client's fundamental right to equality before the law and equal protection of the law under Article 14 of Constitution, he said.

Though the Insolvency and Bankruptcy Code is in force since December 2016, the lender banks did not opt for insolvency proceedings because they knew it would "jeopardise company's operations" as suppliers may stop supplying material on learning about such action, Thakore said.

RBI counsel Darius Khambata said the steel firm had suppressed facts and misled the court to get a favourable decision.

He argued that though Essar Steel at one point "even agreed to go to NCLT," the company did not mention it in the petition. Had it mentioned it in the petition, the court would have disposed of the case immediately, Khambata said.

"The company was aware about SBI's action. This court is being misled," the RBI lawyer said.

BUSINESS LINE
DATE: 15/7/2017 P.N. 5

NMDC readies divestment plan

New Delhi, July 14

National Mineral Development Corporation has prepared a strategic divestment plan, as directed by the Cabinet Committee on Economic Affairs. In a filing to the exchanges, NMDC said it has completed the preliminary activities of appointing a transaction advisor, a legal advisor and a asset valuer. The public sector mineral explorer and steel maker is seeking to divest its steel plant in Nagarnar, Chhattisgarh. The company said the appointed entities have started collecting details to execute the divestment process. OUR BUREAU