



# खनिज समाचार

**KHANIJ SAMACHAR**

**VOL 1 NO-9**

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The Central Library, IBM, Nagpur provided the Classified Mineral News Service since many years on monthly basis in the print form. To expand this service to the IBM Offices all over India i.e. H.Q., Zonal & Regional Offices and to take a call of time, the Controller General, IBM desired to make this service online on fortnightly basis. The library staff made efforts to make it successful. This is the 9<sup>th</sup> Issue of this service named **Khanij Samachar Vol 1 No-9** for the period from **16<sup>th</sup> - 31<sup>st</sup> Aug 2017**. The previous issue of Khanij Samachar Vol 1 No-8 is uploaded on IBM Website. This issue is also covering news regarding GST (Mining) from the previous fortnight.

It is requested that the mineral related news appeared in the Local News Papers of different areas can be sent to Central Library via email **ibmcentrallibrary@gmail.com** (scanned copy) so that it can be incorporated in the future issues to give the maximum coverage of mining and mineral related information.

It will be highly appreciated if the valuable feedback is reciprocated.

**Mrs. D. H. Vairagare**

**Asstt. Library & Information Officer**



# खनिज समाचार

# KHANIJ SAMACHAR



*A FORTNIGHTLY NEWS CLIPPING SERVICE*

*FROM*

*CENTRAL LIBRARY*

*INDIAN BUREAU OF MINES*

*VOL 1 NO-9, 16<sup>th</sup> - 31<sup>st</sup> AUG, 2017*





<b>Q1.</b>	<b>Can small mining leaseholders with a turnover less than Rs.75 lakh operate under composition scheme?</b>
Ans.	As per Section 10(1) of the Central Goods and Services Tax Act, 2017 (CGST Act, 2017), a registered person whose aggregate turnover in the preceding FY did not exceed Rs.75 lakh, would be eligible for paying GST under the composition scheme.
<b>Q2.</b>	<b>What is the GST rate for minerals and ores in composition scheme?</b>
Ans.	In a case where the process amounts to manufacture, the rate of tax will be 1% (CGST) and 1% (SGST/UTGST). In any other case, the rate will be ½% (CGST) and ½% (SGST/UTGST).
<b>Q3.</b>	<b>Will they have to deposit GST under SGST / CGST heads separately?</b>
Ans.	Yes. GST has to be paid separately under CGST and SGST/UTGST by generating a single challan through the common portal under a single return.
<b>Q4.</b>	<b>Can a small Mine Lease holder undertake inter-State supply if it avails composition scheme?</b>
Ans.	No. If a supplier chooses to avail of the composition scheme, he shall not undertake inter-State supply.
<b>Q5.</b>	<b>What is the IGST rate for minerals and ores in case of inter-State supply?</b>
Ans.	At present, the IGST rate is the sum of CGST and SGST/ UTGST rates. These rates have been notified and are available in public domain.
<b>Q6.</b>	<b>Can the buyer get input credit on the supply of minerals from a mine owner in composition scheme?</b>
Ans.	No, the buyer cannot avail of the credit of tax paid by the supplier who is under the composition scheme as the person paying tax under composition scheme cannot issue a tax invoice and collect taxes on his supplies.
<b>Q7.</b>	<b>Will the recipient have to pay tax under reverse charge?</b>
Ans.	GST on reverse charge mechanism is payable under Section 9(4) of the CGST Act, 2017 only in case of purchases from unregistered suppliers. As the mine owner who is paying tax under composition scheme is registered, the recipients need not pay GST on reverse charge mechanism.
<b>Q8.</b>	<b>What is the threshold limit and conditions when a small mine owner/lease holder under Composition Scheme has to migrate into full GST System?</b>
Ans.	As per Section 10(3) of the CGST Act, 2017, the option availed of by the small mine owner/lease holder shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds Rs.75 lakh. For details regarding other conditions, Section 10 of the CGST Act, 2017 and the rules framed thereunder may be referred to.
<b>Q9.</b>	<b>Is the Return filing and compliance simpler under composition scheme?</b>
Ans.	Yes, Return filing and compliance is simpler under the composition scheme. The registered person has to file only one return on a quarterly basis in Form GSTR-4.
<b>Q10.</b>	<b>Will the basic exemption limit from GST be applicable to the tiny &amp; micro segment in mining?</b>
Ans.	Yes, the basic exemption limit of Rs.20 lakh (Rs. 10 lakh in the case of special category States) is applicable to the tiny and micro segment even in mining. However, a person engaged in making taxable supply and having aggregate annual turnover (more than Rs.20 lakh in any State other than the special category States) would be liable to obtain registration under GST. The return has to be filed on monthly basis by regular taxable persons and on quarterly basis by the taxable persons registered under the composition scheme.
<b>Q11.</b>	<b>What is aggregate turnover?</b>
Ans.	As per Section 2(6) of the CGST Act, 2017, "aggregate turnover" means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes Central tax, State tax, Union Territory tax, integrated tax and compensation cess.
<b>Q12.</b>	<b>Will the buyer of goods from unregistered person pay reverse tax?</b>
Ans.	A registered person receiving taxable goods or services from a supplier who is not registered, would be liable to pay GST under reverse charge mechanism. However, in terms of notification no. 8/2017-Central Tax (rate) dated 28th June, 2017, aggregate value of supplies of goods and/or service received by a registered person from any or all the suppliers, who is or are not registered, upto five thousand rupees in a day is exempt from tax under reverse charge mechanism. This exemption will not apply if the value exceeds Rs.5000/-.
<b>Q13.</b>	<b>Can a buyer of goods and services pay the value of services/goods to the supplier and deposit the GST component of the invoice in the supplier's account so that when the buyer claims input credit, he may get the same cross entry tallied from the supplier's account?</b>
Ans.	No. This option is not available under GST Law.
<b>Q14.</b>	<b>In case there are disputes regarding quality, weight, etc. between the buyer and the supplier and the goods are returned fully or partially, as found unfit for use, can the excess paid tax component be adjusted from future tax liability?</b>
Ans.	In such cases, the supplier may issue a credit note to the recipient in accordance with the provisions of Section 34(1) of the CGST Act, 2017.



- Q15. Whether deduction of Liquidity Damage (LD)/Penalty deduction from contractor's bills and charging Penalty for non-lifting of coal till targeted minimum level to Annual Contractual Quantity (ACQ) will attract GST?**  
**Ans.** Yes, it is a service being "tolerating an act" as per Schedule II of the CGST Act, 2017 thus GST shall apply.
- Q16. Will GST be payable at the time of raising an invoice for supply of goods from a mining lease holder or it will be applicable on the amount of advance received by the mining company for booking the order?**  
**Ans.** As per the provisions of Section 12(2) of the CGST Act, 2017 the time of supply of goods shall be the date of issue of invoice or the date of receipt of payment, whichever is earlier. Accordingly, GST would be payable on advance payment received prior to issuance of the invoice.
- Q17. Will the supplier have to issue "receipt voucher" against each advance received?**  
**Ans.** Yes, as per Section 31(3)(d) of the CGST Act, 2017 the supplier has to issue a "receipt voucher" for every advance received.
- Q18. How do I show the advance received in GSTR-1?**  
**Ans.** Where against an advance the invoice is issued in the same tax period, the advance need not be shown separately in Form GSTR-1 but the specified details of invoice itself can be directly uploaded on the system. Details of all advances against which the invoices have not been issued till the end of the tax period shall have to be reported on a consolidated basis in Table 11 of Form GSTR-1. As and when the invoices against these advances are issued, they have to be declared in Form GSTR-1 and the adjustment of the tax paid on advances against the tax payable on the invoices uploaded in Form GSTR-1 shall have to be done in Table 11 of Form GSTR-1.
- Q19. In case no supplies are made against an advance, will the dealer have to issue a "refund voucher" only for the advance or for advance including GST?**  
**Ans.** Refund voucher has to be made for the full value of advance, including the amount of GST.
- Q20. It will be difficult to link between "Advance Receipt Voucher" and invoices in case of sales billing on Cash Sale (Rail/Road)/e-Auction etc., especially in case of Rail Cash sale, where purchasers deposit money in advance to the tune of many crores for which lifting of coal has to be made from various loading point and time. In such situation how will the billing person at one point realize how much "balance advance" is available for adjustment while raising invoice at his end at a specific point of time?**  
**Ans.** Under GST gross amount of advance is to be reported and tax has to be paid. Advance can be adjusted in totality. While raising the invoice subsequent to receipt of advance, the tax payable will get reduced by the amount of tax paid on the advance and balance amount of advance may be adjusted against future supplies.
- Q21. Will GST charged on purchase of all earth moving machinery including JCB, tippers, dumpers by a mining company be allowed as input credit?**  
**Ans.** The provision of Sec. 17(5)(a) of the CGST Act, 2017 restricts credit on motor vehicle for specified purposes listed therein. Further, in terms of the provision of Section 2(76) of the CGST Act, 2017 the expression 'motor vehicle' shall have the same meaning as assigned to it in Clause (28) of Section 2 of the Motor Vehicle Act, 1988, which does not include the mining equipment, viz., tippers, dumpers. Thus, as per present provisions, the GST charged on purchase of earth moving machinery including tippers, dumpers used for transportation of goods by a mining company will be allowed as input credit.
- Q22. Whether GST is payable on royalty (to be paid to Government) for Mining Lease granted by State Govt.**  
**Ans.** Yes, on royalty GST will apply under reverse charge mechanism. Further, such payment of GST under reverse charge mechanism would be eligible as ITC in the hands of the recipient of supply for payment of GST.
- Q23. Is ITC available on hiring of immovable properties (land, office, warehouse, processing unit, stock yards) for facilitation of mining operations?**  
**Ans.** Yes. GST paid on hiring of land, office, warehouse, processing unit, stock yards when these are used in the course or furtherance of business, would be allowed as ITC.
- Q24. What is the time limit for availing input credit under GST?**  
**Ans.** As per provisions of Section 16(4) of the CGST Act, 2017, the ITC is not available after the due date of furnishing the return for the month of September of the next year or furnishing of the annual return, whichever is earlier.
- Q25. Would the net outstanding amount of unutilised input credit be refunded by the Government?**  
**Ans.** In terms of the provision of Section 54(3) of the CGST Act, 2017 subject to conditions, refund of unutilized input tax credit would be available in respect of zero rated supply or where ITC has accumulated on account of rate of tax on inputs being higher than the rate of tax on the output supply. However, such refund of ITC would not be available if export duty is payable on the goods so exported out of India.
- Q26. Will GST charged by tax consultants, advocates, chartered accountants, environmental consultants, canteen service providers and other service providers to mining companies be allowed as input credit?**  
**Ans.** ITC on any input service/ inputs used in the course or furtherance of business would be available subject to restrictions and other conditions as per the provisions of Chapter-V of the CGST Act, 2017. However, tax paid in respect of canteen service providers shall not be available as credit.
- Q27. Whether free issue of coal to employees paid in course of employment and on the basis of wage agreement with value below Rs.50,000/- per employee will attract GST?**  
**Ans.** Gifts not exceeding fifty thousand rupees in value in a financial year by an employer to an employee shall not be treated as supply of goods or services or both (as per Schedule 1 of the CGST Act, 2017). Free issue of coal based on the wage agreement is not a gift. Therefore, free issue of coal in this case will attract GST.



- Q28. Can GST charged as per transport bill on movement of mineral from mine to the buyer be allowed as ITC to the buyer irrespective of the ownership of the transporting vehicle?**  
**Ans.** In case of an FOR contract for supply of mineral from the mine to the buyer, it is a composite supply where the consideration will be inclusive of the transportation cost. Therefore, GST on forward charge will be payable by the supplier of the mineral and credit will be available to the buyer if otherwise available. The supplier of the mineral will also pay tax on reverse charge basis on the freight charged by the GTA and the credit of the same will be available to the supplier of the mineral. In case of an ex-works contract of supply, where the GTA service has been booked by the supplier at the instance of the buyer and the service is billed by the GTA to the buyer and the minerals are billed by the supplier of the mineral to the buyer, then GTA on reverse charge shall be paid by the buyer who shall be entitled to take credit of the same. The tax on the mineral will be paid on forward charge by the supplier of the mineral and credit will be available to the buyer if otherwise available.
- Q29. Will the situation as mentioned above be different if the value of mineral is less than the cost of freight in long distance consignments?**  
**Ans.** In the aforesaid example relating to FOR contract, the supply under the contract shall be classified as 'composite supply' where there is a principal supply and other supplies are naturally bundled and supplied in conjunction with each other in the ordinary course of business. The GST rate of principal supply shall be applicable in this case i.e. GST rate as applicable to the mineral.
- Q30. Exploration companies undertake exploration activities for preparing mining blocks for auction in different States in the country. They use rigs for exploration. CENVAT credit was available on rig operations under the earlier law. Will the company be eligible to take ITC under GST?**  
**Ans.** Rigs, capitalized in the books of accounts as capital goods are used in the course or furtherance of business. Hence, it will be eligible as capital goods and ITC will be available under GST.
- Q31. Will ITC be available for holding Environmental Clearance (EC) and Forestry Clearance (FC) meetings and for obtaining 'consent to operate' the Mines?**  
**Ans.** Yes, ITC on expenses incurred in the course or furtherance of business shall be available.
- Q32. Will the mining companies be eligible to take ITC for construction of townships, hospitals and schools?**  
**Ans.** No. Mining companies will not be eligible for ITC on such activities even if used in course or furtherance of business. In this connection, refer the provisions contained in Section 17(5)(c) of the CGST Act, 2017.
- Q33. Are minerals sent for export in processed or raw form fully exempted from payment of GST or IGST?**  
**Ans.** In terms of the provision of Section 16(1) of the IGST Act, 2017 export of goods is considered as zero rated supply. Further, in terms of the provision of Section 16(3) of the IGST Act, 2017 a registered person may export goods (i) without payment of IGST against bond/letter of undertaking and claim refund of unutilised ITC, or (ii) on payment of IGST, utilising eligible ITC and claim refund of such IGST.
- Q34. What is the procedure for return of goods under GST?**  
**Ans.** In terms of Section 34(1) of the CGST Act, 2017 in case of return of goods on which GST was paid at the time of supply, the supplier of such goods may issue a credit note for the full value, including the amount of GST in favour of the recipient, and will be entitled to reduce his output tax liability subject to the condition that the recipient of such supply has not availed credit of such GST and if availed, has reversed his ITC on the same.
- Q35. How can we take support during filing of returns, as huge mines are located throughout the districts in the country, especially in rural and backward areas, and the problem will be aggravated as the huge number of mines are operating without any IT infrastructure?**  
**Ans.** Returns may be filed from the central office of the Company which are usually located in areas with infrastructure required for filing such returns.
- Q36. Whether GST TDS will be applicable on Works Contract Jobs (to be renamed as Supply of Services) in case of PSUs, since such GST TDS U/s 51(1) of CGST Act, 2017 is applicable on: a) Dept. or establishment of the Central Govt. or State Govt.; or b) Local authority; or c) Govt. agencies; or d) Such persons or category of persons as may be notified by the Govt. on the recommendations of the Council.**  
**Ans.** TDS, under Section 51(1) of the CGST Act, 2017 will apply to supplies made to such agencies as may be mandated by the Government for TDS. As of now, this section has not been notified and therefore TDS is not applicable on any supplies.
- Q37. What is the requirement for E-way bill for companies operating in the sector?**  
**Ans.** As per rule 138 of the CGST Rules, 2017, till such time as final rules are issued, the Government may, by notification, specify the documents that the person in-charge of a conveyance shall carry while the goods are in movement or in transit storage. As and when the new e-way bill rules are notified, the person transporting the goods shall carry the said e-way bill generated from the common portal along with the invoice (challan in the case of movement other than by way of supply).
- Q38. Whether an Input Service Distributer (ISD) will be eligible to distribute the ITC in respect of services received during April 17 to June 17 even if the invoices are raised and submitted by contractors after appointed date i.e. in July 17.**  
**Ans.** In terms of Section 140(7) of the CGST Act, 2017 the ISD will be able to distribute the available credit even if the invoices are received after the appointed day.



- Q39.** In Table 5(b) of GST-TRAN-1, the details of Form C, F and H/I are to be given for the period April 15 to June 17 (i.e. for 27 months) which would be a voluminous task. Reasons of furnishing the details for last 27 months may please be clarified?
- Ans.** In cases where sales were covered by Forms C, F, H and I, the input tax credit has remained in the account of the taxpayer because the taxpayer has availed of the benefit of concessional rate/nil rate of tax on the sale/stock transfer under CST Act. The benefit of concessional rate/nil rate is available conditional upon production of the statutory forms. Therefore, allowing migration of the credit that has accrued on account of sale/stock transfer having been made on concessional rate/nil rate should be given only on production of the statutory forms. Even otherwise, the taxpayer would have claimed refund of this ITC and such refund would have been given only on production of the statutory forms. It has been presumed that forms for periods before April '15 would have either been presented or the State would have recovered the additional tax payable on account of non-production of statutory forms. Production of these forms is a statutory liability and the taxpayers have already availed the benefit.
- Q40.** Education Cess and S&H Education Cess carried forward in ER-1-whether eligible for ITC under the CGST Act, 2017?
- Ans.** No. Credit of Education Cess and SH Education Cess cannot be carried forward.
- Q41.** What will happen to the balance available in the current account (PLA) under Central Excise, deposited in cash in advance by any assessee?
- Ans.** Balance in PLA will not be under transition to GST since that has not been appropriated to the Government account which will be determined post completion of the pending assessment. The same can be claimed as refund under the Central Excise Law.
- Q42.** Whether credit of Green Cess (Clean Energy Cess) paid on coal and available at the time of transition be eligible for being carried over?
- Ans.** No. Credit of Clean Energy Cess cannot be carried forward on transition.
- Q43.** Whether stock held by mining companies on which Clean Energy Cess has been paid be chargeable to Compensation Cess in GST regime?
- Ans.** Yes. Compensation Cess will be charged on supply of such stock.
- Q44.** Can supplies of coal under a particular order or under FSA (Fuel Supply Agreement) be eligible under the definition of continuous supply of goods?
- Ans.** Such supplies are in the nature of continuous supply as the invoices are raised periodically. The individual dispatches may be covered under delivery challans and invoice may be issued for the supplies made during a period as per the contract.
- Q45.** In case of coal, the applicable Compensation Cess is a Fixed Amount of Rs.400/- per MT. Under above situation, how such apportionment is possible since in case of FSA Sale, supply of different grade of coal as per availability of stock against single bulk receipt of "Advance" is to be adjusted?
- Ans.** If tax rate is not determinable, the tax rate may be determined and paid on the amount of advance at 18%.
- Q46.** Whether Railway siding in mining industry exclusively utilized for effecting dispatch of taxable goods viz. coal (i.e. directly used in the course or furtherance of business) will be treated as plant and machinery and ITC under GST will be allowed or treated as civil structure and ITC will be denied?
- Ans.** ITC will not be available as railway siding is not plant and machinery as defined in Section 17 of the CGST Act, 2017.
- Q47.** According to HSN Code 2516 calcareous building stone comes under 5% tax rate, but simultaneously under HSN Code 6802 it comes under 28% tax rate. Clarity on the same may be provided by the Government.
- Ans.** Chapter 68 covers value added articles of sandstone etc. which are further worked other than by way of roughly trimmed or merely cut into blocks or slabs.
- Q48.** Whether supply of HSD free of cost for mining operation would attract GST and whether the input tax credit would be available for GST so charged by the Service provider?
- Ans.** HSD is outside GST and therefore, input tax credit would not be admissible.
- Q49.** Will ITC be available on steel, timber and sometimes cement which are used in the underground mines to provide a protective device for security purpose?
- Ans.** Credit will not be available if these goods are supplied for construction of an immovable property. But if these are temporarily placed for protective purposes, credit will be available.
- Q. 50** As per Section 54(3), it is clear that no refund of ITC will be available for export in the cases where product is subject to export duty. Iron Ore export is subjected to export duty. In the earlier regime, the exporters were allowed to take refund of service tax paid on exports. Will not our exports become uncompetitive as no refund of ITC will be available?
- Ans.** The refund of ITC credit is not admissible in view of the second proviso to Section 54(3) of the CGST Act, 2017.

**Note:** Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also.  
Similarly reference to CGST Rules, 2017 includes reference to SGST Rules, 2017

## Gold imports double to \$13.35 billion

PRESS TRUST OF INDIA  
NEW DELHI

India's gold imports more than doubled to \$13.35 billion during the April-July period of the current fiscal, according to Commerce Ministry data.

Gold imports, which have a bearing on the country's current account deficit, stood at \$4.97 billion in April-July 2016-17.

In July, imports of the precious metal rose to \$2.1 billion, from \$1.07 billion in the same month of 2016.

The surge in gold imports in July contributed to the widening of the trade deficit to \$11.44 billion from \$7.76 billion a year earlier. India is recording a surge in inbound shipments of the precious metal from South Korea.

## Gold imports jump over 2-fold

PRESS TRUST OF INDIA  
New Delhi, August 15

India's gold imports more than doubled to \$13.35 billion during the April-July period of the current fiscal, according to the data of the commerce ministry.

Gold imports, which has bearing on the country's current account deficit (CAD), stood at \$4.97 billion in April-July 2016-17.

In July this year, imports of the precious metal rose to \$2.10 billion from \$1.07 billion in the same month of the previous year.

Surge in gold imports in July contributed to the widening of trade deficit to \$11.44 billion as against \$7.76 billion in July 2016. The rise in imports assumes significance as India is recording surge in the inbound ship-



ments of the precious metal from South Korea, with which India has implemented a free trade agreement since 2010.

Officials have stated that the government is contemplating steps to check the surge in imports from that country.

Gold imports from South Korea has jumped to \$338.6 million during the July 1-August 3 period this year. The import in

2016-17 stood at 470.46 million.

Under the free trade pact between India and South Korea, basic customs duty on gold was eliminated.

Further, the 12.5 per cent countervailing duty on gold imports has been subsumed in the Goods and Services Tax (GST). Accordingly, imports now attract only 3 per cent integrated GST.

## MCX-Zinc rise indicates bullish outlook

GURUMURTHY K

IL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange (MCX), which was stuck inside a sideways range between ₹175-₹185 a kg over the past few weeks, was broken last week.

The contract has risen sharply, breaking the range above ₹185 and touched a high of ₹190.2 on August 9.

However, the contract has

come off from this high and is currently trading at ₹186.75. The level of ₹185 will now serve as a good support for the contract. The next key support is at ₹183. This support, in the ₹185-₹183 zone, is likely to limit the contract's downside in the near term. Though a test of this support zone in the coming sessions cannot be ruled out, an immediate fall breaking below ₹183 is unlikely.

The outlook will remain bullish as long as the contract trades above ₹183. An eventual reversal from the ₹185-₹183 support zone can take the contract higher to ₹190 again.

### ₹200 in the medium-term

A strong break above ₹190 will see the upward move extending to ₹193 and ₹195 initially. Such a rally will also increase the possibility of the contract revisiting ₹200 levels over the

medium term. Traders with a big risk appetite with a medium-term perspective can go long at current levels. A stop-loss can be placed at ₹182 for the target of ₹194. Accumulate long positions on dips near ₹184. Revise the stop-loss to ₹189 as soon as the contract moves up to ₹191.

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



# Gold unwinds as Korea tensions ease

G CHANDRASHEKHAR

As expected, gold prices have begun winding down from their recent high of \$1,291 an ounce, with the waning of the tensions between the US and North Korea. The precious metal is giving up its safe-haven status and much of the value gained in recent days.

History tells us that often geopolitical risks fade as fast as they rise. Prices tend to rise in an uncertain environment in anticipation of a conflict. When the risk of conflict abates even partially, markets begin to correct rapidly.

Importantly, US-centric events tend to exert a greater impact on gold prices than events elsewhere.

Indeed, headwinds for gold are strengthening. The US jobs and other macroeconomic data are all in positive territory, which, in turn, continues to boost the equities market. If labour market conditions continue to improve — and the expectation is positive — the Federal Reserve is likely to go ahead with one more rate hike this year.

Whether it will happen in September or December will



depend on the nature of data flow, and is a matter of conjecture at this point. The Fed's Balance Sheet normalisation process — it may begin anytime soon — will exert further pressure on gold rates.

## Drop in demand

The demand side is not looking healthy either. According to reports, in the first half of the year, demand fell by a whopping 14 per cent. Higher prices discouraged consumers while reduced geopolitical risks kept the speculators — euphemistically called investors — on the sidelines.

From various accounts, anecdotal and otherwise, it is becoming increasingly clear

that the appetite for gold will be subdued in the second half of the year, too.

The Indian demand scenario does not present a healthy picture. The agriculture situation is somewhat mixed. Rains are deficient. Large areas are still moisture-stressed; and there is risk of a decline in the kharif harvest and a consequent fall in rural incomes if precipitation does not return to normal in the next three weeks.

The tax structure is also cited as a reason for tepid demand. There is now a concerted effort to have the rate of customs duty reduced from the extant level of 10 per cent; but there is little economic or social justification for doing

that. Indeed, a strong rupee by itself acts as an indirect reduction in import duty.

## Ominous signs

As geopolitical risks fade, the yellow metal will hurtle down. The ominous signs are already visible. On current reckoning, it should be no surprise, if by the year-end, gold returns to a more down-to-earth level of around \$1,150/oz; in other words, a downward movement of over \$100 from the current levels.

Investors have to exercise caution in making their decision on gold investment.

Because silver tags on to the coattails of gold, its prices, too, are set to come under pressure. Despite silver's semi-industrial and semi-precious metals status, the outlook for silver is not bullish.

On current reckoning, prices are expected to soon correct down from the high of \$17/oz. The average price for the third quarter is likely to be \$16/oz and \$15.5/oz for Q4.

*The writer is a commodities market specialist. Views are personal*



## Govt bans export of gold products above 22-carat

PRESS TRUST OF INDIA  
NEW DELHI, AUGUST 16

THE GOVERNMENT has banned exports of gold jewellery, medallions and other articles above 22-carat purity in a bid to check round tripping of the precious metal.

In a notification, the Directorate General of Foreign Trade (DGFT) has said certain provisions of the foreign trade policy (2015-20) are "amended to allow export of gold jewellery (plain or studded) and articles containing gold of 8 carats and above up to a maximum limit of 22 carats only from domestic tariff area and export-oriented units, electronics hardware technology parks, software technology parks and bio

technology parks".

This means that export of gold jewellery, medallions and other articles of the precious metal above 22 carat purity is not permitted by any exporter, including from these parks, which are meant for sector-specific shipments.

The DGFT also stated that only those exporters can avail of incentives who are shipping gold jewellery and other articles containing gold of 8 carats and up to a maximum limit of 22 carats and not beyond. According to an official of the Gems and Jewellery Export Promotion Council (GJEPC), some exporters were availing of export incentives by claiming export of gold items of above 22 carat purity with some value addition.

THE HITAVADA DATE: 17/8/2017 P.N. 11

## Export of gold articles above 22-carat purity banned

NEW DELHI, Aug 16 (PTI)

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only those exporters can avail of incentives who are shipping gold jewellery and other articles containing gold of 8 carats and up to a maximum limit of 22 carats and not beyond. According to an official of the GJEPC, some exporters were availing of export incentives by claiming export of gold items of above 22 carat purity with some value addition.

According to an official of the Gems and Jewellery Export

Promotion Council (GJEPC), some exporters were availing of export incentives by claiming export of gold items of above 22 carat purity with some value addition. "This is not possible as India is a net importer of gold and no trader would import above 22 carats gold and export it as it is without value addition. This is not a financially viable business," the GJEPC official, who did not wish to be named, said.

# Coal India firms up expansion plan

ASTAFF REPORTER

**Calcutta, Aug. 16:** Coal India has earmarked a capital expenditure of Rs 8,500 crore in 2017-18 to expedite mining projects and ramp up production.

The government-owned miner also plans to invest Rs 6,500 crore to set up power projects, revive a fertiliser plant and acquire coal blocks.

Coal India had spent Rs 7,700.06 crore in 2016-17.

"The capital expenditure for the year 2017-18 has been set at Rs 8,500 crore. Further, the company has plans to invest Rs 6,500 crore in various projects viz. super critical thermal power plant, solar power, revival of fertiliser plants, coal gasification, acquisition of coal blocks in India & abroad, coal bed methane etc. during 2017-18," the annual report of Coal India said.

Coal India's subsidiary Mahanadi Coalfields is setting up a 1600 MW thermal power plant, which will source coal from the pitheads of Basundhara coalfields in the Sunder-



## FUNDS PUSH

garh district of Odisha. A company called Mahanadi Basin Power Limited has been formed for the power project.

The company has also formed a joint venture with other public sector undertakings to operate fertiliser units at Barauni, Sindri, Gorakhpur and Talcher. Coal India is also scouting for coal block assets in Australia to source coking coal.

The public sector company produced 554.14 million tonnes of coal in 2016-17 while a combination of low demand, rainfall and mining related is-

ssues kept the capacity utilisation level at 84.51 per cent compared with 99.87 per cent during 2015-16.

In the current fiscal, the target of coal production has been set at 600 million tonnes. CIL has envisaged production of 908.10 mt in 2019-20 at a compounded annual growth rate of 12.98 per cent with respect to 2014-15.

Chairman Suthirtha Bhat-tacharya said the miner faced stiff targets in the years ahead.

"Going forward, in order to meet the production targets, Coal India needs to step up to a double-digit growth rate," he said.

The report said the company planned to diversify into renewable energy such as solar power and clean energy sources such as coal mine methane, coal bed methane, coal-to-liquid and underground coal gasification following the central government's directives.

The company's scrip closed marginally lower by Rs 1.60, or 0.67 per cent, on the BSE today.

# India bans export of gold products above 22 carats

REUTERS

Mumbai, August 16

India has banned the export of gold products with a purity above 22 carats in a move a trade group said was a bid to curb a practice known as "round tripping".

The Directorate General of Foreign Trade issued a notification dated August 14 that stated exports of jewellery or medallions, containing gold of 8 carats and above up to a maximum

limit of 22 carats shall only be permitted, without giving a reason.

"Round tripping to Dubai will come down due to the move," an official with India Bullion and Jewellers Association Ltd said. A trader, via round tripping, can import gold products at a lower import tax and re-export the same stock without any value addition.

The ban affects jewellery, including partly processed jew-

ellery, coins and medals.

"Until now, traders only had to pay a lower import tax or no tax at all on gold jewellery and gold coins so long as they re-exported the gold," Commerzbank analyst Carsten Fritsch said in a note.

"This may also be an attempt by the authorities to prevent the current account deficit from widening again after Indian gold imports rose sharply in recent months." India's gold im-

ports in July nearly doubled from last year to \$2.1 billion, while the country's trade deficit narrowed to \$11.45 billion in July from a month ago, following a slowdown in merchandise imports.

India is the world's No. 2 consumer of gold behind China, with many saving their money in gold, using it to hedge against inflation and for gifts at special occasions. The country imports about 800 tonnes of gold a year.



## Govt bans export of gold items above 22ct

**New Delhi:** The government has banned exports of gold jewellery, medallions and other articles above 22-carat purity in a bid to check round tripping of the precious metal.

In a notification, the Directorate General of Foreign Trade (DGFT) has said certain provisions of the foreign trade policy (2015-20) are "amended to allow export of gold jewellery (plain or studded) and articles containing gold of 8 carats and above up to a maximum limit of 22 carats only from domestic tariff area and export-oriented units, electronics hardware technology parks, software technology parks and bio-technology parks."

According to an official of the Gems and Jewellery Export Promotion Council (GJEPC), some exporters were availing of export incentives by claiming export of gold items of above 22 carat purity with some value addition.

### The govt's move is a bid to check round tripping of the precious metal

"This is not possible as India is a net importer of gold and no trader would import above 22 carats gold and export it as it is without value addition. This is not a financially viable business," the GJEPC official, who did not wish to be named, said.

Sharing similar views, an official of the Federation of Indian Export Organisations (FIEO) said that through this notification, the government has banned export of the jewellery above 22 carats and this decision will not impact shipment of gold jewellery as there is significantly less demand for these items in the international market. The decision came at a time when Indian gold jewellery traders have raised concerns over a surge in gold imports from South Korea. AGENCIES

## Gold drops below 30K-mark; silver plunges Rs 800

NEW DELHI, Aug 16 (PTI)

GOLD moved on a slippery track on Wednesday, settling below the Rs 30,000-mark by plunging Rs 300 to Rs 29,750 per 10 grams, in a sign of subdued overseas trend as well as local demand.

The plunge was sharper in silver, which cracked below the Rs 40,000 level at Rs 39,300 per kg, a loss of Rs 800, weighed down by a drop in offtake.

Globally, gold fell 0.09 per cent to USD 1,270 an ounce in Singapore. Fading demand from local jewellers and retailers at the current level pulled down the gold prices further.

In the National Capital, gold of 99.9 per cent and 99.5 per cent purity fell Rs 300 each to Rs 29,750 and Rs 29,600 per 10 grams, respectively.

Sovereign, however, remained flat at Rs 24,500 per piece of eight grams in limited deals.

Silver ready dropped as much as Rs 800 to Rs 39,300 per kg and the weekly-based delivery Rs 885 to Rs 38,365.

## MCX-Nickel futures may revisit ₹700 level in coming days

### WEEKLY OUTLOOK

GURUMURTHY K

At Research Bureau

The Nickel futures contract on the Multi Commodity Exchange (MCX) rose in the past week to test the psychological level of ₹700 a kg, as expected.

The contract touched a high of ₹703 on August 10 and had reversed sharply lower from there. However, the 200-day moving average support at ₹664 halted this pull-back.

The contract fell to a low of ₹664.4 on Monday and has reversed higher again. It is currently trading at ₹680.

The 200- and 21-day moving averages at ₹664 and



₹650 respectively are the key supports for the contract which are likely to arrest the downside in the short term. A revisit of ₹700 looks likely in the coming days.

A strong break above ₹700

will increase the possibility of the contract extending its rally to ₹715 or ₹720 thereafter.

Traders with a medium-term perspective can make use of dips to go long at ₹665. A stop-loss can be placed at ₹640 for the target of ₹710. Revise the stop-loss higher to ₹670 as soon as the contract moves up to ₹680.

The contract will come under pressure only if it declines below the 21-day moving average support level of ₹650. Such a break will increase the possibility of the contract falling to ₹640 and ₹630 levels.

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

## Safety of mine workers must come first, says President

OUR BUREAU

New Delhi, August 17

The balance between greater productivity and profit margins and the safety of workers is vital, President Ram Nath Kovind said here on Thursday, adding that "human safety and lives must always come first."

Giving away the National Safety Awards (Mines) for 2013 and 2014 at a function at Vigyan Bhavan, the President said, "Safety practices of the award winning mines should be case studies for students of mining engineering and management."

The winners of the safety awards in various categories included Tata Steel, Eastern Coalfields, ONGC, Hindalco, and Cairn India.

Urging the industry to move to a

'culture of prevention' from a 'culture of reaction', the President said India was endowed with impressive mineral wealth. "Today, the mineral sector contributes 2.6 per cent of our national GDP and provides direct employment to over one million people on a daily average basis, and helps the lives of their families," he said, and asked mining companies to design policies to give back to workers, their families, to the local community and to society at large.

Terming minerals and natural resources critical for India's economic development, Kovind said extraction and management of minerals need to be integrated into the country's overall strategy for nation-building.

"We are still some distance away from our goal of zero harm. In fact, safety issues and complexities have compounded with the increased scale of mining operations and their extension to adverse geo-mining conditions," he said.



# Indian Steel Majors May Fatten their Earnings in 1 Year: Moody's

Rakhi Mazumdar  
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**Kolkata:** Top Indian steel companies are likely to fatten their earnings in the next 12 months, riding on rising domestic demand and protectionist measures, and outperform their Asian peers, Moody's Investor Service has said.

"We expect operating conditions in India to be the most supportive among major Asian countries," Moody's said in its latest report on Asian steelmakers. The ratings service has now altered its outlook for Asian steel industry to 'stable' from 'negative'.

While its projection factors in an increase in raw material prices and higher production volumes coming from capacity additions, Moody's said expected healthy gross domestic product (GDP) growth rate of 7.5% to 7.8% in 2017 and 2018, coupled with government's fiscal stimulus and rising infrastructure spends will underpin the demand for steel in the country.

Out of the two rated Indian steel companies, earnings of JSW Steel are expected to remain steady while that of Tata Steel is set to increase significantly in the coming 12 months, the report said.

Tata Steel's Indian operations are likely to see a jump in earnings before interest, taxes, depreciation and amortisation (EBITDA) by almost a third in the current fiscal ending March 2018, led by ramp up in 3 million tonne production capacity at its new unit at



Kalinganagar.

The change to a stable industry outlook is in line with Moody's stable rating outlook for seven of the eight rated Asian steel companies including Posco, Hyundai, China Baowu, Baoshan, Nippon Steel & Sumitomo Metal Corp, JFE Holdings and JSW Steel.

The sole exception is the outlook for Tata Steel, which remained negative because of the company's high level

of debt, the ratings agency said.

"We have changed the outlook on the Asian steel industry to stable from negative primarily because we expect the profitability of our rated Asian steel companies — measured by EBITDA per tonne — to remain stable during the coming 12 months following a significant improvement that began in the second half of 2016," said Chris Park, an associate managing director at Moody's.

"The removal of excess steel production capacity in China and broadly steady steel demand in the region will be the main drivers of this profitability," Park said.

For steelmakers in Japan and Korea, steady domestic demand along with the firms' moves to cut costs and boost production of premium products should keep their profitability stable or slightly higher, the report said. Chinese steelmakers may see a decline in profitability in 2017 following a strong second half in 2016, it said.

THE HINDU DATE: 18/8/2017 P.N. 13

# Use coal while economical, says CEA

'Low tariffs seen in renewables don't include several implicit costs that are so far being subsidised'

SPECIAL CORRESPONDENT  
NEW DELHI

India should leverage its coal assets while it is still economical to do so before ramping up its renewable energy capacity, Chief Economic Adviser Arvind Subramanian said on Thursday. He added that the low tariffs seen in the renewable sector do not include several implicit costs that are, so far, being subsidised.

Mr. Subramanian also said that India should not be influenced by 'coal imperialism', with developed countries trying to influence developing countries to cut their fossil fuel consumption at a rate not in keeping with historical factors and equity.

## 'Properly costed'

"Renewable energy must be properly costed," Mr. Subramanian said, delivering the Darbari Seth Memorial Lecture organised by TERI.



**Social risks:** Costs of moving away from coal are significant as it will impact employment, says CEA Subramanian. • APF

"There are several social costs of moving away from coal. We must be abundantly cautious about claims on behalf of renewables. Properly costed, renewables will achieve true parity in social terms with coal only in the future."

"We should maximise the use of natural assets while

economics permits it, and then ramp up the free assets such as renewable sources when needed," he added. "There is a window, perhaps narrow, until renewables become truly viable, for accelerating expansion of coal, and driving up capacity utilisation sharply in thermal power generation."

Among the costs of adopting renewable energy that are not factored into the tariff currently, Mr. Subramanian included the cost of intermittent supply of power from solar and wind sources, the land acquisition costs, the upgradation of the grid to support energy from renewable sources, and the cost of stranded coal assets.

## 'Implicit subsidies'

"The proper estimates of the full costs of renewable energy are elusive," Mr. Subramanian said. "Recent bids are not indicative because of the implicit subsidies and the factor of strategic bidding that has entered the renewable energy space as it did with coal and spectrum auctions."

He also added that the costs of moving away from coal are also significant, since it will impact employment, and the regional eco-

nomies where coal mines are located. He also said that increasingly using renewable sources would further reduce the plant load factors of coal power plants, which, in turn, could further worsen their finances and the non-performing assets problem.

"If India achieves its target in renewable energy (of 175 GW by 2022), the plant load factor will decline by 13 percentage points, which is significant since the PLF is already so low," Mr. Subramanian said.

"The burden of combating climate change should be consistent historically and equitably," he added.

Subsidising renewables at a time when the social costs were higher than those of coal "seems a double whammy for the government which then also has to pick up the tab for the resulting stranded assets," Mr. Subramanian observed.

# Gold Prices Under Pressure as Imports from S Korea Surge

Duty-free imports of coins, medallions see yellow metal selling at a discount of \$10/troy

Sutanuka.Ghosal@timesgroup.com

**Kolkata:** Gold is being sold in the local markets at a discount of \$10 per troy ounce as rising duty-free imports of gold coins and medallions from South Korea under the

**An estimated 11-12 tonnes of gold coins and medallions have arrived from South Korea as of August 9** free trade agreement have put pressure on prices. Bullion movement has slowed amid confusion in the market on whether the government will impose a safeguard duty on gold imports from South Korea.

"According to trade sources, nearly 25 tonnes of gold is expected to be imported from South Korea over the months of July and August," Shekhar Bhandari, business head for global transactions (banking and precious metals) at Kotak Mahindra, told ET. "This means that the government will lose ₹750 crore of revenue as the imports are duty-free. The current account deficit is widening too because of rising im-



ports. This should be addressed immediately."

India, the second-largest consumer of the yellow metal after China, imposes a 10% duty on imported gold, which is not applicable to countries with which India has signed free trade agreements, including South Korea. To discourage duty-free gold imports from such countries, India had previously imposed a 12.5% excise duty on gold jewellery, which was scrapped along with other local taxes when the goods & services tax

was introduced on July 1.

An estimated 11-12 tonnes of gold coins and medallions have arrived from South Korea as of August 9, according to traders. If the government does not introduce safeguard duty immediately, then imports from South Korea will likely cross 25 tonnes in the July-August period, said S Mehta, national secretary of the India Bullion & Jewellers Association.

"The government needs to put a safeguard duty on imported gold from South Korea and other countries with whom we have an FTA," said Mukesh Kothari, director at Riddi-Siddhi Bullion. "At present, there is a lot of confusion in the market."

Some traders said while issues related to imports from South Korea have caused confusion, rising prices have led to lower demand for gold in India. Gold prices rose on Thursday as the dollar remained subdued after minutes from the US Federal Reserve's July meeting hinted at a delay in further rate increases.

Spot gold was up 0.4% at \$1,287.90 per ounce after gaining almost 1% the previous day. US gold futures for December delivery rose 0.8% to \$1,293.70 per ounce.

The price of gold may touch \$1,300 per troy ounce shortly, said Bhandari of Kotak Mahindra. "Price may touch as high as \$1,350 as well, going ahead. We have kept a price range of \$1,200-\$1,350 for the current year," he said.



# Special levy on Korean gold

OUR SPECIAL CORRESPONDENT

**New Delhi, Aug. 17:** Rules have been put in place to target cheap gold imports from Korea after the GST.

The Centre will now be able to impose a safeguard duty on gold from Korea, which has a free trade agreement with India that allowed import at just 3 per cent duty after the GST against the usual 10 per cent duty on import.

The government has initiated steps to plug the loophole that led to gold imports from Korea making up more than 15 per cent of the total import of the yellow metal in July, the first month of the GST.

The revenue department has notified the India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules, 2017, laying out the procedures for safeguard investigations.

The notification became necessary as India needs to have separate rules for ini-

## PLUG THE LOOPHOLE

- Gold import from Korea made up 16% of import of yellow metal in July, the first month of GST
- Rule anomaly allowed gold import from Korea at 3% GST against 10% from non-FTA countries
- Centre has now notified rules that allow imposition of safeguard duty after a probe on gold from Korea
- Gold import responsible for surge in trade deficit in July

tiating a probe against FTA partner countries. India imposes a 10 per cent import duty on gold, but this does not apply to countries with which it has signed free trade agreements such as Korea.

Prior to the GST, India imposed a 12.5 per cent countervailing duty on Korean gold to avoid duty-free import. However, the levy was scrapped along with other

local taxes when the goods and services tax (GST) was introduced from July. Accordingly, imports from the FTA countries attract only 3 per cent integrated GST.

## Probe prior to duty

According to the notified rules, the director general of safeguards can initiate investigations on receipt of a complaint by a domestic producer.

The probe aims "to determine the existence of serious injury or threat of serious injury to the domestic industry, caused by the increased imports of an originating good as a result of the reduction or elimination of customs duty under the trade agreement", the notification said.

The director general is required to submit the final findings within eight months from the date of the initiation of the investigation, or within an extended period not exceeding one year.

## MODERATE RISK-HIGH REWARD

# Ride the Base Metal Rally on Stock Options: Experts

Commodity stocks such as Vedanta, Hindalco, Hindustan Zinc and Nalco could witness potential 8-15% upside from current levels in the next three to five weeks as the base metal they produce are on the cusp of making fresh highs, having broken out from long standing trading ranges and on a relatively weak dollar. For e.g., the generic zinc futures contract traded on MCX intraday Thursday was just 5% shy of its 11-year high. Similarly, aluminium futures had broken out

of the Rs 90-130 range of the past seven years on Thursday. The dollar index, which measures the dollar against other leading currencies, has fallen almost 11% at 92.55 intraday Thursday from its 52-week high on January 2, 2017.

MCX base metals take cues from those traded on LME as well as the Chicago Mercantile Exchange. The stocks would replicate the movement of the commodities traded on MCX. However, since the Nifty has rallied

25% from its lows of December 26 to 9,904 on August 17, derivatives experts, like Ashish Chaturmohta of Sanctum Wealth Management, suggest trading bets could be initiated through stock options, rather than through stock futures, as a moderate risk-high reward strategy. The options could be purchased around Thursday closing levels or on dips. The risks to the call option are from an unexpected correction of base metals or a rise in the dollar. —Ram Sahgal

### ZINC



CMP (₹/kilo)  
**198**  
Expected\*\*  
**215**  
Return  
**8.6%**

PREVIOUS HIGH: **208** in November 2006  
STRATEGY: Buy Hindustan Zinc September **200** call option

### COPPER



CMP (₹/kilo)  
**417**  
Expected  
**470**  
Return  
**12.7%**

PREVIOUS HIGH: **513** in Aug 2013  
STRATEGY: Buy Vedanta September **310** call option

### ALUMINIUM



CMP (₹/kilo)  
**133**  
Expected  
**146**  
Return  
**9.7%**

PREVIOUS HIGH: **156** in April 2006  
STRATEGY: Buy Hindalco September **235** call option

\* Quarterly prices on Thursday of near month commodity futures on MCX \*\* in three to five weeks

Data: Sanctum Wealth Management

# Metals rally, zinc leaps to 10-year high

BLOOMBERG

The story of metal markets this week reads like a laundry list of achievements.

Zinc crashed through the \$3,000 barrier for the first time in a decade. Copper and aluminium reached three-year highs in London. Leads weekly gain is the biggest since June.

Driving the gains was a combination of data showing faster economic growth, a weaker dollar and shrinking supply. Chinese capacity curbs have boosted aluminium, while stockpiles of zinc tracked by the London Metal Exchange have slumped to the lowest level since 2008.

Such spectacular rallies



across the board, said Malcolm Freeman, a director of West Malling, England-based brokerage Kingdom Futures. What a week and it has not finished yet.

Zinc was the star of the week as prices jumped 7.5 per cent to \$3,114.50 a mt. For the year, its up 21 per cent, rivaling aluminium as the top-performing LME metal for

2017. Pit suspensions by companies including Glencore Plc and environmental checks in China are constraining supply just as global demand recovers. Data this week showed China's daily production in July contracted to the lowest level in three years.

A tight refined zinc market has long been anticipated, Credit Suisse Group AG said in a note to investors Friday. On our estimates, the contraction in mine production has led to a multiyear deficit in the market.

## Copper

Prices little changed at \$6,488.50 a tonne on Friday. For the week, prices are up 1.2 per cent.

THE HITAVADA DATE: 19/8/2017 P.N. 9

## Gold plunges on fall in demand; silver drops

NEW DELHI, Aug 18 (PTI)

GOLD slipped below the Rs 30,000-mark by falling Rs 190 to Rs 29,860 per 10 grams at the bullion market on Friday on muted demand from local jewellers even as the metal strengthened overseas.

Silver followed suit and declined by Rs 200 to Rs 40,000 per kg due to reduced offtake by industrial units and coin makers.

Traders said decline in demand from jewellers and retailers at existing levels in the domestic spot market mainly weighed on gold prices but a firm trend overseas capped the slide.

Globally, gold rose 0.44 per cent

to USD 1,293.20 an ounce and silver by 0.56 per cent to USD 17.10 an ounce in Singapore.

In the national capital, gold of 99.9 per cent and 99.5 per cent purity went down by Rs 190 each to Rs 29,860 and Rs 29,710 per 10 grams, respectively. It had gained Rs 300 in yesterday's trade.

Sovereign, however, remained unaltered at Rs 24,500 per piece of eight grams in limited deals.

Following gold, silver ready drifted lower by Rs 200 to Rs 40,000 per kg and weekly-based delivery by Rs 240 to Rs 39,060 per kg. Silver coins, however, held steady at Rs 73,000 for buying and Rs 74,000 for selling of 100 pieces.





# CBI searches 10 locations in UP illegal mining case

- The case has been registered against nine people, including an Assistant Geologist of Shamli
- Searches carried out in Delhi, Lucknow, Bhiwani, Sonipat, Panipat, Baghpat and Aligarh

NEW DELHI, Aug 18 (PTI)

THE Central Bureau of Investigation on Friday carried out searches at 10 locations after registering a case in illegal mining of minor minerals in Uttar Pradesh.

The case has been registered recently against nine people, including an Assistant Geologist of Shamli in Uttar Pradesh, the agency said.

The searches took place in Delhi, Lucknow, Bhiwani, Sonipat, Panipat, Baghpat and



Illegal mining in Uttar Pradesh.

(File photo)

Aligarh.

The case has been registered against Adal Singh, the then Assistant Geologist, Shamli, and Amir Siddiqui, J P Pandey, Vikas Verma, Amrendra Singh alias Pintu Singh, Satish Kumar, Sandeep Rathi, Mangal Sain Verma and Ramesh Kumar Gahalyan and some other unidentified persons.

"Earlier, in pursuant to the order dated July 28, 2016 passed

in PIL No. 22482/2016 and order dated September 30, 2016 passed in PIL No.29115/2016 of High Court of Allahabad, a preliminary enquiry was registered on February 23, 2017 to probe into the alleged illegal mining of minor minerals in District Shamli, (Uttar Pradesh)," CBI spokesperson RK Gaur said.

The FIR has been registered after the preliminary enquiry, he said.

# WCL producing Coal Neer from mine water

Ahaya Anparthi  
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**Nagpur:** By making use of water from mines, the Western Coalfields Limited (WCL) has started producing safe drinking water and marketing it under the brand name of 'Co-

## NEWS TO CHEER YOU

al Neer'. The water otherwise would have gone waste and also polluted water bodies.

Coal and power minister Piyush Goyal inaugurated the WCL's Coal Neer and Reverse Osmosis (RO) Water Purification Project at Patansawangi underground coal mine, near the city.

WCL chairman-cum-man-

## POTABLE WATER FROM COAL MINES

- Patansawangi mine is 200m deep, holds lot of water
- Earlier, it would go waste and pollute water bodies in the area
- WCL decides to treat the water and market it
- Sets up RO plant, invites villagers to come with bottles to use the water
- Nearly 2 lakh villagers from 15 villages are using the water
- Treated water being branded as 'Coal Neer'
- Production cost is 40 paise per bottle, plans to sell it at a cheap rate to consumers



The plant has a capacity to treat 10,000 litres/hour water. The mine is 200 metre deep and so holds a lot of water. Soon we will be installing an automatic bottling plant. Then we will be able to supply the water bottles to our head office and other areas

**DM GOKHALE |**  
GM, WCL NAGPUR AREA

naging director Rajiv Ranjan Mishra presented a bottle of Coal Neer to Goyal who launched the project online during his visit to the city on August 14.

GM of WCL Nagpur Area, DM Gokhale told TOI that 1.50-2 lakh villagers from 12-15 villages in a radius of around 10km from Patansawangi will

benefit from the project.

"The plant has a capacity to treat 10,000 litres/hour water. The mine is 200 metre deep and so holds a lot of water," he said.

Ten hydrant points have been set up at the plant, said Gokhale. "We asked gram panchayats to come and get collect treated water from the plant. Also, we are going to engage Patansawangi Co-operative Employees Society of WCL staffers to ensure water supply to the villagers," he said.

Gokhale added that water bottles are being used for in-house purposes of Nagpur Area as of now. "Soon we will be installing an automatic bottling plant. Then we will be able to supply the water bottles to our head office and other areas," he said.

The WCL is producing the water bottle at a small cost of 40 paise per bottle so sales to public too would be cheap.

➤ Continued on Page 10

## 40k acres land being irrigated in three areas

➤ Continued from P 1

As per norms, the WCL has to ensure zero discharge as mine water contaminates water bodies. Therefore, the WCL started taking initiatives for treating the mine water for utilization.

The coal-producer first came up with a project to treat mine water with sedimentation tank system. Water is be-

## COAL NEER

ing supplied to Borgaon, Bhanegaon and Pipla for irrigation purposes under the system. Around 40,000 acres land is being irrigated with water in these three areas as of now.

The WCL has also installed an RO Water Purification Plant with capacity of 1,000 litres per hour at Neelgaon near the Saoner mines. Treated water is being supplied to around 2,500 villagers.

The WCL is planning to install similar plants at its 10 housing colonies in the district. The system saves raw drinking water, prevents pollution, cuts down cost of WCL and complies with the environment norms of zero discharge from coal mines.



# Steel plant sought at Bayyaram

SPECIAL CORRESPONDENT  
HYDERABAD

Industries Minister K.T. Rama Rao on Sunday took up with Union Mines Secretary Arun Kumar pending projects in Telangana, notably the steel plant at Bayyaram which was promised in the AP Reorganisation Act, when the latter called on him here.

Mr. Rao told Mr. Arun Kumar that it was Andhra Pradesh which benefited most from the Centre after bifurcation of the erstwhile State but Telangana

was not even conceded all that was promised by the Act. He expressed anguish that no headway was made on several representations by the State government to Union Ministers to establish the steel plant at Bayyaram in Khammam, a release said.

Mr. Rao informed the senior bureaucrat that the Centre set up a steel plant at Visakhapatnam where there were no reserves of iron ore.

However, the same was delayed at Bayyaram where the reserves were available to the re-

quired extent. He urged the Centre to immediately launch the action plan to set up the plant at Bayyaram.

If needed, the State government will extend all possible help. The State government will continue its efforts relentlessly for the plant as it had the potential to generate employment for youth in the backward area of Khammam.

Later, Mr. Rao also met the managements of beedi companies to discuss the impact of GST on the industry.

## इस्पात का निर्यात बढ़ा

एजेंसियां  
दिल्ली. देश का तैयार इस्पात का निर्यात जुलाई में 64.2 प्रतिशत बढ़कर 7.70 लाख टन रहा है जो इससे पिछले साल समान महीने में 4.69 लाख टन था, एक रिपोर्ट के अनुसार माह के दौरान तैयार इस्पात का आयात भी 42.2 प्रतिशत बढ़कर 7.98 लाख टन पर पहुंच गया, जो इससे पिछले साल इसी महीने 5.61 लाख टन रहा था. इसमें कहा गया है कि जुलाई में भारत तैयार इस्पात का शुद्ध आयातक रहा, लेकिन उसने अप्रैल-जुलाई 2017 की अवधि में अपना शुद्ध निर्यातक का दर्जा कायम रखा है.

# Do Diamonds Make Investment Cut?

A diamond future index will soon open up for trading. While you could own the gem by investing as little as ₹900 a month for three years, it comes with a set of issues

## Less-than-Glittering Performance

In the past five years, diamonds have not appreciated significantly

	DIAMOND (PER CARAT)	GOLD 995 (MUMBAI) (10 GM)
1 YEAR	-6.4%	-6.4%
3 YEARS	-4.6%	2.1%
5 YEARS	0.2%	-0.1%
7 YEARS	8.3%	8.3%
10 YEARS	6.1%	14.5%

Source: Divine Solitaires for diamonds; Compiled by ETIG Database for gold. Returns calculated as on 14 Aug 2017.

## Down in Pecking Order

Diamonds rank 7th among luxury assets people want to invest in

RANK	LUXURY ASSETS	PRICE GROWTH IN 1 YEAR	PRICE GROWTH IN 10 YEARS
1	Wine	24%	267%
2	Cars	9%	457%
3	Coins	6%	195%
4	Watches	4%	66%
5	Jewellery	3%	147%
6	Stamps	1%	133%
7	Coloured diamonds	0.4%	111%
8	Furniture	-5%	-31%
9	Chinese ceramics	-14%	6%
10	Art	-14%	139%

Price growth calculated till 30 Dec 2016 Source: The Wealth Report 2017, Knight Frank.

If you have always wanted to buy diamonds, but assumed it was beyond your means, there's good news for you. Soon, you could own high-quality diamonds by investing as little as ₹900 a month for about two-and-a-half years. The Indian Commodity Exchange (ICEX), which recently got Sebi approval to start the world's first diamond trading bourse, will launch a systematic investment plan (SIP) for retail buyers to acquire the precious stone. It sounds good, but should you opt for it?

### HOW THE SIP WILL WORK

To invest in the diamond SIP scheme, you have to open an account with a broker on the ICEX, complete the KYC process and deposit money. The ICEX will trade in diamond contracts of three sizes: 30 cents, 50 cents and 100 cents. At current prices, a 30-cent diamond costs around ₹27,000, or close to ₹900 for each cent of its weight. By paying ₹900 a month, you can acquire a physical diamond at the end of two-and-a-half years.

### EASE OF INVESTING

Diamonds haven't been part of most people's investment portfolios. "Investors look for two basic things: returns and exit route," says Sanjit Prasad, ICEX CEO. In the case of diamonds, neither appears favourable. Over the past five years, diamonds haven't appreciated across the board. Given the absence of an organised resale market, investors have been unable to exit the market easily. The diamond index is likely to ensure that investors can enter and exit the market in an organised manner.

### BETTER AS A CONSUMABLE

Jignesh Mehta, MD, Divine Solitaires explains: "As a retail investor, you should not invest in diamond for making a profit, but align consumption goals like giving your wife a diamond ring on your 25th wedding anniversary". There's no guarantee that diamond prices will rise steadily even as trading picks up.

### TRANSPARENCY TROUBLES

There has always been a lack of transparency about the resale value of diamonds. But, trading here will be carried out at wholesale prices, currently 30-35% lower than retail prices. So, if you are willing to invest in a diamond worth ₹1 lakh, you can get a gem of the same value for as low as ₹75,000 on the ICEX. An added benefit is the diamond you get will be DeBeers certified. Just like shares, the holding of diamonds already bought will continue to remain in the demat account. You can resume buying when you choose. You will be allowed to sell the diamonds already in your account on the ICEX at any time in the duration of the SIP at the market price.

### WILL IT PAY OFF?

"Consider the possibility of tighter liquidity while trading on ICEX platform. Also, the absence of precedent makes it difficult to gauge the depth of the market," says Rahul Jauhari, commercial director, India, for a leading diamond certification company. Mehta says: "If you want to make a profit from your investment, choose financial assets like mutual funds over diamonds".

— Partha Sinha & Hiral Thanawala



## MCX-Aluminium may test support zone in near term

GURUMURTHY K

BL Research Bureau

The aluminium futures contract on the Multi Commodity Exchange extended its rally for the second consecutive week. The contract broke the key resistance level of ₹130a kg and marked a high of ₹134.4 on Thursday. However, it failed to sustain higher and fell from this high giving back some of the gains made during the previous week. It is currently trading at ₹132.

Key support is in the ₹130-₹129 region. The contract can dip to test this support zone in the near term. But whether it manages to reverse higher from there or not will decide the next leg of move for the contract. A strong upward reversal from the ₹130-129 support zone will be positive. It will keep the overall uptrend intact. A rise to ₹134 is possible once again in such a scenario.

Further, a strong break and a decisive weekly close above ₹134 will boost the momentum. Such a break will increase the likelihood of the contract rallying to ₹140 or even ₹145 over the medium term.

Short-term traders with a high-risk appetite can go long if the contract reverses higher from the ₹130-129 support zone. Stop-loss can be placed at ₹127.5 for the target of ₹135. Revise the stop-loss higher to ₹131 as soon as the contract moves up to ₹133.

On the other hand, if the contract declines below ₹129, the selling pressure might intensify. The contract can fall to ₹127 initially. Further break below ₹127 will increase the possibility of the contract extending its fall to ₹125.

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

## CBI faces SC ire over delay in completing probe

NEW DELHI, Aug 21 (PTI)

THE "delay" by CBI in completing the probe in the coal block allocation scam cases on Monday drew the ire of the Supreme Court which observed it appeared that the investigation would "not come to an end".

The apex court said that despite its "request" from time-to-time to expedite the probe, the CBI has not yet completed investigation in the coal scam cases.

The top court asked the probe agency to file a report giving status of its investigation in the pending cases and fixed the matter for hearing on October 9.

"We have been requesting the CBI from time-to-time to expedite the ongoing investigations, but it does not seem to come to an end," a three-judge bench headed by Justice Madan B Lokur observed.

"We will ask them (CBI) to give a status report as to why there is delay in completing the probe," the bench, also comprising Justices Kurian Joseph and A K Sikri, said. The issue of pending investigation in coal scam cases

cropped up before the bench when special public prosecutor R S Cheema sought court's permission to relieve a senior officer from CBI so that he can join the Jammu and Kashmir Police as a DIG-level official.

He said there was an urgency in relieving the official as his deputation tenure in CBI had expired on September 2 last year and the Jammu and Kashmir Government has said there was

a shortage of DIG-level officers in the state. To this, the bench sought to know about the status of probe in the cases which were being supervised by the officer.

Responding to

the query, Cheema said except in one case which was recently registered, the probe in other cases which were being supervised by the senior official was complete.

Advocate Prashant Bhushan, appearing for NGO Common Cause, told the court that CBI has not expedited investigation in several coal cases despite direction from the apex court.

The bench, while relieving the official from CBI after Cheema said that another senior official would take over the charge.



## 'Vizag Steel arm set to make profits again'

Rise in demand revives RINL's hopes

SPECIAL CORRESPONDENT  
KOLKATA

Rashtriya Ispat Nigam Ltd., the corporate entity of Visakhapatnam Steel Plant, is hopeful of returning to the cash profit zone this fiscal, on the back of improved demand conditions, said chairman-cum-managing director P. Madhusudhan.

"There is an uptick in the demand situation of steel... we are sensing an appetite for consumption and if this is sustained, then we hope to become EBIDTA positive this fiscal and make cash profit by 2018-19," he said at a press meet here on Monday.

RINL made losses for two consecutive years in 2015-16

and 2016-17. Totalling ₹2,657 crore, these losses came after a continuous 12-year profit making stint since 2002-03. He said that product prices, which were lowered in the wake of the disruptions due to GST roll-out, had been increased again in August but sales were good.

While there has been a 10% growth in RINL's saleable steel production between April and July 2017, turnover increased by 27% to ₹3,915 crore in this period. RINL is in the last stages of implementation of a ₹12,300-crore expansion programme which doubles capacity to 6.3 million tonnes.

## Don't check mining of minor minerals: Jharkhand to police

**Ranchi:** The Jharkhand government has asked the state police not to involve itself in checking mining and transportation of minor minerals, including sand, and has put the onus for this on district and state mining officials.

Officials said this would help stamp out corruption, problems

of coordination and fix accountability of mining officials.

An order to this effect was issued Monday by the IG (Operations) to all district police superintendents. It said that, in case of need, when officials concerned seek help, a police team would accompany them on raids. **ENS**



# Gold's 11% Rise May Just be the Beginning of its Rally Against Oil

Dani Burger & Guido Riolo

**Bloomberg:** Even as some analysts decry that gold is looking expensive, the rally may be just getting going.

In the midst of a tumultuous month in US politics and global security, traders have pushed gold futures to near a nine-month high. But if the history of gold's relationship with oil is any guide, that surge may last longer than the flare-up in geopolitical tension.

The precious metal has rallied 11% in 2017 to trade at \$1,294.40, compared to a 10% slump in crude.

That divergence in price may still be going, meaning gold should continue to outperform oil before the 34-month cycle ends, according to a study of past trading patterns for the two assets.

"Gold has rallied during the recent market setback and is now testing its key resistance level of \$1,300," Matt Maley, an equity strategist at Miller Tabak & Co., wrote in a note to clients. "That is the level that



REUTERS/YURIKO NAKAO

stopped rallies in both April and June, so if it can finally break above the level in any significant way, it's going to be very positive for the yellow metal." Whether driven by technical factors or the threat of derailed U.S. economic growth, money managers are flocking to gold.

Net-bullish bets on the metal

are the highest since October, according to Commodity Futures Trading Commission data.

Meanwhile, investors added \$321 million to the SPDR Gold Shares exchange-traded fund so far this month, while pulling \$540 million from the SPDR Energy Select Sector fund, according to data compiled by Bloomberg.

## BUSINESS LINE DATE: 23/8/2017 P.N. 16

### MCX-Zinc faces a key resistance level ahead

GURUMURTHYK

BL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange (MCX) has surged 7.7 per cent in the past week. The contract touched a high of ₹203.4 a kg on Monday and has slightly declined from there. However, it continues to hover above the psychological level of ₹200.

A key trend resistance is at ₹204. Any inability to break above this hurdle and a fall below ₹200 can see a corrective fall to ₹196 — a key support — in the coming days.

An upward reversal from there can keep the contract range-bound between ₹196 and ₹204 for some time. But a decisive fall below ₹196 might intensify selling pressure in

the contract.

In such a scenario, the contract can fall to ₹190 or ₹188 in the short term. But the indicators on the chart signify that the bias is bullish and there is thus a lower possibility of the contract breaking below ₹196 in the coming days. Moreover, this signals that dips to ₹196 might find buyers coming into the market.

As such, traders can wait for dips and go long at ₹197. A stop-loss can be placed at ₹193 for the target of ₹204. Revise the stop-loss higher to ₹199 as soon as the contract moves up to ₹201.

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

## THE TELEGRAPH

DATE: 23/8/2017 P.N. 11

# Hind Copper to expand

ASTAFF REPORTER

Calcutta, Aug. 22: Hindustan Copper will invest Rs 5,000 crore over four years in new facilities and mines. The expansion will be funded by debt, equity and internal accruals.

The PSU plans to set up a facility to make copper cathode with an annual capacity of 1 lakh tonne.

"The site of the (copper cathode) project has been finalised and investment in the project is around Rs 3025 crore. After recommendation of the board, the proposal has been sent to the ministry to obtain cabinet (CCEA) approval," said chairman and managing director K.D. Diwan.

On the mining side, Diwan said the company expected production from its flagship project at Malanjkhand, Madhya Pradesh, with an annual capacity of 50 lakh tonnes, to commence from December 2018.

An operator has been appointed for the Banwas mine at Khetri (Rajasthan), while environment approval has come for the reopening of the Kendadih and Rakha mines at Ghatsila, Jharkhand.

The mining projects are expected to expand the capacity to 12 million tonnes per annum over a four-year period from 3.2 million tonnes per annum.

The Gujarat Copper Pro-



Diwan: Bullish

ject, acquired in 2015, has produced 8,906 tonnes of copper cathode last year.

The PSU, which has its headquarters in Calcutta, has awarded a contract for a copper ore tail plant (waste generated during copper ore beneficiation) with an annual capacity of 3.3 million tonne at Malanjkhand. The project is expected to be commissioned this fiscal.

The copper producer has also signed a memorandum of understanding with Mishra Dhatu Nigam Ltd (Midhani), a defence public sector undertaking for a joint venture in the production of copper-nickel tubes and associated products.

During 2016-17, Hindustan Copper's sales volume was 28,888 tonnes against 24,112 tonnes during the previous year. The firm's operations are spread across Rajasthan, Gujarat, Maharashtra, Jharkhand and Madhya Pradesh.

## HCL sees a copper-bottomed plan in Nickel alloy tubes



Kailash Dhar Diwan, CMD, HCL, in Kolkata on Tuesday DEBASISH BHADURI

### To form joint venture with MIDHANI

OUR BUREAU

Kolkata, August 22

Hindustan Copper Ltd (HCL) is looking to get into the production of value-added products to shield itself from volatility in copper prices.

Copper prices have firmed up in the international markets and are currently ruling at \$6,500 a tonne. The average price of copper in the same period last year was \$5,200 a tonne.

According to Kailash Dhar Diwan, Chairman and Managing Director, HCL, the company plans to get into a joint venture agreement with Mishra Dhatu Nigam Limited (MIDHANI), a central public sector enterprise under the Ministry of Defence, for production of copper-nickel tubes. It has already signed an MoU with MIDHANI.

"There is a huge demand for copper-nickel tubes used in naval fighter ships, submarines, etc. These are currently being imported. There is a huge potential," Diwan said at a press conference after the company's Annual General Meeting here on Tuesday.

HCL is a primary copper producer. Though nickel production is small at present, the company hopes to scale it up to be able to produce the alloy.

HCL is in the process of conducting a technical due diligence to un-

derstand the exact nature and structure of the joint venture. However, as it stands, the firm will supply raw material, land and resources, and MIDHANI will provide the technical know-how.

### Investments

HCL will invest close to ₹5,000 crore in the next 3-4 years to scale up its capacities in mining and manufacturing.

The company has an installed copper production capacity of 68,500 tonnes per annum.

It plans to set up a plant of 1 lakh tonnes per annum capacity to manufacture copper cathode through cost-effective hydro-metallurgy technology at an estimated investment of ₹3,025 crore.

"We have received the board approval for the investment and now the proposal has been sent to the Mines Ministry to obtain CCEA (Cabinet Committee on Economic Affairs) approval," he said.

Work has already commenced on the company's mining project in Malanjkhand in Chhattisgarh with an annual capacity of 50 lakh tonnes. The project entails an investment of ₹1,856 crore.

"The ore production from the underground mine is expected to commence from December 2018," Diwan said.

HCL's present mining capacity, which stands at 32 lakh tonnes per annum, will go up to 120 lakh tonnes per annum in the next 3-4 years.



## MCX-Nickel gains bullish momentum

GURUMURTHY K  
B1 Research Bureau

The Nickel futures contract on the Multi Commodity Exchange (MCX) has surged over 7 per cent in the past three trading sessions. The 200-day moving average support at ₹663 per kg halted the contract's interim pullback from ₹703. The contract made a low of ₹664.4 per kg on August 14 and has reversed sharply higher from there. It is currently trading at ₹737 per kg, gaining ₹6 or 0.8 per cent.

So far, the contract has advanced more than 4 per cent this week. Since taking support at ₹558 in early June 2017, the contract has been in a medium-term uptrend, forming higher peaks and troughs.

The uptrend that has been in place since June is intact and gained bullish momentum. The 21-day moving average has crossed over the 200-day moving average. Similarly, the 55-day moving average has crossed over the 100-day moving average. These indicators on the charts signal that the downside could be limited for the contract. The uptrend is likely to extend in the coming days and a rally to ₹760 and ₹765 is possible. With the recent rally, the contract appears to have resumed its interme-



mediate-term uptrend. Moreover, the short-term trend is also up for the contract.

The daily and weekly relative strength indices are featuring in the bullish zone, backing the uptrend. Further, the daily as well as weekly price rate of change indicators are hovering in positive territory, implying buying interest. Intermediate pull-back moves can find immediate support at ₹730. A key short-term support is placed at ₹720, and a fall below this level is unlikely.

Traders with a medium-term perspective can go long on dips at ₹730. A stop-loss can be placed at ₹718 for the target of ₹760. Accumulate long positions at ₹725 and ₹720 levels if the contract declines below ₹730. Revise the stop-loss higher to ₹735 as soon as the contract moves up to ₹740.

The short-term view will turn negative only if the MCX-Nickel futures contract declines below ₹720. In that case, the contract can decline further and the next targets are ₹700 and ₹690. However, such a fall looks less probable at the moment.

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

THE ECONOMIC TIMES DATE: 24/8/2017 P.N. 1

## Tatas Eye Essar Steel to Regain Steel Crown

Deal would take Tatas' capacity well past top producer JSW

Megha Mandavia & Saloni Shukla

**Mumbai:** Tata Steel, India's second-largest private steelmaker, has expressed interest in bidding for debt-ridden Essar Steel, whose lenders have filed for revival of the company under the Insolvency and Bankruptcy Code, two people with knowledge of the development said.

"Tata Steel has informally conveyed to us their interest in bidding for Essar Steel," a senior executive at one of the lenders told ET.

An investment banker familiar with the matter said Tata Group's new chairman, N Chandrasekaran, is keen to get back the 'top steelmaker' tag that it lost to JSW Steel.

Essar Steel, which operates a 10 million tonne per annum (MTPA) facility in Gujarat, is facing insolvency proceedings after it failed to service debt. Tata Steel is currently undertaking projects to raise capacity to 18 MTPA from 13 MTPA now. If the steelmaker acquires Essar Steel, it would take Tata Steel's

### Steeling Growth

**STATUS:** Essar Steel admitted by NCLT

**WHAT NEXT:** 180-day timeline, extendable to 270 days, to decide on resolution plan

**TOTAL DEBT:** ₹45,000 crore

#### Gains for Tata Steel

Acquisition will make co India's largest steel maker

Geographical access to industrial belt in western India

#### What Chandrasekaran Told Shareholders on August 8

Seriously looking at inorganic growth

Would consider buying stressed steel assets

capacity to 28 MTPA, well past JSW's 18 MT.

A spokesperson for Tata Steel neither denied nor confirmed its interest in bidding for Essar Steel. However, the spokesperson added: "Tata Steel evaluates various strategic opportunities on an ongoing basis."

## Buy Comex gold at \$1,278-80/ounce

GNANASEKAR T

Comex gold futures nudged lower on Thursday, giving up some of its gains made after US President Donald Trump's threat of a government shut-down, with investors remaining focused on a major central bankers conference in Jackson Hole.

Comex gold futures are moving perfectly in line with our expectations so far. As mentioned in the previous update, we expect prices to edge towards \$1,295-1,300 a potential target area. Momentum in the near-term has been waning and prices are in a consolidation phase. The critical \$1,300-05 resistance needs to be taken out convincingly to expect further bullishness ahead.

Therefore, the price consolidation is ideal for taking a breather presently. As explained in the previous update, the trigger for a rise could be on a close above \$1,272, which could hint at a revival in upward momentum. This level could now hold supports on the way down. Break below \$1,278-80 could temporarily

dent the prospects of further upside. Such a move could see prices testing \$1,257-60 followed by stronger supports at \$1,252-53. In the medium-term possibility exists for this move to extend to \$1,335-37 levels, an important medium-term resistance level. Favoured view expects prices to edge higher after the consolidation.

It looks more likely that supports at \$1,278-80 to hold for a push higher towards \$1,305 or even higher in the coming sessions.

We will take a look at the wave counts now and understand the possible scenarios that can unfold going forward. It is most likely that the fall from the all-time highs at \$1,925 to the recent low of \$1,088 so far, was either a possible corrective wave 'A', with a possibility to even extend towards \$1,025-30 or a complete correction of A-B-C ending with this decline. Subsequently, to this decline, a corrective wave 'B' could unfold with targets near \$1,375 or even higher. After that, a wave 'C' could begin lower again. Alternatively, we can also expect wave 'B' to ex-

tend to \$1,476. If the current decline as a whole from \$1,920 can be considered as a fourth wave, then the fifth wave could begin and cross \$1,700 in the long-term. But, failure to follow-through above \$1,355 has dashed any hopes of any impulsive up move.

As prices have broken certain important supports and shows weakness targeting \$975, we are tilted towards looking at this as a corrective wave 'C' in progress. RSI is in the overbought zone now indicating a possible correction in the offing. The averages in MACD have gone above the zero line of the indicator again, indicating a bullish reversal. Only a cross over again below the zero line could hint at a reversal in trend to bullish.

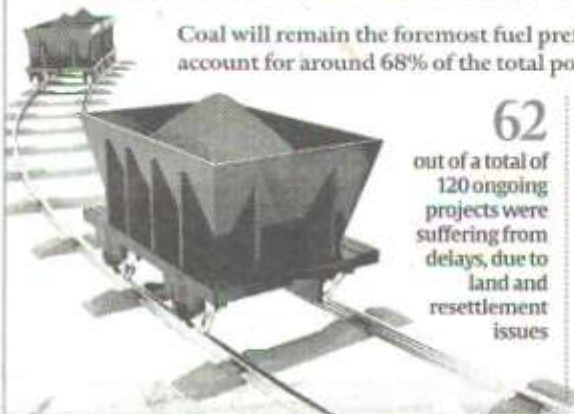
Therefore, Buy Comex gold on dips to \$1,278-80 with stop loss at \$1,267 targeting \$1,305 followed by \$1,335.

Supports are at \$1,278, \$1,1265 & \$1,253 and Resistances are at \$1,305, 1,335 & 1,351.

*The writer is the Director of CommTrendz Research. There is risk of loss in trading.*

## 'Coal to account for 68% of total power mix by 2026'

Coal will remain the foremost fuel preference for India's power sector and is expected to account for around 68% of the total power mix by 2026, says a report by BMI Research



62

out of a total of 120 ongoing projects were suffering from delays, due to land and resettlement issues

### THE FACTORS

**GIVEN THE** vast domestic feedstock available to power generators, coal will remain the dominant fuel choice for India's power sector

**INDIA'S POWER** sector will expand rapidly over the coming decade, driven by underlying economic growth, electrification efforts and

power sector reform implemented by the govt

**REFORM IN** the mining sector since 2015 has drastically improved the availability of coal for the power sector. However, feedstock volatility will remain a downside risk to coal-fired power generation

### HYDRO SHARE TO FALL

■ The share of hydro-power in the Indian power mix will reduce marginally over the coming decade, from around 9% currently to just over 7% in 2026

■ This is due to other sectors, such as coal and gas, outpacing the hydro-power sector in terms of generation growth



## Coal to account for 68% of total power mix by 2026: Report

NEW DELHI, Aug 24 (PTI)

COAL will remain the foremost fuel preference for India's power sector and is expected to account for around 68 per cent of the total power mix by 2026, BMI Research, a unit of Fitch Group said in a recent report.

"Coal will remain the dominant fuel choice for India's power sector, given the vast domestic feedstock available to power generators," BMI Research said in the report.

The Fitch Group company further said India's power sector will expand rapidly over the coming decade, driven by underlying economic growth, electrification efforts and power sector reform implemented by the government.

"We forecast coal to account for around 68 per cent of the total power mix by 2026, supported by the gradual commissioning of the substantial coal project pipeline," it said. The report further said



overall, reform in the mining sector since 2015 has drastically improved the availability of coal for the power sector. However, feedstock volatility will remain a downside risk to coal-fired power generation over the coming years. In August, Coal India announced that 62 coal mining projects out of a total of 120 ongoing projects were suffering from delays, stemming from issues related to forest clearing, land acquisition, and rehabilitation and resettlement.

The share of hydro-power in the Indian power mix will reduce

marginally over the coming decade, from around nine per cent currently to just over seven per cent in 2026, this is despite annual average growth rates in hydro-power generation of 3.8 per cent, it said.

"This is due to other sectors, such as coal and gas, outpacing the hydro-power sector in terms of generation growth. There are a number of large-scale hydro projects under construction and in the planning stage, and the Government has taken steps to accelerate their development," it added.

## Gold safe haven grows on sliding dollar, up Rs 150

NEW DELHI, Aug 24 (PTI)

GOLD on Thursday made the most of a general weakness in the dollar by bouncing Rs 150 to Rs 29,850 per 10 grams, riding on a strong overseas trend and fresh buying by local jewellers.

By doing so, it snapped its two-day falling spell.

The US dollar moved down after President Donald Trump said he is willing to face the prospects of a Government shut-down to secure funding for a wall along the US-Mexico border.

Any weakness in the dollar means greater appeal of the bullion, which offers better returns to investors in times of volatility.

Silver also advanced by Rs 200 to Rs 40,200 per kg backed by increased offtake by industrial units.

## NAVBHARAT

DATE: 25/8/2017 P.N. 9



## हीरे की कीमत तय करेगा भारत

एजेंसियां

मुंबई. हीरों का सबसे ज्यादा निर्यात और आयात करनेवाला भारत अब दुनियाभर के लिए हीरों की कीमत भी तय कर सकेगा. यह अवसर भारत को सोमवार से शुरू हो रहे दुनिया के

पहले डायमंड एक्सचेंज- इंडियन कमोडिटी एक्सचेंज (आईसीईएक्स) से मिलेगा. मौजूदा कीमत के हिसाब से 30 सेंट के हीरे की कीमत 27,000 रुपये (900 रुपये प्रति सेंट) होगी. एसआईपी के जरिए हर महीने 900 रुपये देकर आप ड्राई साल के बाद हीरा खरीद सकते हैं.

इस एक्सचेंज के जरिए आम खरीदार और निवेशक वैश्वीय हीरे कीफायती दाम पर खरीद सकेंगे. अभी लोगों के पास हीरे की कीमत और उसकी गुणवत्ता को परखने का कोई मंच नहीं था. अब एक्सचेंज हीरे की कीमत तय करेगा. दुनिया के सबसे बड़े हीरा निर्यातक (सालाना 20 अरब डॉलर) और आयातक (सालाना 16 अरब डॉलर) भारत में विश्व के कुल साइट होल्डर्स (हीरे के बड़े कारोबारी) का 50 प्रतिशत से ज्यादा हिस्सा है, लेकिन कीमते तय करने का हमारे पास कोई तरीका नहीं था. आईसीईएक्स तीन साइज- 30 सेंट्स, 50 सेंट्स और 100 सेंट्स (1 कैरेट) के डायमंड कौन्ट्रैक्ट में कारोबार शुरू करेगा.

## MCX-Lead trades above a key support

GURUMURTHY K

IL Research Bureau

The Lead futures contract on the Multi Commodity Exchange (MCX) failed to sustain above the intermediate support at ₹150 a kg in the past week. The contract fell breaking below this support and made a low of ₹148.55 on Tuesday.

The bounce-back move from this low lacked strength and the contract has reversed lower again from ₹154.25. It is currently trading at ₹149. The region between ₹147 and ₹148 is a key support region.

A strong break below ₹147 can increase the selling pressure in the contract. Such a break can take the contract lower to ₹145 initially.

Further break below ₹145 will increase the possibility



of the contract extending its fall to ₹143 and ₹140 thereafter.

On the other hand, if the MCX-Lead futures contract manages to sustain above ₹147 and reverses higher, it can move up to ₹154 or ₹155. Inability to break above ₹155 can keep the contract range bound in the band between ₹147 and ₹155 for some time.

But if the contract manages to surpass the resistance at ₹155 decisively, it can gain momentum.

Such a break will signal that the uptrend that has been in place since June is intact. The contract can revisit ₹160 and ₹161 levels in such a scenario. Further break above ₹161 will pave way for the next target of ₹165.

Traders can stay out of the market at the moment. Watch the price action for a few sessions after the market opens on Monday after a long weekend to get a clear idea on the next trend and take trade positions accordingly.

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

THE INDIAN EXPRESS

DATE: 26/8/2017 P.N. 11

THE HITAVADA

DATE: 26/8/2017 P.N. 11

## Govt curbs import of gold, silver items from S Korea

PRESS TRUST OF INDIA

NEW DELHI, AUGUST 25

THE GOVERNMENT on Friday restricted imports of gold and silver items from South Korea in a bid to check spurt in inbound shipments of precious metals from that country.

The importers will now have to obtain a license from the Directorate General of Foreign Trade (DGFT) for importing gold and silver from South Korea.

These restrictions are being imposed against the backdrop of sudden surge in imports of precious metal from South Korea, with which India has a free trade agreement since January 2010.

Gold imports from South Korea has jumped to \$338.6 million between July 1 and August 3 this year. The import in 2016-17 stood at \$70.46 million.

"Imports from South Korea of articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal...articles of goldsmiths' and silversmiths' wares and parts thereof...and coins are restricted," the DGFT said.

Under the free trade pact between India and South Korea, basic customs duty on gold was eliminated. Further, the 12.5 per cent countervailing duty on gold imports has been subsumed in the Goods and Services Tax (GST).

## Gold sheds Rs 150 on global cues, muted demand

NEW DELHI, Aug 25 (PTI)

GOLD prices drifted lower by Rs 150 to Rs 29,700 per ten gram on Friday, tracking a weak trend overseas amid fall in demand from local jewellers.

Silver, however, held steady at Rs 40,200 per kg in scattered deals.

Traders said apart from a weak trend overseas, easing demand from local jewellers and retailers at domestic spot market mainly pulled down the gold prices.

In the national capital, gold of 99.9 per cent and 99.5 per cent purity declined by Rs 150 each to Rs 29,700 and Rs 29,550 per ten gram, respectively. It had gained Rs 150 on Thursday.

Sovereign, however, remained unaltered at Rs 24,500 per piece of eight gram in limited deals in the national capital.



## Gold, silver fall on weak demand

PRESS TRUST OF INDIA  
MUMBAI

Gold witnessed selling pressure for the week due to slackened demand from jewellers stockists and traders. The yellow-metal cracked below the ₹29,000-mark at the domestic bullion market during the week, even as the metal strengthened overseas.

Traders said that the sentiment was subdued amid easing demand from local jewellers and retailers at the current level which pulled down the gold prices.

Silver also witnessed a fall on sustained selling by stockists and investors coupled with lack of demand from industrial users. The metal cracked below the ₹39,000-mark.

## सोना चमका और चांदी स्थिर



एजेंसी | गई दिल्ली

केंद्र सरकार द्वारा दक्षिण कोरिया से सोने और चांदी के आयात पर प्रतिबंध लगाने की घोषणा से दिल्ली सर्राफा बाजार में यह 250 रुपये चमककर 29,950 रुपये प्रति 10 ग्राम पर पहुंच गयी। चांदी हालांकि 40,200 रुपये प्रति किलोग्राम के भाव पर टिकी रही। चीन के बाद पोलैंड धातु के दूसरे सबसे बड़े उपभोक्ता देश भारत में सोने और चांदी पर 10 प्रतिशत आयात शुल्क लगता है लेकिन यह शुल्क उन दोनों से आयात करने पर नहीं लगता जिनके साथ मुक्त व्यापार समझौता है।

दक्षिण कोरिया के साथ भारत का मुक्त व्यापार समझौता है। इन देशों से आयातित आयात शुल्क मुक्त वस्तुओं पर भारत पहले 12.5 प्रतिशत एक्सइज ड्यूटी लगाता था लेकिन वस्तु एवं सेवा कर के मत एक जुलाई से लागू होने के बाद यह ड्यूटी जीएसटी में ही समाहित हो गयी और व्यापारी इसी बात का लाभ उठाकर वहां से भारी मात्रा में दोनों कीमती धातुओं का आयात कर रहे थे। विदेशी बाजारों में सप्ताहांत पर सोने और चांदी के भाव में तेजी रही। लंदन और न्यूयॉर्क से मिली जानकारी के अनुसार, सोना हाजिर शुक्रवार को 4.5 डॉलर चढ़कर 1,296.5 डॉलर प्रति औंस पर पहुंच गया। दिसंबर का

### नागपुर में सोना ₹90 बढ़ा, चांदी स्थिर

व्यापार प्रतिनिधि, बागपुर, शनिवार को नागपुर सर्राफा बाजार में सोने के काम में 90 रुपये की बढ़त रही जबकि लगातार तीसरे दिन चांदी के काम स्थिर रहे। सर्राफा बाजार में सोना 24 कैरेट (प्रति 10 ग्राम) 30,040 रुपये, 23 कैरेट 29,790 रुपये और 22 कैरेट 29,540 रुपये थिक्का। वहीं चांदी कच्ची 39,700 और पक्की 40,200 रुपये प्रति किलो बिकी।

अमेरिकी सोया बायदा तेजी में 1,291.05 डॉलर प्रति औंस बोला गया। चांदी हाजिर भी बहुत के साथ 17.03 डॉलर प्रति औंस पर पहुंच गयी। विश्लेषकों के मुताबिक अमेरिकी प्रांत व्योमिंग के जैक्सल होल में आयोजित आर्थिक नीति सम्मेलन में को फेडरल रिजर्व अध्यक्ष जेनेट येलेन के भाषण से दुनिया की अन्य प्रमुख मुद्राओं की तुलना में डॉलर कमजोर हुआ जिससे सोने की मजबूती मिली है। खरेलु बाजार में सोना स्टैंडर्ड कल को गिरावट से उबरता हुआ आज 250 रुपये उछलकर 29,950 रुपये प्रति 10 ग्राम पर पहुंच गया। सोना बिटुर भी इतनी ही तेजी में 29,800 रुपये प्रति दस ग्राम बोला गया। आठ ग्राम वाली गिन्नी हालांकि 24,500 रुपये पर स्थिर रही। सिक्का निर्माताओं की मांग और औद्योगिक ग्राहकों सामान्य रहने से चांदी हाजिर 40,200 रुपये प्रति किलोग्राम पर टिकी रही। चांदी बायदा भी 39,000 रुपये प्रति किलोग्राम पर स्थिर रही। सिक्कों में भी टिकाव रहा। सिक्का लिवाली और बिकवाली क्रमशः 73 हजार और 74 हजार रुपये प्रति सैकड़ा के भाव पर टिके रहे।

## Gems & jewellery sector: GST intelligence arm to be regulator under PMLA

PRESS TRUST OF INDIA  
NEW DELHI, AUGUST 27

THE NEWLY created GST intelligence arm, Directorate General of Goods and Service Tax Intelligence, has been named the regulator for dealing with money laundering cases in the gems and jewellery sector.

The finance ministry last week amended the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 to make the Directorate General of Goods and Service Tax Intelligence (DGGSTI) as the regulator with respect to the gems and jewellery sector, said the notification.

The regulator under PMLA is-

### Hike in GST cess on cars likely this week

NEW DELHI: The Cabinet may this week consider issuing an ordinance to increase the cess on mid-size, large cars and SUVs to 25 per cent from 15 per cent under the GST regime at present. The GST Council had on August 5 approved raising cess on SUVs, mid-sized, large and luxury cars. PTI

sues guidelines and prescribes measures to establish client identity in different transactions.

DAINIK BHASKAR DATE: 28/8/2017 P.N. 7

## सोने-चांदी में स्थिरता, पीली धातु की चमक बढ़ी

एजेंसी | नई दिल्ली

अंतरराष्ट्रीय स्तर पर दोनों कीमतों धातुओं में रही तेजी के बीच स्थानीय जेवरातों मांग में उतार-चढ़ाव से दिल्ली सराफा बाजार में सोना 29,950 रुपये प्रति दस ग्राम और चांदी 40,200 रुपये प्रति किलोग्राम पर टिकी रही।

अंतरराष्ट्रीय बाजार में सोना हाजिर शुक्रवार को 7.20 डॉलर की तेजी में 1,291.05 डॉलर प्रति औंस पर रहा। दिसंबर का अमेरिकी सोना वायदा भी 4.10 डॉलर की साप्ताहिक बढ़त लेता हुआ सप्ताहांत पर 1,296.50 डॉलर प्रति औंस बोलता गया। चांदी भी सप्ताह के दौरान 0.08 डॉलर की तेजी में 17.03 डॉलर प्रति औंस पर पहुंच गई। बाजार विश्लेषकों का कहना है कि मेक्सिको से लगती सीमा पर दीवार बनाने को लेकर की गई अमेरिका के राष्ट्रपति डोनाल्ड ट्रंप की टिप्पणी से दुनिया की अन्य प्रमुख मुद्राओं की तुलना में डॉलर के कमजोर पड़ने से अंतरराष्ट्रीय स्तर पर पीली धातु की चमक बढ़ी। इससे विदेशी स्तर पर पीली धातु को बल मिला लेकिन सुस्त घरेलू खुदरा जेवरातों मांग से सप्ताह के दौरान इसकी कीमतों में उतार-चढ़ाव रहा। विदेशी बाजारों



साप्ताहिक समीक्षा

में कारोबार के आखिरी दिन भी सोने के भाव चढ़े लेकिन गणेश चतुर्थी पर देश के अधिकांश बाजारों में कारोबार बंद रहने के बीच ग्राहकों कमजोर रहने से घरेलू स्तर पर इसकी कीमतें गिर गयीं। शनिवार को इसमें सुधार हुआ। विदेशी बाजारों के सकारात्मक रुख के साथ बंद होने और केंद्र सरकार द्वारा दक्षिण कोरिया से सोने और चांदी के आयात पर प्रतिबंध लगाने की घोषणा से पीली धातु की चमक बढ़ गयी और यह कारोबार समाप्ति पर स्थिरता में बंद हो पाया।

स्थानीय बाजार में सप्ताह के पहले दिन सोमवार को सोने में टिकताव रहा जबकि चांदी फिसल गयी। मंगलवार को दोनों कीमतों धातुओं के भाव गिर गये जबकि बुधवार को सिर्फ सोने

सस्ता हुआ जबकि चांदी की चमक बढ़ी। गुरुवार को दोनों में तेजी रही और शुक्रवार को सोना लुढ़क गया जबकि चांदी में टिकताव रहा। शनिवार को सोने के भाव चढ़ गये और चांदी स्थिर ही रही।

सप्ताह के दौरान सोना स्टैंडर्ड 29,950 रुपये प्रति दस ग्राम पर टिका रहा। सोना बिटुर भी सप्ताहांत पर 29,800 रुपये पर पड़ा रहा। आठ ग्राम वाली गिन्नी भी 24,500 रुपये पर स्थिर रही। उतार-चढ़ाव से होती हुई चांदी हाजिर आखिरकार बिना किसी साप्ताहिक बदलाव के शनिवार को 40,200 रुपये प्रति किलोग्राम पर बंद हुई। चांदी वायदा हालांकि 65 रुपये टूटकर 39,005 रुपये प्रति किलोग्राम पर आ गयी। चांदी के स्थिर रहने के बावजूद सिक्कों में तेजी रही। सिक्का लिक्वलि और धिक्काली 1,000-1,000 रुपये चमककर क्रमशः 73 हजार और 74 हजार रुपये प्रति सैकड़ा पर पहुंच गए। कारोबारियों ने बताया कि पूरे सप्ताह दोनों कीमतों धातुओं पर वैश्विक रुख हावी रहा लेकिन घरेलू स्तर पर गणेश चतुर्थी के अवसर पर बाजार बंद रहने और दक्षिण कोरिया से सोने-चांदी के आयात पर प्रतिबंधन लगाने की केंद्र सरकार की घोषणा का दोनों के भाव पर व्यापक असर पड़ा।



# Millions flow out of palladium ETFs

Supply is set to trail demand by the most in at least seven years

CAROLINA WILSON  
LUIS ANN JAVIER

Investors have made a fortune on palladium this year. So why are exchange-traded funds that track the precious metal haemorrhaging cash?

More than \$49 million has left the two main US and European palladium ETFs – the iShares Physical Palladium Shares and the ZKB Palladium fund – or roughly 15 per cent of assets through August 21 this year, according to data compiled by Bloomberg.

Across all ETFs, holdings of palladium have plunged from around 3.1 million ounces in 2014 to 1.6 million ounces today. And that's while the metal has

risen 38 per cent this year to its highest price since 2001.

## Robust borrowing market

The explanation for the outflows lies in part in the scarcity of physical palladium and a robust borrowing market that has developed among users and speculators.

Most ETFs that track stocks or bonds are fairly predictable in that flows typically correspond with performance.

For funds that hold exotic assets like palladium, however, quirks in the underlying market can often lead to more unpredictable patterns.

"This is different from the traditional 'palladium is up, so let me buy it' type sentiment," said Eric Balchunas, a Bloomberg Intelligence analyst. "There's more intrigue here than usual."

To understand what's happening, you've got to dig into the small, opaque world of the metal itself and the myriad ways sophisticated investors are using commodities ETFs.

A platinum group metal, palladium has a variety of uses including in jewellery and dentistry, but a good deal of it ends up in automobiles to clean exhaust gases from gasoline engines.

Demand for such engines has soared in the wake of Volkswagen AG's diesel emissions scandal, which has led to "rightness" in the market for physical palladium and contributed to scarcity, according to Michael Widmer, head of metals markets research at Bank of America Merrill Lynch in London.

Supply is set to trail demand by the most in at least seven years, according to researcher

Metals Focus, while inventories in warehouses tracked by the New York Mercantile Exchange have shrunk by 45 per cent this year.

The shortage of physical palladium is driving companies to seek out alternative ways of acquiring it.

One way that has become increasingly popular is to pull together a bunch of shares of the ETF and redeem them with the issuer in exchange for an equivalent amount of the precious metal, minus costs.

"It's not unusual for institutional investors to use ETFs like this, and in other ways that go far beyond simple long-term allocation," said Balchunas, who likens

the instruments to a Swiss army knife. "In this case, the ETF is like a palladium warehouse," he said.

It's not just companies in need of palladium that are tapping the ETF – it's also speculators like hedge funds, according to BofA's Widmer.

One quick of palladium is that some users like oil companies prefer to lease instead of owning it outright, said Widmer. In June, the cost to borrow palladium for one week climbed to as much as 25 per cent as a result of weak supply, said David Jensen, founder of Jensen Strategic. Usually it hovers around 1 per cent or less, he said. That's created an opportunity for lenders, said BofA's Widmer. **WIDMER**



## Factors at play

The explanation for the outflows lies in part in the scarcity of physical palladium and a robust borrowing market among users and speculators

# Gold stays range-bound

Sharp fall in dollar index and continuing geo-political tensions support gold

GURUMURTHY K

Gold remained broadly range-bound between \$1,280 and \$1,295 per ounce almost all through last week. The break below \$1,280 on Friday was short-lived and bullion prices reversed sharply higher from there to close the week at \$1,291 per ounce.

Silver, on the other hand, fell to a low of \$16.74 per ounce and bounced from there to close at \$17.06 per ounce on Friday, up 0.6 per cent for the week.

On the domestic front, the gold futures contract moved in tandem with the global spot prices. The MCX-gold futures contract fell

to a low of ₹28,777 per 10 gm on Friday and bounced back from there to close the week on a flat note at ₹29,367. The MCX-Silver futures contract closed the week marginally lower at ₹39,012 per kg.

## Dollar beaten down

The US Fed Chair Janet Yellen failing to hint at the future monetary policy path in her much-awaited speech at the Jackson Hole symposium last week came as a dampener for the US dollar. This, coupled with the

European Central Bank President Mario Draghi stating that the global recovery is firming, not raising any concern on the strong euro, knocked down the dollar on Friday.

The dollar index, which was managing to hold above 93 until then, fell, breaking below this support to 92.50. This, in turn, helped gold prices recover from a low of \$1,276.

## Supporting factors

The sharp fall in the dollar index and the continuing geo-political tensions are the two major supporting factors for gold at the moment.

North Korea's missile tests over the weekend and the joint military drills by the US and South Korea continue to keep the uncertainty high in

The sharp fall in the dollar index last week is turning the bias negative on the charts. A key support is at 92.40. If it manages to sustain above this support, the index can remain broadly range-bound between 92.4 and 94 for some time. But a break and a decisive weekly close below 92.4 will increase the possibility of the index tumbling to 90.5 in the coming weeks. Such a fall in the dollar index will clear the way for gold to surpass the psychological \$1,300 mark for the first time since November 2016.

## Gold outlook

The global spot gold (\$1,291 per ounce) has a key resistance at \$1,298. A strong break and a decisive daily close above this hurdle could boost the momentum. Such a break can take gold higher to \$1,310 initially. Further break above \$1,310 will pave the way for the next targets of \$1,325 and \$1,350.

On the other hand, if gold fails to break above \$1,298, it can fall to \$1,280 or \$1,273. A range-bound move between \$1,273 and \$1,298 is possible for some time. The outlook will turn negative if the prices fall below \$1,273. The next targets are \$1,266 and \$1,258. However, the bias is bullish on the charts and the possibility of the yellow metal breaching above \$1,298 in the

coming days is high.

On the domestic front, the MCX-gold (₹29,367 per 10 gm) futures contract is stuck in a sideways range between ₹28,800 and ₹29,450 over the last couple of weeks. A fall below ₹28,800 can take the contract lower to ₹28,700 initially. A further break below ₹28,700 can drag it lower to ₹28,300 thereafter.

On the other hand, if the contract manages to break the range above ₹29,450, it can test ₹29,750. A further break above ₹29,750 will pave the way for the next targets of ₹30,000 and ₹30,350.

## Silver outlook

The global spot silver (\$17 per ounce) has to surpass the resistance at \$17.25 to gain strength. Such a break can take prices higher to \$17.45 or even \$17.70 thereafter. But as long as prices stay below \$17.25, silver can remain range-bound between \$16.6 and \$17.25. A fall below \$16.6 can take the prices lower to \$16.3 or \$16 thereafter.

The MCX-silver (₹39,012 per kg) futures contract is oscillating around ₹39,000 for more than two weeks. The outlook is positive for a rally to ₹40,000 as long as the contract sustains above ₹38,600. That said, the contract may come under pressure if it breaks below ₹38,600. Such a break can take it lower to ₹38,000.



**MCX Gold**  
Supports  
₹29,000/₹28,800  
Resistances  
₹29,450/₹29,750

**MCX Silver**  
Supports  
₹38,600/₹38,000  
Resistances  
₹39,500/₹40,000



the market. Any new developments on this front might aid gold to gain safe-haven status and take its prices higher.

# JSW restarts talks to acquire Italian steel major Aferpi

SURESH P IYENGAR

Mumbai, August 27

Having lost the race to acquire Italy's largest steel company Ilva to ArcelorMittal, Sajjan Jindal-owned JSW Group has re-initiated talks to buy Lucchini SpA, the second largest steel producer in that country.

In 2014, JSW Steel had made a bid to acquire Lucchini. However, Algeria's Cevital Group acquired it the following year and renamed the company Aferpi (Acciaierie e Ferriere di Piombino) SpA.

Currently, JSW Steel is in talks with Cevital Group to acquire Aferpi for a valuation of \$100 million (₹640 crore), sources said.

An email sent to JSW Steel officials on the Aferpi acquisition remained unanswered till the time of going to press.

With an annual steel production capacity of about 2.5 million tonne in Piombino,

Aferpi, formerly known as Lucchini, produces specialty long products for railways, bars for auto industry parts and wire rods

Lucchini was originally owned by Russia's Severstal. The company ran into trouble in the 2008 recession that cut Europe's steel demand by about a quarter. It was declared insolvent in 2012 and the Italian government placed Lucchini under special administration before founding a suitable buyer in Cevital Group.

Aferpi is engaged in the production of specialty long products for European railways, bars for specialised auto industry parts and wire rod mills.

The JSW Group's talks to acquire a company in Italy comes when its promoter

Sajjan Jindal has shown keen interest to produce electric cars India.

A foothold in Europe, one of the largest electric car markets, will enable the Group to gain technical knowhow on electric vehicle production and localise manufacture of components much faster, said an analyst.

Given JSW Group's conservative approach on valuations, he said the group has made many unsuccessful bids to acquire assets abroad and India but it always stays the course on valuations.

Earlier this month, JSW Energy announced plans to invest about ₹4,000 crore to produce e-vehicles.

The company is also in talks with State governments to set up plants and is holding discussions with several technology providers with plans to roll out the first electric vehicle of the group by 2020.

GLOBAL	Change in %			52-Week		
	Price	Weekly	Monthly	Yearly	High	Low
<b>Metals (\$/tonne)</b>						
Aluminium	2066	-0.3	8.2	26.7	2106	1545
Copper	5649	3.0	7.3	44.0	6734	4573
Iron Ore	79	0.2	18.2	32.4	95	54
Lead	2300	-1.5	0.3	24.2	2466	1839
Zinc	3055	-2.0	7.8	32.7	3143	2087
Tin	20455	0.4	0.2	9.0	21945	18750
Nickel	11426	4.6	14.8	16.7	11735	8710



## लौह अयस्क की ई-नीलामी का मामला खनिज उद्योग महासंघ व वेदांता की अर्जी खारिज

एजेंसियां

दिल्ली. उच्चतम न्यायालय ने भारतीय खनिज उद्योग महासंघ (फिमी) और वेदांता की कर्नाटक में लौह अयस्क की ई-नीलामी निरस्त करने की याचिका खारिज कर दी. न्यायमूर्ति रंजन गोगोई और नवीन सिन्हा की पीठ ने कहा कि वह इस सुझाव को स्वीकार नहीं करते हैं. पीठ ने कहा हम ई-नीलामी के लिये वैकल्पिक उपाय करने के वेदांता के सुझाव को खारिज करते हैं, हम फिमी को याचिका को भी खारिज करते हैं. फिमी ने अपने सुझाव में कहा है ई-नीलामी किये जाने के बजाय नई प्रणाली अपनाई जानी चाहिये तथा उत्पादक और खरीदार के बीच दीर्घकालिक समझौता होना चाहिये.



केंद्रीय अधिकार प्राप्त समिति (सीईसी) ने इस बारे में 28 अप्रैल 2016 को अपनी रिपोर्ट में सुझाव दिया था. हालांकि, इससे पहले समाज परिवर्तन समुदाय नामक गैर-सरकारी संगठन ने याचिका का विरोध किया था. संगठन का कहना है कि ई-नीलामी का मकसद राज्य सरकार को बेहतर मूल्य और रॉयल्टी उपलब्ध कराना है.

## Gold prices move down slightly, silver remains flat

NEW DELHI, Aug 28 (PTI)

GOLD prices turned soft on Monday, down Rs 50 at Rs.29,900 per 10 grams, owing to slack demand from local jewellers despite a positive global trend.

Silver was unchanged at Rs 40,200 per kg in scattered deals from industrial units and coin makers.

Easing demand, traders said, from local jewellers and retailers at the spot market brought about the decline in gold, but a firm trend overseas arrested the fall.

Globally, gold rose 0.41 per cent to USD 1,296.10 an ounce and silver by 0.44 per cent to USD 17.13 in Singapore.

In the national capital, gold of 99.9 per cent and 99.5 per cent purity fell Rs 50 each to Rs 29,900 and Rs 29,750 per 10 grams, respectively. It had gained Rs 250 on Saturday.

**SHARES DOUBLE** Local electrode makers have soared on bourses after Chinese crackdown on cos flouting green norms there

# Global Demand Surge has Graphite Stocks on Fire

## Top Gainers

HEG and Graphite India's June Qtr Financial Performance

	HEG		Graphite	
	Q1 FY17	YoY Chg (%)	Q1 FY17	YoY Chg (%)
Sales	205.4	26	376.0	27
EBIDTA	23.4	636	35.5	240
PAT	-8.4	-	29.5	168



Company	Capacity in tns	
	2013	2016
Grafftech	240,000	195,000
SGL Carbon Germany*	210,000	180,000
Showa Denko Japan*	127,000	127,000
Graphite India	98,000	98,000
HEG	80,000	80,000
Tokai Carbon	130,000	100,000
Nippon Carbon	32,000	32,000
SEC Japan	27,000	27,000

\* Both companies merged recently

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**ET Intelligence Group:** Shares of graphite electrode manufacturers including HEG and Graphite India have doubled in the past three months following a sharp 300% jump in global electrode prices. The momentum in these stocks is likely to continue given the sudden surge in electrode demand.

Electrode prices have jumped four times in a year. They are used for manufacturing steel and ferro alloys through electric arc furnaces (EAF). EAF is more environment friendly and less polluting in comparison with conventional steel production through induction furnaces; the latter is prevalent in countries like India and China.

Earlier this year, China decided to shut down all its induction furnaces by the end of June, and according to HEG's management, the total capacities shut down may have been 175 tonnes (MT). In addition, China

cracked down on several electrode manufacturers which were not environment-compliant, thus breaking the chain of electrode production. Although no official figures are available, according to HEG's management, 150,000 tonnes of electrode capacities may have been shut in China, turning China into a net importer of electrodes from net exporters earlier.

This led spot prices of electrode to jump from \$7,000 per MT in June to \$11,000 per MT in July. Electrode manufacturers haven't yet seen the benefits of this as they sign the contracts in the beginning of the calendar year, and are renewed every 6-12 months. In the beginning of the calendar year, the prices were around \$3,000 per MT.

However, marginal benefit was seen in the June quarter numbers in terms of higher sales volume, thus resulting in better sales and higher earnings due to operating leverage. Capacity utilisation for these companies jumped from around 50% last year to 70% in the June quarter and are expected to exceed 80% in the

coming quarters. HEG's sales in the June quarter rose by 26% year-on-year and EBIDTA by 636%, while Graphite India's sales grew by 27% and EBIDTA by 240%.

Can the electrode prices sustain? The industry has seen a rough period over the last 4 years, leading to consolidations and falling capacity. Top player has been acquired by private equity investor Brookfields and second and third largest have merged. HEG and Graphite are the fourth and fifth largest players.

Global steel demand has picked up in the past year — 4.2% in the current year till date compared to 2% last year. Going forward, most of the newer capacities are expected to be either EAF or blast furnace. With the demand supply imbalance and only few players globally making these electrodes, prices are likely to remain high.

Graphite has fairly strong balance sheets allowing it to look at inorganic growth. Its FY18 expected debt-EBIDTA is less than one, but is fairly high for HEG at around four.



# सोना लुढ़का, चांदी में टिकाव

एजेंसी | नई दिल्ली

अंतरराष्ट्रीय स्तर पर दोनों कीमती धातुओं में रही जबरदस्त तेजी के बावजूद घरेलू जेवराली मांग की सुस्ती से दिल्ली सरफा बाजार में सोना 50 रुपये फिसलकर 29,900 रुपये प्रति 10 ग्राम पर आ गया। चांदी हालांकि, 40,200 रुपये प्रति किलोग्राम के भाव पर टिकी रही। विदेशी बाजारों में सोने और चांदी के भाव में तेजी दर्ज की गयी। लंदन और न्यूयॉर्क से मिली जानकारी के अनुसार, सोना हाजिर 6.15 डॉलर चढ़कर 1,297 डॉलर प्रति औंस पर पहुंच गया। दिसंबर का अमेरिकी सोया वायदा भी 4.8 डॉलर चमककर 1,302.70 डॉलर प्रति औंस बोला गया। चांदी हाजिर भी 0.13 डॉलर की बढ़त के साथ 17.15 डॉलर प्रति औंस पर पहुंच गयी। बाजार विश्लेषकों के मुताबिक बीते सप्ताह अमेरिकी प्रांत च्योमिंग के जैक्सन होल में आयोजित आर्थिक नीति सम्मेलन में फेडरल रिजर्व की अध्यक्ष जेनेट येलेन और यूरोपीय सेंट्रल बैंक के अध्यक्ष मारियो



## नागपुर में सोना ₹110, चांदी ₹300 बढ़े

व्यापार प्रतिनिधि नागपुर, सोमवार को नागपुर सरफा बाजार में सोने के दाम में 110 रुपये और चांदी के दाम में 300 रुपये की बढ़त दर्ज की गई। सरफा बाजार में सोना 24 कैरेट (प्रति 10 ग्राम) 30,150 रुपये, 23 कैरेट 29,900 रुपये और 22 कैरेट 29,650 रुपये बिके। वहीं चांदी कच्ची 40,000 और पक्की 40,500 रुपये प्रति किलो बिकी।

द्रागी द्वारा मौद्रिक नीति की रणनीति पर चुप्पी साधने से डॉलर पर दबाव पड़ा है। विश्लेषकों का कहना है कि आज डॉलर की तुलना में यूरो-ढाई साल से अधिक के उच्चतम स्तर पर पहुंच गया है। डॉलर पर चक्रवाती तूफान हार्वी की अमेरिकी अर्थव्यवस्था पर प्रभाव की चिंता का असर भी पड़ा है। उनके मुताबिक उत्तर कोरिया से जारी तनाव की बीच नापटा से फल्ला इरादों की अमेरिकी राष्ट्रपति डोनाल्ड ट्रंप की ताजा धमकी से इस सप्ताह सोना हाजिर 1,300 डॉलर प्रति औंस के पार भी जा सकता है। वैश्विक परिदृश्य में राजनीतिक उथलपुथल अभी हावी है और इससे अंतरराष्ट्रीय स्तर पर पीली धातु को बल मिल रहा है। हालांकि घरेलू स्तर पर पीली धातु की मांग अभी शिथिल है, जिससे इसकी कीमतों में यहां गिरावट आई है।

THE HITAVADA DATE: 29/8/2017 P.N. 10

# 'India's crude steel output up 3.5 per cent to 8.36 MT in July'

■ Business Bureau

INDIA'S crude steel production grew 3.5 per cent to 8.36 million tonnes (MT) in July this year, says the latest report by World Steel Association. The steel output stood at 8.08 MT in the same month last year, it said.

Domestic production in the January-July period of 2017 increased by 5.4 per cent to 58.01 MT over 55.07 MT in the same period of 2016, the data showed.

Global steel production for the 67 countries reporting to World Steel Association (Worldsteel) was 143.24 MT in July this year, registering an increase of 6.3 per cent over 134.798 MT in July 2016.

For the first seven months of 2017, global steel production



stood at 977.32 MT, up 4.6 per cent from 933.97 MT in the same period of 2016.

World's top steel producer China produced 74.021 MT last month, up 10.3 per cent over the year-ago month when the country had produced 67.12 MT.

Japan has witnessed a contraction in its steel production. The second largest steel produc-

ing nation produced 8.588 MT steel, down 4.3 per cent from 8.971 MT a year ago.

The US produced 7.07 MT, up 5.6 per cent from 6.69 MT earlier. "The crude steel capacity utilisation ratio of the 67 countries in July 2017 was 72.1 per cent. This is 3.2 percentage points higher than July 2016. Compared to June 2017, it is 1.5 percentage points lower," Worldsteel said.

India has overtaken the US to become the world's third largest steel producer and the country is now looking to replace Japan from the second spot.

Steel Minister Chaudhary Birender Singh had earlier said that India is heading towards becoming the second largest steel producer in the world.

# Diamond makes the cut in futures

Indian Commodity Exchange sees ₹5,000-cr daily trade potential

OUR BUREAU

Mumbai, August 28

Anil Ambani-promoted Indian Commodity Exchange (ICEX) expects the newly-launched diamond contract to generate a turnover of ₹5,000 crore per day over a period.

Sanjit Prasad, Managing Director, ICEX, said given the fact that India imports rough diamond worth \$19 billion and exports \$24 billion of cut and polished diamond, the only diamond contract traded on ICEX has the potential to generate turnover of ₹5,000 crore a day.

However, the exchange does not expect any record-breaking turnover on day one, as it is not only a new product for the exchange but also for the entire industry, he said at the launch of the world's first diamond futures contract here on Monday.



ICEX Chairman Ashok Sinha and MD & CEO Sanjit Prasad at a press conference in Mumbai on Monday. PAUL NORONHA

Asked on the possible competition from MCX — which has moved SEBI to launch diamond contract — Prasad said an established commodity exchange trying to ape an emerging exchange like ICEX is itself a complement, and a sort of indication that the contract will work well with the industry.

SK Mohanty, Executive Director, SEBI, said it has received the application from MCX to

launch diamond contract but is still under consideration.

## Knowing the trade

Prasad said the exchange has worked with the Gem and Jewellery Export Promotion Council of India and Bharat Diamond Bourse for the last two-and-a-half years to understand the intricacies of the trade and was instrumental in getting the government to notify diamond for trade on the

futures platform. Ashok Sinha, Chairman, ICEX, said the vision behind the exchange was to establish a modern platform that provides de-risking avenues against the price vagaries not only in the manufacturing sector but also for agriculture products.

## 'Made in India' price

"With India processing nine out of 10 diamonds sold globally, our intention through the launch of diamond contract is to provide a 'Made in India' price for the global trade," he added.

Initially, ICEX has launched one carat diamond contract expiring in November, December and January with a delivery centre in Surat.

It will soon launch half-carat and 30 cents contracts for trading.

The exchange recorded a turnover of ₹75 lakh, volume of 23.45 carats and open interest of 11.65 carats in the truncated first half of trading session that ended at 5.30 pm. The trade on the exchange will be open till 11.30 pm.

# Past sales of iron ore done in 'most outrageous' manner: apex court

PRESS TRUST OF INDIA

New Delhi, August 28

The sale and purchase of iron ore in the past has been done in the "most outrageous manner" and on "unacceptable terms", resulting in a huge leakage of public revenue, the Supreme Court said today.

Rejecting pleas seeking scrapping of the e-auction of minerals in Karnataka, the apex court said its "horrific" experience of the past cannot be allowed to resurface.

It said that issues of lifting of the cap on production of minerals and restoration of ecology and environment through a Comprehensive Environment Plans for the Mining Impact Zone (CEPMIZ)

were under active consideration of the court.

"We, therefore, for the present, reject the application filed by Federation of Indian Mineral Industries (FIMI) South and consequently do not entertain the support to the prayers made therein by Vedanta Ltd.

"For the same reasons, we do not also accept the suggestions of the Central Empowered Committee (CEC) and the State of Karnataka as made in their respective reports/ affidavits filed before the court," a Bench of Justices Ranjan Gogoi, PC Pant and Navin Sinha said.

The Bench said "the experience of the past has been hor-

rific. It cannot be allowed to come back. Sale and purchase of iron ore had been conducted in the most outrageous manner and on wholly unacceptable terms resulting, *inter alia*, in huge leakage of government revenue.

"Such experiences and events cannot be allowed to resurface."

FIMI (Southern region) in its plea has sought that iron and manganese ore may be sold in Karnataka without recourse to e-auction conducted by the monitoring committee set up by apex court.

The plea was supported by Vedanta Ltd, an iron-ore lessee operating within Karnataka through its petition.





## MCX-Aluminium stuck in a narrow range

GURUMURTHY K

BI Research Bureau

The aluminium futures contract on the Multi Commodity Exchange is stuck in a narrow range between ₹131 and ₹135 a kg for more than a week now. This leaves the immediate outlook unclear for the contract. A breakout on either side of ₹131 or ₹135 will determine the next trend for the contract. Traders can stay out of the market until the range breakout gives out a clear trade signal.

If the contract breaks below ₹131 decisively, it can come under pressure. Such a break can trigger a sell-off on the back of profit booking. Since the contract has risen sharply in a short span of time, such a break can drag it to ₹128 initially. Further break below ₹128 will

increase the likelihood of the contract extending its fall to ₹125 or ₹124. Short-term traders with high-risk appetite can go short if the contract breaks below ₹131 decisively. Stop-loss can be placed at ₹133 for the target of ₹128. Revise the stop-loss lower to ₹130 as soon as the contract moves down to ₹129.

On the other hand, if the MCX-Aluminium futures contract manages to sustain above ₹131, it can continue to remain range bound between ₹131 and ₹135 for some more time. An eventual break above ₹135 will then pave way for a fresh rally to ₹140 or even ₹145 over the medium-term.

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

## Iron ore piles up on 30% export duty levy

OUR BUREAU

New Delhi, August 28

Stockpiles of iron ore in the country have increased due to the 30 per cent export duty according to the Federation of Indian Mineral Industries (FIMI).

In a press statement the industry body said, "There is huge stockpiles of iron ore to the tune of 149 million tonnes lying in the mines mostly in Odisha and Jharkhand as on March 31, 2017...Owing to imposition of export duty and sequential increase, the exports of iron ore has been adversely affected."

The export of iron ore had recovered marginally to 30 million tonne in financial year 2016-17. The recovery was after exports fell to 4.5 million tonne in the financial year 2015-2016 from a peak of 117 million tonne in financial year 2009-10.

The recovery was due to exports from public sector under-

taking Metals and Minerals Trading Corporation of India (MMTC) that were subject to a concessional export duty of 10 per cent. RK Sharma, Secretary General at FIMI, said that domestic explorers are facing a double whammy as both exports and domestic consumption have slowed down.

He said, "There is no demand for the ore of less than 62 per cent (Percentage of iron in the ore) in the country. Since there is no demand, the other option is export which can become viable only when there is no export duty. Somehow the government is not convinced that the export duty should be removed. So stockpiles will go on rising." "If export duty is not removed, there is no future of the extracted stock pile in the country. There may be a time when I will not want to produce more iron ore," he added.

## Gold peaks at 30k-mark

NEW DELHI, Aug 29 (PTI)

GOLD prices soared sharply by Rs 550 to trade at Rs 30,450 per ten gram at the bullion market on Tuesday after North Korea fired a missile over Japan, deepening the tension between Pyongyang and the US.

Silver followed suit to recapture the Rs 41,000-mark by climbing Rs 900 to Rs 41,100 per kg on increased offtake by industrial units and coin makers.

Bullion traders said a firm trend overseas where gold rallied to the highest level this year after North Korea fired a missile over Japan, boosting demand for havens amid escalating tensions between Pyongyang and the US and its allies, mainly led to rally in gold prices. Fresh buying by local jewellers also helped the uptrend. Globally, gold rose 0.90 per cent to USD 1,322.41 an ounce, the highest intra-day since November 9 last year and silver by 0.66 per cent to USD 17.54 an ounce in Singapore.

In the national capital, gold of 99.9 and 99.5 per cent purity surged by Rs 550 each to Rs 30,450 and Rs 30,300 per 10 gram respectively. The precious metals had lost Rs 50 in Mondays' trade.

## पट्टे पर नीलाम होंगी खदानें

एजेंसियां

दिल्ली. मार्च 2020 में जिन खानों का पट्टा खत्म हो रहा है उनके लिए सरकार ने 2 साल की एक सुविधा शुरू की है ताकि मियाद खत्म होने से पहले इन खानों को नीलाम किया जा सके. खनन सचिव अरुण कुमार ने कहा हमारा लक्ष्य 2019 में नीलामी शुरू करने का है न कि 2020 में ताकि बोली लगाने वाले में सफल रहने वाले को वित्त, अन्य संसाधन जुटाने और बातचीत करने एवं प्रबंधन करने के लिए पर्याप्त समय मिल सके. उन्होंने यह बात यहां भारतीय खनिज उद्योग परिषद (एफआईएमआई) की 51वीं वार्षिक बैठक में कही. एफआईएमआई ने इससे पहले मार्च 2020 में मौजूदा खानों के पट्टे खत्म होने पर चिंता जतायी थी.

## कच्चे इस्पात का उत्पादन 3.5% बढ़ा

एजेंसियां

दिल्ली. वर्ल्ड स्टील एसोसिएशन की ताजा रपट के अनुसार भारत में कच्चे इस्पात का उत्पादन इस साल जुलाई में 3.5 प्रतिशत बढ़कर



80.36 लाख टन हो गया. इसके अनुसार पिछले साल जुलाई में यह उत्पादन 80.08 लाख टन रहा था. एसोसिएशन के आंकड़ों के अनुसार जनवरी जुलाई 2017 की अवधि में घरेलू उत्पादन 5.4 प्रश बढ़कर 5.801 करोड़ टन हो चला जो कि 2016 की समान अवधि में 5.507 करोड़ टन रहा. एसोसिएशन से जुड़े 67 देशों के लिए वैश्विक इस्पात उत्पादन इस साल जुलाई महीने में 14.324 करोड़ टन रहा जो कि पिछले साल की तुलना में 6.3 प्रश की बढ़ोतरी दिखाता है.



## Geopolitical tensions push up gold prices



### OUR BUREAU

Mumbai, August 29

Gold prices surged by another ₹245 per 10 grams to ₹30,673 (inclusive of GST) on Tuesday, fuelled by the geopolitical tensions unleashed after North Korea fired a ballistic missile over Japan.

Silver followed suit to recapture the ₹41,000-mark by gaining ₹900 a kg to ₹41,100 on increased buying by industrial units and coin makers.

In the international market, the yellow metal was up 0.9 per cent to \$1,322.41 an ounce, the highest intraday price since November 9 to trade at \$1,317.

Reacting to North Korea's missile attack, the Donald Trump Government, which has 28,000 troops in South Korea, is considering deploying more "strategic assets" to the Korean peninsula. The US, Britain, China, Russia and France plans to hold an emer-

gency meeting to discuss how to combat North Korea, while the UN Security Council is expected to meet late on Tuesday. The US has assured that it is "100% with Japan", and repeated its strong commitment to defend Japan.

On the business front, global financial markets will focus on this week's US employment report to gauge the impact of Federal Reserve's view on monetary policy through the end of the year. In addition, market players will keep an eye out on a revised reading of second-quarter US growth for further hints on the strength of the world's largest economy.

Meanwhile in MCX, gold for October delivery was 1.22 per cent at ₹29,503 per 10 grams while the December contract rose 1.19 per cent at ₹29,601 on Tuesday. The February contract was up two per cent at ₹29,450 per 10 grams.

## MCX-Zinc runs into a temporary barrier

### GURUMURTHY K

IL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange (MCX) is hovering around the psychological level of ₹200 a kg over the past one week. The key trend resistance at ₹204 has halted the rally, and the contract has come-off in the past week after making a high of ₹203.4 on August 21. It was at a low of ₹195.05 on Friday, and has managed to bounce slightly from there. The contract is currently trading at ₹199.

Key resistance is in the band between ₹200 and ₹201. If the

contract breaks above ₹201, it can revisit the resistance at ₹204 in the coming days. A strong break and a decisive weekly close above ₹204 will increase the likelihood of the contract rallying to ₹215 levels over the medium-term.

But if the MCX-Zinc futures contract fails to break above ₹201 in the coming days, it can remain under pressure. In such a scenario, the possibility of the contract falling to ₹190 in the coming days will remain high.

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



## MCX-Copper rises on better demand



**CURUMURTHY K**  
IL Research Bureau

Copper prices have gathered momentum over the last few weeks. The metal has been on a strong uptrend since June. This uptrend has gathered momentum from the last week of July. The COMEX-Copper futures contract surged 3 per cent last week breaking above a key psychological hurdle of \$3 per pound.

The contract has extended the upmove this week as well, and is currently trading at around \$3.06 per pound. On the domestic front, the Copper futures contract on the Multi Commodity Exchange (MCX) has surged over 6 per cent since the first week of this

month breaking above a key resistance level of ₹415.

The MCX-Copper is currently trading at ₹434 a kg. Reports on improving demand from China, coupled with a weak dollar, has taken the metal prices sharply higher over this period.

### Outlook

Copper has been on a strong uptrend since late October 2016. This uptrend is intact. The COMEX-Copper has a key support in the \$3.0-\$2.99 zone. As long as it trades above this support, further rally to \$3.25 or even to \$3.30 is likely in the coming weeks. The region around \$3.3 is the next significant resistance. A corrective fall

from \$3.30 targeting \$3.15 or even \$3.0 cannot be ruled out thereafter.

On the other hand, the near-term view may turn negative if the contract fails to sustain above \$2.99 in the coming days. A fall below \$2.99 can pull the prices lower to \$2.95 or \$2.93.

On the domestic front, the MCX-Copper futures contract has risen breaking above the 61.8 per cent Fibonacci retracement level of ₹428 this week. While the contract sustains above this support, the rally can extend to ₹445 or ₹450 in the coming weeks.

The region between ₹445 and ₹450 is the next significant resistance for the contract. A pull-back from this resistance region can drag the contract lower to ₹425 or ₹420.

The region between ₹415 and ₹410 is a key resistance-turned-support zone for the MCX-Copper contract. Only a strong fall below ₹410 will turn the outlook negative. But such a sharp fall looks unlikely at the moment.

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



## MECL declares record dividend of Rs 36 cr

■ Business Bureau

MECL has declared dividend of Rs 36 crore to Government of India for the year 2016-17. This was announced by Dr Gopal Dhawan, CMD of MECL during the 45 general body meeting of MECL at its corporate office, Nagpur in the presence of R N Jha, Director (Technical), M S N Murty, Director (Finance), N V Nithin Nawre, DDG, GSI, S D Pathbhaje, Director, GSI, nominated member of Ministry of Mines (shareholders) and Ashok Ramani, Statutory Auditor.

Dr Dhawan informed that during 2016-17, the physical and financial performance of the company has been the best since its inception. As such, it is expected to get 'Excellent' rating in the MoU performance evaluation for the year 2016-17. The company has carried out 5.19 lakh meters of exploratory drilling, against 4.27 lakh metres of last year, showing improvement of around 22 per cent. MECL has registered gross revenue of Rs 365 crore, while the profit before tax (PBT) was Rs 161

crore during the year.

As a result of its core activity exploration, the company has augmented 3,184 million tonnes of resources for various minerals to national Mineral Inventory.

The company has also ventured into greenfield exploration under which 30 new blocks have been assigned by the Government of India. The work is under progress so as to complete the assignment in a time bound manner. These blocks will be further developed for auctioning. MECL also adopted drone (UAV) technology for topographic survey and geological mapping, initially on R&D basis to speed up exploration activities.

Continuing with its modernisation plan, the company has procured hi-tech hydrostatic drills, new instruments for survey, laboratory, geophysical survey etc. New infrastructure for laboratory, workshop and training cum conference hall are being developed at their utility complex at Nagpur. Now, it will be able to test all the elements required for greenfield exploration.

# NMDC revises down production targets by 33% due to slowdown

HYDERABAD, Aug 30 (PTI)

HIT by the global downturn, State-owned National Mineral Development Corporation (NMDC) has made a downward revision of its production target by 2018-19 from 75 MTPA to 50 MTPA.

The company has also revised its production target by 2021-22 to 67 MTPA from 100 MTPA, according to its latest annual report.

NMDC achieved production of 34 million tonnes (MT) and sales of 35.6 MT during last fiscal which is the highest ever achieved since inception of the company.

A long-term strategic management plan (SMP)- 'Vision 2025'- was formulated by NMDC in 2015 as per which its iron ore mining capacity was envisaged

to be increased to 75 million tonnes per annum (MTPA) by 2018-19 and 100 MTPA by 2021-22.

Since the formulation of SMP, the business environment for commodities/iron ore witnessed severe downturn, necessitating a relook at the ambitious growth agenda. Prices of steel products and iron ore have come down significantly and global surplus scenario is likely to prevail in the foreseeable future for both steel and iron ore industry globally, the report said.

"Taking into account the market scenario, the SMP was reviewed in March, 2016 and expansion targets have been re-worked to 50 MTPA by 2018-19 and 67 MTPA by 2021-22," NMDC said in the report.

During 2016-17, the company

recorded a turnover of Rs 8,830 crore, Profit Before Tax of Rs 4,294 crore and Profit After Tax of Rs 2,589 crore.

On the market outlook it said, the iron ore mining industry is expected to witness enhanced competition over the next few years even as domestic iron ore production is on the rise, with production increasing by over 20 per cent in the last two financial years.

Domestic iron ore production including captive in 2016-17 was at 190 MT while the same stood at 155 MT in 2015-16 and this trend is likely to continue in the near term, it added. "On the other hand, the threat of higher iron ore imports looms large, especially on the west coast, with lower global prices and lower seaborne freight rates.

THE HITAVADA DATE: 31/8/2017 P.N. 11

## Gold dips on weak global cues, low local demand

NEW DELHI, Aug 30 (PTI)

A DAY after rallying sharply, gold prices tumbled Rs 350 to Rs 30,100 per 10 grams at the bullion market on Wednesday on weak global cues and fall in demand from local jewellers.

Silver slipped below the Rs 41,000-mark by falling Rs 500 to Rs 40,600 per kg due to reduced offtake by industrial units and coin makers.

Traders said apart from a weak trend overseas, fall in demand from jewellers and retailers at current levels at domestic spot markets pulled

down gold prices. Globally, gold fell by 0.07 per cent to USD 1,308.60 an ounce and silver by 0.43 per cent to USD 17.35 an ounce in New York in Tuesday's trade.

In the national capital, gold of 99.9 and 99.5 per cent purity slumped by Rs 350 each to Rs 30,100 and Rs 29,950 per ten grams respectively. It had surged Rs 550 on Tuesday.

Sovereign followed suit and shed Rs 100 to Rs 24,500 per piece of eight grams. Following gold, silver ready dropped by Rs 500 to Rs 40,600 per kg.





## Visakhapatnam Steel Plant modernisation on: CMD

CHRS SARMA

Visakhapatnam, August 30

The modernisation project of the Visakhapatnam Steel Plant - Rashtriya Ispat Nigam Ltd - is going on smoothly and a million tonne more will be added to the present capacity of 6.3 million tonne, according to the Chairman and Managing Director P Madhusudan.

He said here in an interview that the project was taken up at a cost of ₹4,000 crore and it would result in not only addition to the capacity but in considerable cost-cutting as well.

The completion of installation of pulverised coal injection (PCI) technology on three

blast furnaces as part of the project would result in an annual saving of ₹300 crore on coal consumption.

The coal consumption in each blast furnace would be brought down by 150 kg for producing one tonne of hot metal by 2018-19.

### Industry scenario

Madhusudan said though 2016-17 remained a challenging year for the steel industry, the RINL could bring down the net loss by over ₹500 crore due to thrust on improvement in techno-economic parameters and adoption of cost reduction methods.



P Madhusudan CMD, RINL

He said the coal prices were on the higher side. He said the RINL was confident of producing five million tonnes of crude steel during the current year and increasing it further to 6.5 million tonne during

2018-19 and 7.5 million tonne during 2019-2020. He said the blast furnace-2 would be commissioned post-installation of PCI technology in mid-September. Sinter plant machine stabilisation was over.

Crude steel production would go up to 5.4 million tonne from last year's 4.1 million tonne during current fiscal.

Referring to sluggishness in the market, he said by producing greater volumes the RINL could achieve a sales turnover of ₹900 crore during July. He said the market was showing signs of recovery and he expressed the hope that it would improve in the rest of the year.

## Govt to tighten import norms for steel products

To bar import of semi-finished goods that do not meet BIS standard

OUR BUREAU

New Delhi, August 30

The Ministry of Steel is working on means to contain the import of semi-finished steel products in a bid to aid domestic steel companies.

Speaking to newsmen at the sidelines of the CII Steel Summit, Secretary for

the Ministry of Steel, Aruna Sharma, said, "The Bureau of India Standard norms are only for stainless steel sheets therefore the industry is able to import semi-finished goods lower than that standard. We will tweak the rules in 10 to 15 days under which if the sheets have a BIS stand-

ard you will not be able to import anything below that quality."

In 2015, the Centre had extended the levy of 57 per cent anti-dumping duty on stainless steel products of up to 1,250 mm width originating from China for another five years.

By extending the BIS norms only products that will be compliant under the standards will be allowed to

be imported. Local stainless steel manufacturers say that widths above 1,250 mm were being imported only to circumvent the anti-dumping duty.

"Import trends suggested that these higher width stainless steels were ultimately being slit into narrower widths. By doing so, the importers circumvented the existing duties, resulting in revenue loss to the govern-

ment," said a stainless steel manufacturer.

In a statement to the exchanges, Jindal Stainless had said that the threat from sub-standard imports from China continued unabated.

Imports of stainless steel flat products in India increased to over 42,000 tonnes in June 2017, from over 19,000 tonnes in April, thereby distorting fair market pricing.

# सोना 350 रुपए टूटा चांदी 500 रुपए लुढ़की

नई दिल्ली।

अंतरराष्ट्रीय स्तर पर रही गिरावट के बीच सुस्त जेवराती मांग से दिल्ली सर्राफा बाजार में सोना मंगलवार की भारी बढ़त खोता हुआ 30,100 रुपये प्रति 10 ग्राम पर आ गया। वहीं, औद्योगिक मांग के कमजोर पड़ने से चांदी भी 500 रुपये फिसलकर 40,600 रुपये प्रति किलोग्राम बोली गई। उत्तर कोरिया और अमेरिका के बीच जारी तनाव के कम होने की संभावना से दुनिया की अन्य प्रमुख मुद्राओं की तुलना में डॉलर के मजबूत होने से भी अंतरराष्ट्रीय स्तर पर सोने की कीमतों पर दबाव पड़ा है। हालांकि वैश्विक मंच पर उथल-पुथल के माहौल से पीली धातु की चमक उतनी फीकी नहीं हो पायी है। लंदन और न्यूयॉर्क से मिली जानकारी के अनुसार, सोना हाजिर 1.50 डॉलर लुढ़क कर 1,309.80 डॉलर प्रति औंस पर आ गया। दिसंबर का अमेरिकी सोया वायदा भी 4.6 डॉलर फिसलकर 1,314.30 डॉलर प्रति औंस बोला गया। चांदी हाजिर हालांकि 0.03 डॉलर की बढ़त के साथ 17.42 डॉलर प्रति औंस पर रही। विश्लेषकों का कहना है कि उत्तर कोरिया द्वारा जापान के ऊपर से मिसाइल दागे जाने की घटना से वैश्विक स्तर पर निवेशक पीली धातु पर टूट पड़े थे जिससे घरेलू बाजार में इसके भाव नी

**नागपुर में सोना ₹180  
चांदी ₹465 घटे**

व्यापार प्रतिनिधि, बागपुर, बुधवार को नागपुर सर्राफा बाजार में सोने के दास में 180 रुपए और चांदी के दास में 465 रुपए की गिरावट दर्ज की गई। सर्राफा बाजार में सोन 24 कैरेट (प्रति 10 ग्राम) 30,400 रुपए, 22 कैरेट 30,150 रुपए और 22 कैरेट 29,900 रुपए बिकत। वहीं चांदी कच्ची 40,400 और पकड़ी 40,900 रुपए प्रति किलो बिकत।

माह के उच्चतम स्तर पर पहुंच गये थे। उनके अनुसार सोने की कीमतों में आज आयी गिरावट डॉलर की मजबूती और मुद्रा का वसूली के कारण है। इस पर घरेलू मांग का उतना प्रभाव नहीं है।

वैश्विक गिरावट से सोना स्टैंडर्ड कल की तेजी खोता हुआ आज 350 रुपये फिसलकर 30,100 रुपये प्रति 10 ग्राम पर आ गया। सोना बिटुर भी इतनी ही गिरावट में 29,950 रुपये प्रति दस ग्राम बोला गया। सोने की तरह आठ ग्राम वाली गिन्नी भी 100 रुपये सस्ती होकर 24,500 रुपये पर आ गयी। अंतरराष्ट्रीय स्तर पर रही बढ़त के बावजूद औद्योगिक ग्राहक की सुस्ती से चांदी हाजिर 500 रुपये सस्ती होकर 40,600 रुपये प्रति किलोग्राम पर आ गयी।

## MCX-Nickel tests a key resistance level

YOGANAND D

IT Research Bureau

The nickel futures contract on the Multi Commodity Exchange (MCX) has been in an inter medium-term uptrend since taking support in the band between ₹550 and ₹560 a kg in early June. Last week, the contract advanced 3.6 per cent, surpassing a key resistance at ₹720. But the contract encountered next resistance at ₹750, and has been testing this level over the last six trading sessions.

On Wednesday, the August contract started the session at ₹745 and rallied to an intra-day high of ₹750.2, ahead of the derivative expiry. The September contract started the session at ₹746 and recorded an intra-day high of ₹754.3 levels. It is currently trading at the ₹747 level.

With the contract facing difficulty in surpassing the key resistance level of ₹750 and the daily relative strength index displaying negative divergence, there is a possibility of a short-term trend re-

versal in the pipeline. The weekly relative strength index is hovering in the overbought territory. There is also decline in daily volume over the past four trading sessions.

The daily indicators are trending downwards showing signs of weakness. Hence, traders with a short-term perspective, should tread with caution in the coming week.

The September month contract can decline and test support at ₹720 in the coming week. An upward reversal from this base can keep the contract moving sideways in the band between ₹720 and ₹750 for a while. But a plunge below ₹720 can drag the contract down to ₹700 in the short to medium term.

Key resistances beyond ₹750 are at ₹770 and ₹790.

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