खनिज समाचार

KHANIJ SAMACHAR

Vol. 4, No-5 & 6

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

The Central Library, IBM, Nagpur is providing the Classified Mineral News Service since many years on monthly basis in 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 officials made sincere efforts to make it successful. As we all are aware that due to COVID 19 Pandemic the supply of newspapers was disturbed, due to that Central Library is taking out this **combined issue no. 5 & 6 of Volume-4** for the service named **Khanij Samachar** for the period from **1st -31st March , 2020** .The previous issue of Khanij Samachar **Vol. 4, No.4, 16th -29th February, 2020 is** already uploaded on IBM Website www.ibm.gov.in .

In continuation of this 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 on Pan India basis.

All are requested to give wide publicity to it and it will be highly appreciated if the valuable feedback is reciprocated to above email.

Mrs. D. H. Vairagare
Asstt. Library & Information Officer
ibmcentrallibrary@gmail.com
0712-2562847
Ext. 1210 , 1206

खनिज समाचार

KHANIJ SAMACHAR

A FORTNIGHTLY NEWS CLIPPING SERVICE

FROM

CENTRAL LIBRARY

INDIAN BUREAU OF MINES

VOL. 4, NO-5 & 6 , 1st – 31st MARCH , 2020

BUSINESS LINE DATE : 2/3/2020 P.N.9

GLOBAL

Metals ($/tonne)	Price	Change in % Weekly	Monthly	Yearly
Aluminium	1677	-0.8	-3.5	-11.3
Copper	5617	-2.2	-1.0	-14.3
Iron Ore	82	-2.0	-8.3	1.3
Lead	1887	0.9	-1.0	-12.0
Zinc	2010	-4.1	-10.4	-28.6
Tin	16267	-2.2	-0.1	-25.2
Nickel	12187	-2.1	-2.2	-6.0

THE HITAVADA DATE : 1/3/2020 P.N.5

DAINIK BHASKAR DATE : 1/3/2020 P.N.4

Indian Bureau of Mines

A Department under
Ministry of Mines, Government of India

Reform – Perform – Transform

Committed towards Sustainable Development of Indian Mineral Sector

- **Extensive use of Digital Technology**
- **Proactive Performance**
- **Transforming Mining Sector**

- SDF Star Rating System – a milestone towards "Good Governance" initiatives.
- Mining Surveillance System (MSS) for curbing illegal mining.
- Mining Tenement System (MTS) for effective management of mineral concession system & transparency in mining operations.
- Effective use of Space Technology and empowering States through handholding
- Also offers various Consultancy, Information & Training services

Controller General
Indian Bureau of Mines, 2nd Floor, Indira Bhawan,
Civil Lines, NAGPUR- 440 001,
Phone : + 91 712 2560041, Fax : + 91 712 2565073.
email : cg@ibm.gov.in, Website: www.ibm.gov.in

LOKMAT DATE : 2/3/2020 P.N.5

खनिज संपत्ती आमचा वारसा

विकास महात्मे : भारतीय खाण ब्यूरोने साजरा केला खनिज दिवस

लोकमत न्यूज नेटवर्क

नागपूर : खनिज संपत्ती आपला अनमोल वारसा आहे. देशाच्या आर्थिक प्रगतीत खनिज संपत्तीचा महत्त्वाचा वाटा आहे, असे मत राज्यसभेचे खासदार डॉ. विकास महात्मे यांनी व्यक्त केले.

भारतीय खाण ब्यूरोने ७३ वा स्थापना दिवस खनिज दिवस म्हणून साजरा केला. यानिमित्त ब्यूरोच्या नागपूर येथील मुख्यालयात विविध कार्यक्रमाचे आयोजन करण्यात आले होते. प्रसंगी खासदार डॉ. विकास महात्मे मुख्य अतिथी म्हणून उपस्थित होते. विशेष अतिथी म्हणून जवाहरलाल नेहरु ॲल्युमिनियम अनुसंधान विकास व अभिकल्प केंद्राचे निदेशक डॉ. अनुपम अग्निहोत्री होते. कार्यक्रमाची अध्यक्षता भारतीय खाण ब्यूरोचे महानियंत्रक (प्रभारी) इंदिरा रविंद्रन यांनी केली. व्यासपीठावर मुख्य खाण नियंत्रक पी.एन. शर्मा उपस्थित होते. यावेळी महात्मे यांनी भारतीय खाण ब्यूरोद्वारे खनिज संसाधनांचा वैज्ञानिक विकास, खनिज संरक्षण व खाणीमध्ये पर्यावरण सुरक्षेसाठी महत्त्व दिले जात असल्याबद्दल कौतुक केले.

डॉ. अग्निहोत्री म्हणाले भारतीय खाण ब्यूरो व जेएनएआरडीडीसी हे खाण मंत्रालयाचा एक भाग आहे. दोन्ही संघटना खनिज संरक्षण व पर्यावरण संरक्षणाबाबत कटिबद्ध आहे. उपस्थितांचे स्वागत पी.एन. शर्मा यांनी केले. संचालन नीलेश महात्मे व आभार अभय अग्रवाल यांनी मानले.

DAINIK BHASKAR DATE : 2/3/2020 P.N.17

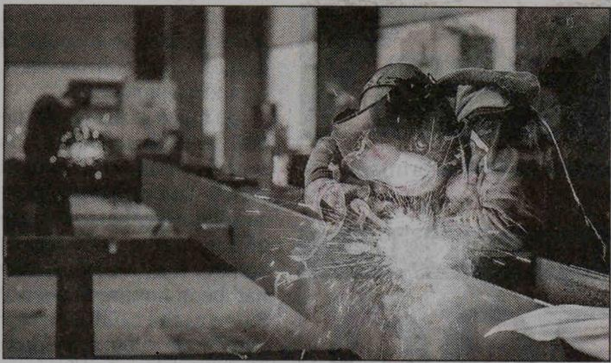
खनिज दिवस पर विविध कार्यक्रम

नागपुर| भारतीय खान ब्यूरो ने अपना 73वां स्थापना दिवस खनिज दिवस के रूप में मनाया। इस अवसर पर रविवार को नागपुर स्थित मुख्यालय में विभिन्न कार्यक्रमों का आयोजन किया गया। कार्यक्रम का शुभारंभ दीप प्रज्वलन से हुआ। अतिथियों के स्वागत के बाद हमारे मौलिक कर्तव्यों को डॉ वाई. जी. काले, कार्यालय अध्यक्ष ने पढ़कर बताया। समारोह में बतौर मुख्य अतिथि सांसद डा. विकास महात्मे, विशेष अतिथि के रूप में डा. अनुपम अग्निहोत्री, निदेशक, जवाहरलाल नेहरू एल्युमिनियम अनुसंधान विकास एवं अभिकल्प केंद्र, इंदिरा रवींद्रन, महानियंत्रक (प्रभारी), भारतीय खान ब्यूरो, नागपुर ने कार्यक्रम की अध्यक्षता की। अन्य मान्यवरों में मुख्य खान नियंत्रक (प्रभारी) पी.एन. शर्मा भी उपस्थित थे। अपने संबोधन में डा. विकास महात्मे ने कहा कि खनिज संसाधन हमारी अनमोल धरोहर है तथा देश की आर्थिक प्रगति में यह अहम किरदार निभाते है। साथ ही भारतीय खान ब्यूरो द्वारा खनिज संसाधनों के वैज्ञानिक विकास, खनिज संरक्षण एवं खानों में पर्यावरण सुरक्षा को बढ़ावा दिए जाने की प्रशंसा भी की। डा. अग्निहोत्री ने कहा कि भारतीय खान ब्यूरो की तरह जेएनएआरडीडीसी भी मंत्रालय का एक अंग है। दोनों संगठन खनिज संरक्षण एवं पर्यावरण संरक्षण के लिए प्रतिबद्ध रहे। श्रीमती इंदिरा रवींद्रन ने कहा कि भारतीय खान ब्यूरो देशभर की खनन एवं खनिज विकास से संबंधित गतिविधियों को कुशलतापूर्वक संचालित करता आया है तथा भविष्य में भी यह अपना कार्य अविरत जारी रखेगा। संचालन निलेश महात्मे ने एवं आभार अभय अग्रवाल ने माना।

THE INDIAN EXPRESS DATE : 2/3/2020 P.N.12

'India's crude steel production drops 3.26% to 9.28 MT in Jan'

At 9.288 million tonnes (MT), India's crude steel production registered a decline of 3.26 per cent in January this year, according to World Steel Association (worldsteel)



84.3 MT
OUTPUT OF CHINA, THE WORLD'S LARGEST STEEL PRODUCING COUNTRY, IN JANUARY; A RISE OF 7.2 PER CENT COMPARED TO A YEAR-AGO

8.2 MT
PRODUCTION OF CRUDE STEEL BY JAPAN IN THE PERIOD UNDER CONSIDERATION, FALLING 1.3 PER CENT FROM JANUARY 2019

5.8 MT
SOUTH KOREA'S CRUDE STEEL PRODUCTION IN JANUARY 2020, POSTING A DECREASE OF 8 PER CENT FROM THE YEAR-AGO MONTH

~85%
SHARE OF WORLD'S STEEL PRODUCTION ACCOUNTED FOR BY MEMBERS OF WORLD STEEL ASSOCIATION

COMPOSITION OF WORLDSTEEL:

- More than 160 steel producers across the world
- 9 of the 10 largest steel companies
- National and regional steel industry associations
- Steel research institutes

Source: worldsteel/PTI

9.591 MT: ***Crude steel produced by India during corresponding month last year***

154.4 MT: ***Crude steel production for the 64 countries reporting to worldsteel in January 2020, a 2.1 per cent increase compared to January 2019***

BUSINESS LINE DATE : 2/3/2020 P.N.9

Gold might regain upward momentum

Despite its decline last week, the charts suggest a possible recovery

AKHIL NALLAMUTHU

The iCOMDEX composite index of the Multi Commodity Exchange (MCX) slumped, as the price of two of its major components — crude oil (33 per cent weight) and gold (17 per cent weight) — tumbled last week.

The index dropped from 10,243 to 9,505, losing a little over 7 per cent.

While the bearish outlook for crude oil can act as a dampener going forward, a rally in gold can offer some support. But overall, the index can be slightly bearish.

MCX-Crude (₹3,263)

The resistance at ₹3,950 — the 38.2 per cent Fibonacci retracement level of the previous downtrend — capped the gains in the March futures contract of crude oil. The contract declined sharply last week and breached the prior low of ₹3,562, forming a new low in the daily chart.

Further, like the contract price, the daily relative strength index (RSI) has fallen sharply and the moving average convergence divergence (MACD) indicator in the daily chart is hinting that bears have regained traction.

Considering these factors, traders can take a bearish view. But rather than selling the contract at the current levels, initiate shorts with a stop-loss at ₹3,600 on corrective rallies, for a better risk-reward ratio.

The nearest support from the current market price is at ₹3,000.

MCX-Gold (₹41,397)

Gold opened last week on a positive note as the April futures contract of the yellow metal registered a fresh one-year high of ₹43,788 last Monday. From then on, the contract began to consolidate, and declined towards the end of the week, resulting in a negative weekly close.

However, the overall trend remains bullish and the contract has its 21-day moving average support at ₹41,300.Though the daily RSI has taken a downward trajectory, it remains above the midpoint level of 50. Similarly, though the MACD in the daily chart shows signs of bulls losing sheen, remains in the positive territory.

GETTY IMAGES/ISTOCKPHOTO

Traders can make use of the correction to go long in the contract with a stop-loss at ₹39,900.

The potential targets on the upside can be ₹42,260 and ₹43,000.

MCX-Silver (₹44,403)

Like gold, the May futures contract of silver opened last week on the front foot and registered a five-month high of ₹50,123 last Monday. But an abrupt change in trend resulted in the contract crashing around 9 per cent during the week, underperforming gold futures which posted a loss of nearly 3 per cent.

The daily RSI has dropped into the bear zone and the MACD in the daily chart has entered the negative region. But the contract has a substantial support at ₹43,900. So, despite bearish indications, traders can buy the contract at the current levels on the back of a strong support.

Go for a tight stop-loss as a break below ₹43,900 can result in a considerable fall. On the upside, the resistance levels are at ₹46,000 and ₹47,780.

MCX-Copper (₹421.8)

Last Monday, the March futures contract of copper fell below the range between ₹430 and ₹440 and declined throughout the week. The contract even marked a lower low in the daily chart at ₹415.3, compared with its previous low of ₹421 made in the beginning of the month.

The price has fallen below the 21-day moving average. Also, the daily RSI and the MACD indicator in the daily chart has gone into bearish zone.

Though there are indications of a further decline, ₹420 is a good support, and a further decline can be confirmed only if the price closes below that level on a daily basis. So, traders can sell the contract with a stop-loss at ₹428 if it breaches the support at ₹420. Short-term targets can be at ₹412 and ₹400.

NCDEX-Soybean (₹3,708)

After two weeks of consolidation, the March futures contract of soyabean at the National Commodities and Derivatives Exchange (NCDEX) declined and broke below the support at ₹3,800, renewing the bearish momentum. This is corroborated by the MACD indicator in the daily chart as it has dropped further into the bearish zone.

The daily RSI stays in the negative zone. Traders can continue to take a bearish view and short the contract on rallies with a stop-loss at ₹3,925.

The contract is expected to weaken to ₹3,600 in the coming days. Below that level, the price might decline to ₹3,530.

MCX Gold
Supports: ₹40,510/40,000
Resistances: ₹42,260/43,000

MCX Silver
Supports: ₹43,900/42,000
Resistances: ₹46,000/47,780

GOLD FACES WILD SELLING SPREE

Volatility in Gold Prices Emptying Jewellery Boxes

Bloomberg

Over the last few weeks, gold buyers have seen a frantic push by individuals racing to sell their little-used jewelry in the US and Europe amid worries that the extraordinary price rally fueled by the coronavirus since the start of the year may soon run its course.

Old gold sales always jump when prices rise, but "we've never seen a surge like this," said Tobina Kahn, the president of House of Kahn Estate Jewelers in Chicago, where jewelry assessment bookings this week alone were up 12% over the average.

The extraordinarily quick rise of the metal, which gained 8.4% this year through Thursday, piqued sellers' interest. But with so many unanswered questions swirling around the virus's advance and its effect on the global economy, "no one is saying, 'I want to wait because I think gold will go up even more,'" Kahn said by telephone. "They realize this is time sensitive."

It's a flight-to-safety rally, she said, that's "based on fear."

On Friday, concerns about a slide became reality. After spot gold reached $1,689.31 an ounce in New York on Feb. 24, it slipped as low as $1,563 as investors sold the metal to cover losses in other asset classes.

Rather than signaling an end to the rush, that may actually boost it. The heaviest days for scrap jewelry usually occur when high prices start to slide, according to Ash Kundra, co-owner of J Blundell & Sons Ltd. in London's Hatton Garden jewelry district. "Everyone is hedging their bets," he said. Kundra's shop paid out its highest price ever for scrap gold on Feb. 24, he added.

Generally, scrap gold accounts for about 30% of total global supply. While the output from mining was flat in 2019, the amount of scrap gold in play probably rose by as much as 2.5%, according to Rohit Savant, an analyst at the research firm CPM Group. This year, though, there's been a "significant" increase, particularly as bullion priced in euros neared a record, European refiner Heraeus Holding GmbH said in an email.

"People have started to clean out their safes," Kundra said, adding that the majority of objects coming into his shop are from jewelry traders rather than walk-in consumers. "They find a packet that's been sitting there for 5 years, 10 years" and they scrap it to take advantage of the higher prices.

While there's a race to sell in the U.S. and Europe, the situation is very different in China. There, sales of gold jewelry are set to plummet this year as the economic damage from the deadly coronavirus crisis widens. Shoppers are staying away from public places to avoid infection, while also limiting their spending to basic necessities such as groceries.

Most buyers of gold jewelry pay sellers a fraction of the spot price. Recyclers and refiners then melt it down, purify it and form it into gold bars for coin fabricators and investors or gold powder for industrial use.

New York-based Empire Gold Buyers ponies up roughly 96% of the going spot price for the jewelry it buys, according to Chief Executive Officer Gene Furman. A typical 18-carat gold wedding band weighing about 10 grams would gain a seller about $383 at a spot price of $1,600, he said. A gold watch weighing about 3 ounces and purchased for around $1,000 in the 1980s would probably gain a buyer around $1,900.

BUSINESS LINE DATE : 2/3/2020 P.N.9

China's commodity pile-up could crush prices

Steel inventories at a record; fuel stockpiles near capacity

BLOOMBERG

China's accumulating a vast stack of commodities that's threatening markets already hammered by the coronavirus.

As the government compels the country to get back to work, oil refineries are churning out diesel and gasoline while smelters and other industrial plants continue to process raw materials into finished products such as steel and copper.

But they're not being used quickly enough. Consumption has shrunk as people stay at home and travel less, and as logistical constraints stop output from reaching end-users.

So the commodities are piling up outside plants, in warehouses and storage tanks. Inventories of steel products last week surged to a record, while copper and zinc supplies at warehouses tracked by the Shanghai Futures Exchange expanded to the highest in nearly three years.

Gasoline and diesel stockpiles are expected to get close to their theoretical capacity this month.

That can't go on forever. Space will eventually run out or the financial burden of holding so much inventory will get too much. The plants will either have to de-stock by selling off their products or cut production, which would reduce demand for raw materials such as crude and iron ore. Either way, it would be a blow to prices already hammered by the virus.

In a sign of how desperate the situation is getting, China's top non-ferrous-metal industry association last Thursday called on the Central government to buy metals from smelters to alleviate pressure from rising inventories.

Steel troubles

The steel industry is also under pressure. Mills have been reining in output as demand has fallen, but there are limits to how much they can cut without closing down furnaces entirely, a complicated and costly move.

Steel product prices have fallen more than 5 per cent since the Lunar New Year holiday in January when Beijing shut down swathes of the country. Iron ore has fallen about 10 per cent.

Should mills start to restock inventories, steel's losses could accelerate.

"There could be a price drop as traders and mills compete to shift material out from inventories as fast as possible," said Tomas Gutierrez, a Shanghai-based analyst at Kallanish Commodities.

Any price correction would probably be short-lived, according to Gutierrez. Mills have already been cutting back production and a further drop in prices would encourage deeper cuts, helping inventories draw down. That could happen one to two weeks from now, he said.

And the demand side may also start to improve as Beijing gets the country running again, which would help reduce inventories, said Xiao Fu, head of global commodities strategy at BOCI Global Commodities.

The travel restrictions have hammered the oil market, with stockpiles nearing capacity. Gasoline and diesel retail prices are at the lowest since 2017.

Chinese oil companies have been looking overseas to help alleviate the glut. The trading arm of China's biggest oil refiner last week made a rare booking to ship diesel to Europe, and traders are expecting flows to increase. While that may ease the pressure on domestic prices, it could be another headwind for overseas markets.

REUTERS

Tough times

In a sign of how desperate the situation is getting, China's top non-ferrous-metal industry association last Thursday called on the Central government to buy metals from smelters to alleviate pressure from rising inventories

THE INDIAN EXPRESS DATE : 2/3/2020

How geologists detected gold in Sonbhadra, estimated its value

IN A recent statement (*The Indian Express*, February 23), the Geographical Survey of India (GSI) provided estimates for the amount of gold that can be extracted from a site in Sonbahdra district of Uttar Pradesh. The probable resource is 52,806.25 tonnes of ore, with an average grade of 3.03 grams per tonne, which means the total gold that can be extracted is 160 kg, it said. The statement came after news reports stated that the gold available is 3,350 tonnes; the GSI clarified that its estimates are 160 kg.

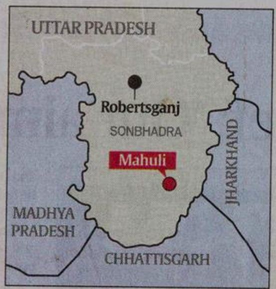
What is this site with ore?

It is near a village called Mahuli, around 70 km from Sonbhadra district's headquarters of Roberstganj, and just 10 km from Jharkhand. The land is mainly forest area and inhabited mostly by tribals and members of backward classes. Locals said stories of gold underground have been passed down generations, giving rise to the name Sonpahari, the hill where the reserves have been estimated.

The site is part of the Mahakoshal region that includes parts of UP, Madhya Pradesh and Jharkhand. It is known to be potentially mineral-rich, said GSI Lucknow director Ghanshyam Tiwari. "This is something we also know through the geological map we keep updating, and that is why this whole Mahakoshal region has always interested us. We keep studying the rocks here and search for potential mineral reserves. That is what exactly what the GSI is for," he said.

How long has the GSI known about the ore and its mineral content?

The GSI Northern Region carried out exploration in 1998-99 and 1999-2000, GSI director general M S\ridhar said. The results, however, were not encouraging enough to suggest major resources for gold in Sonbhadra. "We found that there is an estimated resource of 52,806.25 tonnes of ore with 3.03 grams per tonne gold. This information was not significant for us as we know that extracting 160 kg gold, or even less, from more than 52,000 tonnes can cost a lot," said Ashish Kumar Nath, director & PRO, GSI Central Headquarters.



The GSI compiled a report but did not forward it to the state government at the time. It submitted the report in 2019, following an amendment to the Mines and Minerals (Development and Regulation) Act in 2015. "(It) had a clause that we have to share all our reports with the state government. As we had thousands of such reports, this particular report was sent to the UP government last year," said Ashish Kumar Nath, director & PRO, GSI Central Headquarters.

How does the GSI arrive at such estimates?

Two basic processes are involved — a study of rocks, and drilling of the ground. Laboratory analysis of the rocks indicates the possibility of these containing a particular mineral, in this case gold, said Tiwari, the GSI Lucknow director.

Another indicator is the age of the rocks, which is determined by radiometric dating processes. For high possibility of containing such metals and minerals, the rocks need to be at least 700 million years old, Tiwari said, while also citing exceptions. "The rocks in Sonbhadra are in the Mahakoshal region and from the Proterozoic era, which started 2,500 million years ago," Tiwari said.

The GSI drilled the ground at some 30 places between 1998 and 2000, before compiling the report. This eventually provides a three-dimensional image of the area, which is necessary for determining the quality of the resource and the amount available.

Will it be worthwhile to extract the gold from the ore?

The GSI classifies ore into categories based on the viability of extraction, which is determined from density. Tiwari said the gold ore found in Sonbhadra is in the "economic" category, which means that extraction will cost less than the cost of the gold that is extracted. The cost of extraction also depends on the grade of gold; the higher the gold concentration, the easier its extraction.

CONTD...ON PAGE 8

CONTD... FROM PAGE 7

BUSINESS LINE DATE : 2/3/2020 P.N.9

At the same time, GSI officials pointed out that the findings are two decades old and the possible gold present is just 160 kg. GSI director & PRO Nath said they have thousands of such findings, and this particular report was never a priority.

So, what happens to the ore now?

Once the GSI gives an estimate, the state government conducts an auction and the winner undertakes the extraction. UP government officials said that before e-auctioning, a team of officials from the state mining department and the district administration have been asked to conduct a survey of the area and identify the land containing ore, by superimposing GSI's geological maps on *khasra* maps from revenue records.

District Magistrate (DM) S Rajalingam said that reserves of other minerals — andalusite, potash and iron ore — have been estimated in various parts of Sonbhadra. A preliminary survey also suggested a possibility of uranium deposits, he said.

NAVBHARAT DATE : 3/3/2020 P.N.7

खनिज हमारी अनमोल धरोहर

भारतीय खान ब्यूरो ने मनाया खनिज दिवस

व्यापार प्रतिनिधि

नागपुर. भारतीय खान ब्यूरो ने अपना 73वां स्थापना दिवस खनिज दिवस के रूप में मनाया. इस अवसर पर ब्यूरो के मुख्यालय में विभिन्न कार्यक्रमों का आयोजन किया गया. सांसद डा. विकास महात्मे मुख्य अतिथि थे. जवाहरलाल नेहरू एल्युमिनियम अनुसंधान विकास एवं अभिकल्प केंद्र के निदेशक डा. अनुपम अग्निहोत्री, आईबीएम की प्रभारी महानियंत्रक इंदिरा रविंद्रन, मुख्य खान नियंत्रक पी.एन. शर्मा प्रमुख रुप से उपस्थित थे. महात्मे ने कहा कि खनिज हमारी अनमोल धरोहर है तथा देश की आर्थिक प्रगति में यह अहम किरदार निभाते हैं. अग्निहोत्री ने औद्योगिक क्रांति 4.0 पर केंद्रित आईबीएम के लिए खनन और खनिज विकास के क्षेत्र में एक स्थायी भूमिका निभाने के लिए 4 सी- चेंज, क्रिएटिव, साहस और कनेक्ट

पर ध्यान केंद्रित करने की आवश्यकता को रेखांकित किया. इंदिरा रविंद्रन ने कहा कि मुझे उम्मीद है कि भारतीय खान ब्यूरो हर वर्ष नई ऊंचाइयां हासिल करेगा. ब्यूरो देशभर की खनन एवं खनिज विकास से संबंधित गतिविधियों को कुशलतापूर्वक संचालित करता आया है तथा भविष्य में भी यह अपना कार्य अविरत जारी रखेगा. शर्मा ने आईबीएम के विकास के बारे में जानकारी दी. इससे पूर्व कार्यक्रम का शुभारंभ पारंपरिक दीप प्रज्वलन से हुई. डा. वाई. जी. काले, नीलेश महात्मे और अभय अग्रवाल भी उपस्थित थे.

THE HITAVADA DATE : 3/3/2020 P.N.8

NCL's production continues upward move, 6.3% higher

Our Correspondent
SINGRAULI, Mar 2

File photo

THE flagship Coal India arm, Northern Coalfields Limited (NCL) has produced 98.03 million tonnes of coal in the first eleven months of current fiscal i.e. from April 2019 to February 2020 which is 6.3 % higher than 92.21 million tonnes of coal produced in the same period of last fiscal and is about 102 % of the target set for the current financial year till the end of February.

Similarly, in the first eleven months of the current financial year, NCL has dispatched a total of 99.04 million tonnes of coal to all its coal consumers including powerhouses, which is about 6.8% higher than the coal despatched during the same period of last financial year. During the same period in the last fiscal, the company had despatched 92.75 million tonnes of coal to all its coal consumers.

The company's coal supply to the powerhouses has also grown up by 4% till February of the current fiscal. The company has supplied 80.48million tonnes of coal to the powerhouses during the first of the current financial year. Notably, NCL has been assigned the target of 106.25 million tonnes of coal production and despatch in the current financial year. The company has achieved more than 92% of the annual target of coal production and despatch till the end of February. Going by the figures, it is expected that the company will hit another ton with the annual targets.

BUSINESS LINE DATE : 3/3/2020 P.N.12

Collapsing gold can tumble further

COMMENTARY

G CHANDRASHEKHAR

Gold's short-lived dream run is coming to an end sooner than many incurable bulls had expected; and when trading opens on Monday, there is the strong possibility of further correction in the global market and in India.

The factor that propelled the market higher — the widespread scare of novel coronavirus (Covid-19) morphing into a pandemic triggering growth concerns and possibly recession — brought the market down even more rapidly. Clearly, the rise from around $1,560 an ounce to about $1,690 in about five trading days was too much and too soon.

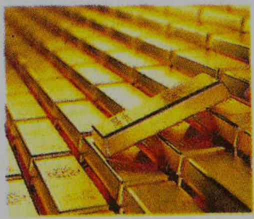
The market had overshot to the upside based not on any real substance but by gathering speculative lather. So, correction was inevitable as pointed out in these columns. (See *Business Line* Commentary February 23 'Time to sell gold and book profit').

Haven appeal dims

Friday last, the world market witnessed a bloodbath in the financial market in general and bullion market in particular with prices of the precious metal collapsing by $100/oz to around $1,580. Silver, too, fell close to $17.5/oz. The fall in equity market exacerbated the collapse of gold prices as many investors exited gold to pay for margin calls.

In other words, gold's haven appeal - a safe bet in uncertain times - has all but faded for the time being. Additionally, even rising expectation of a rate cut by the US Fed to stem the rout has not helped the yellow metal. This is reminiscent of the 2008 global financial crisis when gold behaved exactly the same way, falling in tandem with the equity market. In the days ahead, there is the strong possibility of gold extending the downward correction and moving first towards $1,550/oz and then closer to $1,500. While the inflow and outflow of speculative capital continues to move this fickle market, physical demand conditions are far from supportive. If anything, demand in both China and India — two of the world's largest importers and consumers — is subdued.

Scan & Share



Demand for gold in both India and China is subdued

ISTOCK.COM/VASABII

With no insulation from the volatility in the global market, the domestic market saw gold price plunge by as much as ₹1,000 to trade around ₹41,400 per 10 grams. The rout is likely to continue in the days ahead in tandem with the global market.

Demand in the local market has turned decidedly weak. At well over ₹40,000 per 10 grams, there is enough evidence of buyers' resistance. The inflow of scrap gold has also been rising, adding to supplies in the face of weak demand. Recent weakening of the rupee has partially neutralised the benefit of fall in dollar rates.

It is as yet unclear how Covid-19 will pan out in the weeks ahead. It can worsen and become a pandemic or businesses may find a way to work around the problem. In these uncertain times, markets can move either way quite rapidly. So, extreme caution is necessary. Ability to read advance market signals is the key to successful investing.

The writer is a policy commentator and commodities market specialist. Views are personal.

BUSINESS LINE DATE : 3/3/2020 P.N.12

Radiance dimmed: Diamond exports to fall 20% in FY21

OUR BUREAU

Mumbai, March 2

Exports of both cut and polished diamonds from India are expected to shrink by a fifth to $19 billion by March 2021, against $24 billion logged in fiscal 2019, on sluggish demand across the globe, due to the coronavirus outbreak.

Scan & Share

In the first nine months of this fiscal, India's total diamond exports by value were down 18 per cent; of this, about 40 per cent were to Hong Kong, which has seen dysfunctional local markets over the past year or so. Moreover, there have been no diamond exports to the island since January 15 this year.

Hong Kong revival to take time

Subodh Rai, Senior Director, Crisil Ratings, said exports would continue to fall in the closing quarter of this fiscal, which typically accounts for roughly a third of India's exports to the Southeast Asian region.

Given extended holidays in the region and shutdown of markets in the aftermath of the coronovirus outbreak, exports worth over $1 billion may be lost in this quarter alone, he added.

The virus impact comes even as the industry is already experiencing tepid demand and declining realisations amid the ongoing political conflict in Hong Kong. Even if the n-CoV outbreak is contained in the next two months, trade normalcy and demand uptick from Hong Kong are unlikely before the middle of next fiscal.

Consequently, exports next fiscal would remain down or be at best flat because any traction in the second half would be offset by the weak first half.

Payments falling due

Rahul Guha, Director, Crisil Ratings, said bill payments from Hong Kong have been on time so far as the bulk of the payments has just started falling due. A large part of the sales happened after last October and bills are generally discounted for 90-120 days. Any further delay in the revival of business in Hong Kong would weigh on the liquidity profiles of Indian exporters, he said.

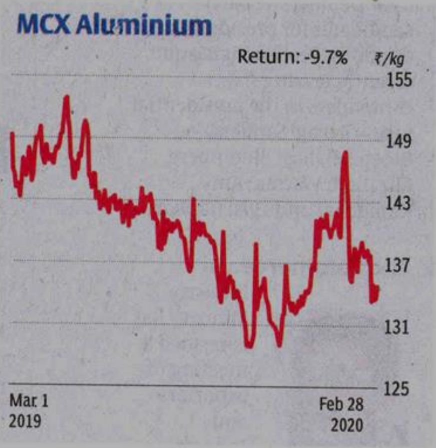
The other significant export markets for Indian diamonds include the US, with 35 per cent share, followed by the EU, West Asia and Japan along with the rest of South-East Asia, with market share of about 10 per cent each. The average receivable cycle for sales to the US and the European Union is 45-60 days, which helps ease cash-flow pressures.

Diamond exports worth over $1 billion may be lost in this quarter alone

GETTY IMAGES/ISTOCKPHOTO

BUSINESS LINE DATE : 3/3/2020 P.N.8

Bearish bias in MCX-Aluminium



AKHIL NALLAMUTHU

BL Research Bureau

The March Aluminium mini futures contract on the MCX, that is, Alumini, declined during the last week. After marking an intra-week low of ₹133.9 on Friday, the contract recovered sharply recouping most of its losses. Despite the rally, it remains below the 21- and 50-DMAs, retaining its short-term bearish outlook. As long as the contract trades below ₹140, a sustainable recovery is doubtful.

Substantiating the negative outlook, the MACD indicator on the daily chart stays in the bearish territory and the daily RSI, though showing a marginal uptick, remains below the mid-point level of 50 — indication of bearish bias.

If the recent rally in the contract gets extended and if the price rises, the nearest hurdle is at ₹140. A breakout of this level can lift the price further towards the resistance at ₹143. Above that level, the medium-term trend can become bullish. On the other hand, if the contract attracts renewed selling pressure, it is likely to retest its previous low of ₹133.9. A break below that level can drag the price to ₹130.

On the global front, the price of three-month rolling forward contract of primary aluminium on the LME declined and registered a three-year low of $1,665 on Friday. The contract lies below the 21-DMA and the price action on the daily chart hints at further decline in price. A fall from current level can drag the price to $1,650, below which it might drop to $1,615.

Trading strategy

Though the price of MCX-Alumini has been rallying during the last two trading sessions, the trend has not turned bullish. Also, oscillators are still in the bear zone and the contract price remains below the key moving averages, giving it a bearish inclination. So, traders can make use of the rally to initiate fresh short-positions with a stop-loss at ₹143.

THE HITAVADA DATE : 4/3/2020 P.N.10

IBM conducts series of programmes to mark 73rd Foundation Day

Business Bureau

INDIAN Bureau of Mines (IBM) recently celebrated its 73rd Foundation Day as 'Mines Day' wherein it has conducted various programmes at its head quarters. Dr Vikas Mahatme, MP, was the chief guest on the occasion.

Dr Anupam Agnihotri, Director Jawaharlal Nehru Aluminium Research and Development Centre, Nagpur; Indira Ravindran, Managing Director (Officiating), IBM Nagpur; P N Sharma, Chief Controller (Officiating) were present as guests. Dr Mahatme in his address stated that meniral resources are the treasure for the country and it plays a vital role in the progress of the country. Dr Mahatme appreciated the role of IBM in scientific development of the mineral resources, preservation of minerals and environment conservation. Dr Agnihotri in his address said that Jawaharlal Nehru Aluminium Research and Development Centre was also the part of the Ministry of Mines.

Indira Ravindra in her address said that IBM will touch new bench mark. P N Sharma welcomed the guests. Dr Y G Kale read out the duties of IBM employees. The programme was conducted by Nilesh Mahatme, while Abhay Agrawal, Regional Controller of Mines proposed vote of thanks.

THE HITAVADA(CITYLINE) DATE : 4/3/2020 P.N.5

GSI's Foundation Day programme today

Staff Reporter

THE Geological Survey of India (GSI) was set up in 1851 primarily to find coal deposits for the Railways. The arrival of Sir Thomas Oldham, Professor of Geology at Trinity College, Dublin and the Chief of Irish Geological Survey at Calcutta on 4th March 1851, marked the beginning of the continuous period of the Geological Survey of India. Over the years, it has not only grown into a repository of geo-science information required in various fields in the country, but has also attained the status of a geo-scientific organisation of international repute. The main functions of GSI relate to creation and updation of national geoscientific information and mineral resource assessment. These objectives are achieved through ground surveys, air-borne and marine surveys, mineral prospecting and investigations, multi-disciplinary geoscientific, geo-technical, geo-environmental and natural hazards studies, glaciology, seismotectonic study, and carrying out fundamental research. Outcome of work of GSI has immense societal value. Functioning and annual programmes of GSI assume significance in the national perspective.

Museum at Central Region Office, Nagpur

GSI, headquartered at Kolkata, has six Regional offices located at Lucknow, Jaipur, Nagpur, Hyderabad, Shillong and Kolkata and State Unit offices in almost all States of the country. Presently, Geological Survey of India is an attached office to the Ministry of Mines.

The GSI, CR, Nagpur is celebrating its 170th foundation day on March 4 at 10.30 am at Auden Hall. Godise Vidya Sager, ADG and HOD, GSI, CR, Nagpur will be the Chairman of the foundation day event. Santosh Kumar Adhikari, Chief Mining Geologist, Indian Bureau of Mines will be the chief guest and Dr Anjan Kr. Chatterjee, Additional Director General (Retd) will be guest of honour.

To commemorate the occasion, an exhibition is being organised at the museum and core library in GSI premises, between 10.30 am and 5.30 pm to showcase GSI activities and expertise in the field of Mineral exploration, Geological mapping, Earthquake geology, Engineering geology, Petrology, Gemology, Geothermal studies, Palaeontology (Fossils of animals and plants), Photogeology, Geophysics, Chemical and other geoscientific activities related to societal issues. This will be immensely helpful to the students of educational institute (School/colleges) to understand various aspects of Earth Science and its resources. The exhibition will be open for visitors on March 4 and 5, between 10.30 am and 5.30 pm.

THE HITAVADA(CITYLINE) DATE : 4/3/2020 P.N.5

Geological Survey of India completes 170 years

By Dr Anjan Chatterjee

GUEST COLUMN

THE Geological Survey of India (GSI) came to be established on 4th March 1851, under the aegis of the then British government. The origin of GSI can be traced back to 1836, when the Coal Committee was formed by the East India Company, to explore coal deposits in Eastern India, for steam navigation and railways. Sir Thomas Oldham was appointed as the first Superintendent of GSI at its office in Hastings, Kolkata. The office was shifted to 29, Chowringhee Road, Kolkata during the turn of the 19th century. There was a stable for horses that were used by geologists in the ground floor of this now heritage building. The headquarters are now housed in 27, Chowringhee Road, behind the Indian Museum, Kolkata. The first geological map of India came out in 1877. The formative decades were extremely tough for geologists, involving arduous field work in hostile terrains. Geologists on horse backs undertook field work and these horses were government owned. It was only by 1955 that the first Willys jeeps were ushered in for field work. Even then, the number of jeeps were inadequate and the less fortunate geologists would be horse riders or foot soldiers.

Sir R. D. Oldham did pioneering work after the 8.0 magnitude Assam earthquake of 12 June, 1897, heralding GSI's rendezvous with earthquake studies.

GSI has made successful efforts to discover and explore several mineral resources and soon became a pioneering earth science department and the second largest of its kind in the world. Now 169 years after its foundation was laid, the organisation has attained a premier status in field of geosciences, having reached the lives of every Indian citizen, in one or more different ways. The major mineral discoveries of the GSI include East Coast bauxite, which is our major source of aluminium, copper deposits in Singhbhum, Jharkhand, Khetri, Rajasthan and Malanjkhand, M.P. near Nagpur, lead- zinc deposits in Rajasthan and AP, manganese deposits in Central India, Odisha, AP, chromite in Sukinda, Odisha, gold in Karnataka and AP, baryte in Cuddapah (AP), Platinum Group of Elements in Baula-Nausahi, Odisha, apart from the huge resource discoveries of coal, iron ore, limestone, dolomite and several more minerals.

To back up the basic field inputs by the geoscientists, GSI has created state-of-the-art laboratories in the form of 'National Centre of Excellence in Geoscience Research' to carry out fundamental geoscience research at par with the global standards at Kolkata, Faridabad and Bengaluru. GSI laboratories are amongst the leading facilities in the sub-continent, encompassing a wide range of capabilities, from chemical and isotopic analysis to mineral research and mineral processing. Analytical instruments include Laser Ablation Multi-Collector Inductivity Coupled Plasma Mass Spectrometer (LA-MC-ICPMS) for high precision isotope analyses of a large range of elements, Inductivity Coupled Plasma Atomic Emission Instruments (ICP-AES), XRD, EPMA, Raman Spectroscope and many more such equipment.

GSI's contribution to landslide studies dates back to 1880, with the study of problem of slope stability in Nainital in Uttarakhand by Sir R. D. Oldham. Lately, a decade ago, the Government of India has declared GSI as the nodal agency for landslides. National Landslide Susceptibility Mapping (NLSM) project is being pursued, which aims to produce a seamless landslide susceptibility database on 1:50 K for 0.42 million sq km area. Landslide awareness programmes in hazard prone areas from State to village level are also a part of GSI's outreach to the masses.

Back home, the GSI, Central Region office was established on 1st August 1967, at Nagpur, with circle offices in Bhopal and Pune. Raipur and Jabalpur were soon added to the list. The circle offices were mainly involved with the systematic geological mapping and assessment of mineral resources. At the Regional Headquarters in Nagpur, specialised divisions like Petrology, Photogeology and Remote Sensing, Environmental Geology, Engineering and Earthquake Geology, Geodata (IT), Map Compilation, Geophysical investigation, Chemical Laboratory and Drilling have been established.

The Central Region covers a geographical area of 0.751 million sq km in the states of Maharashtra (3,07,713 sq km), Madhya Pradesh (3,08,150 sq km) and Chhattisgarh (1,35,195 sq km). Geologically, the rocks host limestone, iron ore, diamondiferous conglomerate and kimberlite, coal and refractory clays, copper, lead and zinc ores, aluminium bearing bauxite, phosphates, tin, tungsten, rare earth elements (REE), low silica dolomite, kyanite and sillimanite, apart from some other minerals. Nearly 50 % of India's manganese production comes from Central India.

The oldest human skull find (500,000 years old) from the Indian subcontinent was found in 1982 by late Dr Arun Sonakia of the GSI, at Hathnora in Hoshangabad dist. It is credited internationally as a pioneering find.

The Central Region, GSI has pioneered earthquake seismic hazard microzonation studies in Greater Mumbai, Pune, Satara, Nashik and Indore, which are listed by the National Disaster Management Agency (NDMA). Mitigation measures have been suggested for vulnerable localities. Besides, it has done landslide susceptibility studies for Dasgaon, Malin, Kasra, Sion and other areas in Greater Mumbai and for the Konkan Railway. GSI also studied the rock strata susceptibility in the Itarsi- Amla Railway alignment, where a major event had crippled rail services recently.

Environmental geological studies in the recent years were long term preservation of the Ajantha- Ellora and Bhimbetka caves that are historical sites, studies for which were requested by the Archeological Survey of India. Several corrective and mitigation measures were suggested which are being sensu-stricto implemented by the concerned authorities.

Engineering Geology cover dam foundation, canal alignment and civil structure feasibility studies, where GSI's expertise is sought for all such major projects. The Central Region has advised agencies which had or are taking up such major projects in MP, Maharashtra and Chhattisgarh, after undertaking up investigations for such studies.

The GSI has had a glorious 169 year - innings and is fully geared to meet the present day challenges and cater to the nation's contemporary needs with the changing times. Starting out with only coal exploration on it's agenda in 1851, today it is focused upon augmenting India's REE, gold, diamond, platinum and also lithium reserves on a priority basis. GSI is not only a mineral exploration agency, but is now a multidisciplinary geosciences organization, with more than 2500 scientists on board and with nearly 45 outlying offices in India.

(The author is an ex- Additional Director General, GSI, now Advocate, High Court)

BUSINESS LINE DATE : 5/3/2020 P.N.2

World Gold Council to introduce code of conduct for India's jewellery retailers

Move aimed at increasing transparency and building confidence in buyers, bankers

SHOBHA ROY
Kolkata, March 4

The World Gold Council (WGC) is looking to put in place a prescribed set of principles, or a code of conduct, called the Retail Gold Investment Principles, for the retail jewellery sector in India.

The move is expected to bring in much-needed transparency in the sector, which has been facing severe perception issues following reported incidents of fraud by some companies.

According to PR Somasundaram, Managing Director India, WGC, the global principles have already been put up on the Council's website, inviting comments from all the stakeholders. The comments will be interpreted and implemented based on the requirements and challenges of the domestic gold industry.

"We are working on bringing the industry together on the Retail Gold Investment Principles, which is a global exercise. We are doing this to improve transparency in the retail industry," Somasundaram told *BusinessLine* on the sidelines of a gem and jewellery summit organised by the Indian Chamber of Commerce here recently.

This will basically provide a platform for stakeholders, and those willing to be part of the initiative can conform to the code of conduct and bring in some standardisation and transparency in the industry, he added. While the principles will be global, the standards will be locally tailored and put in place in consultation with all the stakeholders. "We are in the process of forming a steering committee. We have had one or two rounds of discussions in the last two months and will be announcing the steering committee members by April-May," he said. As a part of this initiative, the Council will conduct outreach programmes in cities and get in touch with jewellers.

PR Somasundaram, MD India, WGC DEBASISH BHADURI

Monitoring mechanism

Putting in place a monitoring mechanism would be crucial to ensure the success of the platform.

Once a company or a jeweller signs up on the platform, it has to ensure that nothing comes from the grey market and all efforts, including a strong supply chain, are put in place so that the customer feels safe.

Once the code is strictly adhered to, it will build confidence in the minds of not just customers but also bankers, who have been shying away from lending to the sector due to the high risk involved, said Somasundaram.

Citing the example of the London Bullion Market Association (LBMA), he said: "The LBMA has done it in the refinery industry...they have a monitoring system — they even do blind samples. The entire bullion banking in the world relies on LBMA. We can do it in retail and improve the overall trust in the retail jewellery and gold industry."

BUSINESS LINE DATE : 5/3/2020 P.N.10

MCX-Nickel stays below key resistance

AKHIL NALLAMUTHU

BL Research Bureau

The March futures contract of Nickel on the Multi Commodity Exchange of India (MCX), which declined during the last week, has bounced back after registering a low of ₹889.1 last Friday. Currently, the contract is trading near the 21-DMA.

Following the recent bounce, the daily Relative Strength Index (RSI) is showing an uptick, but continues to stay below the mid-point level of 50. Meanwhile, the Moving Average Convergence Divergence (MACD) indicator on the daily chart is showing a potential shift in momentum in favour of bulls. However, the contract will face considerable resistance at ₹966 and until the price remains below that level, the possibility of a bullish trend reversal seems low.

Since the major trend of the metal is bearish and the contract has a significant resistance at ₹966, there is high likelihood of the price declining from the current levels. On the downside, the price might moderate to ₹900. A break below that level can drag the contract to ₹872.

On the other hand, if the contract advances in the upcoming sessions and breaks out of the hurdle at ₹966, it can turn the medium-term trend bullish. A rally above that level can take the contract to the psychological level of ₹1,000.

On the global front, the price of the three-month rolling forward contract of nickel on the London Metal Exchange (LME) marked an eight-month low of $12,140 on Friday and has rebounded to the current market price of $12,560. But the overall trend remains bearish and the price stays below the 21-DMA. While $12,140 is the immediate support, the nearest resistance would be at $13,000.

Trading strategy

Though the contract price of Nickel on the MCX has rallied in the past few sessions, it is trading below the trend-defining level of ₹966. Also, the forward contract on the LME shows weakness. Hence, traders can continue to hold bearish view and short MCX-Nickel with stop-loss at ₹975.

BUSINESS LINE DATE : 5/3/2020 P.N.12

Gold is back in favour

BLOOMBERG

Investors are returning to gold as a store of value after the US Federal Reserve's emergency rate cut sparked a collapse in 10-year Treasury yields.

Spot gold extended gains on Wednesday after jumping by the most since 2016. The metal is rebounding from a dramatic plunge on Friday, when investors sold bullion to cover losses in other asset classes.

Gold rekindled its safe haven credentials on Monday after the Fed made the cut, said Ole Hansen, head of commodity strategy at Saxo Bank A/S. Gold benefits from both uncertainty and deeply negative real yields, he said.

Speculation is mounting that the Bank of England will follow the Federal Reserve with an emergency interest-rate cut. The G7 pledge to coordinate responses to the coronavirus outbreak, followed by the Federal Reserve's move, has also set off a flurry of activity from policymakers across Asia-Pacific. Investors are turning their focus to the Bank of Canada, which may jump into action next, with a cut expected at its scheduled meeting later Wednesday.

Spot gold rose 0.4 per cent to $1,647.30 an ounce by 12.49 pm in London. The metal rose 3.2 per cent on Tuesday, the most since June 2016, after Fed policy makers shaved 50 basis points off their benchmark, cutting rates outside the normal cycle of meetings for the first time since 2008.

In other precious metals, silver edged higher, while palladium declined for a fourth day.

Holdings in gold-backed ETFs resumed their rise, setting a fresh record. Tuesday's inflow of 15.6 tonnes was the largest since mid-January, according to a preliminary tally compiled by Bloomberg News.

"The precious metal has proven an effective way of hedging portfolios against coronavirus risks, and we think key drivers are still in place," UBS Group AG strategists wrote in a note.

BUSINESS LINE DATE : 17/3/2020 P.N.12

JSW Steel misses deadline to pay ₹19,700 cr for BPSL buy

SURESH P IYENGAR

Mumbai, March 16

JSW Steel has decided not to make the payment of ₹19,700 crore to close the Bhushan Power and Steel without getting final nod from the Supreme Court.

The deadline for paying the committed money to Committee of Creditors ended on Monday. The National Company Law Appellate Tribunal (NCLAT) had approved JSW Steel resolution plan on February 17 with the immunity from criminal proceedings being conducted by central investigating agencies on past-BPSL promoter Sanjay Singal and over riding the attachment of BPSL asset by investigating agencies.

The petition also questioned NCLAT's decision to allow the winning bidder JSW Steel to retain the Ebitda of ₹3,000 crore made during the insolvency period. Following this, Singal moved the Supreme Court against the NCLAT order.

Earlier this month, accepting the petition filed by BPSL promoter petition, the three-judge Supreme Court panel headed by Chief Justice SA Bobde refused to stay JSW Steel from proceeding with the acquisition.

The development had poured water on bankers plan to receive the money before March-end and shore up their profits given the current challenging business environment.

JSW Steel is now banking on the short SC judgement which said "AM Singhvi, learned counsel appearing for Committee of Creditors states that in case he receives the money, he will return the said amount within two months, if the appeal succeeds..."

Mention of the word "in case" in the judgement clearly means that the payment to be made for the deal by JSW Steel before the final SC judgement is optional and it cannot be declared as defaulter, said a senior lawyer.

Moreover, he added a corporate cannot commit such huge money without certainty of getting the asset.

BUSINESS LINE DATE : 18/3/2020 P.N.12

Gold down 12% in a week; is the metal losing sheen?

RUTAM VORA
Ahmedabad, March 17

Gold prices have yet again stumped investors – this time with a sharp slide within a week. The gold futures on MCX for April contract fell from ₹44,353 per 10 gm on March 9 to ₹ 38,940 on Tuesday, erasing over ₹5,500 or over 12 per cent of its value.

This, according to experts, is a part of the global phenomenon, where investors encash their gold holdings to settle losses in other asset classes, mainly equities.

Bank rate cuts

Also, further pushing the yellow metal down is the rate cut decisions and fiscal measures by the central banks of the developed world, including the US and Europe. On Sunday, the US Fed cut its interest rates to almost zero, besides the US government declaring $700-billion stimulus package for the "virus-affected" economy. Such liquidity pumping measures amid economic slowdown following Covid-19 outbreak triggered a flight of investors. CME Gold April futures slipped from $1,704 to $1,450 an oz between March 9 and 16.

The global gold 'meltdown' was clearly reflected in India, where spot prices hit a two-month low. Spot gold was last quoted at ₹ 39,969 per 10 gm (of 999 purity without taxes) on January 17, 2020. Since then the yellow metal has been on an upward journey hitting a high of ₹ 44,415 briefly in February.

Experts caution investors and gold buyers to hold their gold temptation for a while. "We are seeing a complete restructuring of asset classes across the world. The governments saw that the money was getting blocked in safe havens rather than being utilised to trigger economic activities. It is clear from their monetary actions that the governments want people to invest in economy and not in safe havens," Haresh Acharya, Director, India Bullion and Jewellers Association (IBJA), told *BusinessLine*.

"Investors should look for new avenues to invest rather than keeping money in gold," added Acharya.

Fears of global recession

In a panic situation, where equities have eroded a larger part of the wealth and corporate profits, there are greater fears of global recession. Even if the RBI has not immediately cut the key rates, it has not ruled out the option to pump-in additional liquidity later.

After global equities markets crashed, the margin calls and losses triggered the hunt for cash. Gold, a liquid asset, is used as a source for cash.

Dinesh Thakkar, CMD, Tradebulls, said, "The sell-off in yellow metal can be attributed to the mad dash to raise cash by selling gold. Hike in margin calls also led to unwinding of long positions in gold as traders were forced to reduce their positions and cover loss in other asset classes such as equity."

Gold is seen in a similar trend as seen in 2008. But the 2008 experience also points that once the worst phase is over for the global economy, gold started moving up in spite of equity markets moving down.

"When common sense returns to the market, investors will prefer gold, which will act as a hedge against any negative economic activities. We might see gold's sell off to continue till $1,450 before recovering back to $1,550. Medium term support and target on the downside comes around ₹37,500 in MCX and we believe that would be the bottom. Buying momentum will resume above ₹ 40,000 in MCX," said Thakkar.

BUSINESS LINE DATE : 18/3/2020 P.N.3

Jindal Steel plans to set up plant in Jharkhand

SHOBHA ROY
Kolkata, March 17

Jindal Steel and Power Ltd (JSPL) is exploring the possibility of setting up a steep plant with capacity of 2-2.5 million tonnes (mt) per annum at Patratu in Ramgarh district of Jharkhand. At Patratu, the company currently has a wire rod mill of 0.6 mtpa and a bar mill of 1 mtpa capacity with rebar service centre.

According to Hervinder Singh, President - Mining and International Projects, JSPL, the proposed brownfield project, is in the "active consideration" stage and will entail backward integration by setting up a steel-making unit.

"A blast furnace project in Patratu is in active consideration. The raw material is available and we want to produce steel and feed to the mills there. So, a 2-mt plant at Patratu is in strong conceiving stage. In fact, the basic engineering has already been done and we are just waiting for the right time to take off," Singh told *Business-Line* on the sidelines of a seminar on infrastructure and housing organised by the Calcutta Chamber of Commerce here recently.

The project, if undertaken, will require an investment of "a few thousand crores", he said. Once plans are firmed up and work begins, it will take between two and three years

Hervinder Singh, president, JSPL
DEBASISH BHADURI

for the plant to become operational.

For FY2019-20, JSPL had set a production target of 6.5 mt of steel from its India operations, and 1.8 mt from its Oman plant. According to information available on the investor con-call, JSPL is hopeful of surpassing this and achieving a production of more than 8.3 mt by the end of this fiscal.

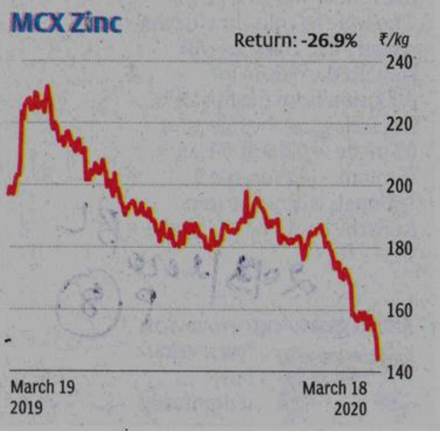
JSPL's 1.8-mtpa coal gasification-based direct reduced iron (DRI) plant at Angul district in Odisha resumed operations this January. The plant was not operational for long due to scarcity of coal. With the DRI plant now operational, the company is hopeful of achieving an additional production run rate of 1.50 mt of steel in FY21. On the possibility of further capacity expansion, Singh said, the Angul plant, which currently has a capacity of 5 mt, could be scaled up to 20-30 mt by 2030-35.

"We are looking at Angul expansion in a big way. If we have more capacity in one location, then there is advantage of scale of operations. The Angul plant has all the advantages, including availability of minerals, coast, and world-class technology," he said. The plan is, however, currently "sketchy" and the company would first focus on consolidating its operations before venturing into the next phase of expansion.

"We have grown significantly in the last 10 years. We will not go for any capex unless we are in a position to take that load," he said. There has been a good pick-up in demand and the company is bullish on infrastructure and construction sectors, Singh said.

BUSINESS LINE DATE : 20/3/2020 P.N.8

MCX-Zinc likely to remain bearish



AKHIL NALLAMUTHU

BL Research Bureau

The March futures contract of Zinc Mini, which has been moving in a sideways range between ₹150 and ₹158 for the past three weeks, broke below the lower boundary of the range on Monday, at the Multi Commodity Exchange (MCX).

Following this, the contract declined sharply as the major trend turned bearish; it registered a fresh low of ₹123.6 on Thursday. The decline on Monday has confirmed a bearish continuation pattern on the daily chart, potentially indicating that the price could weaken to ₹115. The price remaining below the 21- and 50-day moving averages (DMAs) indicates a bearish outlook.

The Moving Average Convergence Divergence (MACD) indicator on the daily chart is showing a renewed downward momentum as it extends deeper into the negative zone. But the daily Relative Strength Index (RSI) is at oversold levels, but without any sign of bullish reversal.

On the back of the major downtrend, if the contract continues to decline, it might find support at ₹125. A break below that level can drag the contract price to ₹115. On the other hand, if the contract rallies from here, ₹145 can act as a considerable hurdle. Beyond that level, the resistance is at ₹150.

In the past week, the three-month rolling forward contract of Zinc on the London Metal Exchange (LME) declined after facing resistance at $2,040 — its 21-day moving average. On Thursday, it registered a fresh four-year low of $1,814. The major trend is bearish and the price action too indicates further drop in contract price. This can weigh on the price on the MCX.

Trading strategy

he overall trend of the metal has been bearish. oreover, after a brief period of consolidation, contract on the MCX has broken below a key pport forming a lower low. Hence, one can a bearish view. Traders can short MCX-Zinc on rallies with stop-loss at ₹150.

BUSINESS LINE DATE : 21/3/2020 P.N.11

Fly ash, limestone, clay mix as cement-substitute: IIT-M study

OUR BUREAU

Chennai, March 20

IIT-Madras research shows the promise of fly ash, limestone and clay as replacements for cement in eco-friendly and cheaper concrete.

Funded by the Swiss Agency for Development and Cooperation, researchers have provided clarity on the link between micro-structural development and durability performance of concrete through their investigations on concrete with ternary blended (three components) cements. This will help the construction industry produce more eco-friendly concrete than is available now, says a press release from IIT Madras.

Concrete is the most widely used construction material in the world seven cubic kms of concrete are manufactured each year.

Conventional concrete is made out of cement, fine aggregate particles such as sand and coarse aggregate particles from rock, mixed with water; this mixture hardens with time because of the reaction of cement with water.

Modern concrete, however, includes chemical and mineral additives that impart unique properties.

It is common today to find cement to be a mixture of two or three different ingredients. The current research study deals with the exploration of properties of a three-component cement. The study unravels the complex nature of interactions of this three-component system involving ordinary cement, limestone powder and calcined clay, called LC3, which leads to the production of highly-durable concrete in aggressive environments such as sea water.

The study provides critical insights into the structural development mechanisms with ternary blended 'cementitious' systems, and paves the way for effective utilisation of such 'cementitious' combinations to produce durable concrete, the release said.

BUSINESS LINE DATE : 21/3/2020 P.N.6

Unfair rules in Odisha's mining auction

The iron ore auction hurts experienced standalone miners, and favours end-users who can fork out a high revenue share

ASHOK KUMAR BAL

The auction of iron ore merchant mines expiring on March 31, 2020, has been successfully completed by the Odisha Government and the Letter of Intents to the successful bidders are being issued. The successful conduct of auctioning brings in focus a large number of issues.

The auctioned merchant mines were classified into two categories: captive and non-captive/open category. Only five mines were classified as captive and balance 14 mines as non-captive/open. These five captive mines accounted for around 30 per cent of the total auctioned reserves and the balance 14 mines, 70 per cent. While for a mine reserved as captive, only end-users could bid, the open category blocks could be bid by both captive as well as merchant miners. The access and option available to the end-users in bidding was not available to merchant/standalone miners.

This classification, an essential feature of the auction process, thus laid the foundation of an absence of a level-playing field where the end-users had a distinct advantage *vis-à-vis* the standalone miners. The lack of correspondence between the classification of mines and access of participation in the auction process is the main contributor to the present outcome of the auction process. Had the auctioned mines earlier operated by merchant miners been offered to only merchant miners, or had the classification permitted

Scan & Share

has presented an unprecedented scenario of winning bids' premium ranging from 90.9 per cent to 154 per cent. This clearly shows that for every ₹100 a bidder earns from its sale, it has to pay premium starting from ₹90.9 to as high as ₹154. A bidder in addition to the revenue-share premium, has to pay royalty, dead rent, District Mineral Foundation (DMF), National Mineral Exploration Trust (NMET) and other statutory dues of about 17 per cent. He has to incur the cost of production, salary and other operating expenses.

The results show that the successful bidder has to incur a cost by way of premium and other statutory duties/levies which is much more than what it earns. The rationale of such a model is incomprehensible. The present auction policy discriminates against the standalone miners by incentivising the end-users as they have the ability to absorb and accommodate the high cost of revenue-share and other associated cost in their value-added activities and ultimately in the price of the final product. This privilege is not available to standalone miners.

Auctions were held for total estimated iron ore resource of about 1,788 million tonnes (mt). Out of this, 527 mt was reserved for end-users and the balance 1,261 mt earmarked for open category for which captive and merchant miners could bid. The outcome reveals that of 1,261 mt reserves meant for open category, the end-users/steel-makers bagged 923 mt.

In all, nearly 81 per cent of total auctioned resources have been bagged by the end-users/steel makers leaving 19 per cent to the merchant miners. It is significant to mention that before the auction, 100 per cent of these auctioned reserves were with

Deep truths Discriminated against on the basis of pricing and bidding rules

If we further delve into the matter, it will be significant to observe that two of the erstwhile large merchant miners have either not qualified in the first round of auctions or have not been successful in competing with the exorbitant high bids in the final round. Even a large steel-maker in the captive category has not been able to win a single bid. This demonstrates an important aspect — that seasoned dominant players both in the merchant and captive categories who have participated rationally in the auction process, have found themselves left out in the game. An analysis of the merchant miners would show that barring two existing players, most of the other players are new entrants without any prior mining experience or are very small players having a negligible share in the auctioned resources.

Steel-makers gain

It is also important to observe that a steel-maker having won four leases (two captive and two end-users) will have control over 65 per cent of the total auctioned reserves. Two steel-makers with five mines will account for 75 per cent of the resources. This will show that the sector is getting polarised where few steel-makers will have dominant control over the resources and hence production leading to a very

and small manufacturers who will gradually feel the pinch and potentially be swallowed by the large players or they will become unviable in future.

The most critical aspect of auction is the exorbitant revenue sharing premium in each case of a successful bidder. The revenue as per the tender document is calculated by multiplying the mineral dispatched during a month with the sale price declared by the Indian Bureau of Mines (IBM). The future will revolve around the IBM declared price. Currently the average price in a month of sales made by merchant miners is taken as the IBM-declared price. The spread of the consumer base and the prices at which merchant miners sell to different customers and very often different merchant miners serving to overlapping customers, has given rise to a situation where IBM declared prices are fair and transparent.

In a sense the IBM declared price is representative of the market prices except where there could be a time lag in publishing the IBM prices *vis-à-vis* current market prices. In the new regime where the market is dominated by few end-users, the IBM prices being vulnerable to manipulation can't be ruled out. IBM will be at the receiving end. Like a tariff authority empowered

by both captive or non-captive miners by selling iron ore to their sister concern and related parties by entering into schemes of arrangement. Therefore, the government has to take measures to ensure that IBM declared prices are fair, transparent and confirming to arm's length principle, otherwise government revenue in the form of revenue sharing premium, royalty and GST will be adversely impacted.

Therefore, non-captive and non-related sales by captive or merchant miners should be the guiding principle for fixing the IBM prices. The principle that has been adopted for revenue sharing and valuation of estimated reserves in the tender document needs to be followed in its true spirit by the winning bidders during their lease terms.

After two years?

Auction policy and existing regulations provide certainty for the transition period of two years. This is as per the Mineral Laws (Amendment) Ordinance 2020 dated January 10, 2020. As per the tender document, the lessees are required to confirm to minimum 80 per cent of the average actual production of the mine for the preceding two years during the first two years of the mining lease.

The bid document is silent beyond two years and also on dispatches/sales of the production quantities. For avoiding any disruptive scenario and to meet the increasing requirement of iron ore, it is necessary that there should be clarity on dispatch/sales during the transition period of two years and production and corresponding dispatches beyond two years. This will avoid a situation where the lessees resort to decreased production after the two-year period and also during the first two years when they comply with the production requirement without any obligations of sales. These aspects need to

++++++++++++++++