



खनिज समाचार

KHANIJ SAMACHAR

VOL 1 NO-11

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KHANIJ SAMACHAR



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VOL 1 NO-11, 16th - 30th SEPTEMBER, 2017

Gold dips Rs 100 to below Rs 31K

NEW DELHI, Sept 15 (PTI)

GOLD prices declined by Rs 100 on Friday to Rs 30,900 per 10 gram at the bullion market as demand from jewellers and retailers eased locally amid weak trend overseas.

However, silver recovered by Rs 100 to Rs 41,600 per kg on scattered enquiries from industrial units. Traders said apart from a weak trend overseas, fall in demand from local jewellers and retailers at prevailing levels, mainly weighed on gold prices.

In the national capital, gold of 99.9 and 99.5 per cent purity fell by Rs 100 each to Rs 30,900 and Rs 30,750 per 10 grams respectively.

The precious metals had climbed Rs 650 on Thursday.

DAINIK BHASKAR DATE: 16/9/2017 P.N. 9

सोना 100 रुपए टूटा, चांदी चमकी

एजेंसी|नई दिल्ली

वैश्विक स्तर पर दोनों कीमती धातुओं में गिरावट के बीच आज दिल्ली थोक जिस बाजार में सोना 100 रुपये फिसलकर 30,900 रुपये प्रति दस ग्राम रह गया जबकि चांदी 100 रुपये चमककर 41,600 रुपये प्रति किलोग्राम पर पहुंच गई। अंतरराष्ट्रीय बाजार में परस्पर विरोधी कारकों के बीच सोना हाजिर 5.55 डॉलर लुइककर 1,327.50 डॉलर प्रति औंस पर आ गया। दिसंबर का अमेरिकी सोना वायदा हस्तांक 1.8 डॉलर की तेजी के साथ 1,331.1 डॉलर प्रति औंस खोला गया। बाजार विश्लेषकों ने बताया कि उत्तर कोरिया के मिसाइल परीक्षण और उसके जवाब में दक्षिण कोरिया के मिसाइल परीक्षण के बाद कुछ समय के लिए सोने में तेजी आई थी, लेकिन बाद में यह गिरावट में आ गया। अमेरिका में खुदरा महंगाई के मजबूत आँकड़े आने के बाद इस महीने होने वाली फेडरल रिजर्व की बैठक में ब्याज दरों में बढ़ोतरी की संभावना ज्यादा हुई है। इससे पीली धातु पर दबाव पड़ा

नागपुर में सोना ₹20, चांदी ₹200 बढ़े



व्यापार प्रतिनिधि। नागपुर, शुक्रवार को नागपुर सराफा बाजार में सोने के दाम में 20 रुपए और चांदी में भी 200 रुपए की बढ़त दर्ज की गई। सराफा बाजार में सोना 24 कैरेट (प्रति 10 ग्राम) 30,450 रुपए, 23 कैरेट 30,200 रुपए और 22 कैरेट 29,850 रुपए बिकता। वहीं चांदी कावकी 41,300 और पक्की 41,800 रुपए प्रति किलो बिकी।



है। अंतरराष्ट्रीय बाजार में चांदी हाजिर 0.04 डॉलर टूटकर 17.76 डॉलर प्रति औंस रह गई।

स्थानीय बाजार में आभूषण निर्माताओं की ओर से ग्राहकी बनी रहने के बावजूद वैश्विक दबाव में सोना स्टैंडर्ड 100 रुपये टूटकर 30,900 रुपये प्रति दस ग्राम पर आ गया। सोना बिदुर भी इतनी ही गिरावट

के साथ 30,750 रुपये प्रति दस ग्राम पर रहा। आठ ग्राम वाली मिन्नी मजबूती से 24,700 रुपये पर टिकी रही। सिक्का निर्माताओं की ओर से मांग तेज रहने से चांदी हाजिर में 100 रुपये की तेजी देखी गयी और वह 41,600 रुपये के भाव बिकी। चांदी वायदा 190 रुपये की छलांग लगाकर 41,120 रुपये प्रति किलोग्राम बोली गयी। सिक्का लिवाली और बिकवाली गत दिवस के क्रमशः 74 हजार और 75 हजार रुपये प्रति सैकड़ा पर दिके रहे। कारोबारियों ने बताया कि सोने की जेवराती मांग ठीक-ठाक बनी हुई है। हालांकि, वैश्विक दबाव में इसमें गिरावट देखी गयी। सिक्का निर्माताओं की ओर से चांदी की ग्राहकी आने से इसमें भी तेजी रही।

Metals

Winter is coming; positive momentum to continue

The metals sector has continued with last years dream run in 2017, driven by capacity curbs led by environmental crackdown and strong China demand. This is in line with the forecast in our April 2017 note. Actual capacity closures have driven the steel sector, while the aluminium sector has rallied in anticipation of expected winter curbs and closure of illegal capacities (recently announced). The steel sector should gain from industry consolidation both in India and Europe. Zinc continues to benefit from concentrate shortages, in addition to supply disruptions caused by various environmental inspections in China.

We see positive metals trade continuing because in the run up to its presidential election, China will maintain its focus on supply-side reforms; in addition, demand is strong. However, a shift in policy focus after Chinas presidential elections is a key risk.

Steel: Capacity shutdowns driving spreads; industry consolidation is the next trigger. Steel spreads have expanded sharply, driven by strong demand and +240mn tonnes of capacity closures over CY16-17 which helped Chinas steel capacity utilisations to rise to 85%+ in H1CY17 from about 66% in CY15. We expect the recent expansion in spreads to sustain through the rest of 2017, as the industry benefits from reduced supply once winter curbs begin. Consolidation is an added trigger for steel producers, ex-China; the process has already started in Europe and is likely to begin in India over the next couple of quarters. Consolidation is beneficial for Tata Steel and JSW Steel.

Aluminium: Price surge in anticipation of supply squeeze and strong ROW deficit. Aluminium prices have rallied sharply in anticipation of a supply squeeze following various capacity closures announced in Xinjiang, Shandong, and Inner Mongolia, in addition to the winter curbs announced in 28 cities in China. Strong consumption growth has been supportive, but production and export trends are still not reflecting market tightness. Increased ROW (rest of the world) deficit has offset higher Chinese exports and supported buoyancy in prices.

Winter curbs: Finally coming: In a recent release, China announced that it targets a 15% reduction in PM-2.5 emissions this winter with the help of winter curbs. A read through across its detailed action plan shows that it is well-prepared for implementation. Strict timelines for various tasks along with intent to penalise defaulters will lead to a supply squeeze in aluminium and steel. Chinas moves are likely to cause some production disruptions in other base metals as well.

Strong Chinese demand surprises the street: H1CY17 saw steel / aluminium consumption grow by 9.8% / 10.2%. In our April 2017 note, we had pointed out that the infrastructure stimulus announced last year has significantly helped consumption growth. This growth was supported by stable demand from the real-estate sector, which the street wasnt very sure about hence the surprise. We expect this positive momentum to continue in China, given upcoming presidential elections and the countrys focus on maintaining strong demand. However, growth rates could moderate due to H2CY16s high base. Strong consumption has also led to a 29% drop in Chinas steel exports YTD CY17, while its aluminium exports increased 6%.

Outlook: Stronger seasonality and winter curbs will keep metals stocks in focus; a stronger pricing environment will be the profit driver. Tata Steel continues to be our top pick. We have Buy ratings on Nalco, Vedanta and Hindalco, Neutral rating on JSW Steel and Hindustan Zinc, and Sell on SAIL.

(NMS)

Gold snaps three-week rally

Major central banks' plans to tighten monetary policy weigh on gold

GURUMURTHY K

Three weeks of a continuous rally in gold prices halted last week. Global spot gold opened the week with a gap-down and was broadly range-bound between \$1,315 and \$1,340 per ounce. The yellow metal closed the week at \$1,320, down 2 per cent. Neither North Korea's missile test nor the terror attack in the UK aided bullion prices.

Silver, after trading in a sideways range for most part of the week, fell sharply over one per cent on Friday. Global spot silver prices closed at \$17.59 per ounce, down 2.1 per cent for the week.

On the domestic front, both gold and silver futures contracts on the Multi Commodity Exchange (MCX) moved in tandem with global spot prices last week. The MCX-gold contract fell 1.4 per cent to close the week at ₹29,856 per 10 gm. The MCX-Silver contract closed at ₹40,814 per kg and was down 1.8 per cent for the week.

Central banks weigh in

The European Central Bank (ECB) in the first week of this month had said that the decision on tapering its stimulus programme would most likely be taken in October. Following this, it was the Bank of England's (BoE) turn last week

to signal the market on enhanced prospects of a rate hike. After these two major events, the market is now keen to watch what the US Federal Reserve is going to do at its meeting this week on Wednesday.

Eyes on the Fed

US Consumer Price Index (CPI) data release last week showed that inflation has inched higher to 1.9 per cent in August (year-on-year) from 1.7 per cent the previous month. The expectation of another rate hike from the US Fed this week has increased after the inflation data last week.

Prices of the yellow metal may remain subdued until the outcome of this week's US Fed meeting is known. Major global central banks like the ECB and BoE inching closer to joining the US Fed on policy tightening has weighed on gold prices.

The ongoing geo-political tensions will continue to remain a factor in limiting the downside for gold prices although they did not impact prices much last week.

The second factor that looks supportive for gold prices is the weak dollar index. The index rose to a high of 92.66 and came off from there to close at 91.85. Technically, the 200-week moving average resist-



ance capped the upside last week and pushed the index lower. Strong resistance between 92.40 and 92.60 is holding well as of now. As long as the index stays below this resistance zone, a fall breaking below 91 targeting 90.30 cannot be ruled out in the coming weeks. Such a fall in the dollar index may help push gold prices higher again.

Gold outlook

Global spot gold (\$1,320 per ounce) prices have immediate supports at \$1,316 and \$1,312 which are likely to be tested this week.

A break below \$1,312, which cannot be ruled out, can drag the yellow metal lower to \$1,298. A key trendline and the 38.2 per cent Fibonacci retracement supports are poised at \$1,298 and \$1,299. As such, a fall below \$1,298 is less

likely. Also, fresh buying interest may emerge around the psychological support level of \$1,300. As such, an eventual upward reversal from the \$1,300-\$1,298 support zone can boost momentum. In such a scenario, gold prices can move up to \$1,340 and \$1,350 levels again.

MCX-Gold (₹29,856 per 10 gm) is hovering in a sideways range above the ₹29,800-₹29,700 support zone. If the contract declines below ₹29,700, it can fall to ₹29,350. This level of ₹29,350 is a significant support which is likely to halt the fall. A strong bounce-back from this support can take the contract higher to ₹30,000 or even higher levels thereafter.

Silver outlook

Global spot silver (\$17.59 per ounce) has immediate support at \$17.50. If it manages to

sustain above this support, a bounce to \$17.75 and \$18 is possible.

A range-bound move between \$17.5 and \$18 can be seen for some time. But if silver breaks below \$17.5 in the coming days, it can fall to \$17.35 or \$17.30 initially. Further break below \$17.3 can drag it to \$17.1 and \$17 thereafter.

On the domestic front, MCX-Silver (₹40,814 per kg) futures contract looks much weaker than the MCX-Gold contract. The MCX-Silver contract can fall to ₹40,200 or ₹40,100 in the near-term. However, the possibility of the contract declining further below ₹40,100 is low. A strong upward reversal from ₹40,100 can take the contract higher to ₹41,200 and ₹41,500 initially. A break above ₹41,500 will see a revisit of ₹42,000 levels.

MCX Gold	
Supports	₹29,700/₹29,350
Resistances	₹30,100/₹30,500
MCX Silver	
Supports	₹40,100/₹39,500
Resistances	₹41,200/₹41,500

Gold May be Kept Out of Trade Pacts

As gold imports rise from nations part of trade agreements, govt plans to exclude precious metals from future negotiations

Deepshikha Sikarwar
@timesgroup.com

New Delhi: The gold rush from countries with which India has trade agreements has caused alarm in the government that is now thinking of excluding precious metals from such agreements in future.

The deliberations started after it was pointed out how provisions in trade agreements were being abused to import gold without duty.

A big spike in gold imports has worsened India's current account deficit. "Provisions of trade agreements have been abused to import gold at zero or lower duty," said a government official.

The issue has been discussed between the ministries of finance and commerce & industry, the nodal ministry for negotiating trade agreements. India is at present in talks with the European Union and Regional Comprehensive Economic Partnership (RCEP) for a trade agreement.

The finance ministry is of the view that precious metals should be kept out of trade agreements India

negotiates going ahead.

IMPORT SPIKE

India's gold imports have jumped to \$15.24 billion in April-August from \$5.08 billion in the same period last year, causing a sharp spike in trade deficit for the period.

Trade deficit in this period has almost doubled to \$63.1 billion from \$34.3 billion.

Abuse of provisions in trade agreements came to light for the first time when there was a spike in imports from Thailand

The initial surge was being attributed to purchases before GST that was unrolled on July 1, but further spike in August has come as a surprise. Gold imports were up 69% in August to \$1.89 billion from \$1.12 billion.

India's overall current account deficit worsened to 2.4% of GDP in April-June quarter against 0.1% of GDP in the corresponding quarter last year.

TREATY ABUSE

Under the current rules, 10% basic

All That Glitter

\$15.24 billion
Gold imports in April-August

\$5.08 billion
Import in same period last year

\$63.1 billion
Trade deficit in April-August

\$34.3 billion
Trade deficit in same period last year

No duty & 3% GST
on gold imported from trade pact members

69% jump in gold imports in August to \$1.89 billion

customs duty is levied on gold imports from countries with which India has no trade agreement. In addition there is a 3% integrated GST levied on such imports in lieu of countervailing duties levied earlier.

In contrast, gold can come duty free through some of the countries with which India has a trade agreement. They only face 3% IGST.

Most recently, the surge came via South Korea from which gold is allowed to be imported duty free under the 2010 trade agreement between the two countries.

Latelast month, government banned duty-free imports from South Korea. Abuse of provisions in trade agreement came to light for the first time when there was a spike in imports from Thailand.

THE LOOPHOLE

Provisions of trade agreements have been abused to import gold at zero or lower duty

GOVT OFFICIAL

New Delhi subsequently raised customs duty to discourage the inflow of yellow metal to contain current account deficit. Investigation agencies found blatant violation of rules of origin in this case, prompting India to impose restrictions. These restrictions included a bank guarantee of customs duty levied on normal imports.

A new alternate soon emerged in Malaysia under the India-ASEAN agreement and soon after under India-Korea trade agreement.

Gold imports by India from South Korea added to \$339 million between 1 July and 3 August against only \$70.5 million in the financial year 2016-17.

DAINIK BHASKAR DATE: 18/2017 P.N. 9

सोना 320 रुपए चमका, चांदी 600 रुपए सस्ती

एजेंसी नई दिल्ली

अंतरराष्ट्रीय स्तर पर रही गिरावट के बावजूद त्योहारों से पहले सराफा कारोबारियों की मांग आने से दिल्ली सराफा बाजार में गत सप्ताह सोना 320 रुपये चमककर 30,850 रुपये प्रति दस ग्राम पर पहुंच गया। हालांकि, औद्योगिक ग्राहकों की सुस्ती से चांदी 600 रुपये टूटकर 41,400 रुपये प्रति किलोग्राम बोली गयी। अंतरराष्ट्रीय बाजार में बीते सप्ताह सोना हाजिर 26.50 डॉलर लुढ़ककर सप्ताहांत पर 1,320.50 डॉलर प्रति औंस पर आ गया। दिसंबर का अमेरिकी सोना वायदा भी 28.5 डॉलर की गिरावट के साथ सप्ताहांत पर 1,323.5 डॉलर प्रति औंस बोला गया। सप्ताह के दौरान चांदी हाजिर



सराफा बाजार समीक्षा

भी 0.36 डॉलर फिसलकर 17.56 डॉलर प्रति औंस पर रही। बाजार विश्लेषकों के अनुसार बीते सप्ताह दुनिया की अन्य प्रमुख मुद्राओं की तुलना में डॉलर में आयी मजबूती से वैश्विक स्तर पर सोना फिसला

है। भू-राजनैतिक दबावों में कमी आने से निवेशक शेयर बाजार में पैसा लगा रहे हैं। इसके अलावा अमेरिका में खुदरा महंगाई के मजबूत आँकड़े आने के बाद इस महीने होने वाली फेडरल रिजर्व की बैठक में ब्याज दरों में बढ़ोतरी की संभावना ज्यादा हुई है जिससे पीली धातु पर दबाव पड़ा है। आलोच्य सप्ताह के दौरान स्थानीय बाजार में छह में से दो कारोबारी दिवस सोने के भाव बढ़े जबकि तीन दिन लुढ़के। शेष एक दिन इसमें टिकाव देखा गया। वैश्विक स्तर पर गिरावट का रुख पूरे सप्ताह स्थानीय स्तर पर पीली धातु के भाव को प्रभावित करता रहा लेकिन सराफा कारोबारियों की खरीद तेज होने से सोना स्टैंडर्ड 320 रुपये की साप्ताहिक चढ़त के साथ सप्ताहांत पर 30,850 रुपये प्रति दस

ग्राम पर पहुंच गया। सोना बिदुर भी इतनी ही तेजी के साथ शनिवार को बाजार बंद होते समय 30,700 रुपये प्रति दस ग्राम रहा। इस दौरान गिनी की खनक भी बढ़ी और यह 100 रुपये चमककर 24,700 रुपये प्रति आठ ग्राम पर पहुंच गया। सप्ताह के दौरान चांदी हाजिर में हालांकि 600 रुपये की तेज गिरावट रही और यह 41,400 रुपये प्रति किलोग्राम पर आ गयी। चांदी वायदा में 245 रुपये की तेजी रही और 40,815 रुपये प्रति किलोग्राम बोली गयी। सिक्का लिवाली और बिकवाली में टिकाव रहा और ये क्रमशः 74 हजार और 75 हजार रुपये प्रति सैकड़ा पर पड़े रहे। कारोबारियों के मुताबिक सराफा बाजार पर अभी त्योहारी मौसम से पहले आने वाली मांग का अधिक प्रभाव है।

Tata Steel's acquisition of Subarnarekha port company 'requires Odisha govt nod'

PMANOJ

Mumbai, September 17

Tata Steel Ltd's acquisition of a 51 per cent stake in Creative Port Development Pvt Ltd (CPDPL), the entity that was awarded the rights to develop and operate a greenfield port at Subarnarekha in Odisha's Balasore district, will have to be ratified by the State government.

This is because the concession agreement signed between CPDPL and the Odisha government in January 2008 to build the new port mandates a lock-in period for the promoters' equity till it starts commercial operations.

"CPDP and its subsidiaries shall hold not less than 51 per cent of total equity capital subscribed of the special project company which shall be locked till in-operation date," according to clause 2.4 of the concession agreement. The in-operation date refers to the date on which the commercial operation of the port would begin after the completion of development of the first phase of the port.

BusinessLine has reviewed a copy of the concession agreement. Tata Steel and CPDPL did not respond to emails seeking comment. An official at the commerce and transport de-

The concession agreement did not provide for a change in ownership of the promoter company till the new port starts commercial operations.

partment of Odisha said the concession agreement did not provide for a change in ownership of the promoter company till the new port starts commercial operations.

"We are yet to be notified of the change in management control of CPDP; nor have they applied for permission to carry out this change," the official said, asking not to be named because he is not authorised to speak to the media. The first phase of the port with a capacity to load 10 million tonnes (mt) of cargo was expected to be commissioned by 2012. The capacity can be scaled up to 50 mt subsequently.

The construction of the port is yet to begin. The port was awarded for a concession period of 34 years, including four years for constructing the first phase. The concession period can be extended by 20 years. The concession pact mandates the port developer to

share 5 per cent of the annual revenue with the State government in the first five years, 8 per cent for the next five years, 10 per cent for further five years and 12 per cent for the balance period of the concession.

The stake sale has raised eyebrows in port industry circles because the port project was awarded to CPDP through the 'memorandum of understanding' route without any competitive bidding process.

Concession pact

The Odisha government confirmed in the concession agreement that the project was awarded through the MoU route.

In January, Tata Steel announced it had signed a share purchase agreement to acquire 51 per cent equity shares of CPDPL and a shareholders' agreement with CPDPL and its promoters for the development of Subarnarekha port through an SPV - Subarnarekha Port Pvt Ltd.

At that time, Tata Steel said the deal did not require any "governmental or regulatory approvals". Tata Steel had said the deal - designed to de-risk and optimise the in-bound and out-bound supply chain for its steel plants - would be closed in about six months, but it is yet to be completed.

The steel-maker had pegged the deal value at ₹120 crore, though it said that the (exact) acquisition cost will depend on the capital outlay of the project. "The capital outlay is currently under investigation and will be firmed up only after studies are completed. The exact cost of acquisition will only be known at the completion of the project," Tata Steel said in January while announcing the deal.

The deal, say industry experts, confounds the rationale for Tata Steel's exit from Dhamra Port, also in Odisha, in 2014, where it had a 50 per cent stake; it was keen on "securing competitive logistics solution" as the managing director of the firm's India and South-East Asia operations, TV Narendran, said in January, to "address the long-term strategic needs of the company".

BusinessLine

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Govt to steel firms: Check price rise, you can't exploit country

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 17

THE GOVERNMENT has asked steelmakers to make efforts to keep prices below Rs 40,000 per tonne as it cannot permit them to "exploit the country".

"The best range for domestic price is between 35-40 (Rs 35,000 per tonne to Rs 40,000 per tonne). If it goes beyond 40 (Rs 40,000), then yes, we will be checking. As the steel ministry, we cannot allow Indian steelmakers to exploit the country," steel secretary Aruna Sharma told PTI in an interview.

"So, that is the balance we have to constantly strike. That is very important," she asserted.

The government has recently taken steps to ringfence the steel industry from the onslaught of cheaper imports, which stirred up a hornet's nest.

Over the last 2-3 months, the steel prices have gone up by around Rs 6,000-6,500 per tonne due to various factors, in-

India to hit 170 mt steel output level in FY19: Singh

New Delhi: India will achieve more than 50 per cent of its 300 million tonne steel production target by 2018-19, says Union steel minister Chaudhary Birender Singh.

The minister has also assured stakeholders that there will not be any shortage of raw materials for steel-making.

"(As of now), I can't say what would be the production this year, but in 2018-19, the domestic crude steel production will be 170 million tonnes (mt)," he said.

Under the National Steel Policy (NSP), the government has set a production target of 300 mt, which is to be achieved by 2030-31. PTI

cluding a rise in prices of raw materials such as iron ore and coal, said an analyst.

Internationally too, the steel prices have hardened nearly \$150 per tonne, the analyst said, adding that at this level, there is room for price hike in future.

"About Rs 40,000 per tonne is the average price of hot rolled coil (which is the base price indicator product)," he added.

Defending the protectionist

measures "as the right thing to do", the steel secretary maintained that the government is not against imports. "What we say is you can't use India as a dumping ground. That's all. You can't do at a throw-away price," Sharma warned.

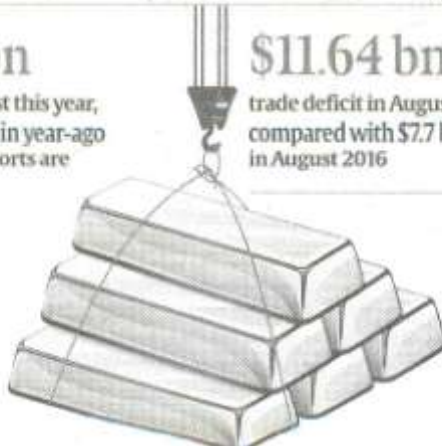
Recently, India slapped the countervailing duty for five years on certain Chinese flat steel products to guard domestic players against imports that are subsidised by the exporting nation.

GOLD IMPORTS JUMP THREE-FOLD TO \$15 BN IN APR-AUGUST

The country's gold imports recorded a three-fold jump to \$15.24 billion during the April-August period of the current fiscal, according to data from the commerce ministry

\$1.88 bn

import in August this year, against \$1.11 bn in year-ago period. The imports are expected to increase on account of the forthcoming festival season, which will start from the end of this month



\$11.64 bn

trade deficit in August, compared with \$7.7 bn in August 2016

\$14.3 bn

or 2.4% of GDP, current account deficit at the end of Q1 of 2017-18

\$5.08 bn

gold imports in Apr-Aug 2016-17. The imports has a bearing on country's CAD

Rise in imports of gold is one of the reasons for higher current account deficit. CAD refers to the difference between inflow and outflow of foreign exchange that has an impact on the exchange rate

IMPORT DUTY

Currently, gold import attracts 10% duty. The gems and jewellery industry along with the commerce ministry have urged the finance ministry to consider a cut in the import duty

Gold imports increase threefold to \$15 billion

Festive season to push demand

PRESS TRUST OF INDIA
NEW DELHI

The country's gold imports recorded a three-fold jump to \$15.24 billion during the April-August period of the current fiscal, Commerce Ministry data showed.

Gold imports, which has a bearing on the country's current account deficit (CAD), stood at \$5.08 billion in April-August 2016-17.

In August this year, imports of the precious metal rose to \$1.88 billion from \$1.11 billion in the same month of the previous fiscal.

A surge in gold imports last month contributed to the widening of trade deficit to \$11.64 billion as against \$7.7 billion in August 2016.

The imports are expected to increase on account of the forthcoming festival season, which will start from the end of this month.

Increase in inbound ship-



ments of gold is also one of the reasons for higher CAD.

CAD rose sharply to \$14.3 billion – or 2.4% of GDP – at the end of first quarter of 2017-18. In general terms, CAD refers to the difference between inflow and outflow of foreign exchange that has an impact on exchange rate.

India is the world's second-biggest gold consumer after China. The imports mainly take care of jewellery industry demand.

Govt to steel cos: Check rising prices

New Delhi: The government has asked steelmakers to make



efforts to keep prices below Rs 40,000 per tonne as it cannot permit them to "exploit the country".

"The best range for domestic price is between 35 and 40 (Rs 35,000 per tonne and Rs 40,000 per tonne). If it goes beyond 40 (Rs 40,000), then yes, we will be checking. As the steel ministry, we cannot allow Indian steelmakers to exploit the country," steel secretary **Aruna Sharma** said.

The Centre had taken steps to ring-fence the steel industry from the onslaught of cheaper imports, which stirred up a hornet's nest. Over the last two-three months, steel prices have gone up by Rs 6,000-6,500 per tonne due to various factors, including a rise in prices of raw materials such as iron ore and coal, said an analyst. Internationally, too, steel prices have hardened nearly \$150 per tonne, the analyst said, adding that at this level, there is room for price hike in future. AGENCIES

NAVBHARAT

DATE: 18/9/2017 P.N. 11

3 गुना हुआ सोने का आयात

एजेंसियां

दिल्ली. चालू वित्त वर्ष की अप्रैल-अगस्त अवधि के दौरान सोने का आयात तीन गुना होकर 15.24 अरब डॉलर हो गया है, जबकि 2016-17 की समान अवधि में यह आंकड़ा 5.80 अरब डॉलर था।

वाणिज्य मंत्रालय के आंकड़ों के मुताबिक, इस साल अगस्त में, सोने का आयात पिछले वर्ष अगस्त माह की तुलना में 1.11 अरब डॉलर से बढ़कर 1.88 अरब डॉलर पहुंच गया है। पिछले महीने सोने के आयात में बड़ोत्तरी से व्यापार प्वाड़ा बढ़कर 11.64 अरब डॉलर हो गया है, जो कि अगस्त 2016 में 7.7 अरब डॉलर था। आगामी एपोहापो सौजन को देखते हुये कीमती धातु के आयात में बड़ोत्तरी होने की संभावना है।



15.24

**अरब डालर
पहुंचा**

Govt mulling curbs on gold imports

NEW DELHI, Sept 18 (PTI)

WORRIED over a surge in gold imports from Indonesia that crossed 600 kg in the last two months, the Government is considering ways to check the increase in the in-bound shipments, a government official said.

A decision to this effect was expected this week only, the official added.

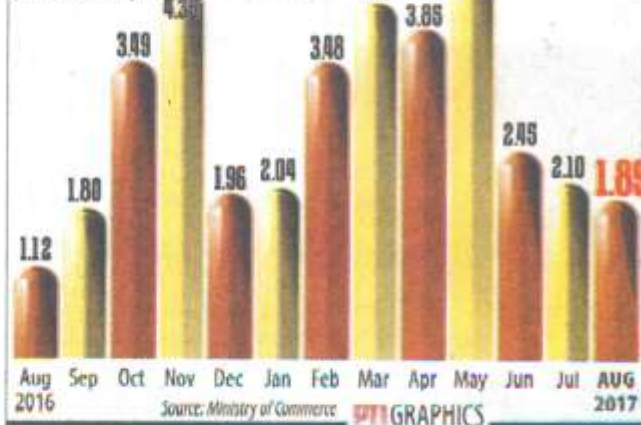
The Government has recently imposed restrictions on imports of the precious metal from South Korea on account of a jump in gold imports from that country.

Because of this, the official said, the in-bound shipments were now increasing from Indonesia.

The imports in the case of Indonesia are different from those of Korea as gold coming from the South-East Asian island nation is mostly mined gold whereas from South Korea, it was originating

GOLD Imports

(in US\$ billion)



in some other country and was being routed through Korea for value addition prior to exports.

"Over 600 kg of gold came in

from Indonesia in the last two months. We are looking into it and a decision is likely by the end of the week," the official said.

BUSINESS LINE

DATE: 19 /9/2017 P.N. 11

Short-term outlook bearish for MCX-Aluminium

GURUMURTHY K

BL Research Bureau

Aluminium futures contract on the Multi Commodity Exchange has reversed sharply lower after making a high of ₹135.6 per kg in the past week. The contract has fallen over 2 per cent from this high and is currently trading at ₹132.7 per kg. The sharp fall last week has taken the contract well below the key 21-day moving average support level of ₹133.5. This level will now act as a key near-term resistance and cap the upside.

The short-term outlook has turned bearish. There is a strong likelihood of a corrective fall to ₹131 or ₹130 in the coming days. If the contract manages to reverse higher from ₹131 or ₹130, a bounce

back move to ₹133 or ₹135 is possible. But further fall below ₹130 will increase the possibility of the downmove extending to ₹127.

Short-term traders with high risk appetite can go short. Stop-loss can be placed at ₹134 for the target of ₹130. Revise the stop-loss lower to ₹132 as soon as the contract moves down to ₹131.5.

The downside pressure will ease only if the MCX-Aluminium futures breaks above the 21-day moving average decisively. Such a break can then take contract higher to ₹135 and ₹137 levels again. But such an upmove looks less probable in the near-term.

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

इस्पात कीमतों पर रखें लगाम

एजेंसियाँ

दिल्ली. सरकार ने इस्पात कंपनियों को इस्पात की कीमत 40 हजार रुपये प्रति टन से नीचे रखने के प्रयास करने की हिदायत देते हुए कहा है कि उन्हें देश का दोहन करने की अनुमति नहीं दी जा सकती है. इस्पात सचिव अरुणा शर्मा ने कहा घरेलू कीमत का सबसे बेहतर दायरा 35 से 40 हजार रुपये प्रति टन है. यदि यह 40 हजार रुपये से अधिक हो जाता है तो निश्चित हम हस्तक्षेप करेंगे. इस्पात मंत्रालय के नाते हम इस्पात कंपनियों को देश दोहन करने नहीं दे सकते हैं. उन्होंने कहा हमें संतुलन के लिए लगातार कोशिश करनी होगी. यह काफी महत्वपूर्ण है. संरक्षणवादी कदमों को सही कदम बताते हुए उन्होंने कहा कि सरकार आयात के खिलाफ नहीं है.

GREEN LAWS VIOLATED FOR MINING

Mahanadi Coalfields Faces ₹20K Cr Penalty

Odisha government evaluating Coal India subsidiary's liability

Meera Mohanty
@timesgroup.com

Bhubaneswar: Coal India subsidiary Mahanadi Coalfields Ltd (MCL) can face a penalty of an estimated ₹20,000 crore because the Supreme Court's August 2 order that rendered all mining output in violation of environmental laws as illegal.

The Odisha government is evaluating the company's liability in terms of the verdict, which has also prompted an Expert Appraisal Committee (EAC) of the environment ministry to defer clearances to coal projects.

The top court had ordered Odisha government to recover the value of all mineral produced without or in excess of caps under environment, forest laws, pollution control rules and mining plans. The union mines ministry had taken a similar stand in the court, contrary to its previous position.

The Odisha Directorate of Mines has sent notices to 152 errant lessees, including Orissa Mining Corporation, Tata Steel and Essel Mining to recover a total of ₹17,576.17 crore.

It has till the end of the year to recover from another 34 lessees the value of ore mined from forest areas without permission.

Odisha believes it has no choice but to treat others with the same yardstick. Prafulla Kumar Malik, minister for steel and mines, says his government has sought the state advocate general's view on what coal and chrome miners owe them.

ET has learnt that data collected by the directorate suggests that Mahanadi Coalfields' mines produced 436.78 million tonnes in excess of one permit or the other between FY 2000-01



LEGAL TANGLE

Supreme Court, in an Aug 2 order, had rendered all mining output in violation of environmental laws as illegal

and FY 2010-11. This could amount to recovery notice of ₹20,720 said a senior department official on condition of anonymity, but the amount could not be independently verified and the company did not respond to ET's queries.

In 2012, prompted by a state Controller and Auditor General's report, the state government fined MCL ₹1,306 crore for "illegal extraction" or mining without environment clearance in Ib valley.

CCL FAILS TO GET GREEN NOD

In a parallel development last month, an expert appraisal committee (EAC) of the MoEF refused to clear a mega expansion of Central Coalfields Ltd's Karomi mine in Bokaro, Jharkhand. CCL

wanted environment clearance to expand the mine's 1.5 million tonne a year capacity to 15 million tonnes.

The EAC noted "non-compliance of EC conditions" and production during 2014-2015 beyond the sanctioned capacity (million tonne) for which the EC had been granted in December 2014.

"... the Hon'ble Supreme Court in its order dated 2nd August, 2017 in Civil Appeal No.114/2014 in the matter of Common Cause Vs Union of India & Ors. has issued many directions on illegal mining of major minerals to the State of Odisha, which would be applicable to the present proposal also. However, the same is yet to be examined for its legal implications and requires comprehensive deliberations," said the committee according to minutes of the meeting.

The government issued a notification on 14th March, 2017 under the Environment (Protection) Act, providing "for appraisal or approval of proposals for grant of EC, where projects were implemented and/or the expansion carried out without obtaining prior EC as mandated in the EIA Notification, 2006."

CCL had sought approval under this notification, as had the Eastern Coalfield for expansion of its Mohanpur mine in Burdwan, West Bengal. The latter told the committee, "The production beyond EC capacity was made during the FY 2011-12 and 2012-13 in the larger interest of the nation considering the demand of coal keeping all the environmental norms within permissible limits." The EAC pointed out that this 14 March notification had also been stayed by the Madras High Court on 4th May, 2017. Coal India did not respond to emailed questions from ET.



MCX Zinc reverses higher from a key support level

GURUMURTHY K

HL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange fell as expected in the past week, initially. However, it has managed to reverse higher after a low of ₹190.7 per kg on Thursday.

The contract has surged about 5 per cent from this low and is currently trading at ₹200/kg. Immediate resistance is at ₹202. A strong break above it can take the contract higher to ₹205 and ₹206 again.

The upward reversal in the past week has happened from a key short-term trendline support level around ₹190. This keeps the uptrend intact. It also increases the possibility of the contract breaking above the key ₹205-206 resistance zone in the

coming days. Such a break can boost the momentum. It will increase the likelihood of the contract rallying to ₹210 or even ₹215 thereafter.

Short-term traders with a big risk appetite can make use of dips to 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.

On the other hand, if the MCX Zinc futures contract fails to break above ₹206 in the coming days, a pull-back to ₹195 may be seen again.

In such a scenario, a range-bound move between ₹195 and ₹206 is possible for some time.

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

Tata Steel forges merger with thyssenkrupp, secures a lifeline for European assets

UK unions cautiously welcome deal that creates Europe's No 2 steel-maker

OUR BUREAU

Mumbai, September 20

Ending uncertainty over its European assets, Tata Steel on Wednesday announced a plan to form an equal joint venture with Germany's thyssenkrupp AG.

The non-cash transaction framework to combine the flat steel business of the two companies in Europe and the steel mill services of the thyssenkrupp group will create a behemoth that will ship about 21.3 million tonnes of flat products a year with a turnover of €15 billion (₹115,000 crore), an EBITDA of €1.5 billion, and employing some 48,000 workers.

Of this, Tata Steel's European operations will contribute annual shipments of 9.8 million tonnes, a turnover of €7.3 billion and employ some 18,000 workers.

The proposed joint venture that will create Europe's second largest steel maker (after ArcelorMittal) provides Tata Steel an opportunity to stem further bleeding of its heavily loss-making European operations by transferring some €2.5 billion of term debt and about 18,000 workers to the merged entity to be based in Amsterdam.

Tata Steel Europe has a debt of €3 billion, including working capital loans, of which €2.5 billion (₹17,000-18,000 crore de-



Koushik Chatterjee, Group CEO, Tata Steel PACE NOORDHAK

pending on the exchange rate) will be moved to the merged entity along with another about €4 billion of pension and other legacy liabilities.

The capital structure of the new entity - thyssenkrupp Tata Steel - where both shareholders will contribute debt and liabilities, will be done in a manner that will help it "sustain downturn and service its obligations" on a standalone basis.

The joint venture - for which a memorandum was signed - will facilitate cost synergies of about €400-600 million a year through integration of sales and administration, research and development, optimisation of procurement, logistics, service centres and other support activities.

"Today's announcement marks the latest step in building a future for Tata Steel's activities in Europe which is sustainable in every sense," said Andrew Robb, Chairman of Tata Steel Europe.

"The joint venture is being formed not for rationalisation and job cuts but for industrial and strategic logic," said Koushik Chatterjee, Group Executive Director, Tata Steel. The

joint venture would also seek to improve capacity utilisation of the network across the three hubs of IJmuiden (The Netherlands), Duisburg (Germany) and Port Talbot (Wales, UK) and their related downstream facilities.

N Chandrasekaran, Chairman of Tata Steel, said that the merged entity will ensure that the production sites are intact and have a "sound and sustain-

able future". The deal, designed to cope better with the structural challenges facing the European steel industry, is expected to be closed by December 2018 after receiving the requisite approvals from competition authorities.

Cautious welcome

British unions cautiously welcomed the deal they said de-

livered "industrial logic... as always the devil will be in the detail and we are seeking further assurances on jobs, investment and future production across the UK operations," said a joint statement from the Unite, GMB and Community Unions, which said they were seeking a meeting with Tata Steel to ensure thyssenkrupp's pension liabilities would be ring-fenced.

A positive for Tata Steel shareholders

SATYAN SANTANAM

(B) Research Bureau

Tata Steel's shareholders stand to benefit from the merger of the flat steel businesses of Tata Steel Europe and Thyssenkrupp AG. The contribution from Tata Steel's European operations to Tata Steel's consolidated business is likely to improve going ahead.

The stock of Tata Steel has rallied around 10 per cent over the past month.

The merged entity is expected to contribute about ₹57,500 crore to Tata Steel's consolidated financials. For FY17, Tata Steel Europe as a whole contributed ₹52,085 crore to the topline of the consolidated entity.

Similarly, EBITDA of the merged entity is assessed at €1.56 billion per annum or ₹12,960 crore, which will translate to a contribution of ₹5,980 crore to Tata Steel's consolidated EBITDA. Tata Steel Europe's EBITDA in FY17 was ₹4,705 crore.

Making of a behemoth

Particulars	Tata Steel Europe	thyssenkrupp Steel Europe	Joint venture
Deliveries (in million tonnes)	9.8	11.5	21.3
June 2017* (in € millions)			
Turnover	7,381	8,585	15,966
EBITDA	699	866	1,565
Term debt			2,500

* Last 12 Months

The EBITDA margin of the merged entity, at 9.8 per cent, is higher than the 9 per cent margin recorded by Tata Steel Europe in FY 2017, but is far lower than the 22 per cent EBITDA margin recorded by Tata Steel India in FY17.

In recent years, Tata Steel Europe (TSE) had been hit by weak global conditions, competition in Europe and cheap imports from China, making net margins negative. TSE contributed nearly 45 per cent of

the consolidated revenue in FY17, but the net loss dragged the consolidated entity's PAT to negative ₹30.4 crore.

Tata Steel Europe has been involved in many restructuring activities in recent times. With improved operational performance and favourable conditions, TSE's average revenue per tonne rose 20 per cent last fiscal. As debt of €2.5 billion moves out of Tata Steel's books, the deleveraging will improve its prospects too.

BUSINESS LINE

DATE: 21 /9/2017 P.N. 4

Mine auctions to add to States' kitty

New Delhi, September 20

Auction of 54 mineral blocks in the current fiscal is likely to fetch ₹1.5 lakh crore to the mineral-rich States' exchequer, a top official said. The States have garnered ₹73,000 crore revenue from auction of 21 mineral blocks so far. "In this current financial year, we expect to auction 54 mines with a mineral value of ₹2 lakh crore and a revenue implication of accruals to States of ₹1.5 lakh crore," Mines Secretary Arun Kumar said on the sidelines of an event here.

Tata Steel set for Europe venture with Thyssenkrupp

Non-cash transaction would create Europe's No. 2 steelmaker generating pro forma sales of about €15 billion a year with some 48,000 employees

VIDYABAN
LONDON

Tata Steel is set to forge ahead with a long-awaited merger of its European assets with Germany's Thyssenkrupp AG after the firms signed a memorandum of understanding to create an equal joint venture.

The move - the path for which had been eased after Tata Steel reached agreement with U.K. authorities to reduce its U.K. pension scheme liabilities - ends months of uncertainty over the fate of a potential transaction and underlines the significance of the development to the two companies as they chart the difficult waters of Europe's steel market, including overcapacity and cheap competition from abroad. The merger, if it goes through, would create Europe's largest steel company after top-ranked ArcelorMittal.

"Today's announcement marks the latest step in building a future for Tata Steel's activities in Europe which is sustainable in every sense," Tata Steel Europe Chairman Andrew Robb said on Wednesday, following the signing of the MoU for the 50-50 venture. To be named Thyssenkrupp Tata Steel, the merged entity would annually supply about 21 million tonnes of flat steel products worldwide.

Non-cash transaction

The company - created by the non-cash transaction - would generate pro forma sales of about €15 billion a year, with about 48,000 employees across 34 locations. The companies estimate the merger would generate up to €600 million in synergies a year through the integration of research and development, and commercial functions, and optimisation of



Forging ahead: The merged entity would supply about 21 million tonnes of flat steel products worldwide annually.

procurement and logistics.

Tata Steel and Thyssenkrupp anticipate concluding the deal in 2018, and closing it by the end of that year, following a period where fur-

ther detailed negotiations take place on the shape of the final agreement. The transaction would also be subject to shareholders' approval and the scrutiny of

competition authorities.

Production at the joint venture would be subject to review in 2020, generating further synergies, which would be determined by a number of constantly indeterminable factors such as Brexit and the regulatory environment at the time.

Job reductions

For now, up to 2,000 jobs in administration and 2,000 jobs in production are expected to be cut as a result of the deal - split equally between the two companies - though Thyssenkrupp insisted that the cuts would have been necessary even without the deal, and could have been worse.

"By combining our steel activities the burden for each partner is lower than they would have been on a standalone basis," said Heinrich Hesinger, CEO of Thyssenkrupp, pointing to the pres-

sures in the industry from "structural overcapacity in supply and constantly high input pressure."

He added that the companies had a complementary fit: with Thyssenkrupp's strength in working with original equipment manufacturers and Tata Steel's in its work with industrial customers, while restructuring carried out by both had created some of the most efficient facilities in Europe.

Cautious welcome

Britain's U.K. GMB and Community Unions cautiously welcomed the MoU. In a joint statement, they said the deal delivered "industrial logic" - in always, the devil will be in the detail and we are seeking further assurances on jobs, investment and future production across the UK operations. The unions said they were seeking an urgent meeting with Tata

Steel to ensure Thyssenkrupp's pension liabilities would be ringfenced.

European steel makers have been opting for consolidation to combat the persistent challenges facing the industry, including overcapacity and pricing, particularly amid competition from China and beyond. Earlier this year, an Arcelor Mittal-led consortium bid for Ilva, a large Italian nationalised steel plant.

The development marks a turnaround from last March when Tata Steel announced it was looking for a buyer for its U.K. steel business. Months later the company confirmed it was in talks with Thyssenkrupp over the merger of assets. In August, Tata Steel U.K. got the go-ahead to separate its £5 billion pension scheme from the business, in a deal that cost the company £550 million and a 33% equity stake.

MECL signs Memorandum of Understanding with NALCO, HCL

■ Business Bureau

A MEMORANDUM of Understanding (MoU) has been recently signed between Mineral Exploration Corporation Ltd (MECL), National Aluminium Company Ltd (NALCO) and Hindustan Copper Ltd (HCL) at Bhubaneswar to explore the possibilities of forming a joint venture (JV) to investigate and develop strategic and other minerals overseas. These three CPSEs are under Ministry of Mines, Government of India.

With a view to make the country self-reliant in the areas of strategic minerals, there is a need that its sources in overseas countries are to be identified, explored, acquired, developed, processed and sold in India and abroad. This will immensely help in 'Make in India' drive launched by Government of India.



Dr Gopal Dhawan, CMD, MECL, Dr T K Chand, CMD, NALCO and Santosh Sharma, CMD, HCL pose for a photograph after signing of memorandum of understanding for the new venture.

Dr Gopal Dhawan, Chairman and Managing Director of MECL signed the Memorandum of Understanding on behalf of MECL. While Dr T K Chand, Chairman and Managing Director of NALCO and Santosh Sharma, Chairman and Managing Director of HCL signed the Memorandum of Understanding on behalf of

their respective companies.

According to the MoU, MECL has agreed to take up various types of exploration jobs, wherever such requirements emerged for acquisition of overseas mineral assets. NALCO and HCL has agreed for development / processing benefaction of these minerals for commercial use.

LENDER MAY SAY NO as they are easing other monetary restrictions imposed on the firm

Banks Likely to Reject Essar Steel's Demand for ₹1kcr WCap Loan

Sangita Mehta@timesgroup.com

Mumbai: Banks are likely to reject bankruptcy-facing Essar Steel's demand for Rs 1,000 crore of working capital loans as the lenders are easing the other monetary restrictions they imposed on the company to safeguard their interests, said two people familiar with the developments.

Banks have decided to do away with the so called 'tagging' of Essar Steel's account which has resulted in restricted flow of funds to the company from its businesses, said those people who did not want to be named.

The move, though it deprives of fresh loans to the beleaguered steel maker, it could release as much Rs 3120 crore of additional fund annually which may be sufficient to keep the plants running as the company works its way out of the bankruptcy.

Tagging is a practice that banks follow where they forcibly withhold a proportion of the sale proceeds of a defaulted company which comes up during its normal course of business. Banks release funds for the company's use only after taking a share of what is due to them.

Banks, led by State Bank of India, have initiated corporate insolvency proceedings against Essar Steel on August 2 after they faced severe resistance from the company. Lenders have an exposure of Rs 45,655 crore to the company and every month a sum was Rs 260 crore was deducted as 'tagging' by banks.

According to the lenders, under the new recovery law, the Insolvency and Bankruptcy Code, banks are not allowed to tag an account. This is one of the reasons why banks are reluctant to give additional loan even as the RBI has allowed banks to classify the fresh loan as standard assets, said a bank official.

Soon after taking charge at Essar Steel



LOAN ISSUES

Lenders have an exposure of ₹45,655 cr to company and every month a sum was ₹260 cr was deducted as 'tagging' by banks

as interim resolution professional, Satish Gupta, who represents consulting firm Alvarez and Marsal, had asked banks for additional funding of Rs 1000 crore, suspend tagging of the account also to do away with the trust and retention account mechanism.

Lenders said under the insolvency process since there is a standstill clause on all other proceedings for 180 days while the loans are being restructured, they were forced to do away with tagging and end the trust and retention (R&T) mechanism. Lenders say that ending the T&R mechanism will mean that they would no longer have lien on the cashflows of the company.

Lenders will soon meet Gupta to convey this and also discuss debt recast plan. The resolution professional has invited claims from creditors and has also given mandate for valuation of the company.

Essar Steel is among 12 large companies that the Reserve Bank of India directed banks to refer to the National Company Law Tribunal for resolution.

MCX nickel recovers after corrective fall

GURUMURTHY K

BL Research Bureau

The Nickel futures contract on the Multi Commodity Exchange (MCX) tumbled in the past week breaking below the key support level of ₹736 per kg.

The contract made a low of ₹693 on Friday and was range-bound between ₹693 and ₹720 for a few days.

On Wednesday, the contract has surged breaking the range above ₹720. It is currently trading at ₹733 per kg.

Technically, the rebound that has happened in the past



week is significant. It has happened from just below the 38.2 per cent Fibonacci retracement support level of ₹699.

If the contract manages to sustain above ₹720, a rally to ₹746 is possible in the coming

days. Further break above ₹746 will increase the likelihood of the contract extending its up-move to ₹760 levels.

Short-term traders with high risk appetite can go long on dips at ₹725.

Stop-loss can be placed at ₹715 for the target of ₹745. Revise the stop-loss to ₹730 as soon as the contract moves up to ₹738.

On the other hand, the contract may come under pressure if it declines below ₹720 again.

The contract can fall to ₹700 in such a scenario.

A decisive break and close below ₹700 will increase the possibility of the contract extending its fall to ₹780.

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

Mine auctions to add to States' kitty

New Delhi, September 20

Auction of 54 mineral blocks in the current fiscal is likely to fetch ₹1.5 lakh crore to the mineral-rich States' exchequer, a top official said. The States have garnered ₹73,000 crore revenue from auction of 21 mineral blocks so far. "In this current financial year, we expect to auction 54 mines with a mineral value of ₹2 lakh crore and a revenue implication of accruals to States of ₹1.5 lakh crore," Mines Secretary Arun Kumar said on the sidelines of an event here.

Sell Comex gold if it rallies to \$1,315/ounce

GNANASEKAAR T

Comex gold futures fell to a four-week low on Thursday as the Federal Reserve signalled it was on track to raise US interest rates again in December, driving the dollar to two-month highs versus other major currencies.

Comex gold futures are still moving in line with our expectations so far.

As mentioned in the previous update, the favoured view expects prices to edge higher again after testing key support levels. However, supports have given away and it appears more likely that prices could be edging lower.

The \$1,290-95 per ounce still has the possibility of holding dips, but a close below this level could open the downside to \$1,273 followed by \$1,260 levels in the near-term. It needs to be seen if there is a possibility of a strong rebound from

those levels subsequently.

Prices could head towards our potential bearish near-term targets around \$1,240-45 levels, while upside attempts could get capped at \$1,315-20 in the near-term. The \$1,240-45 level is a very strong medium-term support and therefore, we can expect a bounce or a retracement from those levels in the coming weeks.

Only a direct rise and close above \$1,326 could hint at further bullishness ahead. The favoured view expects prices to drift towards \$1,260 levels at least. It appears more likely that resistances around \$1,310-15 will cap for a decline towards \$1,260 levels or even lower towards \$1,245 in the coming sessions.

Wave counts: It is most likely that the fall from the record \$1,925 level to the recent low of \$1,088 was either a possible corrective wave A, with a possibility to even extend to-

wards \$1,025-30 levels or a complete correction of A-B-C ending with this decline.

Subsequent 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 extend to \$1,476 levels. 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 shown weakness targeting \$975 levels, we are tilted towards looking at this as a corrective wave C in progress.

RSI is in the neutral zone now indicating that it is neither overbought nor oversold.

The averages in MACD are still above the zero line of the indicator again, indicating a bullish reversal.

Only a crossover again below the zero line could hint at a reversal in trend to bullishness.

Therefore, sell Comex gold on rallies to \$1,315 with a stop-loss at \$1,328 targeting \$1,260 followed by \$1,245. Supports are at \$1,275, 1,260 and 1,245. Resistances are at \$1,315, 1,327 and 1,355.

The author is the Director of Commtrendz Research and there is risk of loss in trading



Commerce Ministry Against Blanket Curbs on Import of Gold

Feels the move may
bring back license
raj, attract disputes
from other nations

Kirtika.Suneja
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New Delhi: The commerce department is against the idea of putting a blanket restriction on import of the gold even as surging imports have worsened India's current account deficit.

The ministry reasons apart from bringing back the license raj, the move might also attract disputes from other countries.

Senior officials of the commerce and finance ministries are set to deliberate the issue of surging gold imports this week.

India has restricted all forms of gold imports from South Korea on grounds of it being a non-gold producing country, the commerce department is against the use of any such measure across the board.

Gold imports in the April-August period tripled to \$15 billion from near \$5 billion in the same period a year ago. "We don't favour a blanket restriction on gold imports. This may not be the best idea as it may involve disputes in the WTO," said an

official in the know.

In the first two weeks of September, India imported almost 250 kg of gold from Indonesia and more than a \$1 billion worth gold imports from South Korea between July 1-August 21. While Indonesia is part of the 10-member Association of South East Asian Nations with which India has an FTA, South Korea has inked a Comprehensive Economic Partnership Agreement with the country.

Under its free trade pacts, India has eliminated the 10% basic customs duty on gold. Further, the 12.5% countervailing duty on gold imports was replaced by a 3% integrated GST from July 1. Hence, as per the new norms, gold imports from a country with which India does not have a trade pact attract a 10% BCD and a 3% GST, while those from the FTA channel have to pay only the 3% GST.

Due to this arbitrage, importers have been routing gold through India's FTA partners to avoid higher duty.

The situation in the case of ASEAN is also different from that of South Korea because three countries of the grouping- Laos, Philippines and Indonesia- are gold producers. However, in case of gold coming from South Korea, it was originating in some other country and was being routed through Korea to avoid duty.

Agarwal to up stake in Anglo American

New Delhi, Sept. 21 (PTI): Mining billionaire Anil Agarwal plans to purchase up to £1.5-billion worth of additional stake in blue-chip British miner Anglo American Plc to become its largest shareholder with over 21 per cent holding, his family trust said.

The acquisition of about 9 per cent shares on top of the 12.43 per cent bought in March will give Agarwal an indirect foothold in the world's largest diamond producer, De Beers.

Anglo owns De Beers.

Sources, however, said Agarwal was not inclined to take over the entire Anglo American despite becoming its largest shareholder.

They said he was also not interested in getting a position on the board and would continue to remain as an investor.

Last year, Agarwal had made an unsuccessful offer to merge part of his mining empire with Anglo American.

In a statement, Volcan Investments, the family trust of the chairman of diversified



Agarwal: On the prowl

miner Vedanta, said it intended to acquire shares worth £1.25-1.5 billion (\$2 billion), in addition to the £2 billion spent in March on acquiring a 12.43 per cent holding.

"We are encouraged by the performance of Anglo American since our original investment earlier this year," Volcan Investment said.

"The company has made good progress in its operational and financial performance and remains an attrac-

tive investment for our family trust," it added.

The sources said Agarwal believed that Anglo American was capable of getting technology and skilled people to India which would help to increase the domestic production of metals such as copper, diamond and gold.

Anglo American is one of the world's top five mining groups, alongside BHP Billiton, Rio Tinto, Vale and Glencore, and has copper mines in Chile, iron ore operations in Brazil and South Africa as well as De Beers, the iconic diamond producer.

An indirect foothold in De Beers will increase Agarwal's presence in one more commodity after zinc, aluminium, iron ore, copper, power, silver and lead.

De Beers sells rough diamonds worth about \$5.2 billion every year, half of which are purchased by Indian diamond-taires based in Surat, Mumbai, Antwerp, Hong Kong, South Africa and Dubai.

MCX-Lead continues to rise as momentum builds

GURUMURTHY K

BL Research Bureau

The Lead futures contract on the Multi Commodity Exchange (MCX) has shot up about 8 per cent in the past week. The contract has been on a consistent surge all through last week.

The rally in the past week has taken the contract well above the key resistance level of ₹155 per kg and it is currently trading at ₹159.5.

The region between ₹155 and ₹154 will now serve as a good support in the near-term. Dips to this support zone may find fresh buyers coming into the market.

Short-term traders with a big risk appetite can make use of dips to go long at ₹157. A stop-loss can be placed at ₹153.5 for the target of ₹164.

Revise the stop-loss higher

to ₹159 as soon as the contract moves up to ₹162.

Resistance is in the ₹163-₹165 zone, which is likely to be tested in the near-term. Whether the contract breaks above this resistance zone or not will decide the next move.

A strong break above ₹165 can boost the momentum. Such a break will increase the likelihood of the rally extending to ₹170 or even ₹175 thereafter.

On the other hand, if the MCX-Lead future contract reverses lower from ₹165, it can come under pressure.

In such a scenario, a pull-back on profit booking can take the contract lower to ₹157.

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

Gold plunges after US Fed policy move

NEW DELHI, Sept 21 (PTI)

GOLD lost its edge on Thursday by tumbling Rs 250 to Rs 30,500 per 10 grams because of a rising dollar on stronger probability of a rate hike by the US Federal Reserve this year. Silver also dropped Rs 600 to Rs 40,300 per kg, taking a hit from reduced off-take by industrial units and coin makers. In the National Capital, gold of 99.9 and 99.5 per cent purity slumped by Rs 250 each to Rs 30,500 and Rs 30,350 per 10 grams, respectively. The yellow metal had gained Rs 150 yesterday. Sovereign, however, continued to be traded at the last level of Rs 24,700 per piece of eight grams in limited deals.

सोने पर घटेगा आयात शुल्क

दिल्ली कार्यालय

दिल्ली. स्मगलिंग रोकने और आभूषण निर्माण को गति प्रदान करने के लिए केंद्र सरकार सोने पर आयात शुल्क घटाने पर गंभीरता से विचार कर रही है।

प्रधानमंत्री नरेंद्र मोदी जब वित्तमंत्री अरुण जेटली से अर्थव्यवस्था में आ रही मंदी पर चर्चा करेंगे तो यह विषय भी प्रमुखता से उठेगा। अभी स्वर्ण पर 10 प्रतिशत की कस्टम ड्यूटी लगती है और वाणिज्य मंत्रालय चाहता है कि इसे घटाकर केवल 2 प्रतिशत रखा जाए। अब यह सारा घटाव एक झटके में होगा या धीरे-धीरे, यह निर्णय वित्त मंत्रालय को करना पड़ेगा। वैसे नीति आयोग ने भी पिछले दिनों टैक्स घटाने की सलाह दी है, जो कि जीएसटी के कारण बढ़ा ही है।



प्रणब ने बढ़ाया था टैक्स

जनसोहन सिंह ने 1991 में दरमिंदखान की सरकार में वित्तमंत्री रहते समय स्मगलिंग घटाने के लिए टैक्स में कमी करनी शुरू की थी और बीच के कुछ वर्षों में कस्टम ड्यूटी न लगने के कारण यह लगभग खत्म हो गया था, परंतु संसद के दूसरे कार्यकाल में अचानक ही सोने का आयात बढ़ा और दरअसल विदेश व्यापार घाटा जबरदस्त बढ़ जाने के कारण वित्त मंत्री रहते हुए प्रणब मुखर्जी ने 2012 के बजट में कस्टम शुल्क 2 से बढ़ाकर 4 प्रतिशत कर दिया था।

BUSINESS LINE DATE: 23/9/2017 P.N. 14

Gold prices look set for a further correction in the short term

COMMENTARY

G CHANDRASEKHAR

Despite a weaker US dollar and the ongoing geopolitical tensions created by North Korea, gold prices have begun to wind down from recent highs. Currently, the yellow metal is trading at four-week lows, below the psychological \$1300 an ounce, down almost 2 per cent in a few days.

The trigger for the price decline came after the recent FOMC meeting. The US federal Reserve will commence the process of balance-sheet tapering or normalisation from October onwards. This was earlier than anticipated and has come as a surprise to the market. Also, there is a strong

likelihood of one more rate hike in December and a couple more in 2018. Late Thursday gold was trading at around \$1,291/oz, while silver spot fell below \$17 an ounce to \$16.95/oz.

Where is the precious metal headed in the days ahead? Clearly, the present weakness is expected to persist and there is still some downside left for gold. The reduction in investor position has been limited so far, and in the days to follow, long positions are expected to be unwound, leaving the precious metal vulnerable to further correction.

To be sure, open interest in gold futures had surged, driven by a 45 per cent increase in long contracts — net long positions surged in the third quarter —

mainly due to heightened geopolitical tensions. In contrast, holdings in ETFs decreased.

Haven status will continue

But, beyond this short-term price pressure, concerns such as subdued inflation in the US may continue to support gold, according to some analysts. Also, there is now growing belief that tensions with North Korea are a way off from peaceful resolution. So, the haven status of the metal will continue for some more time.

Reflecting international trends, gold prices in the domestic market have fallen well below ₹30,000 per 10 gram. While this is welcome, it may not trigger a demand surge in the ongoing festival season.

The agricultural situation is



somewhat fragile with many regions facing acute moisture stress and crop losses. Rural incomes are likely to be under pressure.

The weakening of the rupee is expected to provide some prop to

the price slide even as the market is facing generated demand conditions following strong regulatory measures by the government.

This is possibly evidence — albeit indirect — that substantial

amounts of unaccounted money generally flowed into gold in the past, created artificial demand and kept prices buoyant.

Policymakers are concerned over the recent surge in gold imports — especially from countries not known to be producers. It calls for stringent regulatory oversight and stronger implementation of the Rules of Origin.

With the rupee widely expected to weaken further, rising gold imports need close monitoring in terms of tracking its origin, arrival, disposal and revenue. Strong accounting standards and transparency is the way forward.

The author is a commodities market specialist. Views are personal.

Iron Ore Price may Come Under Pressure: NMDC

PTI

Hyderabad: State-owned NMDC Limited today said iron ore prices and demand may come under pressure due to factors such as subdued production in China and ramping up production by some of the large mines across the globe.

N Baijendra Kumar, Chairman-cum-Managing Director of NMDC also said though the global demand may come under pressure, Indian scenario would be different as domestic demand may go up due to expected growth in steel demand.

"Going ahead, however, iron ore demand and prices are likely to come under

Subdued production in China could affect iron ore demand as well

der pressure with expectation of Chinese steel production stagnating, seaborne iron ore supplies increasing with large-scale mines ramping up production and competition from scrap as feedstock," Kumar said in the Annual General Meeting here.

"Fortunately, India's steel demand is poised for an impressive growth in the years to come, which would certainly translate into higher consumption of iron ore domestically," he said.

Later talking to reporters, he said NMDC is expected to spend Rs 3,000 towards capex including the expenditure on Nagarnar steel plant in Chhattisgarh, during the current fiscal.

Replying to a query, he said the miner is aiming to achieve a sales target of 37 million tonnes during the current year against 35.6 million tonnes last year. On the cost escalation of the steel plant due to delays, Director (Finance) Davinder Singh Ahluwalia said the company is currently working on the cost overruns and has not come to a certain figure.

NAVBHARAT DATE: 23/9/2017 P.N. 7

MECL, नाल्को और HCL के बीच करार



व्यापार प्रतिनिधि

नागपुर, मिनरल एक्सप्लोरेशन कॉर्पोरेशन लि. (एमईसीएल), नेशनल एल्युमिनियम कंपनी लिमिटेड (नाल्को) और हिन्दुस्तान कापर लिमिटेड (एचसीएल) ने विदेशों में अन्य खनिज की संभावनाओं की तलाश करने के उद्देश्य से संयुक्त उपक्रम बनाने के लिए समझौता पर हस्ताक्षर किए. तीनों कंपनियां

मिलकर एक संयुक्त उपक्रम बनाएंगी, जो विदेशों में खनिज की पता लगाने का काम करेगी. भुवनेश्वर में समझौते पर हस्ताक्षर किए गए. संयुक्त खनिजों के क्षेत्र में देश को आत्मनिर्भर बनाने की दृष्टि से यह

आवश्यक है कि भारत से बाहर दूसरे देशों में भी इसका पता लगाया जाए. प्रसंस्करण किया जाए और भारत एवं अन्य देशों में इसकी बिक्री की जाए. एमईसीएल की ओर से सीएमडी डॉ. गोपल भवन ने समझौते पर हस्ताक्षर किए, जबकि नाल्को की ओर से सीएमडी टी. के. चांद ने और एचसीएल की ओर से सीएमडी संतोष शर्मा ने हस्ताक्षर किए.

Thyssenkrupp to form union panels on Tata deal

Workers have fiercely opposed merger with the Indian firm

REUTERS
FRANKFURT

Thyssenkrupp AG is to set up a joint working group of board members and labour representatives to help implement the plan to merge with Tata Steel, it said in a statement on Saturday, issued after a supervisory board meeting.

The meeting was held after Thyssenkrupp top management's move this week to sign a memorandum of understanding with Tata Steel for a 50-50 joint venture.

If approved, it would create Europe's second-biggest steelmaker after ArcelorMittal, with combined sales of about €15 billion.

The working group will consist of members of the executive boards of Thyssenkrupp AG, Thyssenkrupp Steel Europe, which is the unit for the steel activities within the wider group, representatives of Thyssenkrupp's works councils and the works councils of the steel sites, the statement said.

The working group will be headed by Markus Grolms, deputy chairman of the su-



Steely resolve: Heinrich Hiesinger's declared goal is to get labour leaders to agree to the deal. •REUTERS

pervisory board of Thyssenkrupp AG and Oliver Burkhard, member of the executive board of Thyssenkrupp AG, where he is chief human resources officer, it said.

Thyssenkrupp AG Chief Executive Heinrich Hiesinger depends on the support of labour representatives, who hold half of the 20 seats on the group's supervisory board and have fiercely opposed the deal with Tata Steel.

On Friday, several thousand steel workers took to the streets of Bochum in Germany's industrial heartland to protest against the deal,

which would include up to 4,000 job cuts, about 8% of the combined workforce.

Labour resistance

Opposition from Thyssenkrupp's workforce could mean prolonged negotiations with management and delay any approval of the plan by the supervisory board, scheduled for early next year. If all labour representatives on the supervisory board vote against the plans, its chairman Ulrich Lehner could still push them through with his casting vote but it is Mr. Hiesinger's declared goal to get labour leaders to agree.

THE HITAVADA

DATE: 23 /9/2017 P.N. 11

Crude steel output rises to 8.4 MT in Aug

NEW DELHI, Sept 22 (PTI)

INDIA'S crude steel production registered a growth of 4 per cent to 8.4 million tonnes (MT) in August this year, according to the latest report of World Steel Association.

The steel output stood at 8.1 MT in August last year, it said. India's domestic production in the January-August period of 2017 increased by 5 per cent to 66.4 MT over 63.2 MT in the same period of 2016, the data showed.

Global steel production for the 67 countries reporting to World Steel Association (worldsteel) was 143.6 MT in August this year, registering an increase of 6.2 pc over 135.1 MT in August 2016.

NMDC sees 20% growth this fiscal, to incur capex of ₹3,000 crore

PSU finalising strategy for Nagarnar steel divestment

VIRISH KUMAR

Hyderabad, September 24

Buoyed by the market conditions and growing demand from the steel sector, NMDC Ltd is upbeat on business prospects and expects a growth of about 20 per cent this fiscal over last year.

The state-owned mining major is planning to deploy a capex of about ₹3,000 crore this fiscal in capacity expansion and for development in the Nagarnar steel.

N Bajjendra Kumar, Chairman and Managing Director, said: "NMDC achieved a record iron ore production of 34 million tonnes (mt) and sales of 35.6 mt during 2016-17, which was 19 per cent and 24 per cent higher year-on-year. The turnover at ₹8,830 crore was 37 per cent higher than 2015-16. Net worth of the company was at ₹22,519 crore as on March 31, 2017.

"We expect to sustain the growth during the current financial year. As of August 2017, NMDC production and sales values are higher by 13 per cent and 16 per cent over previous year for the similar period. Price trend for the current period up to August 2017 is stable and upward as compared to the previous year," he explained.

Speaking at the 59th AGM of the mining company and later interacting on the sidelines, the newly-appointed CMD said: "To meet the growing requirement of iron ore by the Indian steel industry, NMDC has made plans to increase its production capacity to 67 mt per annum by 2021-22."

The strategy focuses on growth largely through brown-field expansion of existing mines and improving evacuation along with it.

He said development of a greenfield mine at Deposit 13 has also been planned through joint venture with the Chhattisgarh Mineral Development Corporation for which mining



N Bajjendra Kumar, Chairman and Managing Director, NMDC

lease has already been executed. The CMD said the company was in the process of diversification, which includes working with Midhani for tungsten mineral, gold deposits in Tanzania, Legacy Iron Ore in Australia and several other such projects.

Under the National Steel Policy 2017, NMDC is working on couple of special-purpose vehicles in Karnataka and Jharkhand. NMDC is in discussion for allocation of suitable deposits for these SPVs.

During the AGM, some share-

holders raised issues about divestment, buyback of shares and demanded higher dividend.

Nagarnar divestment

NMDC is in the process of finalising a strategy for divestment of Nagarnar steel plant coming up at Bastar in Chhattisgarh.

About ₹12,559 crore has been spent on the 3 million tonne per annum steel plant so far, and it is getting ready for starting operations.

The plant has seen some cost over-run due to delay and also dollar rate fluctuations.

Consultants for transaction advisory, legal advisors and others for the divestment process have been appointed and soon a decision will be taken by the company, then put up with the Steel Ministry and to the Cabinet for final decision on the process, he explained.

The company said that a 2-mtpa pellet plant is also being set up and the process for obtaining statutory clearances for Phase-I work is at an advanced stage.

Gold tumbles as US Fed is set to tighten screws

Though geo-political tensions may support, near-term view looks negative

GURUMURTHY K

Gold prices dropped sharply in the past week. The global spot gold price, which was already trading on a weak note, came under more pressure after the US Federal Reserve met on Wednesday.

The Fed deciding to begin its balance sheet normalisation from October dragged the gold prices below the psychological \$1,300 per ounce mark to a low of \$1,288 on Thursday. The news of North Korea's plan to test a nuclear bomb offered some support to the yellow metal on Friday and the prices bounced from the low to close the week at \$1,297 per ounce, down 1.7 per cent for the week.

Silver, on the other hand, was beaten down much more than gold. The global spot sil-

ver prices slumped 1.4 per cent to close the week at \$16.99 per ounce.

On the domestic front, both the gold and silver futures contract on the Multi Commodity Exchange (MCX) fell for the second consecutive week.

The MCX Gold futures contract has closed at ₹29,585 per 10 gm and was down about 1 per cent for the week. The MCX Silver futures contract closed the week at ₹39,717 per kg, down 27 per cent for the week.

Weak outlook

The fall in bullion prices over the last two weeks has turned the outlook negative. Further, with all major central banks—European Central Bank, Bank of England and the US Federal Reserve, set to tighten their



policy, there is more pressure on gold and silver. However, the on-going political tensions between the US and North Korea may provide some support in the near-term and limit the downside in bullion prices.

Gold outlook

The global spot gold (\$1,297 per ounce) has an immediate resistance at \$1,302. If it manages to surpass this hurdle, the downside pressure may ease. A rise to \$1,315 or \$1,320 is

possible then. Inability to break above \$1,302 may keep gold under pressure. In such a scenario, there is a strong likelihood of the prices falling to \$1,281—the 50 per cent Fibonacci retracement support is likely in the short term.

MCX-Gold (₹29,585 per 10 gm) futures contract has significant support in the ₹29,350-₹29,300 region. A fall below this support is less probable.

An upward reversal from this support can take them-

tract higher to ₹29,850 initially. Further break above ₹29,850 can test ₹30,100. On the other hand if MCX-Gold declines breaking below ₹29,350, it can fall to ₹28,975.

Silver outlook

The global spot silver (\$16.99 per ounce) has a key support in \$16.85-\$16.80 zone. A strong break below \$16.80 can drag the prices lower to \$16.5 or even \$16.25. But if silver manages to sustain above \$16.8, a rise to \$17.1 is likely. Further break above \$17.1 will ease the downside pressure and take the prices higher to \$17.35 and \$17.60.

MCX-Silver (₹39,717 per kg) can fall to ₹38,950 if it breaks below the immediate support at ₹39,400. But, if it sustains above ₹39,400, a rise to test the 30-day moving average resistance at ₹40,815 is possible. A break above ₹39,400 can take the contract further higher to ₹40,850 or ₹41,250.



MCX Gold

Supports
₹29,300 / ₹28,975
Resistances
₹29,850 / ₹30,100

MCX Silver

Supports
₹39,400 / ₹38,950
Resistances
₹40,815 / ₹40,850



Ship shape: The terminal will have a loading rate of 8,000 tonnes per hour, among the highest for an Indian port. • AFP

Essar invests ₹830 cr. in Vizag port facility

Iron ore handling to almost double

LALATENDU MISHRA
VISAKHAPATNAM

Essar Ports has invested ₹830 crore to upgrade and almost double the iron ore handling capacity of its Vizag Terminal (outer harbour) in Andhra Pradesh, a top company official said.

The capacity enhancement work from 12.5 million metric tonnes per annum (MMTPA) to 23 MMTPA is nearing completion and will be fully operational in November this year, he said.

Essar Vizag Terminal Ltd. (EVTL), the entity that bagged 30-year concession from Visakhapatnam Port on Design-Build-Finance-Operate-Transfer (DBFOT) basis, has already ramped up iron ore handling capacity of the terminal from 25,000 tonnes per day to 70,000 tonnes per day by replacing and modernising the conveyor belt and related infrastructure.

After completion of the expansion work, the loading capacity of the terminal will increase to 1.2 lakh tonnes per day and the facility will be able to berth vessels up to two lakh DWT with a draft of 18 metres on the outer harbour, he said.

"On completion, the upgraded terminal will have a loading rate of 8,000 tonnes per hour which will be among the highest for an Indian port," said Rajiv Agarwal, managing director, Es-

sar Ports. EVIL was awarded the contract in 2012 but it took over the facility only in 2015. Since then, the company has been investing heavily to upgrade it, Mr. Agarwal said.

The ₹830-crore investment includes ₹200 crore upfront payment made to Visakhapatnam Port Trust at the time of takeover. In the last two years, EVTL officials said the company had managed to reduce spillage rate to 0.18%.

Reducing emission

"We are determined to cut down spillage and emission to virtually near zero levels," said C.H. Satyanand, CEO, EVTL.

"Our objective is to be the preferred choice of exporters in eastern India," Mr. Satyanand added.

The iron ore handling terminal is an all-weather deep draft facility which includes a receiving and a shipping system. While the receiving system is a completely mechanised facility that comprises high capacity wagon tipplers for receiving cargo by rakes and one of the longest conveyor systems that transfer cargo to a stackyard, the shipping system comprises high capacity reclaimers and ship loaders.

(This correspondent was in Visakhapatnam at the invitation of the company)

Have a question on commodities?

Write to us at commodityquery@gmail.com

Classroom Corner

Demystifying a commodity: Zinc

GURUMURTHY K

Zinc, which is used to galvanise iron and steel to prevent rusting, is one of the most widely traded base metals. China is the world's top producer. Australia, Canada and India are the other major producers. About 55 per cent of the world's total zinc is used in the steel industry and it finds major use in the infrastructure and automobile industry. In addition to the restricted supply due to mine closures, increased spending in China's infrastructure sector was also one of the major reasons for zinc prices surging last year. Just like the case of other metals, in zinc too, China is the leading consumer.

China accounts for about 50 per cent of the global demand for zinc. As such, keeping an eye on China's demand and infrastructure spending helps in determining the price trend in zinc.



MCX-Zinc futures contract

Zinc is the most traded metal in the Multi Commodity Exchange (MCX). It is traded on the MCX under two categories, Zinc and Zinc Mini. It is traded from Monday to Friday, from 10 am to 11:30 or 11:55 pm, depending on the daylight savings time period in the US.

The lot size of the Zinc contract is 5 tonnes and the Zinc Mini contract is one tonne. Both contracts trade on price of one kg zinc.

Currently the contracts are trading around ₹194 per kg. So, one lot of the Zinc (5 tonne) contract will cost you ₹9,70,000 and a lot of Zinc Mini (one tonne) contract will cost ₹1,94,000. However, it does not mean that an individual intending to trade in the Zinc contract must have this huge amount as a capital. A portion of this total money, which is termed as the "margin" is enough to trade these contracts.

In general, the margin amount will be 5 per cent of the total cost of the contract. That is, a trader will need ₹48,500 (5 per cent of ₹9,70,000) and ₹9,700 (5 per cent of ₹1,94,000) to buy one lot of the respective contract on the MCX. If volatility is high in the market, one should shed more margin amount.

The delivery logic of this contract comes under "both option" category. That is, physical delivery happens only if the intention of both the buyer and seller to give and take matches. Else, the contract is cash settled.

माइन टूरिज्म का मजा ले सकेंगे लोग

अक्टूबर के पहले
सप्ताह से होगी
शुरुआत

व्यापार संवाददाता

नागपुर. वेकोलि को एक
नई पहचान दिलाने वाले

सावनेर में बनाए गए 'इको माइन टूरिज्म' का मजा
एक बार फिर लोग अक्टूबर के पहले सप्ताह से ले
सकेंगे. सावनेर अंडरग्राउंड कोल माइन शहर से
45 किमी और गोंडगांव ओपनकास्ट कोल माइन
30 किमी की दूरी पर है. टूरिस्ट यहां पर
रोमांचकारी अनुभव ले सकते हैं. एमटीडीसी द्वारा
अक्टूबर के पहले सप्ताह शुक्रवार, शनिवार और
रविवार से इसकी शुरुआत की जा रही है. इसमें
एक दिन का टूर कोस्ट प्रति व्यक्ति 700 रुपये है.
इसमें 9.30 बजे सावनेर माइन नंबर 1 से प्रस्थान
से आदासा गणेश मंदिर, इको पार्क व पार्क



साइटिंग, डेक्क्यूसीएल
गेस्ट हाउस, गाइड के
साथ अंडरग्राउंड माइन
साइटिंग का अच्छा
अनुभव लिया जा
सकेगा. एमटीडीसी के
सीनियर रीजनल मैनेजर
ने बताया कि हर वर्ष

सितंबर से अप्रैल तक का समय माइन घूमने के
लिए अच्छा समय होता है. हर बुधवार को माइन
बंद रहती है. टूर की शुरुआत एमटीडीसी कार्यालय
से होती है. अंडर ग्राउंड का क्षेत्र 4.71 स्क्व. किमी
है. यहां 18 वर्ष आयु के बच्चे यहां प्रवेश कर
सकते हैं. इसके समीप 6 हेक्टेयर में इको पार्क
फैला हुआ है. इसमें लाइव साइंस मॉडल, विविध
हर्बल प्लांट्स और टॉय ट्रेन से जंगल सफारी का
मजा भी लिया जा सकता है. यह टॉय ट्रेन माइनिंग
गैलरीज से होकर गुजरती है. वहीं ओपन कास्ट
माइन 2.27 स्क्व. किमी. में फैली हुई है.



हिन्दी को आत्मसात करें : सहाय

व्यापार प्रतिनिधि

नागपुर. भारतीय खान ब्यूरो में महानियंत्रक
रंजन सहाय की अध्यक्षता में हिन्दी पखवाड़ा
समापन समारोह एवं पुरस्कार वितरण कार्यक्रम
आयोजित किया गया. इस अवसर पर
एन.आई.टी. नागपुर के भूतपूर्व प्रधानाध्यापक
डॉ. सुरेन्द्र विनायक गोले मुख्य अतिथि थे.
भारतीय खान ब्यूरो (मुख्यालय) नागपुर की
हिन्दी गृह पत्रिका 'खनन भारती' का विमोचन
भी किया गया. सहाय ने राजभाषा हिन्दी के
अधिकाधिक प्रयोग पर बल दिया और कहा कि
यह हम सबका कर्तव्य है कि हम अपना
सरकारी कार्यालयीन कार्य राजभाषा हिन्दी में
ही करें. अपने अंदर की उत्कृष्टता की तलाश
करें तथा प्रगति के पथ पर आगे बढ़ें. इसके पूर्व
गोले ने कहा कि यदि हर व्यक्ति अपने अंदर
इंद्रिय का अंश देखना चाहता है तो उसे अपने
अंदर की श्रेष्ठता और उत्कृष्टता को ढूंढना होगा.
उन्होंने कहा कि हर व्यक्ति को यह प्रयत्न
करना चाहिए कि उसका वर्तमान भूतकाल से
ज्यादा अच्छा हो. अध्यक्षता के. थॉमस,
उपमहनिदेशक (सांख्यिकी) द्वारा की गई. डॉ.
पी. के. जैन ने संदेश पढ़ा. संचालन
विनयकुमार सक्सेना ने किया तथा धन्यवाद
ज्ञापन जगदीश अहरवार ने किया. राजीव
कुलश्रेष्ठ, मिताली चटली, असीम कुमार,
किशोर डी. पारधी, प्रदीप कुमार सिन्हा ने
सफलतापूर्वक प्रयास किए.

GLOBAL	Change in %			52-Week	
	Price	Weekly	Monthly	Yearly	High Low
Metals (\$/tonne)					
Aluminium	2137	1.9	2.4	31.3	2165 1631
Copper	6416	-0.7	-2.0	32.7	6906 4620
Iron Ore	70	-6.9	-13.4	25.8	95 94
Lead	2487	6.6	4.0	28.1	2478 1907
Zinc	3077	1.1	-1.1	34.7	3194 2087
Tin	20745	0.4	1.2	6.4	21945 18750
Nickel	10342	-6.1	-9.0	-2.6	12146 8710

STOCKS EXPECTED TO FALL MORE IN COMING WEEKS

Weakness in Market will Test Metal Firms' Nerves of Steel

Metal companies will continue to have a weak run on the bourses in the short term after a 4% fall in the Nifty Metal Index on Friday. Further weakness in base metal prices due to weak global trade sentiment and a downgrade of China's credit rating may weigh on metal stocks. ET spoke to analysts on the expected correction in shares of some leading metal companies.

— Anandi.c@timesgroup.com

Vedanta

CMP: ₹308.1

Year-to-date performance: 42.45%

Vedanta shares fell 4.49% on Friday with copper prices declining 1% and aluminium and zinc prices declining 2% on the London Metal Exchange. Analysts expect a further fall of 4% from current levels. "Vedanta could fall between 3-4% from current levels and investors can use the opportunity to go long. The dollar index is stabilising which can lead to selling pressure in metals," said Ashish Chaturmohta, head of derivatives and technicals at Sanctum Wealth Management.

Hindustan Zinc

CMP: ₹292.65

Year-to-date performance: 14.68%

The stock could see some more selling pressure in the coming week after a 3.7% fall on Friday. "The stock is likely to correct up to 5% to ₹278 levels in the coming one and a half weeks," said Chandan Taparia, technical and derivative analyst at Motilal Oswal Securities. Analysts are positive on the medium term outlook of the company but maintain a hold on the stock due to subduing zinc prices. "The company's volumes have been healthy and will continue to look up but share valuations are high," said Goutam Chakraborty, analyst, Emkay Global Financial Services.

JSW Steel

CMP: ₹246.95

Year-to-date performance: 51.54%

Shares of JSW Steel fell 3% on Friday and can see more fall in the coming sessions. They have risen 51% since the beginning of the year, but analysts don't expect the rally to extend further. "Though the stock is fairly valued, upside from current levels will be limited after the rally we have seen in the past few months," said Akash Jain, vice-president of equity research at Ajcon Global Services. Analysts expect the stock to fall to around ₹234 in the near term.

Tata Steel

CMP: ₹654.55

Year-to-date performance: 67.16%

Shares of the steel maker fell 4.7% on Friday. Shares have rallied 5.55% in the past month following the company's decision to merge its European steel operations with that of German steelmaker Thyssenkrupp AG. However, some profit-booking is likely in the coming weeks, said analysts. "Metal stocks have done well, but a 4-5% fall in Tata Steel is likely. There is a build-up of short and long positions in steel stocks and

the weakness may continue," said Taparia of Motilal Oswal.

Hindalco

CMP: ₹231.3

Year-to-date performance: 48.92%

Increasing aluminium demand and a clamp-down on illegal plants in China have been driving aluminium prices, benefiting local producer Hindalco. The stock has risen 20% in the past three months, but a 3-4% correction is expected in the next two weeks, said analysts. "There can be some more profit-booking but this is a short-term trend and can be used as a buying opportunity," said Chaturmohta of Sanctum. Shares fell 5.5% on Friday.



Gold extends losses; silver moves up

NEW DELHI, Sept 25 (PTI)

GOLD prices dropped for the second successive session on Monday, this time by Rs 100 to Rs 30,700 per 10 grams, driven down by a sluggish trend overseas amid muted interest from local jewellers.

Silver, however, recouped Rs 250 to Rs 40,750 per kg on scattered enquiries from industrial units and coin makers.

In the National Capital, gold of 99.9 per cent and 99.5 per cent purity slumped Rs 100 each to Rs 30,700 and Rs 30,550 per 10 grams, respectively.

The precious metal had shed Rs 50 on Saturday. Sovereign, however, held steady at Rs 24,700 per piece of eight grams.

On the other hand, silver ready rose by Rs 250 to Rs 40,750 per kg while weekly-based delivery traded lower by Rs 75 to Rs 39,650.

BUSINESS LINE DATE: 26/9/2017 P.N. 16

MCX Aluminium: Near-term outlook stays positive

GURUMURTHY K

BL Research Bureau

The Aluminium futures contract on the Multi Commodity Exchange (MCX) has reversed sharply higher in the past week. The contract made a low of ₹131.5/kg on September 15 and surged from there to make a high of ₹141.4 on Thursday. The contract has come off from this high and is stuck in a sideways range between ₹136 and ₹140 since Friday. It is currently trading near ₹139 a kg.

Support is in the ₹136-135 region. The outlook will remain positive as long as the contract trades above this support zone. A rise to ₹142 is likely in the near-term. Inability to break above this hurdle can take the contract lower to ₹136 again. But if the MCX-Aluminium futures contract

manages to surpass the resistance at ₹142, the upmove can extend to ₹145.

Short-term traders with high risk appetite can make use of dips to go long at ₹136. Stop-loss can be placed at ₹134 for the target of ₹140. Revise the stop-loss higher to ₹137 as soon as the contract moves up to ₹138.

The contract will come under pressure if it declines below ₹135. Such a break can take the contract lower to ₹131 initially. Further break below ₹131 will increase the likelihood of the fall extending to ₹128 thereafter. But the bias on the chart is bullish in the near-term and a fall breaking below the support at ₹135 is less likely.

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

Biggest diamond found in more than a century fetches \$53 mn

OTTAWA, Sept 26 (IANS)

THE biggest diamond found in more than a century has been sold for \$53 million, Canada's Lucara Diamond Corp said.

The 1,109-carat stone, which is said to be 2.5 to 3 billion years old, was bought by British diamond dealer Graff Diamonds for \$47,777 per carat on Monday. It will now be cut and polished, Lucara said in a statement.

Lucara recovered the huge diamond from Botswana's Karowe mine nearly two years ago. The seller named it "Lesedi La Rona", which means "Our Light" in Botswana's Tswana language.

It had originally hoped to get at least \$70 million for the stone, describing it as the biggest gem quality diamond found in more than a century, CBC News reported. The price paid was an improve-



Lesedi la Rona is the largest diamond discovered in more than a century.

ment on the highest bid received for the diamond at a Sotheby's auction in June 2016, Lucara Chief Executive and President William Lamb said. The new owner, Laurence Graff of Graff Diamonds, said becoming the "custodian" of the diamond was the highlight of his career. "The stone will tell us

its story. It will dictate how it wants to be cut and we will take the utmost care to respect its exceptional properties," he said.

The only larger diamond previously unearthed was the 3,106-carat Cullinan Diamond, which was discovered in South Africa in 1905.

MCX Zinc gathers pace

GURUMURTHY K
BL Research Bureau

The uptrend in the Zinc futures contract on the Multi Commodity Exchange (MCX) has gained momentum.

The contract made a low of ₹196 per kg on Friday and has reversed sharply higher from there. It surged to a record high of ₹209 on Tuesday and is currently trading at ₹208.

The strong rally in the past week has taken the contract well above the key resistance level of ₹205. This resistance was restricting the upside in the contract since August.

This indicates that the contract has resumed its medium-term uptrend that has begun from the June low of ₹156/kg.

The outlook is bullish. The region between ₹205 and ₹204 may provide strong support and can limit the down-

side in the near term.

Dips to this support zone may find fresh buying interest in the contract.

A rally to ₹214 or ₹215 is likely in the short-term.

Traders with a short-term perspective can go long on dips at ₹206. Stop-loss can be placed at ₹202 for the target of ₹214.

Accumulate longs near ₹205. Revise the stop-loss higher to ₹208 as soon as the contract moves up to ₹210.

The bullish outlook mentioned above will get negated only if the contract declines below ₹204.

In such a scenario, a fall to ₹200 is possible.

However, such a down move looks less probable at the moment.

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



MCX Nickel in sideways range with a positive bias

GURUMURTHY K
BL Research Bureau

The downtrend in the Nickel futures contract on the Multi Commodity Exchange (MCX) ended in the past week and the contract has been consolidating in a sideways range over the last few days.

The downtrend that has been in place since the beginning of this month, from the high of ₹786 per kg, halted at a low of ₹674.2 last Friday. Since then, the contract has been moving in a sideways range

between ₹674 and ₹693. If the contract manages to break above ₹693, it can move up to ₹700 in the near term.

Only a decisive break above ₹700 will reduce the downside pressure and turn the outlook positive.

In such a scenario, a rally to ₹720 or ₹730 is possible. But, as long as the MCX Nickel futures contract trades below ₹700, the downtrend will remain intact. It will keep the possibility alive of the contract breaking below ₹674. Such a break can

drag the contract lower to ₹660 or ₹658.

Strong support level

The region between ₹660 and ₹658 is a strong support region. Both a trend-line as well as the 200-day moving average are poised in this region.

An immediate break below this support zone is unlikely. Also, the 21-week moving average is on the verge of crossing over the 100-week moving average, a positive signal indicating that the downside could be

limited. These indicators leave the possibility high of the contract reversing higher from the ₹660-₹658 support zone.

Such a reversal may have the potential to take the contract higher to ₹700 and ₹750 over the medium term.

Those with a medium-term view can go long on dips to ₹660. A stop-loss can be kept at ₹640 for the target of ₹720.

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

Gold hits one-month low as dollar surges



AGENCIES
September 27

Gold hit a month low on Wednesday, adding to its biggest one day loss in almost two years the previous session on rising expectations the US Federal Reserve will raise interest rates again this year.

Spot gold sank 0.5 per cent to \$1,287.19 per ounce by 1227 GMT after tumbling 1.3 per cent in the previous session. US gold futures for December delivery fell 0.9 per cent to \$1,290.20.

Silver was flat at \$16.76/ounce, having dropped 2.4 per cent in the previous session. Platinum was off 0.7 per cent to \$918.24 an ounce, while palladium slid 0.4 per cent to \$910.60.

Metals edge up

Copper rose 1 per cent, clawing back some lost ground after five straight days of decline, as expectations that buoyant demand would outstrip supply in the longer term tempted some buyers back to the market.

Prices were also supported by appetite for cyclical assets in the wider markets, with European shares rising on expectations for progress on

tax reform in the United States. A stronger dollar capped gains, however. London Metal Exchange copper was untraded in official mid-day rings, but was last bid at

\$6,470 a tonne, up 0.9 per cent. LME zinc was up 0.3 per cent at \$3,124.50 a tonne; lead was down 1.1 per cent at \$2,460.

Nickel was up 1.1 per cent at \$10,595. LME tin was down 0.3 per cent at \$20,655, while aluminium was up 0.7 per cent at \$2,140 a tonne.

Oil down

Brent crude prices dipped for a second day, although an unforeseen drop in US oil inventories helped keep the market within sight of this week's 2015 highs.

Brent November crude futures were down 13 cents at \$58.31 a barrel by 1347 GMT, while US November crude fu-

tures were up 18 cents at \$52.06. Turkey's repeated threat to cut oil exports from the Kurdistan region in northern Iraq pushed the price close to \$60 a barrel on Monday for the first time since June 2015.

Brent futures are commanding their highest premium over US crude in more than two years, partly because of the quick production response by US shale producers to any uptick in price.

US crude stocks fell by 761,000 barrels last week as refineries boosted production, in contrast with expectations for a fourth consecutive weekly increase.

Smuggling likely to rise in India

REUTERS

Mumbai, September 27

Gold smuggling in India, the world's second-biggest consumer of the metal, is likely to rise during the country's peak holiday season as buyers try to avoid paying a new sales tax and to dodge new transparency rules.

In August, India moved to include gold sales under the Prevention of Money Laundering Act (PMLA). The law makes it mandatory for jewellers to keep records of customers' personal identification numbers or tax code number for transactions above ₹50,000.

Indian gold demand typically rises in the last three months of the year as consumer buy more for the wedding season as well as for festivals such as Diwali and Dussehra.

"The government implemented the PMLA rule but it didn't take efforts to popularise. Customers are not aware of the rule and are hesitating in giving necessary details," said Surendra Mehta, secretary of the India Bullion and Jewellers Association. "Unaccounted sale will rise in the festive season as some customers are trying to buy without bills."

The tax avoidance recalls the unintended consequences of India's decision to raise import taxes on gold to 10 per cent by August 2013.

The duty failed to curb demand but revived smuggling networks which, the World Gold Council estimates, imported 120 tonnes of gold in 2016, over one-fifth of total annual arrivals.

"The new rule is turning out to be counterproductive.

Instead of giving required details, customers are buying without proper receipts to save tax," said Harshad Ajmera, the proprietor of JJ Gold House, a wholesaler in Kolkata.

The sales tax on gold rose to 3 per cent from 1.2 per cent as part of a new nationwide sales tax regime that started on July 1.

"Jewellers are buying smuggled gold at discount in cash, then making jewellers and selling it to consumers without receipts," said Damian Prakash Rathod, director at wholesaler MNC Bullion in Chennai.

The new limit of ₹50,000 is too low and makes it mandatory to seek identification details of almost each customer, said Kumar Jain, Vice-President, Mumbai Jewellers Association.

ICRA downgrades cement demand growth to 4 pc

■ Business Bureau

RATING agency ICRA has downgraded its forecast for cement demand growth to 3.5-4 per cent for 2017-18 on account of delay in revival in the first half of the fiscal.

According to the agency, the cement demand is expected to be muted in the second quarter of FY2017-18 due to issues such as monsoons and the GST implementation.

However, ICRA expects the cement demand to rebound from the October-December quarter onwards.

"Cement demand growth is expected to be around 3.5-4 per cent during FY 2018, a downward revision as against its earlier estimate of 5 per cent, owing to the delay in the revival of cement demand during H1 FY2018," said ICRA.

Demand in the first quarter was "adversely impacted" led by factors as shortage of sand in a few southern and northern states, implementation of the Real Estate Regulatory Authority (RERA) and



slowdown in the construction activity in West.

"Although the cement demand is expected to be muted in Q2 FY2018 on account of the monsoons and the GST implementa-

tion issues, we expect the demand to rebound from Q3 FY2018," ICRA Ratings Senior VP and Group Head Sabyasachi Majumdar said.

He further said: "The demand growth is likely to be driven by a

pick-up in the housing segment - primarily affordable and rural housing, and infrastructure segment - mostly road and irrigation projects." Besides, higher power and fuel due to increase in coal and pet coke prices and freight costs the increase in cement prices remain critical from the profitability perspective. Moreover, "Lumpy capacity additions in the recent past have led to an increase in debt levels and some deterioration in credit metrics, although they still remain at comfortable levels for most of the larger players," Majumdar added.

As for financial performance most cement companies reported an increase in the revenues in the first quarter of FY 2017-18 on a Y-o-Y basis. "This was driven by an increase in the sales volumes and net sales realisations. While the profitability margins of most cement companies have been under pressure on account of rising costs during the period, increase in the realisations have supported the margins to a large extent," the report said.

Sell gold if it rallies to \$1,315/oz

GNANASEKAART

Comex gold futures touched a 6-week low after the dollar and US bond yields rose on proposed US tax reforms and strong economic data that supported the case for another US interest rate hike this year.

However, speculative fund investors were sticking with gold and demand was underpinned by geopolitical worries over North Korea's nuclear programme and an independence vote in Kurdistan.

Comex gold futures moved perfectly in line with our expectations so far.

Though \$1,290-95 an ounce still has the possibility of holding dips, a close below this level could open the downside to \$1,273 followed by \$1,260 levels in the near-term.

It needs to be seen if there is a possibility of a rebound from those levels subsequently. The momentum is strong on the downside and any upticks could be short-lived.

Prices could head towards our potential bearish near-term targets around \$1,240-45, while upside attempts gets capped around \$1,295-97 in the near-term.

The \$1,240-45 level is a very strong medium-term support and therefore, we can expect a strong bounce or a retracement from those levels in the coming weeks. Only a direct rise and close above \$1,315 could hint at further bullishness ahead.

The favoured view expects prices to drift towards \$1,260. But it appears that resistances around \$1,290-95 will cap a decline towards \$1,260 or even towards \$1,245 in coming sessions.

Wave counts: It is most likely that the fall from the record \$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 levels or a complete correction of A-B-C ending with this decline. Subsequently, 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 extend to \$1,476 levels. 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.

Corrective wave in progress

But, failure to follow through above \$1,355 has dashed any hopes of any impulsive upward move. As prices have broken certain important supports and shown weakness targeting \$975 levels, we are tilted towards looking at this as a corrective wave C in progress.

RSI is in the neutral zone now indicating that it is neither overbought nor oversold. The averages in MACD are still above the zero line of the indicator, indicating a bullish reversal. Only a crossover again below the zero line could hint at a reversal in trend to bullishness.

Therefore, sell Comex gold on rallies to \$1,315 with a stop-loss at \$1,328 targeting \$1,260 followed by \$1,245.

Supports are at \$1,274, 1,260 and 1,245. Resistances are at \$1,295, 1,315 and 1,327.

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

World Gold Council to form panel for establishing spot gold bourse in India

The committee will provide guidance in setting up the exchange

REUTERS
MUMBAI

The World Gold Council (WGC) plans to form a committee soon to help set up India's first spot gold exchange within 12 to 18 months, a senior official of the industry body said on Thursday.

Bringing in transparency

A dedicated exchange for physical gold is expected to pave the way for standard gold pricing practices in India, apart from bringing in transparency into a market which sees large cash transactions.

"We will be taking lead in forming the committee, which will have all the stakeholders," Somasundaram PR, managing director of the WGC's Indian operations, told Reuters.

The committee, which is likely to be formed in the



New order cometh: A physical exchange will enable jewellers and retailers to trade over a regulated platform. •REUTERS

December quarter, will not set up the exchange. It will provide guidance in setting up the exchange, he said, while releasing a WGC report highlighting the need for a

dedicated spot gold exchange in the country.

In 2015, Indian government had floated the idea of setting up a national gold exchange. India's push for an

exchange follows the gold monetisation and sovereign bond schemes introduced in last few years, designed to mobilise the country's gold hoard and reduce imports of the precious metal that weighs on the country's trade deficit.

The Multi Commodity Exchange (MCX) and National Commodity and Derivatives Exchange (NCDEX) currently offer gold futures contracts in India, but do not have a platform for physical trade.

China model

A physical exchange would enable jewellers, retailers, refiners and banks to trade over a regulated platform, the WGC report said. China, world's top gold consumer, runs such a bourse where gold, both domestically produced and imported, can be bought and sold.

NAVBHARAT DATE: 29/9/2017 P.N. 7

MECL ने अदा किया 35.86 करोड़ का लाभांश

व्यापार संवाददाता

नागपुर. मिनरल एक्सप्लोरेशन कार्पोरेशन लिमिटेड देश के विभिन्न भागों में भारत सरकार, राज्य सरकारों, सार्वजनिक उपक्रमों और अन्य एजेंसियों की ओर से ऊर्जा तथा गैर-ऊर्जा खनिजों के समन्वेषण कार्य में

संलग्न है. वर्ष 2016-17 के दौरान कम्पनी ने अपने स्थापना काल से अब तक का सर्वोच्च वित्तीय निष्पादन प्राप्त किया. अपने सतत और अथक प्रयासों से यह 2012-13 से लाभांश की अदायगी करने वाले संगठन के रूप में स्थापित है और उसके बाद से लगातार लाभांश अदा करते आ रहा है. वर्ष 2016-17 के लिए भारत



सरकार को भुगतान की गई लाभांश की राशि 35.86 करोड़ अब तक की सर्वोच्च लाभांश की राशि है. लाभांश का चेक चेक एमईसीएल के सीएमडी डा. गोपाल धवन ने दिल्ली में ग्रामीण विकास, पंचायती राज व खान मंत्री नरेंद्रसिंह तोमर को सौंपा.

इस अवसर पर भारत सरकार, खान मंत्रालय के सचिव अरुण कुमार, संयुक्त सचिव सहित एमईसीएल के वरिष्ठ अधिकारी व अन्य उपस्थित थे. एमईसीएल, एनएमडीटी निधिबद्ध परियोजनाओं के अंतर्गत समन्वेषण कार्य करने के लिए 'नोडल' एजेंसी है. इसने हाल ही में ग्रीनफील्ड समन्वेषण कार्य के क्षेत्र में भी प्रवेश किया है. इस जिम्मेदारी को उठाने के लिए इसने तेजी के साथ खनिज समन्वेषण कार्य करने की तैयारी की है.

GPS अनिवार्य

गौण खनिज वाहनों में जीपीएस

विदर्भ लोकल ट्रक एकता मंच के प्रयासों को मिली सफलता

स्कूल बसों में जीपीएस अनिवार्य करने के साथ ही कलेक्टर ने जिले में गौण खनिज का परिवहन करने वाले सभी वाहनों में जीपीएस अनिवार्य कर दिया है. अगर जीपीएस नहीं लगाया तो वाहन मालिक अपने ट्रकों व ट्रैक्टरों से खनिज का परिवहन नहीं कर सकेगा. जीपीएस सिस्टम लगाने के बाद संचालक को मोटर वाहन विभाग की ओर से अनुमति व योग्यता प्रमाणपत्र लेना अनिवार्य होगा. बताते चलें कि विदर्भ लोकल ट्रक एकता मंच के अध्यक्ष नितिन तिवारी के नेतृत्व में जिले के 400 मोटरमालिकों ने कलेक्टर से मुलाकात कर नियम से व अंडरलोड परिवहन करने की तैयारी दर्शायी थी और अवैध परिवहन को नियंत्रित करने के लिए कदम उठाने का निवेदन कलेक्टर से किया था. कलेक्टर के आदेश से संगठन के प्रयासों को सफलता मिली है.

पर्मानेंट लाइसेंस रद्द होगा

जिलाधिकारी ने जीपीएस सिस्टम लगाने के लिए तकनीक समिति गठित की है जिसमें सूचना तकनीक विभाग के अधिकारी, उपजिलाधिकारी, सहायक प्रादेशिक परिवहन अधिकारी का समावेश किया गया है. बिना जीपीएस सिस्टम लगाए वाहनों पर गौण खनिज का परिवहन करते पकड़े जाने वाले वाहन संचालकों पर पहली बार पकड़े जाने पर 30 दिनों के लिए लाइसेंस रद्द किया जाएगा और दूसरी बार पकड़े जाने पर 60 दिनों के लिए लाइसेंस रद्द करने की कार्रवाई होगी.

Karnataka farm price panel wants areca board set up

OUR BUREAU

Mangaluru, September 28

The Karnataka Agriculture Price Commission has stressed on the need for the establishment of an arecanut board on the lines of the Rubber Board and Coffee Board.

Addressing presspersons in Mangaluru on Thursday, TN Prakash Kammaradi, Chairman of the commission, said the Karnataka government will soon submit a proposal to the Centre seeking the establishment of an arecanut board.

To a query on the need for such a board, he said the Bagalakote-based University of Horticultural Sciences, which conducted a study on the arecanut sector, has suggested the need for the establishment of such a board.

A board will help ensure stability in the arecanut market besides focussing on research and development activities. As of now, there is a lack of accurate market information.

The biggest of the arecanut co-operatives in Karnataka has only around 10 per cent of the total share in the arecanut market.

A neutral board constituted by the government will help ensure stability in the market during a crisis.

He said that the State government would soon submit a proposal to the Centre on the need for the establishment of a national-level arecanut board to tackle different issues related to the sector and to bring stability into the market.

Iron ore production up 18% in July

New Delhi, September 28

Domestic production of iron ore, a key raw material for steel making, rose by 18 per cent to 136 lakh tonne in July compared to the same month last year, official data showed. The country had produced 115 lakh tonnes of iron ore in July 2016, according to the data released by the Mines Ministry. On month-on-month basis, iron ore output was down 16.56 per cent compared to 163 lakh tonne in June. The total value of mineral production (excluding atomic & minor minerals) in the country during July 2017 was ₹18,037 crore and iron ore contributed ₹2,069 crore to it. PTI

WGC ready with gold exchange blueprint, wants hurdles cleared

OUR BUREAU

Mumbai, September 28

The World Gold Council — the lobby of global gold miners — has submitted a detailed report to the Central government on the process of setting up a gold spot exchange in India.

It has urged the government to set up an industry committee with broad representation from market participants to drive the agenda of setting up the proposed exchange.

In consultation with the industry, the WGC has suggested the committee focus on designing key components, including the overall exchange architecture and product design.

It also recommended that structured engagement with regulators and policy making bodies to facilitate the regulatory changes is needed to make the exchange a success.

The WGC has suggested a clearly defined regulatory architecture as a pre-requisite for building confidence in the exchange. Currently, the regulat-



ory framework in India puts trading in commodity spot markets under the State List.

Given that the exchange will be national in nature, it needs central oversight and clear ownership of regulatory responsibilities.

SEBI is the regulator for all existing exchanges in India and it can leverage its expertise to regu-

late the proposed spot exchange. Since banks will play a key role in the exchange and long-term transformation of the gold market, certain policy actions may also need to be led by the RBI.

Allowing central financial regulators to govern the proposed exchange will require gold trading to be brought under the purview of the Union List or Concur-

Given that the exchange will be national in nature, it needs central oversight and clear ownership of regulatory responsibilities.

rent List. This can either be done by passing a constitutional amendment or by classifying gold trading as a subject of "investor protection."

A sector-specific body with constitutional powers to govern gold trading and the gold market can be established under the central government.

Participation from institutional players such as banks will be important to gain scale and build liquidity. Regulatory restrictions need to be lifted to allow banks buy and sell gold in the domestic market, participate in the futures market and launch gold-linked products.

The taxation structure on exchange trading should not deter participation on the exchange, said the WGC.

'Thyssenkrupp JV to help Tata Steel cut exposure to Europe'

ENSECONOMIC BUREAU
MUMBAI, SEPTEMBER 29

THE MEMORANDUM of understanding (MoU) between Tata Steel and Thyssenkrupp AG to create a 50:50 joint venture (JV) in Europe paves the way for the former to reduce exposure to a structurally weaker business and allocate additional capital to more profitable operations back in India, say analysts.

In its latest report, Fitch Ratings has observed that reduction in direct exposure to Europe, which faces weak regional demand, high conversion costs and lack of captive raw material sources, while increasing significance of its more profitable Indian operations will not only reduce earnings volatility, but also improve the Tata Steel's overall business profile.

On September 20, Tata Steel and Germany's Thyssenkrupp had signed an agreement to merge their European steel operations that would create Europe's second-largest steel firm after ArcelorMittal. The combined entity would have a turnover of about 15 billion euro per annum (Rs 1.15 lakh crore). The companies said the 50:50 joint venture did not involve any cash and both groups would contribute debt and liabilities and remain long-term investors. The debt transferred to the JV by Tata Steel, which is 2.5 billion euro will be non-recourse.

Following that, Tata Steel's consolidated debt will reduce to Rs 55,000 crore from Rs 74,500 crore as on March 2017, observe analysts at Kotak Institutional Equities. The combined Ebitda (earnings before interest, tax, depreciation and amortisation) for both the entities is close to 1.5 billion euro (\$1.7 billion) without assuming synergies — the Ebitda can increase to \$2.1 billion (or more) on inclusion of cost synergy gains.

In fact, KIE notes that assuming these synergies are realised,

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the JV is estimated to be earnings accretive by about 9-10 per cent at the lower end of the synergy benefits of 400 million euro.

The companies have said cost synergies to the tune of 400-600 million euro per annum could be realised by the JV through integration of commercial functions, R&D and other supporting activities. Also, elimination of cash burn in Europe will take off the cash flow load from Indian operations and improve capital allocation to more profitable Indian operations.

Tata Steel has said it intends to double its capacity in India from 13 million tonne in the next five years to enhance its market position. Apart from organic growth at its Kalinganagar and Jamshedpur sites, the company may acquire distressed assets in India. A number of domestic steelmakers such as Essar Steel, Bhushan Steel and Electrosteel Steels are in bankruptcy proceedings.

According to the ratings firm, Tata Steel's leverage will decline further to 4x by FY19, driven by robust Ebitda in India and reduced capex. "Tata Steel's capex averaged around Rs 12,000 crore each year over FY14-17 as it set up its Kalinganagar plant, and we assume roughly half of that level will be spent annually over the next three years resulting in positive FCF (free cash flows). However, higher-than-expected spending to pursue capacity growth is a key risk to our estimates," it said. FE