



खनिज समाचार

KHANIJ SAMACHAR

Vol. 2, No-18

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KHANIJ SAMACHAR



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VOL. 2, NO-18, 16th –30th SEPTEMBER, 2018

BUSINESS LINE DATE : 17/9/2018 P.N.8

Metals (\$/tonne)						
Aluminium	2007	-1.2	-1.9	-3.0	2603	1966
Copper	5951	0.6	-1.0	-7.8	7324	5820
Iron Ore	64	-0.7	-0.1	-14.6	77	58
Lead	2030	-1.4	-1.0	-10.9	2683	1969
Zinc	2316	-4.4	-5.0	-23.0	3619	2325
Tin	19046	-0.1	0.1	-7.7	22104	18662
Nickel	12574	2.5	-5.7	13.0	15749	10170

BUSINESS LINE DATE : 24/9/2018 P.N.8

Metals (\$/tonne)						
Aluminium	2064	2.8	1.7	-3.9	2603	1966
Copper	6380	7.2	6.0	-0.9	7324	5820
Iron Ore	65	0.9	1.7	-10.5	77	58
Lead	2036	0.3	2.6	-19.1	2683	1969
Zinc	2499	7.9	3.0	-19.8	3619	2285
Tin	19062	0.1	0.1	-7.4	22104	18662
Nickel	13167	4.7	-2.3	20.5	15749	10170

Tata Steel bags global Industry Leader award

JAMSHEDPUR, Sept 15 (PTI)

TATA Steel has been adjudged Steel Industry Leader globally by Dow Jones Sustainability Index 2018 (DJSI), a Tata Steel press release said on Friday. Tata Steel is also the only India-based company to emerge as a winner among all 60 sectors evaluated for DJSI 2018. Tata Steel leads the steel industry in RobecoSAMs Corporate Sustainability Assessment based on its Total Sustainability Score in 2018. This is the second time in the last three years that Tata Steel has been adjudged the "Industry Leader" amongst 24 steel companies globally, it said. "We are honoured to be ranked the number one company in the steel sector globally. It is a recognition of our efforts towards sustainability and relentless pursuit for a better tomorrow. By its very nature, steel manufacturing is one of the most challenging businesses from the perspective of sustainability. This recognition encourages us to stay committed to our focus on creating a sustainable ecosystem and benchmark with best in class for further improvement," said T V Narendran, CEO and MD, Tata Steel.

Gold struggles to gather momentum

A strong break above \$1,215 is needed to make the bias positive

GURUMURTHY K

Gold continues to hover around the psychological \$1,200-per-ounce mark for the third consecutive week. The yellow metal rose to a high of \$1,212 but failed to sustain higher. The US dollar index reversing higher from the week's low of 94.35 dragged the gold price lower from \$1,212 on the final trading session of the week. Gold closed the week at \$1,194.85 per ounce, down 0.17 per cent.

Silver continues to underperform gold. The global spot silver prices made an intra-week high of \$14.35 and reversed lower to close the week 0.78 per cent lower at \$14.06 per ounce.

Dollar outlook

The US dollar index remained subdued for most part of the

week. The index fell about a per cent to make a low of 94.36. However, it managed to reverse higher on Friday, recovering some of the loss, to close the week at 94.93. The near-term outlook is mixed for the index. Immediate support is at 94.7. If the index manages to sustain above this support, an upmove to 95.5 and 96 is likely in the near term. A strong break above 96 will boost the momentum and pave the way for the next targets of 96.5 and 97. Such a rally in the dollar index may drag gold prices lower.

The levels of 94.3 and 94.1 are crucial supports for the index. A strong break below 94.1 will bring renewed pressure on the index. It will turn the outlook bearish and increase the likelihood of the index tumbling to 93. This, in turn, may trigger a corrective rally in gold.

Gold outlook

Global spot gold (\$1,194.85 per ounce) is finding strong resistance in the \$1,212-\$1,215 region. Support is at \$1,185. A

range-bound move between \$1,185 and \$1,215 can be seen for some time. A breakout on either side of \$1,185 or \$1,215 will then determine the next move. A strong break below \$1,185 will increase the selling pressure and drag the prices lower to \$1,175 and \$1,160 again. On the other hand, if gold decisively breaks above \$1,215, a corrective rally to \$1,230 and \$1,240 is possible.

On the domestic front, the resistance at ₹30,700 is capping the upside in the MCX-Gold (₹30,436 per 10g) futures contract. However, there is a key support at ₹30,250, which is likely to limit the downside. A bounce from this support is likely to breach the ₹30,700 hurdle in the coming days. Such a break will pave the way for a fresh rally to ₹31,000 and ₹31,400, going forward. The indicators on the charts are giving bullish signals. The 21-day moving average has crossed over the 55-day moving av-

erage, and is on the verge of crossing over the 200-day moving average. This is a bullish signal indicating that the downside could be limited.

Short-term traders can go long on dips at ₹30,350 and ₹30,275. Stop-loss can be placed at ₹29,850 for the target of ₹31,300. Revise the stop-loss higher to ₹30,550 as soon as the contract moves up to ₹30,750.

Silver outlook

Silver continues to remain more bearish than gold. Global spot silver (\$14

per ounce) has strong resistance in the \$14.25-\$14.30 region. A break below the psychological support level of \$14 can take silver prices lower to \$13.7 and \$13.5 in the coming days. A strong rise past \$14.30 is needed to ease the downside pressure in silver. If silver manages to decisively breach \$14.30, a corrective rally to \$14.5 and \$14.75 is possible on the back of short-covering. Such a rally, though less likely at the moment, could be swift and sharp.

The near-term outlook for MCX-Silver (₹36,993 per kg) is mixed. Resistance is at ₹37,550. A strong break above this level is needed for the contract to gain fresh momentum. Such a break can trigger a corrective rally to ₹38,200 and ₹38,500. But as long as the contract trades below ₹37,550, a fall to revisit ₹36,500 and ₹36,000 levels cannot be ruled out in the coming days.



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Big Picture

Steel industry calls for favourable policies

SATYA SONTANAM

At the recently concluded MMM 2018 (Minerals, Metals, Metallurgy and Materials expo) organised by International Trade and Exhibitions India, experts from the steel industry spoke about the challenges facing the sector and on the need to address them. Here are some key excerpts:

The steel industry today is growing at a fast pace with a favourable global as well as domestic market. A few things are to be given due attention to retain the growth and achieve the seemingly daunting task of installing targeted steel production capacity of 300 million tonnes per annum by 2030, as per the National Steel Policy, 2017.

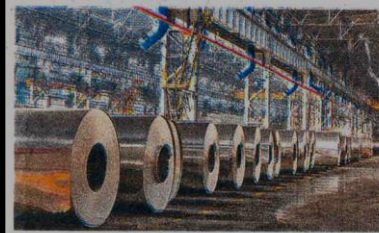
One of the things that's holding back the steel industry is lack of access to the capital goods necessary for steel production. The required technologies are mostly imported or governed by intellectual property rights, making it difficult and expensive for the domestic industry players to access them.

"Manufacturing capital goods locally can reduce cost and time," said Anand Sen, president, Total Quality Management and Steel Business, Tata Steel.

Sen said taxes on raw materials for steel (especially iron ore), is high in India, at about 65 per cent, compared with 28-40 per cent elsewhere in the world. So rationalisation of taxes on mining is essential for raw materials to be more value-accretive.

The other area that was emphasised was the cost of doing business. Issues regarding land acquisition, uncertain policies and undue delay in approvals (52 clearances needed to establish a steel plant), etc, are causes for concern.

Also, a significant portion of the required coking coal is imported, making cost of production expensive. The panel of experts believes that with sensible collaboration, much of this need can be met from the domestic market.



शुल्क से धातु उद्योग पर पड़ेगा असर : रिपोर्ट

एजेंसियां

दिल्ली. अमेरिका द्वारा इस्पात और ऐल्युमीनियम पर बहुत अधिक शुल्क लगाने के फैसले से घरेलू धातु उद्योग पर असर पड़ सकता है. अमेरिका के राष्ट्रपति डोनाल्ड ट्रंप ने आठ अक्टूबर, 2018 को इस्पात आयात पर 25 प्रतिशत और ऐल्युमीनियम आयात पर 10 प्रतिशत का शुल्क लगाया था. एसोचैम के 'ग्लोबल टैरिफ वार: इम्पलिकेशन्स एंड चैलेंजेज' शीर्षक से प्रकाशित हालिया रिपोर्ट में कहा गया है अमेरिका के संघीय कानून, 1962 की धारा 232 के तहत ऐल्युमीनियम और इस्पात पर क्रमशः 10 और 25 फीसदी तक का शुल्क लगाने का फैसला किया गया. रिपोर्ट में कहा गया है इस बात का आकलन मुश्किल होगा कि इस्पात और ऐल्युमीनियम पर शुल्क लगाये जाने का क्या असर होगा लेकिन यह कहा जा सकता है कि भारतीय निर्यात अमेरिकी बाजार में अन्य देशों की तुलना में अधिक महंगे और अप्रतिस्पर्धी हो सकते हैं एवं खासकर ऐसे देशों के मुकाबले जिनके खिलाफ अमेरिका ने शुल्क नहीं लगाये हैं.

NAVBHARAT

DATE : 17/9/2018 P.N.11

NAVBHARAT DATE : 18/9/2018 P.N.7

हिन्दी का करें अधिक प्रयोग

नागपुर. भारतीय खान ब्यूरो मुख्यालय में मुख्य खनन भूविज्ञानी एस.के. अधिकारी की अध्यक्षता में हिन्दी दिवस, हिन्दी पखवाड़ा समापन समारोह एवं पुरस्कार वितरण कार्यक्रम आयोजित किया गया. इस अवसर पर व्यंग्य कवि डा. सागर खादीवाला मुख्य अतिथि थे. ब्यूरो की हिन्दी गृह पत्रिका



'खनन भारती' का विमोचन भी किया गया. खान नियंत्रक पी. एन. शर्मा, राजभाषा अधिकारी डा. पी.के. जैन तथा उपनिदेशक प्रमोद एस. सांगोले भी उपस्थित थे. अधिकारी ने राजभाषा हिन्दी के अधिकाधिक प्रयोग पर बल दिया. खादीवाला ने कहा कि सभी सरकारी कर्मचारियों को अपना दैनंदिन कार्य हिन्दी में करना चाहिए. राजभाषा अधिकारी जैन ने हिन्दी पखवाड़े के दौरान की गई गतिविधियों और विभिन्न प्रतियोगिताओं के आयोजन की जानकारी सभा के समक्ष रखी. पखवाड़े के दौरान आयोजित की गई विभिन्न हिन्दी विषयक प्रतियोगिताओं में विजयी प्रतिभागियों को पुरस्कार वितरित किए गए. मुजीबुद्दीन सिद्दीकी, मिताली चटर्ली, असीम कुमार, किशोर डी. पारधी, जगदीश अहरवार, प्रदीपकुमार सिन्हा, एम.एन. मोरे, ए.के. नाल्हे ने योगदान दिया.

Import curbs may cover steel, aluminium, alcohol, furniture

But FinMin still to decide on adding gold to the list

SHISHIR SINHA

New Delhi, September 17

The Finance Ministry will, over the next few days, list out the goods on which there will be import curbs as part of the measures announced late on Friday to arrest the rupee's slide.

"A committee is working on the list, and it is likely to be out within this week," a top Finance Ministry official said here on Monday. The list could include steel, aluminium, wooden and other, furniture, dry fruits, fresh fruits and alcoholic beverages, and other items. The Ministry is still to decide if gold should figure in this basket.

The curbs envisaged could be in the form of higher duty, but within the norms of the World Trade Organization (WTO).

One other option is to impose a safeguard duty (which aims to protect the domestic industry from 'aggressive' imports) on some items.

However, the precise quantum of the savings that such import curbs will bring about is yet to be ascertained.

The government had on Friday announced five measures to boost the rupee and to narrow the current account deficit

(CAD). These include a relaxation of the mandatory hedging condition for infrastructure loans; a review/removal of the limits on Foreign Portfolio Investors' (FPI) corporate bond portfolio's exposure to a single corporate group; waiver of the provision on withholding tax on Masala Bonds issued during the current fiscal; permitting manufacturing firms to avail of loans up to \$50 million with a maturity of one year; and curbs on the import of non-essential items.

The import basket is currently divided into three categories: overall, non-oil and non-oil-non-gold. Oil and gold top the list of imported goods.

With the rupee having fallen by over 12 per cent in just this calendar year, the government faces the immediate challenge of a widening CAD.

The deficit reached 2.4 per cent during the first three months (April-June) of the current fiscal, and is likely to rise further to 3 per cent this fiscal. Keeping all these in mind, Prime Minister Narendra Modi reviewed the economic situation on September 14-15, after which some initiatives were announced.

Medium-term benefits

The official was optimistic that the rupee will stabilise in the medium to long term.

India's merchandise trade

All figures in \$ billion

Items	April-August	
	2017	2018
Imports	184.5	216.4
Oil imports	38.3	58.8
Gold imports	15.3	15.0
Non-oil and gold import	130.9	142.5
Export	117.2	135.3
Trade deficit	67.3	81.1

Essar Steel: ArcelorMittal writes against Vedanta, withdraws later

ENS ECONOMIC BUREAU
MUMBAI, SEPTEMBER 17

ARCELOMITTAL, WHICH is locked in a three-way fight for the acquisition of bankrupt Essar Steel, first wrote a letter to resolution professional Satish Kumar Gupta targeting rival bidder Vedanta over its alleged violation of environmental law and human rights but shortly withdrew it.

ArcelorMittal, which is competing against Russia's VTB Group-backed Numetal and Vedanta for the takeover of Essar Steel, on September 15 wrote to

Essar Steel's RP a letter relating to Vedanta's alleged environmental law violations in India and Zambia, illegal mining, disregard for safety standards and human rights violations.

However, a day after, ArcelorMittal withdrew the letter saying, "an internal draft of such letter was inadvertently shared". "Please ignore the communication for now. We regret any inconvenience caused to you". The letter went on to state that the company reserves all rights in relation to the issue. An ArcelorMittal spokesperson declined to comment on the matter.

As is known, similar allegations were levelled against Vedanta by Renaissance Steel regarding its eligibility to bid for Electrosteel but the NCLAT had dismissed such charges last month and the company acquired the bankrupt Electrosteel. In the six-page letter issued on September 15, ArcelorMittal had written to the RP saying the cornerstone of the Insolvency and Bankruptcy Code — under which Essar Steel is being auctioned to recover unpaid loans — is full and complete disclosure of all material facts and so it is inviting attention to certain facts in respect of Vedanta. FE

LOKMAT DATE :18/9/2018 P.N.7

पालकमंत्र्यांचे निर्देश : खनिज निधी विकास कामांची आढावा बैठक

खनिज निधीतील विकास कामे पूर्ण करा

लोकमत न्यूज नेटवर्क

नागपूर : जिल्ह्याला मिळालेल्या खनिज निधीतून ज्या विभागांचे विकास कामांचे प्रस्ताव मंजूर करण्यात आले, त्या विभागांनी या निधीतून होणारी सर्व कामे जून २०१९ पर्यंत पूर्ण करण्याचे निर्देश पालकमंत्री चंद्रशेखर बावनकुळे यांनी सोमवारी जिल्हा प्रशासनाला दिले.

खनिज निधीतून करण्यात येणाऱ्या विकास कामांची आढावा बैठक आज घेण्यात आली. या बैठकीला आ. मल्लिकार्जुन रेड्डी, खनिज महामंडळाचे अध्यक्ष आशिष जयसवाल, जिल्हाधिकारी अश्विन मुदगल, जि.प. सीईओ यादव उपस्थित होते. जिल्ह्याचा विविध विभागांमार्फत होणाऱ्या विकासासाठी खनिज निधीतून १०९ कोटी रुपयांना मंजुरी

मिळाली आहे. बाधित व अबाधित क्षेत्र अशा दोन भागात हा निधी वितरित होतो. पिण्याच्या पाण्याच्या योजनांना बाधित क्षेत्रासाठी १२ कोटी तर अबाधित क्षेत्राला ५ कोटी रुपये वितरित करण्यात येणार आहे. पाणीपुरवठ्याची ८० टक्के कामे येत्या मार्चपर्यंत होतील, अशी माहिती या बैठकीत देण्यात आली. यापैकी १० टक्के निधी प्रशासकीय कामासाठी वितरित करण्यात आला आहे. जेवढा निधी वितरित करण्यात आला त्या निधीतून झालेल्या कामांच्या मोजमाप पुस्तिकेची ड्रॉक्स आणि झालेल्या कामाचे फोटो खनिज निधी समितीकडे आल्यानंतर दुसऱ्या टप्प्यातील निधी संबंधित विभागाला देण्याचे निर्देश पालकमंत्र्यांनी याप्रसंगी दिले.

आरोप्य विभागाला बाधित क्षेत्रासाठी ७ कोटी तर अबाधित



खनिज विकास निधी कामांचा आढावा घेतांना पालकमंत्री चंद्रशेखर बावनकुळे, बैठकीला उपस्थित आ. मल्लिकार्जुन रेड्डी, खनिज महामंडळाचे अध्यक्ष आशिष जयसवाल, जिल्हाधिकारी अश्विन मुदगल, जि.प. सीईओ यादव आदी.

क्षेत्रासाठी ४.५ कोटी रुपये देण्यात येत आहेत. शिक्षण विभागाला १० कोटी निधी उपलब्ध करून देण्यात आला आहे. तसेच ज्येष्ठ नागरिक व विकलांगांसाठी ४ कोटी रुपये बाधित-

अबाधित क्षेत्रासाठी विभागण्यात येणार आहे. भौतिक सुविधा गटात जिल्ह्यातील रस्त्यांसाठी ६० कोटी निधी उपलब्ध करण्यात आला. यापैकी ४१ कोटी रुपये वितरित

महिला-बाल कल्याणने निधी खर्च केला नाही

◆ महिला बाल कल्याण विभागाला देण्यात आलेला निधी त्यांनी खर्च केला नाही. त्यांना महिनाभराची मुदत देण्यात आली. महिनाभरात त्यांना निधी खर्च करायचा आहे.

करण्यात आले. जोपर्यंत मोजमाप पुस्तिका आणि कामाचे फोटो मिळणार नाहीत, तोपर्यंत पुढील निधी दिला जाणार नाही. विशेष सुविधांसाठी १७ कोटी सार्वजनिक बांधकाम विभाग व ३.५ कोटी जि.प. बांधकाम विभागाची मागणी आहे. जलसंपदा विभागाला पाणीपुरवठ्याच्या कामासाठी २५ लाख देण्यात आले. पण कामे पूर्ण झाल्याची माहिती अजूनपर्यंत मिळाली नसल्याची माहिती या बैठकीत देण्यात आली.

खनिज निधीच्या माध्यमातून १०९ कोटी रुपये जिल्ह्याला उपलब्ध झाले

आहे. सौर ऊर्जेसाठी १.४२ कोटी रुपये उपलब्ध आहेत. यातून सर्व शाळा सौर ऊर्जेवर आणण्यात येणार आहे. पहिल्या टप्प्यात महाऊर्जेच्या निधीतून, दुसऱ्या टप्प्यात डीपीसी आणि खनिज निधीतून हा खर्च केला जाणार आहे. अंगणवाड्यांमधील मुलांना, गरीब मातांना आणि तीन ते सहा वर्षे वयोगटातील शाळांमध्ये शिकणाऱ्यांना पोषण आहार पुरविण्यासाठी मान्यता देण्यात आली आहे. प्रायोगिक तत्वावर मदर डेअरीमार्फत दुग्धजन्य पोषण आहार पुरविण्यात येणार आहे.

Commerce Ministry wants further delay in tit-for-tat tariffs against US

They were to be implemented today

AMITI SEN

New Delhi, September 17

The Centre is likely to further postpone the implementation of retaliatory tariffs against the US, which had been proposed in response to the 'wrongful' application of discriminatory duties by the latter on steel and aluminium exports from India.

"The Commerce Ministry is planning to ask the Revenue Department to come up with a notification delaying the duties for some time," a government official told *BusinessLine*.

If the implementation of retaliatory tariffs — worth an estimated annual \$241 million against 29 products exported from the US to India — gets deferred again, it will be the second postponement after the duties were announced on June 20 this year with an implementation date of August 4.

On August 3, the Revenue Department had issued a notifica-



Earlier this year, the US slapped higher tariffs on steel and aluminium imported from a handful of countries, including India

tion delaying the duties by 45 days. "The idea behind the proposed delay this time is to give trade officials from both sides yet more time to sort out the issue of higher tariffs of 25 per cent on steel and 10 per cent on aluminium imposed by the US on exports from India. New Delhi wants to avoid getting into a tariff war with Washington to whatever extent possible," the official said.

The higher tariffs on steel and aluminium imports were ap-

plied by the US earlier this year on a handful of countries including India, China, Japan, South Korea, Canada, the EU, Turkey and Russia citing security concerns.

New Delhi, which has also taken up the matter with the WTO, has been arguing that the higher duties imposed are unfair as India's exports of these items were much lower than others such as China and South Korea, and it doesn't pose a security threat to the US.

Interestingly, a number of

countries including China, the EU, Turkey, Canada and Mexico have already imposed retaliatory tariffs against goods imported from the US.

India has time till Tuesday to decide either way. "The Commerce Ministry has time till Tuesday to convince the Revenue Department to come up with a new notification with a fresh date for implementation of the retaliatory duties. We are hopeful of attaining our objective," the official said.

Pact elusive

The teams from the Commerce Ministry and the US Trade Representative's office, however, are nowhere near sorting out the issue of penal tariffs on aluminium and steel. "India is continuing to insist that the ideal solution is the complete rollback of the additional duties, but the US is not ready to consider it," the official said.

The talks are still on with both sides hopeful of reaching a mutually acceptable decision soon, he added.

Govt plans hike in gold import duty to check rising CAD

Move may hamper exports, say jewellers

SURESH PIYENGAR

Mumbai, September 18

The government is set to hike the import duty on gold to 12-13 per cent from 10 per cent to control the widening current account deficit. The move will hit jewellery exports and pull down domestic demand.

Besides the option of increasing import duty, the government is also considering some policy measures to restrict gold imports, according to sources close to the decision-making process.

The margins of jewellery exporters have already shrunk as the gold cost for exporters is 13 per cent higher compared to that prevailing in competing countries due to the import duty of 10 per cent and the rupee depreciation of 14 per cent since January.

Rising worry

India's current account deficit has increased to 2.4 per cent of GDP in the first quarter of this fiscal from 1.9 per cent in the March quarter. The fall in rupee value and spike in international crude oil prices have added to the Centre's worries.

In 2013, when the rupee witnessed a similar fall, the government had increased import duty on gold to 10 per cent and imposed various curbs on shipments. Currently, there is a 3 per cent Goods and Service Tax on gold in addition to the import duty.

Colin Shah, Vice-Chairman,

Gem and Jewellery Export Promotion Council, said any increase in import duty on gold will hamper jewellery exports, though no official announcement has been made on this front by the Centre.

"Jewellery exports have just started looking up due to the revival of demand in the US and any rise in cost by way of duty hike in India would hamper exports," he said.

After a lull in the first three months of this fiscal, gem and jewellery exports started improving in July and increased 17 per cent in August to \$2.49 billion (\$2.12 billion) largely due to better demand in the US and other major importing countries.

Ajay Kumar, Director, Kedia Commodities, said any hike in import duty will provide only short-term relief as the jewellery demand in the domestic market is

already very low and gold imports have fallen 30 per cent from 1,000 tonnes per annum in 2013 to the current level of 750 tonnes.

Moreover, he added, the hike in duty will provide more incentives for people to bring the yellow metal through unofficial channels and smuggling is already on the rise in the country.

The weak domestic demand is reflected in the current discount of \$1 an ounce in the wholesale bullion market in Ahmedabad against a premium of \$1.2 an ounce in the June-July period.

In August, gold imports more than doubled to a 15-month high of 100 tonnes as jewellers stocked up ahead of the peak festival season, which began this month.



Any increase in import duty on gold will hamper jewellery exports

Aluminium companies seek safeguard duty on imports to support local production

SURESH PIYENGAR

Mumbai, September 19

Aluminium companies have urged the government to impose quantitative restriction on aluminium imports to support domestic production and save about \$4.5 billion in forex outgo.

Representatives from Hindalco Industries, Nalco and Vedanta Aluminium, under the

aegis of the Aluminium Association of India, met the officials of the Prime Minister's Office and the Mines Ministry on Wednesday to submit a representation to impose quantitative restriction of 60 per cent and seek end-use certificate of imported metal, except from the auto industry which uses the metal extensively.

As an alternative, the in-

dustry also told the government to consider increasing the import duty and minimum import price to curb shipments. Aluminium imports increased 11 per cent while domestic sales declined by 20 per cent, said the industry. The Association has urged the government to increase the duty on scrap and primary metal to 10 per cent, besides raising duty

on downstream aluminium products to 12.5 per cent from 10 per cent.

Aluminium imports touched the highest level of 1.96 million tonnes last fiscal, accounting for almost 55 per cent of the domestic demand. The major threat is from increasing aluminium scrap imports which account for 57 per cent of total imports and forex outgo

of ₹13,000 crore (\$2 billion).

Scrap imports are boosted by high duty difference between scrap and primary metal. Scraps are also traded at a discount to the London Metal Exchange price, leading to total price difference of \$500 a tonne. The current import duty on primary metal is 7.5 per cent and on scrap is 2.5 per cent. Interestingly, other non-ferrous

metals such as copper, zinc, nickel, lead and tin have the same duty on both scrap and primary metal, the association said in the letter.

The ongoing global trade war between the US and China has posed a fresh challenge. China has imposed 25 per cent duty on aluminium scrap imports from the US. China imported 50 per cent of aluminium

scrap worth \$1.7 billion exported by the US.

The US has started dumping aluminium scrap on India after China levied 25 per cent duty, it said. In first quarter of this fiscal, scrap imports from the US more than doubled to 36,000 tonnes from 16,000 tonnes while shipments from other countries were up 18 per cent, it added.

Steel import duty hike may widen CAD, says EEPIC India

■ Business Bureau

RAISING the import duty on steel or steel products will widen the current account deficit and severely hit engineering exports from the country, EEPIC India said on Thursday.

"Steel is a mother of the raw materials for a host of sectors, especially the engineering manufacturing. Its domestic prices have sky-rocketed in the past few years, thanks largely to the protection given to the steel makers by a slew of Government measures which have proved detrimental to the interest of exports," Engineering Export Promotion Council of India Chairman Ravi Sehgal said.

In a presentation to the Commerce Ministry opposing any hike in import duty on steel, EEPIC India highlighted how steel prices have shot up in the past two years.

Illustratively, price of boiler quality steel plates was Rs 39.95 ex stock yard in July, 2016. This

has gone up to Rs 51 in July 2018, an increase of 21 per cent, having a direct impact on cost of engineering exports. Besides, the delivery period has increased to 4 to 6 months from just a few weeks earlier, it claimed.

"By no stretch of imagination, steel can be considered as non-essential or non-necessary imports. The entire focus on the Make in India programme is to scale up value addition in manufacturing within the country - by enabling low cost raw material, so that more and more value added products can be made for exports and for domestic consumption," EEPIC India said.

Sehgal highlighted the need to focus on increasing exports for bridging the current account deficit (CAD) gap, rather than curtailing essential imports like steel, observing that all-out efforts must be made in this regard and any more increase in duty on steel imports would lead to a huge weakening of India's export competitiveness.

MCX-Nickel maintains its sideways movement

WEEKLY OUTLOOK

GURUMURTHY K

B1, Research Bureau

The nickel futures contract on the Multi Commodity Exchange continues to trade in a narrow sideways range. The contract has been stuck in the band between ₹880 and ₹914 a kg for over two weeks.

Within this range, it fell to a low of ₹886.6 on Monday and has bounced higher from there. It is currently trading at ₹910. The near-term outlook continues to remain mixed. The contract is likely to test ₹914 in the coming sessions. Inability to breach ₹914 will keep the sideways range intact and will drag the contract lower to ₹900 and ₹890 levels again.

A breakout on either side of ₹880 or ₹914 will only decide the next move. Traders can stay

out of the market until a clear trend emerges. If the contract manages to breach ₹914 decisively in the coming days, it can rally to ₹927 or ₹930 immediately. A pull back from ₹927 or ₹930 can drag it down to the ₹910 and ₹900 level. But a strong break above ₹930 will boost the momentum and increase the likelihood of the rally, extending it to ₹950 and ₹960 over the short term.

On the other hand, if the contract declines below ₹880, it can fall to ₹870 or ₹863 over the short term. An upward reversal from ₹870 to ₹863 can trigger a relief rally to ₹900. But a strong break below ₹863 will increase the downside pressure. Such a break is likely to bring fresh sellers into the market.

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

Buy Comex gold at \$1,190-95/oz

GNANASEKAART

Comex gold futures inched higher on Thursday as the dollar softened amid easing Sino-US trade tensions, but investors remained cautious ahead of next week's US Federal Reserve policy meeting.

Comex gold futures have been moving in line with our expectations. As mentioned earlier, we expected prices to stabilise and reverse higher towards \$1,235. As we have been maintaining for a while, the medium-term picture still holds some promise, therefore caution should be exercised on getting excessively bearish too.

From the bottom at \$1,045 in December 2015, prices have been touching new highs, a clear sign of a rising trend, which has made us believe the bigger picture to be supportive despite strong corrective declines from time to time. A positive trigger for the medium-term in sustaining the uptrend is likely to be above a close of \$1,275.

In the short-term, we expect prices to be in the \$1,145-1,275

range or even extend to \$1,120-25 where good supports can be seen again. Only a close above \$1,275 in the bigger picture could revive bullish hopes once again for \$1,335 or even higher.

Prices have been moving a narrow range, a typical phenomenon before a breakout either way, and in this case most likely on the upside. In the coming sessions, crucial support will come into play around \$1,190-95 and we expect prices to stabilise and move higher from there towards \$1,236, or even higher to \$1,255.

Wave counts

It is most likely that the fall from the all-time highs at \$1,925 to the recent low of \$1,088 so far, was either a possible corrective wave A, with a possibility to even extend towards \$1,025-30 or a complete correction of A-B-C ending with this decline.

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. Al-

ternatively, we can also expect wave B to extend to \$1,476. If the current decline as a whole from \$1,920 can be considered as a fourth wave, then the fifth wave could begin and cross \$1,700 in the long-term.

While \$1,270 holds, we still favour prices rising higher towards \$1,450-75 in the form of wave B. We will reassess around \$1,450-70 on the potential for a wave C decline subsequently.

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

The averages in MACD are still below the zero line of the indicator again, indicating bearishness to be intact. Only a crossover again above the zero line could hint at a bearish reversal in trend.

Therefore, Buy Comex gold around \$1,190-95 with a stop-loss at \$1,180 targeting \$1,225 followed by \$1,236. Supports are at \$1,190, \$1,175 and \$1,145. Resistances are at \$1,225, \$1,236 & \$1,265.

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

MCX Lead comes under selling pressure

YOGANAND D

BL Research Bureau

The lead futures contract on the Multi Commodity Exchange (MCX) fell by 3 per cent on Wednesday, after encountering a key resistance point at ₹150 per kg.

The contract witnessed selling pressure at higher levels. It now tests both the 21 and 50-day moving averages and is currently trading around ₹145.

The contract failed to move beyond the key resistance at ₹150 and resumed its downward move in early September. Since then, the contract has been in a sideways consolidation phase in the wide range between ₹142 and ₹150 with a negative bias.

An emphatic fall below the current support level at ₹145 can pull the contract down to ₹142 in the coming trading session. A further fall below the lower boundary of the sideways range at ₹142 will strengthen the medium-term downtrend that has been in place from the June high of



₹171. Subsequent downside targets are ₹140 and ₹137.

Conversely, if the contract rebounds from the lower boundary at ₹142, the sideways movement will be retained. A decisive breakthrough of the significant resistance at ₹150 will alter the sideways consolidation phase and take the contract northwards to ₹155 and ₹157 in the short term.

The next key resistance points beyond ₹157 are at ₹160 and ₹164. Traders with a short-term perspective should remain on the sidelines as long as the contract is range-bound between ₹142 and ₹150.

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

Hindalco to raise ₹6,000 cr through non-convertible debentures

Rising oil price, high inflation, firming bond yields pose major challenges: Kumar Mangalam Birla

OUR BUREAU

Mumbai, September 21

Hindalco Industries, an Aditya Birla Group company, expects rising oil prices, hardening inflation, firming bond yields and widening current account deficit to be the key challenges even as the economy shows signs of recovery.

The company has received shareholders approval to raise ₹6,000 crore through non-convertible debentures.

Trade tensions

Addressing shareholders at the company's 59th Annual General

Meeting, Kumar Mangalam Birla said the present positive economic outlook gets a bit dimmed when one views the increased trade protectionism, rising international crude prices, geo-political risks and the uncertainty about tightening monetary policies in advanced economies.

The ongoing global trade friction, more so between the US and China are worrisome and can have a spillover negative effect on India, he said.

In this backdrop, he added Indian economy has shown considerable resilience to the trans-

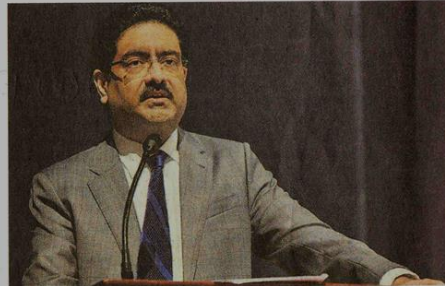
itory effects of demonetisation and implementation to Goods and Service Tax.

The outlook on aluminium prices is expected to be bullish with the demand outstripping supply by one million tonne excluding China, said Birla.

Coal mines

Answering shareholders' query, he said the company has not benefited from the shut-down of Sterlite Industries plant in Tamil Nadu as imports increased sharply.

Highlighting the coal linkages, Birla said Hindalco has secured 11.9 million tonne of coal via linkages and it accounts for 71 per cent of the annual coal requirements. The overall annual



Kumar Mangalam Birla, Chairman, Aditya Birla Group, at the Hindalco Industries Ltd AGM in Mumbai on Friday. SHASHI ASHWAL

requirement of coal is at over 90 per cent through long-term linkages and captive mines.

Currently, he said three captive mines are operational and the fourth captive mine at

Dumri is likely to be operational by the end of this fiscal.

To strengthen the balance sheet, he said Hindalco has prepaid close to ₹8,000 crore of long-term project loans in India.

Value-added aluminium

On Aleris acquisition, Birla said it adds to Hindalco's ability to bring in the latest capabilities in aluminium value-added products to India. The Indian aluminium market is at the cusp of growth similar to that of what China witnessed a decade ago.

Given its synergy with Novelis, Hindalco has become the market leader in aluminium value-added products in India and is poised to capture this growth in the future, he said.

Trade War Negative for India: KM Birla

Aditya Birla Group chief expresses concern over rising aluminium scrap imports at Hindalco AGM

Our Bureau

Mumbai: The ongoing trade war, especially between the US and China could have a spillover negative effect for India, chairman of Aditya Birla Group Kumar Mangalam Birla said on Friday, also expressing concern over the rising aluminium scrap imports into the country.

"The ongoing global trade friction, more so between the US and China, is worrisome. It can have spillover negative effect on India," Birla said at the annual general meeting of group company Hindalco that is one of the major producers of aluminium and copper in the country.

"Since there is a tariff imposed on Chinese imports into the US, there is a threat of those imports finding their way into India," Birla said in

response to multiple shareholders' questions regarding the health of the company amid the trade war unleashed on the globe by the US.

Birla also said that with copper imports going up to make for the deficit, the company does not stand to gain from the closure of Vedanta's 400,000-tonne copper plant in Tamil Nadu. He also identified rising oil prices, hardening inflation, firming bond yields amid widening current account deficit as areas of concern in the near term.

Birla's concern is not unfounded. With the imposition of a 25% import duty on US scrap imports by China, diversion of scrap into India has led to a 128% increase in imports between the first quarters of last year and this year, according to data by the Aluminium Association of India. In volume terms, the figure has now reached 36.2 kilo tonnes. "Half of the country's consumption of aluminium is met sadly through imports," Birla said.

The Aluminium Association of India on Tuesday had also met officials in the Prime Minister's Office (PMO) and sought its intervention in the form of imposing quantitativ



US-CHINA TRADE WAR

Since there is a tariff imposed on Chinese imports into the US, there is a threat of those imports finding their way into India

KUMAR MANGALAM BIRLA

Chairman, Aditya Birla Group

ve restrictions on aluminium imports in the country that will also save around \$4.5 billion in foreign exchange outgo.

However, ET had reported that In-

dia has deferred the imposition of retaliatory tariffs on steel and aluminium imports from the US, till early November.

This comes in the wake of reports that US may be willing to exempt India from higher steel and aluminium tariffs as part of the Indo-US trade talks.

Birla also mentioned the positive developments, that has impacted Hindalco favourably. He was bullish about demand for aluminium and copper to recover significantly in FY19 on the back of a surge in industrial activities.

The company prepaid close to ₹8,000 crore of long-term project loans in India in the last fiscal year. Further, with its recent acquisition of aluminium products maker Aleris through its subsidiary Novelis, Birla said the company's portfolio will be enriched with the fast growing automotive and aerospace segment.

The company will also continue to increase its share in the value added product segments to reduce its dependence on the London Metal Exchange-driven primary market for the metal.

Hindalco strategy

OUR BUREAU

Mumbai: Hindalco, the Aditya Birla group flagship, is planning to enrich its product mix and evaluating investments in aluminium downstream facilities.

Addressing shareholders at the company's annual general meeting on Friday, Hindalco chairman Kumar Mangalam Birla said he expected local demand to recover significantly during the current financial year.

According to Birla, Hindalco is keeping a close watch on input prices and has secured around 3.2 million tonnes of coal in the linkage auctions, which makes up 71 per cent of its annual coal requirements.

"We will continue to keep a close watch on input prices. These have a bearing on the cost of production, including that of coal. We will make efforts to mitigate these by utilising its resources well," Birla said.

Highlighting coal linkages, Birla said, "Hindalco has secured around 3.2 million tonnes of coal in the linkage auctions that concluded during 2017-18. With this, the total quantity of secured coal via linkages comes to 11.9 million tonnes. This accounts for 71 per cent of the annual coal requirements of the company."

The overall annual requirement of coal is currently secured at more than 90 per cent, through long-term linkages and captive mines.

At present, three captive mines namely Gare Palma IV/4, Gare Palma IV/5 and Kathautia are operational. The fourth captive mine at Dumri is in the process of obtaining necessary statutory clearances. It will hopefully be operational by the end of 2018-19, he said.

On the outlook for the future, Birla said the company has a strong focus on strengthening the balance sheet through deleveraging, allocation of capex towards growth strategies and generating positive free cash flows.

'Give emphasis on vital role of mineral benefaction for auctionable blocks'

■ Staff Reporter

INDIAN Institute of Mineral Engineers (IIME), Nagpur Chapter organised a lecture on 'Status of Mineral Exploration in India and Role of Mineral Processing' in the series of Shivani Ghosh Memorial Lecture at Modern Mineral Processing Laboratory and Pilot Plant, Indian Bureau of Mines, MIDC, Hingna Road recently.

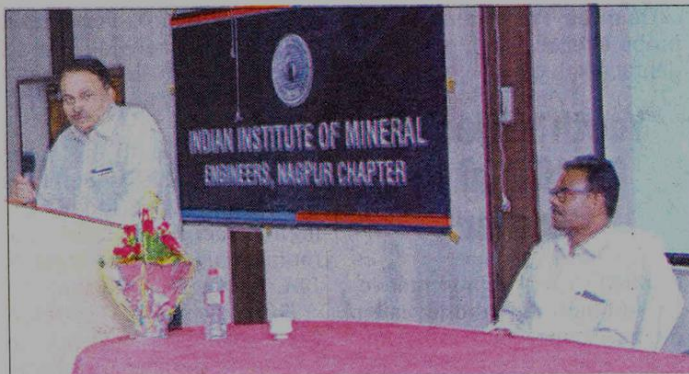
D Mohan Raj, Additional Director General and Head, National Mission-II, Geological Survey of India, was the chief guest and delivered the lecture. C S Gundewar, Contoller General (Retd), Indian Bureau of Mines and President of IIME, Nagpur Chapter presided over the function.

Indira Ravindran, Director (Ore Dressing), Dr Sandhya Lal, CODO, S K Adhikari, CMG, IBM and Dr ML Dora, Director, GSI were present as guests.

Speaking on the occasion, D Mohan Raj elaborated about the progress of exploration activities in the country since independence, global scenario and present status of exploration in India.

He highlighted various achievements and initiatives taken by GSI for detailed exploration on different mineral commodities all over the country. He emphasised about the vital role of Mineral Benefaction in G2 and G1 level Mineral Exploration samples for auctionable mineral blocks.

He appreciated the R&D work



C S Gundewar addressing the gathering while D Mohan Raj look on.

conducted by the scientists and engineers of Mineral Processing Division of Indian Bureau of Mines on exploration samples. He also lauded the contributions of mineral processing scientists of IBM to Indian mineral industry for upgradation of low grade ores and for conservation of mineral resources of the country.

C S Gundewar, President, IIME briefed the delegates and members about the IIME activities. He described about the significant and leading role played by IBM scientists in organising International seminars and workshops under the aegis of IIME in different parts of the country.

He informed the gathering about important contributions made by scientists of Mineral Processing Division, IBM in strengthening IIME. He opined that regular interactions among scientists of R&D Labs, academia and industry are essential for keeping abreast with latest devel-

opments. Gundewar suggested for organising lectures and workshops quarterly.

The lecture was followed by Annual General Body Meeting (AGM) and election of New Executive Committee.

K S Raju, Contoller General (Retd.), IBM, S K Ghosh, Director (Retd.), Dr Pramod Pathak, Director, VNIT, are patron members. C S Gundewar unanimously re-elected as president, Dr Dilip R Kanungo, SOOD, IBM as Vice President, S K Nanda, Secretary, Dr C J Radhakrishnan, Treasurer, L B Toal, VVR Murty, S Pani from IBM and Namrata Choudhary from GSI were elected as executive members of new IIME Committee, Nagpur Chapter.

Ramesh K Ghonge conducted the election as returning officer. The meeting was compared by L B Toal, DODO and vote of thanks was proposed by Dr C J Radhakrishnan.

Tata Steel inks deal to buy steel business of Usha Martin

The all-cash transaction may be worth up to ₹4,700 crore

SPECIAL CORRESPONDENT
KOLKATA

Tata Steel Limited on Saturday announced its decision to buy the steel business of Usha Martin Ltd. (UML) in an all-cash deal.

In a regulatory filing, it said it had executed definitive agreements for the acquisition of the steel business of UML through a slump sale on a going-concern basis.

The acquisition will be in cash for a consideration of between ₹4,300 and ₹4,700 crore.

UML's steel business comprises a specialised one metric tonne per annum alloy-based manufacturing facility of long products in Jamshed-



All inclusive: UML's steel business includes long products unit and an iron ore mine. ■ ARUNANGSU ROY CHOWDHURY

pur besides a producing iron ore mine, an under-development coal mine and captive power plants.

The closing of the acquisition is subject to fulfillment

of various conditions under the agreements. At the closing, Tata Steel or any of its subsidiaries or affiliates may carry out this acquisition, Tata Steel said in its filing.

All the employees pertaining to the steel business will be transferred as part of the acquisition.

Long product strategy

The acquisition is part of the overall strategy to build capability in long products and expand product offerings, including high-value added products, Tata Steel said, adding that approvals from CCI and other regulatory bodies for transfer of mines may be needed. The acquisition may be completed within a six to nine-month span.

UML, which is engaged in manufacturing wire ropes and specialised long products, was scouting for buyers for its steel business.

THE TIMES OF INDIA
DATE : 23/9/2018 P.N.1

Tata Steel eyes ₹4,700cr buy

Tata Steel has agreed to buy Usha Martin's steel business for up to ₹4,700 crore. The deal, if it goes through, will be Tata Steel's second purchase this year after Bhushan Steel. The acquisition will help Tata Steel strengthen its presence in the long products business, which makes steel for the construction and railway industries.

Light at the end of the tunnel?

Gold-silver ratio implies that silver could be gearing up for a rally

GURUMURTHY K

Gold prices have been fluctuating around \$1,200 over the past few weeks. Similarly, silver prices, after tumbling about 20 per cent in the past three months, has managed to sustain above \$14 per ounce. The recent sideways consolidation in both silver and gold is increasing the hopes that the prices could bottom. Though it is too early to take a call, a study on the gold-silver ratio signals that the worst could be coming to an end for both silver and gold.

The gold-silver ratio is calculated by dividing the price of gold per ounce by the price of silver per ounce.

Interpretation

Gold and silver tend to move in the same direction most of the time. The movement of

the ratio is always the inverse of the gold- and silver-price movements. So when gold and silver prices decline, the ratio increases, and vice-versa. Since silver forms the denominator of the ratio, the volatility in its prices influences the ratio movement the most.

Also, a strong fall in the ratio will mean that silver prices are likely to outperform gold; so silver prices will rally more than gold. Similarly, a surge in

the ratio will mean that silver will underperform by falling more than gold.

For instance, the ratio moved higher, from around 75 in June to 85 a couple of weeks ago, due to the sharp fall in the gold and silver prices during the corresponding time.

Gold-silver ratio outlook

Gold prices tumbling below \$1,200 per ounce and silver falling to \$13 per ounce has taken the gold-silver ratio to a high of 85. However, the ratio is struggling to decisively breach 85. Technically, there is a strong resistance for the ratio at 85, and then in between

86 and 87. The ratio moving beyond 87 looks unlikely at the moment. As such, the ratio may start reversing lower, either from the current levels or after a slight rise in the near term to 86 and 87.

On the charts, there is a high possibility of the ratio initially falling to 82. A break below 82 can take the ratio lower to 80 and 78.

If the ratio moves up to 86 and 87, gold and silver prices may fall below \$1,200 and \$14, respectively, in the near term.

Subsequently, if the ratio reverses lower to the above-mentioned targets of 82 and 80, gold prices have to move higher. A rally in gold to \$1,250-\$1,275 and silver to \$15-\$15.5 will take the ratio lower to 82 and 80.

Take-away

A study of the gold-silver ratio indicates that the possibility of gold and silver prices moving higher from the current levels itself cannot be ruled out.

Also, even if the prices fall, the downside could be limited to \$1,160 in gold and \$13.5 in silver.

The outlook for both the

gold and silver futures contract on the Multi Commodity Exchange (MCX) remains bullish.

The MCX-Gold (₹30,582 per 10 g) contract has a cluster of supports between ₹30,350 and ₹30,270. A strong fall, breaking below this support cluster, is unlikely at the moment. A strong break above ₹31,000 will initially trigger a fresh rally to ₹31,400. A further break above ₹31,400 will pave way for the next targets of ₹32,00 or even higher levels.

The MCX-Silver (₹37,590 per kg) has strong support at ₹37,000, which is likely to limit the downside. Resistance is at ₹37,800. A strong break above it can take the contract higher to ₹38,600 in the short term.

Trading strategy

Traders with a medium-term perspective can go long in MCX-Gold at current levels and also accumulate on dips at ₹30,450. Stop-loss can be placed at ₹30,175 for the target of ₹31,300. Revise the stop-loss higher to ₹30,750 as soon as the contract moves up to ₹31,100.



MCX Gold

Supports:
₹30,350/30,270
Resistances:
₹31,000/31,400

MCX Silver

Supports:
₹37,000/36,500
Resistances:
₹37,800/38,600

Global View



No shine for gold-mining stocks

Investors stung by the sell-off in gold are going to need more than cheap equities and stabilising bullion prices to wade back into mining-company stocks.

Bullion has slipped 8.2 per cent this year. Miners have fared even worse, with the Philadelphia Stock Exchange Gold and Silver Index of 30 companies down about 23 per cent in 2018.

The industry is so out of favour that Vanguard Group has said it will change the name of its precious-metals fund and reduce holdings within the sector.

Vanguard has said it's making changes to its Vanguard Precious Metals and Mining Fund as part of an effort to "improve the consistency of its long-term performance." The fund, which had invested at least 80 per cent of its assets in the sector, will trim that to at least 25 per cent. It will be called the Global Capital Cycles Fund and also invest in infrastructure assets such as telecommunications and utilities.

The return from miners has been so dismal that billionaire hedge-fund manager John Paulson has formed a coalition with 15 other investors aimed at curbing years of what his fund has called value destruction in the gold sector. BLOOMBERG

MCX-Aluminium looks to be gearing up for fresh rally

GURUMURTHY K
BL Research Bureau

The aluminium futures contract on the Multi Commodity Exchange (MCX) has reversed higher in the past week. The crucial support level of ₹144 per kg continued to limit the downside well.

After falling to ₹143.95, the contract surged over 4 per cent to hit a high of ₹149.75 on Friday. It has come off slightly from there and is currently trading at ₹148.50 per kg.

Bias positive

The price action on the chart suggests that the contract has been getting strong support at around ₹144 for more than two weeks. It also indicates that the contract lacks fresh selling interest to drag it decisively below ₹144.

This leaves the bias positive and increases the likelihood of the contract breaching above the immediate resistance level of ₹152 in the coming days. Such a break can take the contract higher to ₹157 and ₹158 initially. Inability to break

above ₹158 can trigger an intermediate pull-back move to ₹155. However, an eventual break above ₹158 will then increase the possibility of the up-move extending to ₹163 over the medium term.

On the other hand, if the MCX-Aluminium futures reverses lower from ₹152 in the coming days, it can dip to ₹147 and ₹144 levels again. However, the outlook will turn negative only if the contract breaks below ₹144 decisively. Such a break can take the contract lower to ₹142 or ₹140 thereafter.

Trading strategy

Traders with a medium-term perspective can go long at current levels and also accumulate on dips at ₹146.5 and ₹145.

A stop-loss can be placed at ₹141 for the target of ₹162. Revise the stop-loss higher to ₹151 as soon as the contract moves up to ₹153

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

Tata Steel product mix set to expand

Usha Martin buy will help enhance presence in value-added speciality steel

PIYUSH PANDEY
MUMBAI

Tata Steel's decision to acquire Usha Martin's one million-tonne steel business for a cash consideration of up to ₹4,700 crore would lift the company's volume of long products by 24% and expand its product mix, analysts say.

Usha Martin's alloy long steel products cater to higher value-added automotive and engineering segments.

Tata Steel, with an existing capacity of 29.5 million tonne has signed a definitive agreement to acquire Usha Martin's speciality steel business through a slump sale on a going concern basis.

"Deal valuation appears reasonable. Net debt to EBITDA could rise slightly to 3.6x.

Impact on valuation would not be meaningful, in our view," wrote Jefferies analyst Bhaskar Basu in a research note.

Along with the steel unit, comes captive mines for iron ore with 2.5 million tonnes output in FY18, a thermal coal mine, which is under development and downstream assets like wire rod and bar rolling mills.

Ramping up capacity

Usha Martin was operating the plant at 60% capacity but Tata Steel can ramp up the production to 80% by debottlenecking, according to Jefferies, which has hold ratings on the stock.

J.P. Morgan is overweight on Tata Steel as it believes



that Usha Martin's acquisition is done at attractive valuations and removes the overhang of Bhushan Power and Steel acquisition.

Analysts are also upbeat about the deal for operational and logistical synergies. "It's a positive for Tata given

that they have a good ready-made steel asset at reasonable valuations with captive iron ore and coal mines.

The acquisition will have operational and logistics synergies as Usha Martin assets are located in Jamshedpur, near Tata Steel's unit. The steel cycle has turned around so it's a timely acquisition," Paras Bothra, president, equities, Aashika Stock Broking told *The Hindu*.

HSBC Securities believes that Usha Martin deal is marginally positive as it will increase Tata Steel's long product capacity to 4 million tonnes per annum.

It has put Tata Steel as the preferred stock in the ferrous space.

Parrikar writes to Mines Ministry from AIIMS for changes in mining laws

NEW DELHI, Sept 25 (PTI)

GOA Chief Minister Manohar Parrikar, who is currently under undergoing treatment at All India Institute of Medical Sciences here, has written to the mines ministry for making changes in the laws so that the mining activity can begin in the State, an official source said Tuesday.

In its February 7, 2018 judgement, the Supreme Court had quashed the second renewal of iron ore mining leases given to 88 companies in Goa as a result of which mining operations in the state have come to a standstill.

"Letter has been written by him (Parrikar) to the mines ministry to bring in changes in those laws which regulate the mining sector...So that mining (operation) can begin in state," the source with direct knowledge of the development told PTI. Ever since the mining operations stopped in Goa, political and labour union

leaders from the state are looking at ways to find a solution to the problem. Many leaders from the State have submitted their requests with the office of Goa Chief Minister, the Union ministries of mines, and road transport to find a solution to the issue. Last month, Parrikar had also sought Prime Minister Narendra Modi's intervention to address the current crisis in the state's mining sector, saying it has impacted 1.5 lakh people and hit iron ore exports worth up to Rs 25,000 crore. "I have requested him (Prime Minister) to consider Goa on priority. There is a very positive approach from the PM," the chief minister had said after meeting the Prime Minister here.

Parrikar had said that he has also given some suggestions to the PM. "My options were some legal amendments which would remove all these impediments because Goa is (in) very complex situation," Parrikar had said.

MCX Zinc gains bullish momentum

GURUMURTHY K

BL Research Bureau

The zinc futures contract on the Multi Commodity Exchange (MCX) has surged in the past week, breaking above the key resistances at ₹175 per kg and ₹180 per kg. The contract hit a high of ₹186.8 on Monday and currently trades at ₹183 per kg.

The contract has been surging higher consistently since September 17. The strong rally over this period has boosted the momentum. It also signals the end of the downtrend that has been in place since February.

The short-term outlook is bullish. An up-move to ₹190 or ₹193 is likely in the coming days. Inability to breach ₹193 can trigger a pull-back to ₹185 or ₹180. But the downside is expected to be limited. An eventual break above ₹193 will then increase the likelihood of the contract extend-

ing its rally to ₹200 or ₹203 over the medium term.

The region between ₹175 and ₹174 is a key support for the MCX-Zinc futures contract.

The outlook will turn negative only if the contract declines below ₹174 decisively. The ensuing targets are ₹170 and ₹165. However, such a sharp fall breaking below ₹174 looks less probable at the moment.

Trading strategy

Traders with a medium-term perspective can go long at current levels and also accumulate on dips at ₹180 and ₹177.

A stop-loss can be placed at ₹172 for the target of ₹203. Revise the stop-loss higher to ₹187 as soon as the contract moves up to ₹192.

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

Various programmes mark Hindi Fortnight at IBM

Various programmes were organized during the Hindi Fortnight that concluded at Indian Bureau of Mines (IBM) headquarters, Civil Lines, recently. Poet and

lyricist **Sagar Khadiwala** was the chief guest at the concluding function while chief mining scientist **SK Adhikari** presided. IBM's Hindi magazine '**Khanan Bharati**' was released in the function. In chairman's address, Adhikari appreciated the magazine and stressed the need to use Hindi in office. Khadiwala emphasized on use of Hindi by government employees in daily work. Earlier, language officer **PK Jain** informed about the programmes and competitions organized during the fortnight. Messages of union home minister **Rajnath Singh** and minister for mines **Narendra Singh Tomar** were read out. **Mujibuddin Siddiqi** conducted the function while **Pramod Sangole** proposed a vote of thanks.



Import duty hike sees mixed reaction from industry

Consumer durables firms say move will boost domestic demand, airlines see fares rising

OUR BUREAU

New Delhi, September 26

The Federation of Indian Export Organisations (FIEO) has expressed satisfaction over the government's decision to hike import duty on 19 items.

Ajay Sahay, Director-General, FIEO, said: "Indirectly it will give double protection to the domestic industries as they will have price competitiveness over imported items and cheaper rupee will help sell more in the global market."

Prashant Deshpande, Partner at Deloitte India, said the significant increase in customs duties on selective items which the Government perceives to be non-essential imports appear to be aimed at reducing the drain on currency reserves and boosting domestic demand."

Kamal Nandi, Business Head and EVP, Godrej Appliances, said the consumer durables industry largely relies on imports for large-sized refrigerators (such as side-by-side refrigerators) and large-size front-load washing machines. "The contribution of such premium products to the overall market is very small.

Moreover, consumers of this segment are value-driven and are not price sensitive, hence the increase in custom duties shouldn't impact the sales for this segment," he added. For example, the large size refrigerators with 500 litre and above capacity, sells only 1 lakh units which constitutes 1 per cent of the industry volume.

However, Nandi pointed out that air-conditioner industry depends heavily on imports and the segment is expected to see an impact due to hike in customs duty.

Meanwhile, Sahay felt that higher import duty on jet fuel is not a good news for aviation companies as "ATF prices are already moving northwards and now a combination of falling rupee and higher duty will raise the price of fuel."

ATF prices in Delhi for domestic airlines rose to ₹69,461 a kilolitre on September 1 from ₹57,460 on January 1 reflecting over 20 per cent hike. A senior official of an airline company said since an increase in fuel cost is pass-through one, hike in fares cannot be ruled out. Now the festival season is coming up which normally sees higher

Imported items that will become expensive

Item	Basic customs duty (%)	
	Old rate	New rate
Aviation turbine fuel	0	5
Air-conditioners	10	20
Household refrigerators	10	20
Washing machines less than 10 kg	10	20
Compressor for ACs and refrigerators	7.5	10
Speakers	10	15
Footwears	20	25
Radial car tyres	10	15
Non-industrial diamond (other than rough diamonds), that is, cut and polished diamond	5	7.5
Diamonds—semi processed, half cut or broken	5	7.5
Lab-grown diamonds	5	7.5
Cut and polished coloured gemstone	5	7.5
Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal	15	20
Articles of goldsmith or silversmith wares and parts thereof of precious metal or of metal clad with precious metal	15	20
Bath, shower bath, sink, wash basin of plastics	10	15
Articles of plastics for conveyance and packing such as boxes, case, containers, bottles, insulated ware etc.	10	15
Tableware, kitchenware and other household items of plastics	10	15
Items of plastics such as office stationery, fittings for furniture, decorative sheets, statuettes, beads, bangles etc.	10	15
Trunks, suitcase, executive cases, brief cases, travel bags and other bags	10	15

fare and costly fuel might flare up fares. The decision to raise import duty is a part of the five-point measures announced by the Government on September 14. The measures were announced as the rupee was continuously de-

preciating against dollar and was the worst performer in Asia. It has lost nearly 12 per cent against the US dollar since January. With an increase in oil prices, the fear was that the current account deficit might widen.

NMDC to spend Rs 6,500 crore towards capex in FY19 and 20

HYDERABAD, Sept 26 (PTI)

STATE-OWNED NMDC Limited on Wednesday said it has plans to invest nearly Rs 6,500 crore in financial year 2019 and 2020 towards capital expenditure (CAPEX) even as the miner is expected to start production from its upcoming 3-million tonnes per annum capacity steel plant at Nagarnar Chhattisgarh in FY 20.

According to chairman cum managing director of NMDC, Baijendra Kumar the centre has put on hold the disinvestment plan of the steel plant "as of now."

"Last year we invested Rs 2800 on capital expenditure. This year (FY 19) we will be investing Rs 3185 crore and next year (FY 20) we will invest Rs 3290 crore," he told reporters on the sidelines of the Annual General Meeting (AGM) held here.

On the commencement of production from the steel plant, he said the Coke Oven would be lit on Thursday and the Blast Furnace would start in another



three months. "After starting the Blast Furnace, we will make pig casting machine. By May or June 2019, we are planning to start the first coil (steel). Within one year from that time we will ramp up the production to three million tonnes per annum capacity," he said. According to him, NMDC has spent Rs 14182 crore so far on the steel plant.

On the production targets for the current year, he said though the iron ore production was hit due to heavy rains at Bailadilla mines during the current fiscal,

they aim to make it up to 36 or 37 million tonnes during the second half of the year.

NMDC aims to increase the iron ore production to 67 million tonnes per annum By 2021-22.

In order to achieve the target they are ramping up the production from the existing mines and also looking to open up new ones. To ramp up the production capacity, NMDC is setting up two screening plants one at Bailadilla with 12 MTPA and another one at Donimalai in Karnataka with 7 MTPA, the NMDC chief said.

'Safe mining will achieve higher output'

■ Business Bureau

NAGPUR Chapter of Mining Engineers Association of India (MEAI) successfully conducted a national-level workshop on 'Managing excavation stability through design, analysis and monitoring' at Hotel Radisson Blu recently.

The event was inaugurated by MP Chaudhary, Chairman-cum-Managing Director of MOIL Ltd. It was presided over by Arun Kothari, President of Mining Engineers' Association of India. Mantu Biswas, Chief Controller of Mines I/C, IBM was the guest of honour. MP Choudhary in his inaugural address deliberated on future expansion plans of MOIL.

He emphasised the need for safe mining in order to achieve higher productivity for which technological intervention is necessary. He also stressed that pit slope stability and safety of men and machinery are of paramount importance in mining operations.

Ranjan Sahai, former



Controller General, IBM was conferred with 'Life Time Achievement' award by MEAI, Nagpur Chapter for his outstanding contribution in the field of mining and shaping the Indian mining scenario.

In his address, he stated that time has come for increased focus on underground mining as well as sustainable open cast mining as the surface deposits are depleting very fast. More thrust has to be given for exploration to overcome import of minerals. Mechanism with economic viability has to be developed to utilise low grade ores.

The mineral security of the country has to be ensured through proactive policy initia-

tives. About 13 technical papers were presented in the workshop by eminent experts from India and abroad.

The workshop was attended by more than 150 participants from all over the country which included senior executives of mining industry, professionals, academicians, consultants and students. A souvenir was released on the occasion. The event was organised under the active supervision of D K Sahni and H R Kalihari, Chairman and Vice-Chairman respectively of Mining Engineers' Association of India, Nagpur Chapter.

The participants were acquainted with what is happening in the mining sector.

BUSINESS LINE DATE : 27/9/2018 P.N.4

FIMI seeks 30% duty on iron ore imports

SURESH P IYENGAR

Mumbai, September 26

The Federation of Indian Mineral Industries (FIMI) has urged the government to impose 30 per cent import duty on iron ore and iron ore pellets to protect the domestic miners. It also suggested providing incentives to boost exports for reducing the current account deficit.

In a letter addressed to the Secretary, Ministry of Steel, FIMI's Director (Southern Region) HM Khyum Ali said the government has taken proact-

ive steps through tariff and non-tariff barriers to protect the steel industry from imports while leaving the iron mining sector in a lurch.

Low import duty of 2.5 per cent on iron ore was an incentive for steel plants to bring shiploads of iron ore from other countries even as India is a surplus iron ore producer, he said. Excessive iron ore imports are not only negative on the current account deficit, but also hit public sector enterprise NMDC, the largest producer of iron ore in India.

The Karnataka iron ore industry is unique with the Supreme Court capping the production and restricting sale only in domestic market through e-auction. Due to such restriction, the industry is facing a situation where the quantities offered for sale remain unsold while domestic steel companies are resorting to imports, he said. While iron ore produced in Karnataka is not being allowed to be exported, he said other States do so freely even though the current export duty on iron ore is not

conducive for tapping the global market.

For the last 15 years, India has always produced iron ore in excess of demand and this is expected to continue with more mines being auctioned. Import of huge quantity of iron ore also impacts the state exchequer due to loss of royalty and other taxes, said the letter.

India has proven iron ore reserves of 28 billion tonnes which is sufficient to produce 300 million tonnes of steel for 50 years.

US says no to unconditional withdrawal of penal tariff on Indian steel, aluminium

Coming up with export caps may be India's only option

AMITISEN

New Delhi, September 27

Ignoring India's threat of retaliation, the US has formally said no to an unconditional rollback of penal duties on Indian steel and aluminium imports.

It is now insisting that India come up with a counter-proposal to resolve the matter.

A team led by Assistant US Trade Representative Mark Linscott held talks on various issues with Commerce Ministry officials here earlier this week. "The visiting officials said that follow-

ing discussions in Washington it was decided a blanket exemption from higher duties on aluminium and steel cannot be extended to India. If India wants to resolve the matter, it has to come up with a counter proposal of capping exports of the metals," an official close to the development told *BusinessLine*.

Though Washington has been indicating it is not in favour of granting exemptions, New Delhi was pushing for a complete and unconditional rollback.

Limited options

Yesterday, Commerce Secretary Anup Wadhawan said India was not foreclosing any options, including the capping of exports,

to resolve the matter with the US, but it now seems to be the only option available to India.

"The problem is not with the Commerce Ministry, which has shown flexibility in its attempt to resolve the matter. It is the Steel Ministry that has been sticking to its initial demand of an unconditional rollback," the official said, adding that the ministry may now have to soften its stance.

The trouble started in March, when the Donald Trump administration imposed stiff penal tariffs of 25 per cent on steel and 10 per cent on aluminium imported from India, China, the EU, Mexico, Russia and Canada, citing security threats.

New Delhi announced retaliat-

ory tariffs on 29 items from the US in June but delayed implementation to August 4 and subsequently to September 18 and November 2, hoping to resolve the issue amicably.

"It is clear now that the matter will not be resolved till the Steel Ministry comes up with a counter-proposal on capping exports. The Commerce Ministry and the Steel Ministry are now expected to hold discussions on what the counter-proposal could be," the official said.

Earlier, the US had reportedly sought capping of exports of steel and aluminium at 70 per cent of the total export value last year. The Steel Ministry had turned down the proposal.

ESSAR STEEL CASE

Supreme Court reserves verdict on appeals of NuMetal, ArcelorMittal

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 27

THE SUPREME Court on Wednesday reserved its verdict on cross-appeals of Russia's VTB Bank-promoted firm NuMetal and steel and mining major ArcelorMittal challenging the NCLAT order on the eligibility of the latter to bid for Essar Steel.

The National Company Law Appellate Tribunal (NCLAT) had ruled that NuMetal's second bid for Essar Steel was eligible, but the same by ArcelorMittal would qualify only if it cleared the Rs 7,000 crore dues of the two firms it was previously associated with.

While ArcelorMittal had challenged the order asking it to pay Rs 7,000 crore to become eligible for the bidding, NuMetal had alleged that NCLAT had "wrongly" applied legal provisions to enable its rival bidder to pay the dues of two debt-ridden firms even after it had bid for Essar Steel.

A bench of Justices R F

Nariman and Indu Malhotra reserved its verdict after counsel for all the parties, including the Committee of Creditors (CoC), concluded their arguments which continued for eight days.

Senior advocate Mukul Rohatgi, appearing for NuMetal, said that its second bid was higher than ArcelorMittal's and moreover, it had already said the company would match the offer of its rival bidder.

The court, however, said it would only decide the eligibility aspect and the other financial issues would be discussed by the CoC.

Rohatgi said Vedanta, the third bidder, was not serious and has not appeared anywhere and there cannot be a situation where there was only one bidder.

Senior advocate Gopal Subramaniam, who represented the CoC, said that debt-ridden Essar Steel, whose resolution process has begun, is a valuable asset and it did not want it to go for liquidation.

MCX Lead moves sideways with a bearish bias

GURUMURTHY K

BL Research Bureau

The Lead futures contract on the Multi Commodity Exchange (MCX) has been stuck in a sideways range over the last one month. The contract has been range-bound between ₹142 and ₹152 per kg.

Within this range, it is hovering above the lower end of the range at ₹144/kg. A breakout on either side of ₹142 or ₹152 will determine the next move. Traders can stay out of the market until the range break-out gives a clear cue.

If the contract breaks below ₹142, it can come under renewed pressure. Such a break can drag it lower to ₹137 or ₹135. A bounce from the ₹137-₹135 support zone can trigger a relief rally to ₹142 or ₹145.

But if the contract declines below ₹135 decisively, the down-move can extend to ₹132 or even ₹130.

On the other hand, if the contract sustains above ₹142 in the coming days, an up-move to ₹152 — the upper end of the range — is possible.

Inability to breach ₹152 can pull the contract lower to ₹145 and ₹142 again. The sideways range will remain intact in such a scenario.

The contract will gain momentum only if it manages to breach ₹152 decisively. Such a break can take it to ₹154 or ₹157.

However, the price action on the weekly chart leaves the bias bearish. The longer wicks on the weekly candle charts indicate that the contract is getting strong selling pressure in the range between ₹150 and ₹152.

This keeps the possibility high of the contract breaking below ₹142 in the coming days.

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

Steel ministry for auction even with less than 3 bidders

Coal ministry had proposed that at least two bidders was a must

DEEPAK PATEL
NEW DELHI, SEPT 27

THE MINISTRY of Steel has told the Ministry of Coal that it should proceed with auction of a coal mine even if the number of bidders are less than three, even though the latter is apprehensive of cartelisation.

"In case of first round of bidding, if less than three bids are received, re-tendering should be done. If less than three bids are received in case of second round also, the bid time should be extended by 15 days to invite more players and previous bids should not be opened. If no further bids are received, then the previous bids received in round two should be considered," the steel ministry stated in a letter to coal ministry on August 28.

So far, five tranches of coal auction have been conducted by the coal ministry. However, a recent coal ministry proposal to committee of secretaries (COS) admitted: "After significant success of Tranche 1 and 2 of coal mines auction, the interest of the bidders in Tranche 3, 4 and 5 have been dismal so much so that Tranche 4 and 5 had to be cancelled owing to insufficient number of bidders."

The first four tranches of coal auction were for the power sector and 'non-regulated' sector — which includes companies that produce cement, iron and steel, or captive power. The fifth tranche of auction was exclusively for the iron and steel sector.

The steel ministry added in its letter: "This (proceeding with coal auction even when there are less than three bidders) will save time lost in re-tendering and speed up the bidding process. The same process has been followed and has been successful in PMGSY (Pradhan Mantri Gram Sadak Yojana) in Madhya Pradesh."

The High Power Expert Committee (HPEC), formed

to revamp the coal auction system, suggested something similar in July. It stated that if at least three valid bidders do not participate in the first auction process, two bidders should be considered sufficient in the second attempt. If that also fails, for the third and subsequent attempts, a single firm should be allowed to bid, according to HPEC.

Fearing the possibility of cartelisation, the coal ministry stated in its proposal to COS that at least two bidders was a must because if there was only a single bidder, "there would be no bidding" as it amounts to selecting the sole bidder. In case of only one bidder on the third attempt, it suggested: "The block may be considered for allotment to a Central/state PSU or mandatory allotment to Coal India Ltd".

Following directions by Prime Minister at a meeting last November, the HPEC was formed under the chairmanship of former Central Vigilance Commissioner Pratyush Sinha to "examine efficacy and challenges in the current bidding system and suggest changes for conducting auction of coal mines in future".

The steel ministry also suggested that the coal ministry "expedite the process of coal block auctions" and "create a separate auction window for sponge iron companies".

It stated that Coal Block Auction Rules 2017 should be modified so that "integrated steel producers" and "sponge iron producers" are specified as two separate end uses.

Once this modification is done, coal mine can be auctioned for sponge iron producers separately. The steel ministry explained the reason for this suggestion: "Sponge iron producers had to compete with other producers from the cement and aluminium sector which had higher financial might to bid for these captive coal blocks. Only 7 coal blocks were won by the sponge iron sector."

TDP govt against bauxite mining: CM

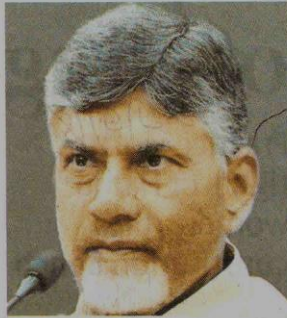
CHRS SARMA

Visakhapatnam, September 28

Andhra Pradesh Chief Minister N Chandrababu Naidu has asserted that the Telugu Desam government is totally against bauxite mining in the Visakhapatnam district and rubbished speculation that Maoists might have killed Araku MLA K Sarveswara Rao and former MLA S Soma for that reason.

He was speaking at Araku and Paderu in the eastern ghats of Visakhapatnam district on Friday after consoling the family members of the two slain TDP leaders. The two were gunned down on Sunday by the Maoists when they were on their way to attend a village meet (Grama darshini) in the Araku Assembly constituency.

Addressing presspersons, he said: "Where is the question of bauxite mining? The Telugu Desam government has repeatedly stated that bauxite mining will not be allowed in the agency



N Chandrababu Naidu

area. In fact, it was the late Rajasekara Reddy, the Congress Chief Minister, who cleared the bauxite mining proposal. When the TDP came into power, we cancelled all the leases. I myself stated at a public meeting at Paderu that bauxite mining would not be allowed in the agency area and the slain MLA, Sarveswara Rao, was also present in the meeting. It is utter nonsense to suggest that bauxite mining is behind the killings. If anybody is

doing it, it is only analibi or plain mischief." He said he was on his way to the US on Sunday when news reached him that the two leaders had been killed in agency area and soon after his return, he came to Araku to console the families. He praised the two as "young, dynamic leaders striving for the welfare of the Girijans in the constituency and the daftardly act of the Maoists should be condemned by all. There is no place for violence in a democracy."

He said the government and the TDP would stand by the families of the slain leaders. He announced ₹1 crore each to the families and also jobs to family members. House sites would also be allotted to them in Visakhapatnam, he added.

In response to a query on the possible security lapses, he said the police were going into it and all steps would be taken to prevent the recurrence of such incidents.

Gold glitters; silver touches 39k

NEW DELHI, Sept 29 (PTI)

BREAKING its three-day losing streak, gold bounced back by Rs 250 to Rs 31,550 per 10 grams at the bullion market on Saturday in sync with a firm trend overseas amid fresh buying by local jewellers. Silver followed suit and touched the Rs 39,000-mark by spurring Rs 1,100 to Rs 39,100 per kg backed by increased offtake

by industrial units and coin makers. Traders said sentiment bolstered largely in tandem with a firm trend overseas and pick-up in buying by local jewellers at domestic spot market.

Globally, gold rose by 0.83 per cent to USD 1,192.20 an ounce and silver by 2.85 per cent to USD 14.64 an ounce in New York in Friday's trade. In the National Capital, gold of 99.9 and 99.5 per

cent purity climbed Rs 250 each to Rs 31,550 and Rs 31,400 per 10 grams. The metal had lost Rs 425 in previous three days. Sovereign remained flat at Rs 24,500 per piece of eight grams. Silver ready jumped by Rs 1,100 to Rs 39,100 per kg and weekly-based delivery by Rs 715 to Rs 38,575. Silver coins flared up by Rs 1,000 to Rs 73,000 for buying and Rs 74,000 for selling of 100 pieces.