



खनिज समाचार

**KHANIJ SAMACHAR**

**Vol. 3, No-19**

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# खनिज समाचार

# KHANIJ SAMACHAR



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GLOBAL	Change in %			
	Price	Weekly	Monthly	Yearly
<b>Metals (\$/tonne)</b>				
Aluminium	1718	0.6	-4.4	-14.7
Copper	5764	2.8	0.4	-7.9
Iron Ore	94	1.0	0.1	37.3
Lead	2177	0.7	4.2	8.1
Zinc	2456	5.1	4.1	-6.7
Tin	16491	0.3	-7.3	-14.4
Nickel	17737	-0.9	-1.2	40.7

# Tata Steel finds a new buyer for Thailand unit

**Multiple suitors interested in Singapore business**

**SURESH P IYENGAR  
THOMAS K THOMAS**

Mumbai, September 30

Tata Steel is all set to sign a deal with a new buyer for its steel unit in Thailand. The company has also received interest from multiple players to acquire its assets in Singapore. The two assets are being sold as part of Tata Steel's plans to completely exit South-East Asia.

"We should close the transaction to sell our unit in Thailand soon. We have already signed an MoU and hopefully, in the next month or two that transaction will close. Then we still have the Singapore unit for which we have received in-

**The Indian steel-maker is planning to completely exit its two ventures in South-East Asia. The sale of assets is aimed at trimming its debt of over ₹1-lakh crore**

terest from buyers," TV Narendran, Managing Director, Tata Steel, told *BusinessLine*.

However, he did not disclose the names of potential buyers.

## Aborted sale agreement

In August, Tata Steel had terminated the definitive agreement signed with China's HBIS Group Co to partially divest its equity stake in Tata Steel (Thailand) Public Company and Nat-Steel Holdings Pte for \$327 million.

According to the agreement signed in January, HBIS was to acquire a 70 per cent stake in both the companies.

But this deal could not go through because HBIS could not procure the requisite approvals from the Hebei government (Northern China province)—one of the key conditions precedent for the proposed transaction.

In the earlier agreement, Tata Steel had agreed to form a joint venture with the Chinese government-owned HBIS group.

Now, the Indian steel-maker is planning to completely exit the two ventures in South-East Asia. The sale of assets is aimed



TV Narendran, Managing Director, Tata Steel

at trimming its debt of over ₹1 lakh crore.

## European operations

Tata Steel had also planned to sell its assets in Europe. But, in May, the European Commission rejected the company's plan to merge its loss-making European operations with the German conglomerate Thyssenkrupp.

Having failed to get regulatory approval for the merger, Tata Steel has decided to sell the struggling business separately and close down unviable units.

Early this month, Tata Steel Europe closed operations at its

subsidiary Orb Electrical Steels in Newport, South Wales, and at the Wolverhampton Engineering Steels Service Centre in the UK, leading to the loss of 406 jobs.

The revamp of the European operations began last May when the company put five non-core businesses on the block. It sold two units—Kalzip, an aluminium roofing and cladding business, and Firsteel, a coated steel bakeware manufacturer. Both these deals helped save 275 jobs.

One of the five non-core businesses was Cogent Electrical Steels, comprising Orb Elec-

trical Steels, Cogent Power Inc in Burlington, Canada, and Surahammars Bruks AB in Surahammar, Sweden.

## Cogent Power sale

It signed an agreement to sell Cogent Power, which manufactures cores for electrical distribution transformers and employs nearly 300 people, to Japanese steel giant JFE Shoji Trade Corporation early this month.

It decided to retain Surahammars Bruks that makes advanced steels for electric vehicles and employs about 100 people.

Narendran said that in Europe, the company is aiming to become cash-positive to reduce its dependence on India. "The challenge before our team in Europe is that if you are cash-positive, then you are no longer dependent on India for any support—you are sustainable on your own. We are closer to it happening than ever before. If the market was not so bad, we would have achieved it but because the market is so bad, it may take more time," Narendran said.



## State's mismanagement caused Singareni losses: Kishan Reddy

SPECIAL CORRESPONDENT  
PEDDAPALLI

Union Minister of State for Home Affairs G. Kishan Reddy alleged that the profit-making Singareni Collieries Company Limited was running in losses and thrown into a debt-trap following mismanagement by the State government.

The Union Minister participated in the Singareni Karmikula Hakkula Parirakshana (Singareni miners' rights protection) meeting in Godavarikhani on Monday. On the occasion, he invited the former TGBKS president Kengerla Mallaiah along with his supporters into the BMS fold. BMS national leader B.K. Roy, BJP State leader S. Kumar, former MP G. Vivek Venkatswamy and others were also present.

Mr. Kishan Reddy demanded that the State government clarify on the existing financial crisis in Singareni Collieries. Stating that the State government was having only 51 per cent share in the Singareni and acting adamantly, he demanded that it hand over Singareni to the Union government if it was unable to run it profitably.

Playing the State government for failing to fulfil the promises made to the coal miners, he asked why the government had not filled up vacancies under the dependent employment scheme. He said the BJP would strive for the welfare of the miners. Later, the Union Minister unveiled the statue of former Union Minister G. Venkatswamy in Godavarikhani town.

## CBI books two U.P. IAS officers in mining case

SPECIAL CORRESPONDENT  
NEW DELHI

The Central Bureau of Investigation on Tuesday searched multiple locations in connection with alleged illegal renewal of 13 sand-mining leases in Uttar Pradesh's Saharanpur district.

Among those named in

the case are two IAS officials, who were posted as District Magistrates during the check period.

"The searches have been conducted at 11 places," said a CBI official.

According to the agency, papers related to two properties and ₹15 lakh in cash

were found at the Lucknow residence of Ajay Kumar Singh, a 1998-batch official.

Another accused, Pawan Kumar, is a 2008-batch official.

The other 10 accused, one of whom has died, are alleged beneficiaries.

The agency has alleged

that the officials, while working as District Magistrates of Saharanpur, renewed the leases without following e-tendering procedure as directed by the State government on May 31, 2012, and duly upheld by the Allahabad High Court in January 2013.

# Rules amended to ensure States extend mining leases of blocks owned by PSUs...

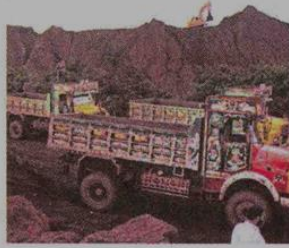
**OUR BUREAU**

New Delhi, October 1

The Centre has amended mining rules to ensure that State governments extend mining leases of mineral blocks that are held by public sector companies.

The Ministry of Mines has amended the Minerals (Mining) by Government Companies Rules, 2015 and substituted "may, for reasons to be recorded" in rule 3, in sub-rule (2) and rule 4, in sub-rule (3) with "shall, for reasons to be recorded", an official statement said.

This implies that all mining leases granted to government companies shall be extended by the State government for up



Mining leases shall be extended for up to 20 years at a time

to 20 years at a time. The extension will have to be granted by the State if an application is made by the government company or corporation at least 12 months prior to the expiry of the mining lease, the statement said.

Commenting on the decision, Steel Minister Dharmendra Pradhan said, "This is an important step towards ensuring raw material security for Indian steel sector. It will also ensure price stabilisation of raw materials, and will have positive effect on the secondary steel sector."

According to the provisions of Section 8A(6) of Mines and Minerals (Development & Regulation) Act, 1957, the lease of 31 working mines of iron ore are expiring on March 31, 2020.

The amendment does not provide relief to private sector miners seeking an extension to mining leases expiring in March 2020.

## ... pave way for renewal of NMDC's iron ore mining lease at Donimalai

**SURESH P IYENGAR**

Mumbai, October 1

In a major relief to the National Mineral Development Corporation, the Centre has amended the Mineral (Mining by Government Company) Rules, 2015, and made renewal of mining leases of public sector companies mandatory without going through the auction process.

The amendment, effected through a notification, said the State Government, upon receiving an application for the renewal of a mining lease by a government company shall, for reasons to be recorded in writing, extend the period of mining lease for a further period up to 20 years at a time.

As per the old norms, the word "may" was used in the place of "shall" giving scope for various interpretations by the State governments.

The new amendment paves way for renewal of NMDC's iron ore mining lease at Donimalai in Bellari district of Karnataka. NMDC suspended operations at the mine after its lease expired in November 2018.

NMDC has been the leaseholder for Donimalai iron ore mine since 1968. Last November, the Karnataka government issued a letter for extension of the lease for 20 years on condition that the state-owned company pays a premium of 80 per cent on the sale value of the mineral, as determined by the Indian Bureau of Mines.

NMDC challenged the premium demand in the Karnataka High Court through a writ petition. In July, the High Court set aside the condition for premium.

Subsequently, in August the Karnataka government withdrew the approval for

extension of the lease and decided to auction the iron ore mine as per the Mines and Mineral Regulation (Development) Act.

NMDC moved the Revisionary Authority in the Union Ministry of Mines, which agreed to hear the case if the Karnataka government withdraws the plan to auction the mine and stayed further proceedings in the case.

Ending the stalemate, the Centre on September 27 amended the MMRD Act and ensured that the NMDC lease is renewed.

With several mine leases owned by NMDC and MOIL mines coming up for renewal over the next two years, the Centre has passed on a clear message to the State governments and ensured that renewal of mine leases owned by government companies in the future are not jeopardised.



THE HITAVADA  
DATE : 3/10/2019 P.N.3

## Govt to auction 7 mineral blocks from Oct 22

NEW DELHI, Oct 2 (PTI)

THE Government will auction seven mineral blocks having reserves of 148.011 million tonnes (MT) in Odisha from October 22 to November 1.

Of the seven mines to go under the hammer, four are limestone blocks, two are chromite ore mines and one is graphite block, according to Mines Ministry data.

## Govt not renewing mining lease: Insistence on auction challenged

■ Legal Correspondent

SAVITA Satish Jaiswal, a businesswoman, has challenged State Government's insistence on auctioning her mining lease instead of renewing it.

After issuing notice to the respondent-State Government and others regarding final disposal of her writ petition on November 4 next, Justice R K Deshpande and Justice Vinay Joshi at the High Court



here have also directed the respondents to consider the petitioner's contention that her case is covered by the third Proviso to Rule 9 of Maharashtra Minor Minerals Extraction (Development and Regulation) Rules, 2013 and file an affidavit in that regard on or before the next date. The mining lease was granted to the husband of the petitioner on November 23, 2009, for a period of five years up to 2014. Thereafter, it was renewed for period of five years, which is due to expire on November 22 next.

After the death of the husband of the petitioner, the name of the petitioner was substituted on December 31, 2018. On June 11 last, she applied for renewal of the lease. However, now she has been informed that on the basis of Rule 9 of Maharashtra Minor Minerals Extraction (Development and Regulation) Rules, 2013, read with Government Resolution the auction is required to be conducted in respect of the portion which is in possession of the petitioner under the mining lease.

Adv V S Kukday appeared for petitioner. Additional GP Anand Fulzele represented the State.

# Steel industry frets as Govt inches closer to signing pact

SURESH P IYENGAR

Mumbai, October 2

The steel industry has expressed serious concern with the government inching closer to signing the Regional Comprehensive Economic Partnership (RCEP), which will open duty-free imports into the country from China.

Compared to other countries, steel production cost in India is higher by about \$40 a tonne due to creaky infrastructure, high taxes and expensive cost of capital. The industry has urged the government to provide an export incentive of \$40/tonne to put the domestic and global companies on the same footing before opening up the market for global competitors.

Steel exports in August grew by 37 per cent compared with the same period last year, with companies trying to beat the domestic slowdown by exporting more. However, in the first five

months of this fiscal, exports dropped 7.5 per cent.

Interestingly, imports, too, have jumped 27 per cent in August, despite apparent slowdown in domestic economy. The most worrying factor is the steady increase in the share of duty-free imports from FTA countries such as Indonesia, Japan and Korea.

In fact, in August, imports from FTA countries accounted for 77 per cent of the overall imports against their share of 58 per cent in FY19. Their share in overall imports in the five months of this fiscal was 66 per cent. The government had recently rejected the steel industry's demand to levy safeguard duty.

Seshagiri Rao, Joint Managing Director, JSW Steel, said in 2009-10 when the FTA was signed that the industry was not familiar with its impact, but now, it wants more triggers in RCEP that will levy import duty automatically if imports breach a certain level.

The RCEP will include Australia, New Zealand and China to tap the Indian market duty-free, he said.

## Invest in India

TV Narendran, Managing Director, Tata Steel, told *BusinessLine* that the steel industry has not been much supportive of RCEP and it needs to be kept out of this.

"The fundamental point is India is a growing market for steel. If anyone wants to participate in this market, let them invest in India and create jobs here. Why do you want somebody to borrow money at low cost and build some plant somewhere and just import into India," he questioned.

"The argument that countries that have no raw material should make steel and export, while India with all the raw material and domestic market, is still not trying to support an industry, goes against the opportunity that we have," said Narendran.

# Tata Steel gets a ₹5,000-cr boost from Bhushan Steel

Company says amount does not represent profit but book adjustments following the acquisition of the distressed firm

SURESH P IYENGAR

Mumbai, October 3

Tata Steel has gained over ₹5,000 crore generated by Bhushan Steel during the insolvency period stretching over 18 months.

This contrasts with the National Company Law Tribunal (NCLT) ruling that the profit made by Bhushan Power and Steel, another insolvent company, during the insolvency period, should be distributed among financial and operational creditors.

## JSW Steel's appeal

JSW Steel, the winning bidder of Bhushan Power, had moved the National Company Law Appellate Tribunal (NCLAT) against the NCLT order.

As of May 18, the current as-

sets of Bhushan Steel stood at ₹7,909 crore while its current liabilities were ₹2,742 crore. Therefore, the net current assets which Tata Steel had bagged after the insolvency proceeding were ₹5,168 crore.

In fact, Bhushan Steel had inventories of ₹4,219 crore and trade receivables of ₹1,288 crore when Tata Steel officially took over the company. Tata Steel had inherited non-current assets other than fixed assets of ₹2,028 crore and non-current liabilities of ₹97 crore. In all, it received non-current assets of ₹1,931 crore.

Thus, Bhushan Steel gained ₹7,099 crore ever since Tata Steel placed its winning bid to acquire the insolvent asset.

In response to *BusinessLine's* query, a Tata Steel spokesper-



The inventory and trade receivables can be equated to profit since Tata Steel did not invest a penny during the period, an analyst said

son said that Tata Steel acquired a controlling stake in Tata Steel BSL (formerly Bhushan Steel) for ₹35,232.58 crore. Accounting for the acquisition entailed adjustments as per the approved resolution plan and as per the requirements of the accounting standards.

"The assets and liabilities of the acquired business were recognised at fair value as on the

acquisition date. The net current assets does not represent profit earned by Bhushan Steel during the insolvency period," the spokesperson added.

The inventory and trade receivables of ₹5,507 crore are almost like cash-in-hand which can easily be equated to profit, particularly since Tata Steel has not invested a penny during the insolvency period and it was the financial and opera-

tional creditors who have supported the company to keep it as a going concern, said an analyst.

Considering that the Insolvency and Bankruptcy Code (IBC) was a time-bound resolution process, the Committee of Creditors has not made a claim on the profit during the insolvency period in the initial cases, said a lawyer familiar with the development.

Some of the other companies that benefited from the omission of CoC include Vedanta and JSW Steel which acquired Electrosteel Steels and Monnet Ispat. Unlike Bhushan Steel, the profit accrued in both the cases was negligible as most of the units in both the cases were not operational.

Added the lawyer: "The issue of profit in the case of Bhushan Power was raked up by its promoter, Sanjay Singhal, during the court proceed-

ings as the initial process document for insolvency issued by CoC cannot be changed at the fag end."

## Once bitten, twice shy

The CoC has made its claim on profit in the case of Essar Steel whose insolvency proceeding was delayed as the company moved various courts to scuttle insolvency, said the lawyer.

In the case of Essar Steel which is being taken over by ArcelorMittal, the NCLT ruled that the ₹3,400 crore profit made by the former during the insolvency period should be distributed among financial and operational creditors.

The sharp increase in demand, lower cost of production and moratorium on interest payment on defaulted loan ensured that the insolvent company made a huge profit during the insolvency period, said an analyst.



# Big Copper Makers at War with Smaller Cos Over Custom Duty

Secondary producers seek reduction in duty on copper cathode & copper scrap while large players want it to remain at 5%

**Deepshikha Sikarwar**  
@timesgroup.com

**New Delhi:** A tug of war has erupted between the upstream and downstream producers of copper. Downstream producers of copper and copper alloys have written to the government demanding a reduction in customs duty on copper cathode and copper scrap to 2.5% from the current 5%. Primary producers, on the other hand, want the customs duty to continue at the same level.

Downstream producers are mainly medium and small enterprises who are engaged in the manufacture of sheet, strips, foil and tubes.

"The sector, in the last few years, has been badly hit due to inverted duty situation created by duty-free imports under free-trade agreements (FTAs), mainly under Asean FTA, NEPAL treaty, SAARC treaty, Korea CEPA.... With each passing year more and more units are closing down and the entire sector is under a huge threat of extinction," said DK Jain, president, Indian Non-ferrous Metal Manufacturers Association (INFMMA).

The association and Bombay Metal Exchange (BMA), the apex bodies representing copper and copper alloys secondary (downstream) producers, have represented to the government seeking reduction in customs duty on copper cathode and copper scrap to 2.5% and nil respectively over the next five years.



REUTERS

Inverted duty is essentially caused as the customs duty on the main raw material, copper cathode and copper scrap, is at 5%, and is excluded from FTAs, excluding the one with Japan, which has a very small quantity to offer. Finished goods – sheets, strips, foil and tubes – attract zero duty under FTAs.

"There is a huge surge in imports under FTA from Asean and Korea and from China under the Asia Pacific Trade Agreement," said Jain.

Primary copper producers, which include large manufacturers, are opposed to reduction in customs duty on copper cathode and scrap. INFMMA and BMA have also highlighted that primary producers have asked domestic companies to pay import parity price.

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## Retail Sales in Jewellery Up in Q2, but Hedges Hurt: Titan

YoY retail growth up on back of schemes; rise in gold prices hits consumer demand

Our Bureau

**Mumbai:** Titan, one of the sector's leaders, said in a quarterly update that though retail sales of its jewellery segment grew by 7% in the September quarter (Q2), revenues declined 2% year-on-year due to adverse impact of hedges that matured during the quarter.

It added that a surge in gold prices from mid-June dented consumer demand through July, but in August and September retail growth was 15% up YoY "possibly due to enhanced level of promotions and schemes." In Q1, the jewellery segment contributed



81% to Titan's total revenues.

Hedging refers to a company taking a contrary position in the same asset in two different markets. If the inventory is hedged by selling it forwards and the price spikes, the hedging loss is offset by the concomitant gain in the spot market.

Average gold price during Q2 rose by 10% to ₹36,114 per 10 gm (ex GST) on global recessionary fears and brewing trade tensions between US and China.

The rupee prices rose even more due to the depreciation of the local unit.

BUSINESS LINE DATE : 10/10/2019 P.N.13

## Base metals market subdued on growth fears and trade war

### COMMENTARY

G CHANDRASHEKHAR

The world base metals market has been rather quiet in the last few days thanks to a week of holidays in China. On the LME in London, prices of base metals such as copper and aluminium did not move much as Chinese traders did not participate.

Copper drifted lower in September and is currently trading close to \$5,700 a tonne and aluminium at around \$1,750/t.

Other metals too saw range-bound trading with a downward bias. It is, of course, well-recognised that China is the mover and shaker of the global metals market, and all is not well with the Asian major. It is

becoming increasingly clear that the risk appetite among investors is yet to kick in strongly. A firmer dollar too is adding to downward pressure on metals.

### US-China trade tensions

A critical uncertainty for the market is the trade talk between two of the world's largest economies - the US and China.

The long-drawn and ongoing tariff war between the two countries has surely unnerved the market participants. Despite several signals of reconciliation in the last one year or so, the trade negotiations have made no significant headway.

The next round of discussions is scheduled to be held this week. If anything, stakeholders are now getting increasingly sceptical about any meaningful breakthrough any

time soon. To make matters worse, the US administration recently blacklisted several large Chinese technology firms for alleged violation of human rights. This move, many feel, can actually vitiate the talks, rather than make them accommodating.

Even as the world waits with bated breath for resumption of the US-China talks, the trade war has already taken its toll. Major economies are slowing; and logically, global economic growth too will slow alongside.

### Services sector not spared

Not only manufacturing, even the services sector is seen slowing. A recession in Europe is seen nearly imminent, while data suggest the Chinese growth is decelerating too.

Importantly, economists foresee a slowdown in the US in



Aluminium market fundamentals suggest risks of a further price fall

the coming two to three quarters despite the easy monetary stance of the United States Federal Reserve.

On their part, global institutions such as World Bank and IMF have already warned of the negative fallout of the ongoing trade conflict.

The positive correlation between economic growth and

industrial metals consumption is well established. Slowing growth will result in softer physical demand. Weak investor appetite will exacerbate the price action.

### Short positions

If anything, speculative investors are building short positions in commodities such as

copper despite the metal's strong fundamentals. On the other hand, aluminium market fundamentals suggest the risk of a further fall in price. Ranged trading (\$17,000 to \$18,000 a tonne) has been the feature in nickel, a key ingredient for stainless steel manufacturers.

Although nickel prices fell in September, it is currently trading around \$17,500/t on fear of nickel ore supply disruption from Indonesia.

In the event there is little progress on the tariff talks front, base metals are likely to come under further pressure as we move well into the last quarter of the current calendar year.

*The author is policy commentator and commodities market specialist. Views are personal*



# Comprehensive gold policy likely to be sent for Cabinet nod soon

Policy in the works likely to provide for gold spot exchanges, bullion banking

KR SRIVATS

New Delhi, October 10

The much-awaited comprehensive gold policy will soon be sent to the Union Cabinet for approval.

In the next 15-20 days, the Finance Ministry is expected to send the policy to the Cabinet for approval, sources in the Ministry said.

The new policy is significant as it could pave the way for "bullion banking" (taking the

risk in bullion) and setting up new infrastructure such as gold spot exchanges in the country.

This will benefit consumers and small jewellers, in particular.

Bullion banking will enable consumers to do bullion-related transactions with banks with ease. Spot exchanges are expected to provide market liquidity.

The formulation of a com-



The policy is expected to give market sentiment a leg up

prehensive gold policy will also help exports. It may not have any impact on demand, but it will undoubtedly boost sentiment, sources said.

Earlier, a panel on transforming the country's gold market was constituted by the NITI Aayog under the Chairmanship of Principal Adviser, NITI Aayog.

THE ECONOMIC TIMES DATE : 11 /10/2019 P.N.10

## 'Uranium Levels High in Groundwater Samples in T'gana's Nalgonda District'

CR.Sukumar@timesgroup.com

**Hyderabad:** The Atomic Minerals Directorate (AMD) has found dangerously high levels of uranium concentration in the groundwater samples across the Lambapur-Peddagattu region, known for large uranium deposits, in Telangana's Nalgonda district alarming top atomic energy officials to red flag the issue to the government agencies.

The atomic energy officials have red-flagged the startling findings of AMD on high uranium concentration around Lambapur-Peddagattu region to various government agencies, which include the department of atomic energy, ministry of forests and environment, water resources, pollution control agencies and the PMO that supervises the atomic energy activities.

These startling findings have come even as the civil society bodies and political outfits were raising concerns over high levels of uranium concentration found in the groundwater around Tummala-palle in Andhra Pradesh's Kadapa district, where uranium is mined.

The latest findings of uranium concentration in groundwater in Telangana come at a time when the civil society bodies and opposition parties were up in the arms against the proposed uranium mining in the Nallamala forest region.

Uranium Corporation of India (UCIL), which now operates underground mines in Andhra Pradesh, plans to set up an open pit and three underground mines in Telangana with a central plant about 50km from the mine site.

"The frighteningly high uranium concentration in groundwater samples around Lambapur-Peddagattu uranium resources in Telangana were found in a survey conducted by the Atomic Minerals Directorate (AMD)," a top atomic energy department official told ET, seeking anonymity as he was not authorised to speak to the media. The source said at least 30,000 people in the 8 km radius of Lambapur-Peddagattu region face the threat of serious health hazards and need to be relocated to safer places. AMD recently obtained central approvals for exploration of uranium in Lamba-

pur-Peddagattu region of Telangana, attracting protests by locals and opposition parties.

Well before the exploration and mining activities in the region, AMD found high uranium concentration in the groundwater in most of the 25 sample bore wells in Telangana. Only four sample bore wells had permissible level of uranium values, while the rest had far above the permissible levels and seven contained alarmingly high levels, calling for immediate action.

The current hydro-uranium concentration in groundwater samples near Lambapur-Peddagattu region found in certain sample bore wells was at alarmingly high levels of 2,618 parts per billion (ppb) against the permissible limit of 30ppb. "These groundwater samples were regularly being collected from 25 identified bore wells near Lambapur-Peddagattu deposits from November last year till July this year. The details of findings with location map of sampling bore wells along with their latitude and longitude were submitted to the government agencies for immediate action," said the official quoted earlier.



# Tata Steel sales down 4% in Sept quarter

## OUR BUREAU

Mumbai, October 10

Tata Steel has reported a four per cent fall in domestic sales to 4.14 million tonnes (mt) in the September quarter against 4.32 mt logged in the same period last year.

The company's production was up 4.50 mt (4.30 mt), said the company in a statement on Thursday.

During the quarter, Tata Steel said overall economic activities in the country weakened further as reflected in low investment sentiment and demand slowdown. This was evident in plummeting vehicle sales and weak GST collections.

Moreover, a seasonally

weaker monsoon quarter affected the overall demand for steel. The government has announced various measures to stimulate economic activities and market sentiments.

However, the benefits of the same in terms of new private investments and improved domestic consumption will potentially manifest only in the longer term.

## Global scenario

In Europe, steel demand was marginally up at 2.28 mt (2.27 mt), while in South-East Asia, it was down at 0.61 mt (0.62 mt).

Tata Steel said global business confidence remained subdued during the second



A seasonally weaker monsoon quarter affected the overall demand for steel

quarter of FY20 as weakening economic activities and prolonged uncertainty over trade conflicts impacted investment decisions and trade flows.

The accommodative monetary policy stance by key advanced and emerging economies is yet to show any

noteworthy impact on economic activity levels. Consequently, apparent steel demand remained weak, weighing on steel prices across geographies, it said.

Though the regional spot steel spreads have begun improving since mid-July from the lows seen in June quarter with softening of coking coal and iron ore prices, a meaningful benefit of this will flow through only in the next few quarters.

In Europe, the steel industry continued to face significant headwinds amidst lower demand conditions due to Brexit uncertainty and trade conflicts.

## Coal-block auction elicits tepid response as bidders decide to wait and watch

**TWESH MISHRA**

New Delhi, October 10

Dismal market sentiment and expectations that commercial mining would soon be a reality have resulted in a tepid response for the blocks on offer during the current round of coal auctions. These mines are being auctioned under the 8th, 9th and 10th round of bids simultaneously being conducted by the Coal Ministry.

"In all, 45 bids were received for the blocks on offer. An adequate number of bids have been received for just six of the 27 blocks on offer in the auctions. Another six blocks received interest for allocation to State or Central government entities. In total, 12 of the 42 blocks envisaged to be auctioned or allocated in this round are now in the fray," a top Coal Ministry official told *BusinessLine*.

Under commercial coal mining, it is expected that bidders will be allowed to sell coal in the open market or use it for



The Coal Ministry started the process of auctioning 27 coal mines and allocating 15 mines to developers, in August

their own plants without any restrictions. In September this year, Minister for Coal, Mines and Parliamentary Affairs, Pralhad Joshi said that the Centre aims to begin the process of holding the first round of commercial coal mining auctions by December end.

Till now, coal mines were auctioned with a pre-specified end-use for the coal to be mined. After inadequate response in subsequent bid rounds, the Centre decided to offer an added incentive and the winners have been allowed

to sell up to 25 per cent of the total coal produced in the mine in the open market. For mines being auctioned till now, it is still mandatory to use at least 75 per cent of the total coal production for the specified end-use.

In August, the Coal Ministry started the process of auctioning 27 coal mines and allocating 15 mines to developers. This process was re-initiated after previous attempts elicited a poor response from bidders given market conditions. The allocation of blocks will be restricted to Central and State public sector undertakings.

"This response could be because of expectations from commercial coal mining and also because of market sentiments. Some smaller bidders also decided to stay away because of the distance between the blocks on offer and the end-use plants citing higher transport costs," the official said.



## MCX-Zinc faces a key resistance



**AKHIL NALLAMUTHU**

BL Research Bureau

The support band between ₹181 and ₹182.65 seems to have arrested the decline of the October futures contract of Zinc. The metal in fact has gained 2.5 per cent since the beginning of the week and is currently trading around ₹184.5. The relative strength index shows a bullish divergence indicating a possible trend reversal and the moving average convergence divergence indicator too has started showing a recovery.

However, the contract faces a resistance at ₹186 levels. If the buying momentum help the contract to break out of the resistance at ₹186 levels, it will face a crucial hurdle at ₹191. Beyond ₹191, the medium-term trend will become bullish which could potentially take the price to higher levels.

On the other hand, if the commodity contract weakens from current level, it will most likely retest the previous low at ₹181 levels. If that level fails to hold, the price can depreciate to ₹177.3 below which the support is at ₹174.

Since the beginning of the month, the three-month rolling forward contract of zinc in LME has been trading within a tight range between \$2,270 and \$2,328. Though the support at \$2,270 looks very strong, the price continues to trade below the 21-DMA.

If \$2,270 holds and price appreciate from that level, then as that would become a higher low compared to the low made in the month of September, the contract might go on to break the resistance band between \$2,300 and \$2,320 beyond which it could retest \$2,400 levels. Alternatively, a break below \$2,270 will drag the price to \$2,200 levels.

Though the commodity is showing signs of recovery, it is important to wait until the resistance level at ₹191 is invalidated for the rally to be sustainable. Also, the long-term trend is still bearish. Hence, traders are advised to wait until either ₹181 or ₹191 is breached to confirm the next leg of trend.

## Gems, jewellery exports dip 7 pc in April-August

■ Business Bureau

GEMS and jewellery exports have declined 7 per cent to USD 12.4 billion during April-August 2019-20 on account of slowdown in demand in major developed markets.

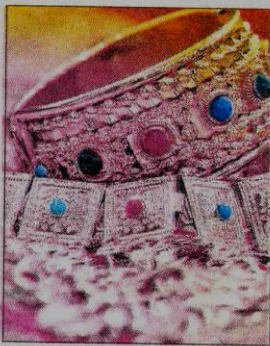
According to data from the Gems and Jewellery Export Promotion Council

(GJEPC), the value of exports stood at USD 13.4 billion in the year-ago period. The labour-intensive sector contributes about 15 per cent to the country's overall exports.

The decline in shipments is mainly due to negative growth in the export of gold jewellery,

coloured gem stones, and cut and polished diamonds. As per the data, export of coloured gem stones, and cut and polished diamonds during April-August 2019-20 contracted by 10.5 per cent and 19 per cent, respectively.

However, exports of gold medallions and coins, and silver jewellery have recorded a growth of 89.4 per cent and 83 per cent, respectively. India's main export destinations are the US, Europe, Japan and China. America accounts for about one-fourth of the country's total gems and jewellery exports. According to the data of the Council, imports of rough diamonds contracted 25 per cent to USD 5.4 billion, while that of gold bar by 6.7 per cent to USD 3.4 billion.



BUSINESS LINE DATE : 14 /10/2019 P.N.9

## 'Chinese slowdown will soften base metal demand'

Sandeep Daga, Director at Regsus Consulting, feels their prices will fall further

SATYA SONTANAM

The 20-year growth story of China is coming to an end, and this would lead to softening of demand for the base metals, says Sandeep Daga, Director at Regsus Consulting, which specialises in hedging in base metals.

Talking to *BusinessLine* about the outlook for base metal prices, Daga said the prices will go lower in another six months. Excerpts:

**How is the health of the manufacturing sector in key economies?**

The manufacturing sector has been in the doldrums all over the world for the past few months. Trade volumes are almost stagnating and things are worsening. On the other hand, the US and China have not yet shown any significant progress in resolving the core trade issues.

The slowdown is evident in China, which is the key player in the commodities space.

During the global economic slowdown in 2012 and 2015, China stimulated the economy, and things were back on track soon. But, this time, though

China is trying to stimulate the economy through rate cuts and by speeding up infrastructure projects, the powerful forces of trade war have negated all of it.

This is because the sentiment has become very weak.

The problem is deeper and ideological.

Thus, there may not be any quick resolutions; the weakness in the manufacturing sector is expected to continue.

**Do you think base metal prices have bottomed?**

No. Prices will bottom when the metal producers start feeling the pinch of low prices.

Though the prices have dropped steeply since 2018, simultaneous depreciation of currencies, such as rupee and yuan, against the dollar, somewhat compensated the loss for local producers.

Normally, when the prices are close to bottom, producers defer capacity expansions and shut down or idle their existing units. The pain has not yet reached a threshold. In fact, higher supply is expected to come into the market in the next few quarters.

**So, do you think the prices will fall further?**

Yes. I think the prices of the base metals will go lower over the next six months. Especially with the enhanced metal production capacities in China, the supply is going to be high in the next few quarters, exerting pressure on the prices.

Also, looking at the big picture, a big cycle for commodities is over as Chinese growth withers. China had nearly 20 years of economic boom, similar to what the US had in the early 1900s, Europe in the late 1800s, and Japan during 1960-1980.

As China's growth tapers, there is no other country to fill the void. Thus, the demand growth for metals would remain soft for a few years. The next growth driver for the metals has to come from somewhere else; maybe India. We would know soon. This transition, however, could take time.

**Once the US starts getting into recession — which I think is highly possible — and the dollar weakens in the long run, it will help the commodity prices move up**

**SANDEEP DAGA**

Director, Regsus Consulting

Till then, there is more room for the metal prices to slide.

**What will be the trigger for metal prices to go up?**

The US slipping into recession — only then will the money start flowing more into the emerging markets and commodities. I believe that the US hasn't yet completely priced in the impact of the negative fallouts of the trade war; the emerging markets have felt it since the beginning.

So, once US starts getting into recession — which I think is highly possible — and the dollar weakens in the long run, it will help the commodity prices move up. But the dollar could strengthen in the short run because of its safe haven

status. The emerging markets will stabilise due to higher inflow of money and support the demand. This is expected to happen by mid-2020 or to the end.

**What strategy should users of base metals adopt?**

I suggest that consumers and traders of metals buy only as much as required and not chase the prices even if they appear attractive. The primary trend is down for the next 2-3 quarters.

Those who are importing metal into India and selling it domestically might find the business unprofitable as the landed costs of the metals are higher than the domestic prices. This reflects the domestic consumption slowdown, which is here to stay till mid-2020.

On the other hand, those looking to export, especially zinc and lead, could see this as an opportune time.

In any such case, I think the trader or the user should brace for volatility and should do the risk management minutely. One should not get too greedy or too hopeful.

**Price outlook**

Sandeep Daga expects the prices of base metals to fall 5-8% over the next six months





# Gold price looks shaky after late sell-off

The yellow metal could weaken over the short term as price breaches a key support

AKHIL NALLAMUTHU

The iCOMDEX Composite Index, the commodity index of the Multi Commodity Exchange, after hovering around 595 levels, attempted a recovery on Friday where the index rose above an important level at 600. However, after trading above that level briefly, it declined on the back of a late sell-off in the bullion, overpowering the positive contribution from crude oil, its biggest component. It closed the week at 598.

Thus, the resistance at the key level of 600 is still valid, and a visual inspection of the chart denotes that the attempted recovery could just be a pull-back of the broader bearish trend, where the index could resume its downward movement in the upcoming sessions led by the bullions.

## MCX-Crude (₹3,869)

Crude oil, after declining for two weeks at a stretch, recovered during the past week. The October futures contract of crude oil moved past the resistance at ₹3,850 on Friday and closed the week at ₹3,869. Technically, the contract turned bullish, and will most likely appreciate and test the resistance at ₹3,975. That level is significant as the 21- and 50-day moving averages coincide with the 38.2 per cent Fibonacci retracement level.

If the bullish momentum continues and the contract breaks above that level, the positive sentiment could improve further, where it can appreciate to ₹4,250 levels over the medium term. In an alternative scenario, weakness in the upcoming session could pull down the price to ₹3,700 levels, which is a key support.

## MCX-Gold (₹37,845)

The December futures contract of gold, which was kept com-



REUTERS

pressed between ₹38,000 and ₹38,650 for six consecutive trading sessions, broke down below the range on Friday. The price, trading below the 50-day moving average, formed a lower high, indicating a negative outlook. This increases the possibility of the contract falling to ₹37,200, which is an important support.

Below that level, the medium-term trend could turn bearish, paving the way for a considerable decline that could take the price to ₹36,310. But if the price recovers, it will face a hurdle immediately at ₹38,650. If the contract price moves past the hurdle at ₹38,650 on the back of fresh buying interest, the price could accelerate towards ₹40,000 and even retest the 52-week high at ₹40,771.

## MCX-Silver (₹45,171)

Silver has been trading flat for the past few trading sessions. But unlike gold, the December futures contract closed within the range between 44,860 and 46,424. Though the outlook looks neutral as long as the contract trades within the range, the price continues to exhibit lower highs, indicating a prevailing weakness. It is substantiated by an evening star candlestick pattern in the daily time-frame.

Assuming that the price breaks below ₹44,860, there is a support at around 44,000. A break below that level could

form lower lows, dragging the contract to ₹42,450 over the medium term. On the other hand, if the price rises above ₹46,424, it will most likely appreciate towards the previous high at ₹48,000 levels, beyond which it could retest ₹50,000, a psychological level.

## MCX-Copper (₹443.1)

Bouncing back from the support zone, the October futures contract of copper closed on a positive note last week. The contract closed the week at ₹443.1 after riding past a resistance at ₹440 levels. The daily relative strength index closed above the midpoint level of 50, and there is also a marginal uptick in the moving average convergence divergence indicator.

All this could take the contract price further to the upper limit of the broader range between ₹432 and ₹460. Further above ₹460, the contract will face a resistance at ₹470. However, if the rally fails to sustain and the price starts moving on the downside, it will find a strong support between ₹432 and ₹435. Below those levels, support is at ₹420 levels.

## NCDEX-Soyabean (₹3,660)

After consolidating through August and in the first half of September, the November futures contract of soyabean broke out and registered a high of ₹3,864 in September. But the contract immediately faced sell-off and corrected by 61 per cent to ₹3,626 levels as measured by the Fibonacci retracement level. During the past week, though, the contract was trading flat, oscillating between the key levels at ₹3,715 and ₹3,626.

Hence, the next leg of trend can be confirmed only if the price breaches either of these levels. Above ₹3,715, the contract could potentially appreciate to ₹3,785, beyond which it could even retest its recent high at ₹3,864. Below ₹3,626, the price could find support at the 50-day moving average at ₹3,585 levels.

## iCOMDEX Composite Index:

■ Supports: 589 and 580

■ Resistances: 600 and 608

NAVBHARAT DATE : 14 /10/2019 P.N.7

## खनन एवं भू-तकनीकी इंजीनियरिंग पर सम्मेलन आज से

व्यापार प्रतिनिधि

नागपुर. खनन, खनिज और बुनियादी ढांचे के विशेषज्ञों में व्यावसायिक कौशल को आगे बढ़ाने के लिए इंडियन माइन मैनेजर्स एसोसिएशन, वीएनआईटी माइनिंग एलुमनाई एसोसिएशन तथा रामदेव बाबा कालेज आफ इंजीनियरिंग एंड मैनेजमेंट के संयुक्त तत्वावधान में 14 अक्टूबर से होटल तुली इम्पीरियल में 3 दिवसीय 'एडवांसेड इन माइनिंग एंड जियोटेक्निकल इंजीनियरिंग' विषय पर राष्ट्रीय सम्मेलन तथा एक्सपो आयोजित होने जा रहा है. सम्मेलन के विभिन्न विषयों पर वक्तव्य प्रस्तुत करने के लिए कई सरकारी अधिकारियों, उद्योगों, रिसर्च एंड डेवलपमेंट क्षेत्र तथा शिक्षा संस्थानों के विशेषज्ञों को आमंत्रित किया गया है. विशेषज्ञों से शोधपत्र भी आमंत्रित किए गए हैं जिन्हें सम्मेलन स्मारिका में प्रकाशित किया जाएगा. एसोसिएशन की स्थानीय शाखा के अध्यक्ष दिवाकर गोखले ने बताया कि रॉक मैकेनिक्स, जियोटेक्निकल टेस्टिंग एंड एक्सप्लोरेशन, जियो एनवायरनमेंट, जियो इंफार्मेटिक्स, ग्राउंड इंप्रूवमेंट तकनीक, इंस्ट्रुमेंटेशन, डिजाइन और मॉडलिंग जैसे खनन, खनिज और बुनियादी ढांचे के विभिन्न क्षेत्रों में काम करने वाले 150 से अधिक प्रतिनिधि, प्रबंधक, वैज्ञानिक तथा शिक्षाविद सम्मेलन में भाग ले रहे हैं. 50 से भी अधिक संस्थान हिस्सेदारी दर्ज कराएंगे. यह सम्मेलन देश में बढ़ती कोयला, खनिज और बुनियादी ढांचे की मांग को पाटने में एक मील का पत्थर साबित होगा. उद्घाटन सत्र में वेकोलि के अध्यक्ष राजीव रंजन मिश्र मुख्य अतिथि और मायल के अध्यक्ष एम.पी. चौधरी के विशेष अतिथि रहेंगे.



## Coal mine auction: Ministry to relax bidder norm

TWESH MISHRA

New Delhi, October 13

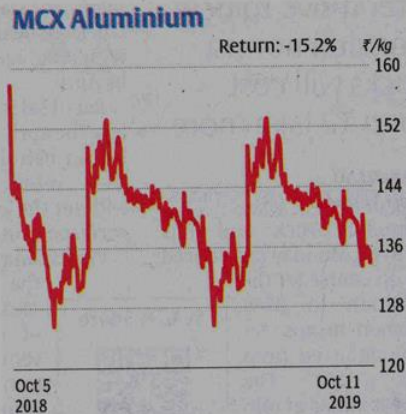
The Ministry of Coal is going to allow mines with just two interested bidders to be auctioned in the 11th round of coal mine auctions. This significant move comes after the 8th, 9th and 10th auction rounds saw poor response with just six of the 27 mines on offer meeting the minimum three-bidder norm to go under the hammer.

"The decision to allow the auction of mines with just two bidders is in line with the October 2018 recommendations of the Pratyush Sinha Committee. This will be implemented in the next (11th) round of coal mine auctions," a top Coal Ministry official told *BusinessLine*.

"In all, 45 bids were received for the blocks on offer, but an adequate number of bids were received for just six of the 27 blocks on offer in the recent (8th, 9th and 10th round) auctions. Another six blocks received interest for allocation to State or Central government entities. "In total, 12 of the 42 blocks envisaged to be auctioned in this round are now in the fray," the official said.



## MCX-Aluminium continues to be under pressure



**AKHIL NALLAMUTHU**

BL Research Bureau

Though the October futures contract of Aluminium has been in a downtrend since the beginning of September, it seems to have been in a consolidation phase currently. The contract has been oscillating between ₹133.5 and ₹136 since the beginning of this month.

The 23.6 per cent Fibonacci retracement level of the previous bear trend lies at ₹135.75, thus making the price band ₹135.75-136 a significant resistance. The major trend remains to be bearish and unless the price breaks out of ₹136 levels, bears are expected to be in control. Only if the contract moves beyond ₹136 there will be a change in the medium-term trend to bullish.

Continuing with the bearish trend, if the contract breaks below ₹133.5 there may be more selling which could pull the price towards ₹130, a key support. On the other hand, if the contract breaks above ₹136, the immediate resistance level is at ₹138 beyond which ₹140 will be a significant hurdle.

Though the three-month rolling forward contract of Aluminium in LME breached an important support at \$1,740, there was some recovery in price as the contract rose to \$1,745 levels in the past week. However, the price action suggests that the trend is still bearish.

If the weakness persists, the contract could retest the previous low of \$1,691.75, below which it can even depreciate to \$1,674 levels. Alternatively, if price appreciate from current levels of \$1,720, it will face a strong resistance between \$1,740 and \$1,745.

The commodity is under a bear grip and until price moves past ₹136, the chances of a recovery is low. Though price action is in a sideways trend, the major trend is bearish, and one can continue to take a bearish bet. Traders can initiate short positions on rallies with a stop-loss above the key resistance of ₹136.

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

# ‘भूषण स्टील लिमिटेड’ची जप्त केलेली मालमत्ता मुक्त करा

एनसीएलएटीचे आदेश; ‘जेएसडब्ल्यू’ला करता येणार नाही खरेदी

लोकमत न्यूज नेटवर्क

नवी दिल्ली : भूषण पॉवर अँड स्टील लिमिटेड (बीपीएसएल) कंपनीची जेएसडब्ल्यू स्टीलला १९,७०० कोटींना विक्री करण्यास कंपनी कायदा अपील लवादाने (एनसीएलएटी) स्थगिती दिली. अंमलबजावणी संचालनालयाने (ईडी) जप्त केलेली ‘भूषण’ची मालमत्ता मुक्त करण्याचे तसेच आपल्या परवानगीशिवाय पुढील जप्तीची कारवाई न करण्याचे आदेशही लवादाने दिले आहेत.

‘भूषण’च्या याचिकेवर अपील लवादालाचे चेअरमन न्या. एस. जे. मुखोपाध्याय यांच्या नेतृत्वाखालील पीठाने हा आदेश दिला. ईडी अशाच पद्धतीने काम करणार असेल, तर

## ईडीला नाही तो अधिकार

ईडीच्या १० ऑक्टोबर रोजीच्या जप्ती आदेशास लवादाने स्थगिती दिली आहे. या प्रकरणी लवाद निर्णय देत नाही, तोपर्यंत हा आदेश स्थगितच राहील. ‘भूषण’च्या खरेदी व्यवहाराची रक्कम पुढील आदेश येईपर्यंत अदा करू नये, असे आदेश लवादाने जेएसडब्ल्यू स्टीलला दिले आहेत. दिवाळखोरी प्रक्रियेदरम्यान मालमत्ता जप्त करणे, हे ईडीच्या कार्यक्षेत्रात येत नसल्याचे कॉर्पोरेट मंत्रालयाने सुनावणीदरम्यान लवादास सांगितले.

नादारी व दिवाळखोरी संहिता (आयबीसी) अपयशी ठरेल, असे लवादाने म्हटले. आगामी दोन दिवसांत उत्तर सादर करण्याचे आदेश त्यांनी सीबीआय आणि ईडीला दिले.

ईडीने म्हटले आहे की, आपण बीपीएसएलची ४,०२५ कोटींची मालमत्ता जप्त केली आहे. एका बँक घोटाल्यात केलेल्या मनी लॉड्रिंग

चौकशीदरम्यान ही कारवाई केली. अपील लवादाने म्हटले की, आयबीसीचा अशा प्रकारे वापर करता येणार नाही. कॉर्पोरेट कर्जदाराची मालमत्ता जप्त करण्याचा अधिकार ईडीला नाही. जप्तीच्या संबंधीचे अपील प्रलंबित असताना जप्तीची कारवाई करता येत नाही. याची सुनावणी २५ ऑक्टोबरला आहे.

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