खनिज समाचार

KHANIJ SAMACHAR

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 3, NO-20 , 16th – 31st OCTOBER , 2019

BUSINESS LINE DATE : 21 /10/2019 P.N.9

GLOBAL	Change in %			
	Price	Weekly	Monthly	Yearly
Metals ($/tonne)				
Aluminium	1735	1.0	-1.1	-13.6
Copper	5785	0.4	0.1	-6.1
Iron Ore	88	-6.5	-8.4	28.6
Lead	2197	0.9	6.8	10.9
Zinc	2488	1.3	7.1	-8.9
Tin	16917	2.6	1.5	-11.1
Nickel	16303	-8.1	-5.8	32.8

BUSINESS LINE DATE : 16 /10/2019 P.N.3

Steel sector in a better place than 2 years ago: Tata Steel MD

THOMAS K THOMAS
SURESH P IYENGAR

Mumbai, October 15

TV Narendran, MD and CEO of Tata Steel, is in mission mode to transform the 112-year-old company. He is not only deleveraging the existing core businesses to make it financially stronger, but also sowing seeds for new businesses. In a conversation with *BusinessLine*, Narendran explains how he plans to navigate various hurdles to achieve the target. Excerpts:

How do you compare the ongoing stress in the steel sector to the one in 2016-17?

I am less negative. Structurally, the steel industry is in a better place than what it was in 2016-17. There you had China disrupting global markets. Today, the problem is more about macroeconomic sentiment across geographies which are having an impact on steel. Secondly, who sets the price in South-East Asia? It's not China, it's India, because Indian exporters, including Tata Steel, are selling into Vietnam and other areas. We are, in some sense, setting the prices because the Indian companies are structurally in a stronger position than most other companies. Companies like JSW and Tata Steel can be competitive in the international market.

"Our job is to make sure we are the last man standing from a cost position. Tata Steel in India is solidly placed. Europe is where the challenge is."

TV NARENDRAN
MD and CEO of Tata Steel

THE BL INTERVIEW

How do you see this playing out in India?

In India, the industry has consolidated quite a bit. There won't be many people queuing up to invest much money in this industry other than some foreign investors like ArcelorMittal. The demand for steel will grow faster than supply. Yes, the auto sector is facing some headwinds now, but India cannot be a country consuming just three million cars. As infrastructure gets built, more and more parts of the country get included (in transport network).

Are you on track to hit 30-million-tonne (mt) capacity by 2025?

We are pretty much on track. The acquisition of Bhushan Steel with a capacity of 19 mt and expansion at Kalinganagar by 5 mt are happening. So we will hit 24 mt by 2022. Then it is a question of the steel market. It will pick up soon. We have two options: one is to expand our existing sites, (and the other) through inorganic growth. Our focus is now to deleverage.

Asset sales in Europe and South-East Asia were part of your deleveraging plans which did not go through. How does that impact your target to reduce debt?

We put in a lot of effort in Europe for the last few years, but we were quite disappointed that the Commission did not see our point of view. The focus for us in Europe is how we can become cash positive. We are also looking at how to optimise capex. In South-East Asia, we want to exit. We should close the transaction to sell our unit in Thailand. Then we still have the Singapore unit for which we have received interest from buyers.

The debt to EBITDA ratio is now over 4. Is that a worry?

We have been in investment mode, and ours is a cyclical business. Still, Tata Steel reported a ₹30,000-crore EBITDA and ₹10,000-crore profit after tax. The enterprise value of Tata Steel today is around ₹1,35,000 crore. We want to bring down the debt to EBITDA to under 3. If steel prices had been stable, we would have gone below 3 by the end of this year. But steel prices are ₹10,000 lower than last year. Cycles have become shorter. Our job is to make sure we are the last man standing from a cost position. Tata Steel in India is solidly placed. Europe is where the challenge is.

THE ECONOMIC TIMES
DATE : 17/10/2019 P.N.14

NMDC May Gain from Merchant Mining Leases Due for Renewal Next March

Rakhi.Mazumdar
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Kolkata: The state-owned National Mineral Development Corp (NMDC) might unexpectedly benefit when a number of merchant mining leases with combined production of 50-70 million tonnes (MT) coming up for renewal in March 2020.

While the management may not explicitly bid for new licences, the event is a "golden opportunity" for the company to permanently enhance its mining share in domestic iron ore production, which "it inadvertently missed in 2012-13," ICICI Securities said in its latest research report on the mining company.

After the amendment of Mineral Rules 2015, which made renewal of mining leases of PSUs mandatory, NMDC expects a fast resolution of the Donimalai mining issue in Karnataka. With proactive production planning, iron ore volumes are estimated to touch 32 MT in FY20, while NMDC expects its upcoming 3 MT Nagarnar steel plant to be commissioned by June-July 2020, given delays in installation of raw material handling system.

Event a "golden opportunity" for the co to enhance its mining share in local ore production, says ICICI Securities

The ICICI Securities' report added that NMDC could be in a 'sweet spot' with "Donimalai mining expected to resume, commissioning of Nagarnar plant in mid calendar 2020, domestic iron ore prices currently at around 40% discount to landed cost of imports at east/west coasts, and the possibility of the company benefiting from iron ore mining auctions."

At a board meeting, NMDC on October 11 approved raising funds of up to ₹5,000 crore through secured or unsecured non-convertible debentures/bonds on private placement basis. Commenting on it, the report said, "It appears that ₹5,000 crore of debt that the management eventually intends to assume is to create an optimal capital structure for steel plant operations and prepare for possible divestment."

BUSINESS LINE DATE : 17 /10/2019 P.N.8

MCX-Nickel shows signs of weakness

AKHIL NALLAMUTHU
BL Research Bureau

The price of nickel looks sluggish as the October month futures contract continues to move sideways. The contract is oscillating between ₹1,200 and ₹1,285, traversing across the 21-day moving average. However, there is considerable weakness in the daily relative strength index as it continues to mark lower levels; it is currently below the midpoint level of 50.

The moving average convergence divergence indicator also looks weak. This indicates that the contract price might undergo a correction. But until the key level of ₹1,200 is breached on the downside, it is not advisable to take an outright bearish view.

Under these circumstances, if the price breaks below the support band between ₹1,200 and ₹1,205, where the 23.6 per cent Fibonacci retracement level coincides, the sell-off can be substantial and the price may go down to ₹1,138. Before that, ₹1,180 could act as a minor support. On the other hand, if bulls regain traction and the contract moves past the resistance at ₹1,285, it will face a hurdle at ₹1,315. But once it crosses ₹1,315, the price could appreciate to ₹1,370.

On the global front, the three-month rolling forward contract of nickel on the London Metal Exchange has fallen below a key support level of $17,000. This has turned the short-term outlook negative with more chances for the commodity to depreciate to $16,385 levels, below which support is at $16,000.

Trading strategy

Even though MCX-Nickel price is trading in the range of ₹1,200 and ₹1,285, there are certain indications that the bull trend that has been intact since July might be coming to an end. This is also corroborated by the fact that global prices have broken below a key support, which will most likely pull down the price in the domestic market as well. Hence, traders can take a bearish view and initiate short positions on rallies with stop-loss above ₹1,285 levels.

BUSINESS LINE DATE : 18/10/2019 P.N.10

MCX-Zinc could witness further rally

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

Zinc has been on a recovery phase since the beginning of the past week. The October futures contract took support at ₹180 and recorded an intra-week high of ₹187.9 on Tuesday. However, the contract is still below a critical resistance at ₹191. Notably, the contract has moved above the 21-day moving average providing some hope for the bulls.

One can observe a bullish divergence on the daily relative strength index and in the moving average convergence divergence indicator. These factors could play out in favour of the commodity and could result in the medium-term trend turning bullish.

If the contract attracts buying interest, it could rise to ₹191 levels in the coming days. A close above that level on daily basis would confirm the trend reversal which could potentially result in the price appreciating to ₹200. On the other hand, if the contract declines from the current level, it will find support at ₹180 levels. Below ₹180, the price can depreciate to ₹177.3 below which the support is at ₹174.

Looking at the global prices, the three-month rolling forward contract of zinc on the LME has broken a key resistance at $2,400, thereby making a higher high. Also, the 21-DMA has crossed the 50-DMA on the upside, making the case stronger for the bulls. Thus, the contract will, most likely, appreciate to $2,500, which is a significant resistance. Above that level, it could even appreciate to $2,574 over the medium term.

Zinc October futures in the domestic market is still trading between two key levels of ₹180 and ₹191. But an uptick in the global price, as indicated by the forward prices on the LME, could work in favour of the metal. The positive sentiment is expected to get transmitted to the MCX-Zinc price as well. Traders can go long on dips by placing a stop-loss at ₹179.

THE HITAVADA DATE : 18/10/2019 P.N.10

'Gems, jewellery exports may decline 5-10 pc'

■ Business Bureau

THE overall gems and jewellery exports is expected to decline of 5-10 per cent in this financial year on the back of US-China trade war, protests in Hong Kong and the implementation of VAT in the Middle East, Gems and Jewellery Export Promotion Council (GJEPC) said.

"We saw a decline of 5.70 per cent dip in exports at Rs 1,32,170.32 crore from April-September 2019, against Rs 1,40,158.83 crore during the same period of FY19. The exports have been impacted due to weak demand from the US market, the continuing trade war between the US and China," Gems and Jewellery Export Promotion Council Vice-Chairman Colin Shah told reporters here.

The on-going protests in Hong Kong and the slowdown in the Middle East after the implementation of Value-Added Tax (VAT) from January 2018 has also affected gems and jewellery exports, Shah said.

He said, looking at these trends the overall gems and jewellery exports are expected to decline by 5-10 per cent in this financial year compared to 2018-19.

In September, the overall gems and jewellery exports dipped by 7.43 per cent to Rs 23,788.01 crore during September 2019, compared to Rs 25,698.6 crore in the corresponding month of 2018, according to the Government data.

The cut and polished diamonds during September declined by 18.87 per cent to Rs 13,874 crore from Rs 17,101.45 crore in September 2018.

Further, Shah said, the festive demand also seems subdued on the back of a slowdown in the economic scenario and lack of consumer demand.

THE ECONOMIC TIMES DATE : 19/10/2019 P.N.6

Hindalco Gross Profit may Slip 48% on Lower Volumes, Fall in Prices

Our Bureau

Kolkata: Hindalco is likely to see a 48% year-on-year decline in earnings before interest, tax, depreciation and amortisation (EBITDA) in the quarter to September owing to the twin impact of lower volumes and a fall in aluminium and copper prices on the benchmark London Metal Exchange (LME), said an ICICI Securities research report on the company. Hindalco's (standalone with Utkal Alumina), EBITDA is set to decrease to around Rs 905.3 crore in July-September from Rs 1,737 crore a year ago, according to the report.

In its quarterly preview of Hindalco's standalone results ICICI Securities said the company could see "a 15% quarter on quarter decrease in EBITDA due to a marginal decrease in copper EBITDA and a 22% decrease in aluminium EBITDA". It estimated EBITDA during July-September to be around Rs 609.1 crore on standalone basis against Rs 717.4 crore in the year-ago period. LME prices decreased sequentially for both aluminium and copper, and so did volumes, it said.

Hindalco's consolidated EBITDA is likely to decrease 6% quarter-on-quarter to an estimated Rs 3,264.2 crore from Rs 3,472.5 crore in the previous three-month period. Net profit for Hindalco (standalone) and Utkal is estimated to drop 24% to Rs 126.2 crore from Rs 167 crore in the previous quarter.

Hindalco arm Novelis is expected to see a 2% drop in EBITDA to an estimated $359 from $367 in the previous quarter owing to lower realisation, according to the report.

On Novelis' proposed acquisition of Aleris North America, the report said the Hindalco management has listed out three factors that make the strategic acquisition suitable – exposure to auto markets in the United States and Europe, aerospace exposure and synergies of assets in China.

The civil antitrust action by the US Department of Justice against the acquisition highlights the highly concentrated nature of the US aluminium auto body sheets market, 60% of which Novelis, by its own assessment, could end up controlling post-merger, it said.

JSW Steel Raises ₹2,000 crore via NCDs from LIC

Third fund rising by co this year; proceeds to go into refinancing debt, funding capex

Our Bureau

Mumbai: JSW Steel has raised ₹2,000 crore via issuance of non-convertible debentures (NCDs) from Life Insurance Corporation to meet long-term working capital requirements, for refinancing debt and to fund an ongoing capital expenditure programme, the company told the BSE on Friday.

This is the third fund raise by the 18-million tonne capacity Mumbai-based steelmaker this year. In April and September, the company had raised a total of $900 million (₹6,410 crore) through dollar bonds.

The 10-year bond will bear a face value of ₹10,00,000 and hold a coupon rate of 8.79 %, payable quarterly, according to the company's notification to the bourse. Net debt at the company is around ₹45,000 crore. Its finance cost had shown an increase of 17.5% in the April-June quarter.

JSW Steel wants to increase its production capacity to 40-45 million tonnes by 2025. It is executing an elaborate expansion programme that includes increasing capacity at its plants in Vijayanagar and Dolvi as well as acquiring plants primarily through the company's bankruptcy law and then integrating them into itself. It has earmarked more than ₹48,000 crore for expenditure on organic expansion.

It has a target of increasing capacity at its Dolvi plant from 5 million tonnes to 10 million tonnes by March next year, after which it will start expanding its oldest plant at Vijayanagar—from 12 million tonnes to 13 million tonnes and then to 18 million tonnes. It is also working on turning around the 1.5-million tonne Monnet Ispat and Energy, a company it acquired last year through the country's bankruptcy law.

Separately, the company has made an offer of ₹19,700 crore for the 3.5-million tonne Bhushan Power of Steel under the IBC. The sale has for now been stayed by the NCLAT due to the ongoing investigation by the enforcement directorate against its former promoter Sanjay Singhal.

JSW Steel's promoters have also been releasing pledged shares in recent days and have repaid loans worth ₹2,350 crore through release of shares.

The domestic steel industry has been affected by the current slowdown in the auto and construction sectors. Its growth, which fell to a six-month low of 5% in August, mostly came from government spending on railways and urban development to some extent, according to Care Ratings. While steel prices have fallen to a three-year low, experts are banking on the festive season push in demand across key user industries to bring the industry back on track.

BUSINESS LINE DATE : 19/10/2019 P.N.1

Easing gold prices may release pent-up demand

Jewellers, gold traders see last-minute rush around Dhanteras

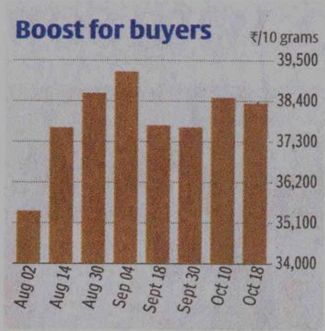
RUTAM VORA

Ahmedabad, October 18

Gold buyers may have a cracker of a Diwali this year as the positive news on the Brexit front and the optimism building up around a US-China trade deal have helped the yellow metal climb down from its peak levels seen about a month ago.

Spot gold, as quoted by the India Bullion and Jewellers Association Ltd (IBJA) on Friday, stood at ₹38,330 per 10 grams (PM rates for 999 purity), down by about ₹1,000 from the peak of ₹39,188 in September 4.

The softening of prices could not have come at a better time as 'Dhanteras' – the first day of Diwali considered auspicious for buying gold – falls next Friday.



Source: IBJA Rates, LME, CME Gold Futures

Speaking to *Businessline*, Sachin Kothari, Director at Augmont, a leading bullion dealer, said: "We are expecting fair demand around Diwali. Due to persistently high prices over the past few months, physical gold demand was very low. So, there is a lot of pent-up demand, which, we expect, would find an outlet around Diwali, as the prices have stabilised around ₹38,000."

At Gujarat's jewellery markets, the momentum is gradually picking up with people trickling in to buy for festive, ceremonial and investment purposes.

"Demand is improving but at a slow pace. We believe there will be last-minute rush for gold during the festivities.

"Prices have stabilised, which has given confidence to the buyers," said a leading jeweller in Ahmedabad.

He sees more demand for coins than jewellery, pointing to a preference for investment.

International gold has also corrected by about $70 an oz from the peak of around $1,560 an oz to about $1,490-92.

This, combined with a stronger rupee, has spurred optimism about global trade and economic developments.

Concerns galore too

However, experts believe that despite the positive developments, gold prices haven't corrected to the desired levels.

"Global optimism is fine, but domestic situation isn't too good. More people are selling gold scrap than buying fresh gold. We are seeing growing trend to convert gold to cash," said Haresh Acharya, director, IBJA.

Acharya believes nationally, on average, the sales are just about 50 per cent of last year, with the northern and western markets reporting just 30 per cent of last year's numbers. South and East have fared little better with about 60 per cent of last year's sales.

BUSINESS LINE DATE : 21/10/2019 P.N.9

Gold continues to trade sideways

The yellow metal has a crucial resistance at ₹40,000

AKHIL NALLAMUTHU

The iCOMDEX Composite index – the commodity index of Multi Commodity Exchange – closed at 596.7. It did not witness much volatility and traded sideways last week.

This was because the three largest components of the index – crude oil, gold and silver – were trading flat in this period.

The index continues to trade below the important level at 600, which is also the 23.6 per cent Fibonacci retracement level of the previous bear trend.

The 21-day moving average has gone below the 50-day moving average which reaffirms the weakness implying higher chances of further depreciation.

Hence, a close above 600 on a daily basis is a prerequisite for the index to stage a meaningful recovery. Until then, it can be viewed with a bearish bias.

MCX-Crude (₹3,825)

The breakout in the week prior looked promising and the crude oil price was expected to accelerate last week. However, the November futures contract was sluggish, fluctuating within a narrow range between ₹3,773 and ₹3,900.

The upside was restricted by the 21-day moving average at ₹3,901, and the contract is currently hovering around ₹3,843, the 23.6 per cent Fibonacci retracement level of the previous downtrend.

Both the daily relative strength index and the moving average convergence divergence are flat, unable to provide any indication.

A recovery in price will find an immediate resistance at ₹3,900. Above that, the contract can even move upwards to ₹4,080.

But if the price breaks below ₹3,773, the next support is at ₹3,710.

MCX-Gold (₹38,089)

Gold continues to stay flat as the December futures contract of gold trades within the price band of ₹38,000 and ₹38,650. Prolonged sideways movement shows indecisiveness among the traders. The daily relative strength index is, flat, whereas the moving average convergence divergence is in the negative territory.

It should be noted that the 21-day moving average has gone below the 50-day moving average, indicating a weakness.

If the contract breaks below the support of ₹38,000, it will most probably decline to ₹37,200. Below that level, the medium-term trend will turn bearish. This could pull down the price to ₹36,310.

On the upside, ₹38,650 will act as a resistance. The subsequent resistance is at ₹40,000.

MCX-Silver (₹45,453)

Silver is in a consolidation phase with the December futures contract oscillating between ₹44,860 and ₹46,424. The outlook will remain neutral until it breaks the limits of this range. Notably, the contract price is trading below the 21-day moving average, which in turn has gone below the 50-day moving average – a bearish signal.

The daily relative strength index is flat, but the moving average convergence divergence is in negative region.

In case the contract breaks below ₹44,860, there is a support at ₹44,000. A break below that level will shift the medium-term trend bearish, and the price could tumble to ₹42,450. Alternatively, an upward movement will face a hurdle at ₹46,424, a break of which could take the contract to ₹48,000.

BLOOMBERG

MCX-Copper (₹440.6)

After breaking out of the range, the commodity could not capitalise the bullish momentum, and the price of October futures contract of copper corrected the past week. The price reversed the upward movement after testing the 21-day moving average.

But on Friday, the contract closed on a positive note, above the support of ₹440. In the daily time-frame, one can observe a morning star candlestick pattern, signalling a bullish trend reversal. If the commodity can regain the bullish momentum from the current levels, the contract can move up towards ₹460 over the medium term.

Before that, ₹445 can act as a minor resistance. But if the price depreciates from the current levels, the decline can be arrested by a support band between ₹432 and ₹435.

NCDEX-Soyabean (₹3,737)

Bouncing from the support of ₹3,626, the November futures contract of soyabean climbed last week. It eventually broke out of the range between ₹3,626 and ₹3,715 and closed the week at ₹3,737, returning a positive 2.1 per cent.

The price has also moved past the 21-day moving average, which is at ₹3,710. The contract seems to have resumed its bull trend, making the short-term outlook bullish. On the upside, the contract will face a resistance at ₹3,785, beyond which it will most probably retest its previous high of ₹3,864.

On the other hand, a decline from the current level will drag the contract to the support at ₹3,715, and ₹3,626 below it.

iCOMDEX Composite Index

- Supports: 591 and 580
- Resistances: 600 and 608

BUSINESS LINE DATE : 21/10/2019 P.N.3

Q2 outlook bleak for steel firms

Operating profits, margins may face pressure due to low volumes and realisations

SATYA SONTANAM

The results season is here and market players are ready for some serious number crunching. In order to understand Q2 results of the top steel players, one should first look at earnings and the operational numbers of three private players - Tata Steel, JSW Steel and JSPL (steel business) in Q1.

During the second quarter, the global steel demand was muted, and it weighed on steel prices across geographies, including India. The fall in prices of raw materials — iron ore and coking coal — gave some relief though.

REUTERS

Recap of Q1

The April-June quarter of FY20 was an unpleasant period for steel players operationally. The net profits of Tata Steel, JSW Steel and JSPL in Q1 fell by 63 per cent, 57 per cent and 33 per cent respectively compared with profits in the year-ago period.

This was led by weak growth in sales volumes, lower realisations and a steep rise in raw material costs. While the revenue growth of companies — in the same order mentioned above was — 1.27 per cent, -3.4 per cent and five percent y-o-y, operating profits fell by about 14 per cent, 27 per cent and 2 per cent y-o-y.

Expectations for Q2FY20

According to ICRA India, domestic consumption of steel in July and August, at about 16.98 million tonnes, was muted. The consumption in the corresponding months of 2018 was 16.39 mt.

This is reflected in the sales volumes recorded for September quarter by Tata Steel. While the group's sales volumes at 7.03 million tonnes grew by about 5 per cent sequentially, it fell by 3 per cent compared to Q2 of FY19.

While JSW Steel did not release their sales figures for the quarter, the management, in an interview with *BusinessLine*, stated that the demand for the commodity continued to be under pressure in the last few months with weak demand from the automotive sector.

Beating the trend, JSPL reported 10 per cent y-o-y growth in sales volume in Q2. Its resilience against the cyclicality could be on account of higher exposure (nearly 60 per cent) to rail steel and other value added products.

Low realisations & costs

Data from ICRA reveals that steel prices in the first two months of the second quarter were lower by ₹7,000-₹8,000 per tonne compared to last year.

One concern is that the prices are lower by ₹2,700-₹4,800 compared to the average steel prices in the first quarter of FY20.

Meanwhile, a look into the trend of iron ore and coking prices show that they have softened in the September quarter. Consumption cost of coking coal may come down by $4-$5 per tonne. The import cost of iron ore came down from above $100 level in Q1 this fiscal year to $80-$90 per tonne towards the second quarter end.

Takeaway

Tata Steel has pointed out that gains from lower cost will benefit the company only in the coming quarters. With low volumes, weak realisations and reduced cost benefits, the operating profit and margins could be under pressure in Q2.

JSW Steel has stated in earnings concall of Q1 that consumption cost of both iron ore and coking coal will be lower in the September 2019 quarter. While this could help preserve margins, good growth in operating profit in absolute terms is unlikely. For JSPL, margins will be under pressure but a 10 per cent volume growth would limit the contraction in operating profit.

Dismal picture

- Steel prices were lower in the first two months of Q2
- Domestic consumption at 17 MT was muted
- Weak global demand weighed on prices

Past performance

Net profits of Tata Steel, JSW Steel and JSPL in Q1 fell 63%, 57% and 33%, respectively, compared with profits in the year-ago period

BUSINESS LINE DATE : 21/10/2019 P.N.9

Hallmarking: Gold standard in jewellery

BAVADHARINI KS

Swetha is one among millions of Indian women who adore gold. She is going for gold jewellery this festival season as well. Swetha, like scores of others, is, however, unsure of how to determine the purity of gold ornaments she plans to buy. . Here is a low-down on purchase of gold ornaments, the right way.

Gold quality standards

Hallmarks are official marks used in many countries as a guarantee of purity or fineness of precious metal articles. In India, two precious metals — gold and silver — are under the purview of hallmarking.

The hallmark is a symbol that certifies the purity of gold jewellery, coins and medallions. The Bureau of Indian Standards (BIS), the national body for standards, gives this certification.

So, if you are buying gold, look for BIS-certified hallmark.

With its four components, the BIS mark certifies the purity of gold in ornaments

It has four key components — the BIS mark, the fineness number, the assaying and hallmarking centre's mark and the jeweller's identification mark. These marks are an indication that you don't end up buying gold of inferior quality. These marks are usually applied to all parts of the gold article that can be detached except lightweight items and bangles.

Since January 2017, gold hallmark is being given for only three levels of purity for jewellery and artefacts — 22K916 (22 carat), 18K750 (18 carat) and 14K585 (14 carat). And BIS permits the sale of only these three varieties.

Hallmarking for gold medallions (in the shape of coins) of 999 and 995 fineness is also permitted.

How to verify hallmark?

The BIS mark: Any gold jewellery that is hallmarked by BIS will bear its logo, a triangle. It shows that the jewellery has been assessed and verified by the authority.

Carat and fineness number: This is usually measured in carat (KT) and fineness number. A 24KT is considered to be the purest form of gold. But this type of gold is lesser in density compared to other carat (say, 22KT) and hence, too soft for regular forms of jewellery. Coins and bands are mostly in 24KT purity. Certain metals such as copper and silver are added to gold to make it durable. For instance, if a jeweller says 22 carat (22K) gold, it contains, 91.7 per cent gold and may contain 5 per cent silver, 2 per cent copper and 1.3 per cent zinc. Fineness number is also another way to measure gold's purity. It is measured in parts per thousand. According to the World Gold Council, 24KT should be 1 (24/24), but there is likely to be slight impurity in any gold; it can only be refined to a fineness level of 999.9 parts per thousand. So, a 22KT is 0.916 (22/24).

Test your gold

If you are not sure of the purity of your gold, you can have it tested at an assaying and hallmark centre for a fee

Identification marks: Another component to look for is the assaying and hallmark centre's mark or number and the jeweller's identification mark. It is important to note that the jewellery is hallmarked by BIS-recognised assaying and hallmarking centres and not by jewellers. There are 400-plus centres in the country with about 40 per cent of them in the southern states.

Grievance mechanism

Since hallmarking in India is optional, some jewellers may not have any certification. It is recommended that you look for BIS stamp and its components. The cost of hallmarking doesn't usually impact the price of jewellery.

BIS conducts regular surveillance audits of assaying and hallmarking centres, testing random market samples from licensed jewellers. But if you had purchased a gold ornament and are not sure of its purity, you can have it tested in an assaying and hallmark centre for a fee. The centre is expected to undertake testing of jewellery on priority basis and issue a report. In case the hallmarked jewellery is found to be of lesser purity, the testing charges will be refunded and the jeweller is obliged to replace the item to satisfy the consumer.

BUSINESS LINE DATE : 22/10/2019 P.N.10

MCX-Aluminium slips below key level

AKHIL NALLAMUTHU
BL Research Bureau

The price of October futures contract of Aluminium seems to have broken below the key level at ₹133.5; however, the breakdown is not decisive. But the movement in price clearly suggests a bearish bias, which might further drag the contract down. The decline, which began from the resistance of ₹136, will be considered as a lower high, characteristic of a bear trend. The daily relative strength index and the moving average convergence indicator remain flat, showing no signs of recovery.

On the back of existing weakness, if the contract depreciates further, the bears would gain traction and the price could weaken towards ₹130. This will confirm a lower low, opening the doors for the contract to depreciate to ₹128.5 in the near term. In an alternative scenario, which seems less likely given the prevailing price action, an appreciation from the current levels will face a stiff resistance between ₹135 and ₹136. Only a break beyond ₹136 can be considered as a significant step towards trend reversal in favour of bulls.

Referring to the global price in the three-month rolling forward contract of Aluminium in LME, the price has recovered, unlike in the domestic market. It currently tests the 21-day moving average at $1,738 as the contract is attempting to recover. If the recovery continues, it will face a considerable hurdle at $1,750. Above that level, the sentiment might tilt in favour of the commodity and the contract price might rise to $1,782. However, weakness from the current price might drag the contract towards the support band between $1,700 and $1,712.

Trade strategy

The commodity is trading marginally below the key level of ₹133.5, and the possibility of a recovery looks bleak. Hence, traders can approach with a bearish bias and sell MCX-Aluminium October futures contract on rallies with a stop-loss at ₹137. Stick to the stop-loss level strictly as there are chances of a price recovery in the global market.

THE HINDU DATE : 22/10/2019 P.N.4

GDK5 incline UG mine closed

Open Cast mining to be taken up to lower costs

K.M.DAYASHANKAR
GODAVARIKHANI (PEDDAPALLI DISTRICT)

The machinery deployed in GDK 5 incline underground mine that is being brought out of the mine in Godavarikhani in Peddapalli district. ▪K M DAYASHANKAR

It was really an emotional separation from the GDK 5 incline underground mine for the coal miners of the Singareni Collieries Company Limited (SCCL) in Godavarikhani of Peddapalli district as the management had decided to close down the UG mine and convert it into an Open Cast project (OCP) at the same place.

In the wake of increase in cost of production of coal from the underground mine, the SCCL decided to close GDK 5 incline and mine area and converting it into OCP-5 in the Godavarikhani coal belt region. Started in 1961, this underground mine provided employment to 2,000 coal miners, who work in three shifts, after starting its production in 1970. The mine has about 60.96 million tonnes of coal reserves and the SCCL could extract only 20.14 MT even after almost five decades of operation. With the increasing cost of production Singareni authorities decided to excavate at least three million tonnes of per annum for a period of 14 years through OCP-5.

Old equipment

Following the closure of GDK-5, the authorities have already transferred the coal miners to other adjoining UG mines like GDK 11 A, GDK 1 and 2 mines. Further, the authorities have employed some 70 miners in a shift to remove the equipment deployed in the UG mine. The miners are removing the pipes, roof bolts, supporters, rollers, cables and other materials, which would be shifted to other mines.

"We are associated with this UG mine since our younger age. But, now the management had displaced us from this mine and moved us to other UG mine. The management is only bothered about cutting the cost of production and not about the welfare of the miners in this age of competition," a miner, who did not want to be quoted, said. "Earlier, there used to be around 2,000 coal miners working round-the-clock, but now it has come down to 70 miners per shift that too only for removing the machinery deployed inside," he lamented.

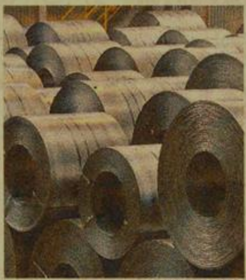
Official sources said that the management had decided to convert the GDK 5 incline mine into OCP-5 because of losses being incurred in the UG mine. Against the target of producing 34,000 tonnes of coal per month, the miners were unable to achieve even 22,000 tonnes per month. As the mine was running in losses to the tune of around ₹ 60 crore, the management had converted it into OCP-5 to excavate coal at lower cost, they maintained.

THE ECONOMIC TIMES DATE : 23/10/2019 P.N.13

HRC Steel Prices Crash on Falling Domestic Demand

Growth in demand decreases to 5% in Apr-Sept as auto sector orders dip

Rakhi Mazumdar & Vatsala Gaur


FILE PHOTO

Kolkata | Mumbai: A series of price cuts by domestic steelmakers on the back of low offtake have led to a steep correction in benchmark hot-rolled coil (HRC) prices, pushing floor prices below the reference price stipulated by the anti-dumping duty (ADD) mechanism in October for the first time since ADD was imposed in 2017, flagging off heightened concerns about steel demand, ICRA has said in its latest sector report.

Low demand from auto and construction sectors have mainly driven down growth in steel demand to 5% in April-September FY20 against much higher rates of 7.5% and 7.9% in FY19 and FY18, respectively.

However, a widening difference in domestic and imported HRC prices in recent months, with local HRC prices currently trading at a discount of 13% to landed prices, has led steelmakers to focus on exports, which have jumped 34% in Q2 FY20, reversing a fall in Q1 FY20, the report said. The steel sector is thus hoping the correction in stocks and improvement in auto sales would lead to a post Diwali revival in sales.

"India's HRC prices fell to a 34-month low level of ₹34,250 a tonne in second week of October and have fallen by 16% in the current fiscal following lacklustre demand from key end-user industries," Jayanta Roy, senior vice-president, ICRA said.

As per the definitive ADD imposed on certain flat steel products in May 2017, which are valid till August 2021, the threshold price for hot-rolled coil (HRC) stands at $489 per tonne, or ₹34,719 a tonne, which, in turn, sets a floor price for the domestic HRC. This is in sharp contrast to the earlier situation where prices remained much higher than ADD notified levels during FY18 and FY19.

"We find the current decline in steel price unnerving. Over the past four months, the cumulative dip in steel prices has been ₹6,675 a tonne (16%), enough to test the resilience of even the fittest operating models," another research report by Edelweiss had said last week.

While domestic steel consumption growth stood at 6.9% during Q1 FY20, it eased substantially to 4% in Q2 FY20, with consumption reporting a YoY contraction of 0.2% in September. Fall in auto sales during Q2 FY20 was higher at 18.1% than the drop of 10.5% in Q1 FY20.

Adding to it was a drop in construction output which reported a seven-quarter low growth of 5.7% in Q1 FY20 compared with 9.6% in Q1 FY19. The widening gap between domestic and imported HRC have nudged steelmakers to look at export markets. "India's steel exports, which reported a de-growth of around 27% during Q1 FY20, grew by almost 34% in Q2 FY20, with exports growing by over 60% and 70% in August 2019 and September 2019, respectively," said Roy.

The steel industry is pinning its hopes on a revival in demand after. "Exports have aided in correcting steel stocks across the industry in the past few months. Now, with auto sales slowly showing improvement on (an on-month) basis, stocks are expected to ease further and if this trend continues well into the second half, we can expect things to normalise for the steel industry," said Ranjan Dhar, chief marketing officer at Essar Steel.

BUSINESS LINE DATE : 24/10/2019 P.N.4

Steel prices drop below dumping duty levels on muted demand

OUR BUREAU

Mumbai, October 23

Steel prices dropped below the anti-dumping duty of ₹34,719 a tonne due to weak demand in the country.

In fact, the domestic hot rolled coil (HRC) prices fell to 34-month low of ₹34,250 a tonne in the second week of October raising huge concern to the industry, which was expecting a demand revival in the festival season.

The anti-dumping duty is considered as the floor for domestic prices as steel cannot be imported below that price level.

The domestic HRC prices have fallen 16 per cent in this fiscal following lacklustre demand from the key end-user industries.

As per the definitive anti-dumping duty imposed on certain flat steel products valid till August 2021, the threshold HRC prices stand at $489 tonnes (about ₹34,719 a tonne).

Jayanta Roy, Senior Vice-President, ICRA, said the series of price cuts taken by domestic steel makers has pushed prices lower than the floor points, heightening concerns about poor demand.

The difference between domestic and imported HRC prices has widened in recent months with the current local HRC prices trading at a discount of 13 per cent to import prices.

Steel demand growth in the September quarter this year dipped to four per cent against 6.9 per cent logged in the June quarter and 0.2 per cent lower compared with the September quarter last year.

India's steel demand growth dropped to 5 per cent in first half of this fiscal, much lower than 7.5 per cent and 7.9 per cent logged in the same period of the previous fiscals. The moderation in steel demand is largely attributable to the weakness in the automobile and construction sectors.

On the other hand, Roy said India's steel exports, which fell by about 27 per cent in the June quarter, jumped almost 34 per cent in the September quarter.

BUSINESS LINE
DATE : 24/10/2019 P.N.10

MCX-Nickel hovers above a key support

YOGANAND D
BL Research Bureau

The Nickel contract traded on the Multi Commodity Exchange of India has been on a long-term uptrend since it took support at ₹735 in January 2019. In the months of July and August, the contract accelerated, breaking above a key resistance at ₹1,050 levels. But it encountered a key resistance in early September, recording a multi-year high at ₹1,314.8.

Subsequently, the contract changed direction, triggered by negative divergence on the daily price rate of change indicator, while the weekly relative strength index reached the overbought territory. Since then, the contract has been on a corrective decline. However, the contract found support at ₹1,159 on Tuesday and gained 2.9 per cent to close at ₹1,198.5.

On Wednesday, the October month contract was trading at around ₹1,188, down 0.85 per cent. The contract tests a key resistance at ₹1,200. A break above this barrier will strengthen the upmove and take the contract higher to ₹1,235 and then to ₹1,270 in the short term. Next key resistances are placed at ₹1,300 and ₹1,315. On the other hand, a slump below the immediate support level of ₹1,159 can extend the contract's corrective decline to ₹1,140 and then to ₹1,100 in the short term.

On the global front, LME Nickel has been in a corrective decline since early August. It is currently testing a key support at $16,000 levels. A fall below this base can drag the contract lower to $15,700 and then to $15,500 levels. On the upside, a strong break above $17,000 can take it higher to $17,600 and then to $18,000.

The MCX Nickel is paused above a key support at ₹1,159. As long as this base holds traders should tread with caution. A strong fall below this level will be a cue to initiate fresh short positions with stop-loss at ₹1,185. Targets are ₹1,140 and ₹1,100.

BUSINESS LINE DATE : 25/10/2019 P.N.4

Winners of mineral blocks to get 3 years for fresh green nod

TWESH MISHRA
New Delhi, October 24

Winners of the operational mineral blocks being bid out are expected to get up to three years for obtaining fresh environment and forest clearances.

This provision is being finalised between the Ministry of Mines and the Ministry of Environment, Forest and Climate Change to ensure that supplies of raw material to key industries are not disrupted.

The move to relax these norms follows auctioning of mines whose leases are due to expire on March 31, 2020. According to official estimates, 48 working mining leases and another 281 non-working mining leases are expiring on this date.

According to a senior Mines Ministry official, "Till now, the notice inviting tenders (NIT) for 43 mines have been issued across Odisha, Madhya Pradesh and Gujarat. Of these, there are 20 mines whose leases were expiring in March 2020. Another 16 mines have already been auctioned including four in Karnataka."

"The Ministry of Mines is in talks with the Ministry of Environment, Forest and Climate Change to grant two to three years time for winners of auctioned mines to obtain fresh Environment and Forest Clearances. This provision will be enabled for those mines that were operational and have been recently been auctioned in light of the mining leases expiring in March 2020," he said.

"This provision will be enabled for those mines that were operational and have been recently been auctioned in light of the mining leases expiring in March 2020."

"In all, 70 mines have been auctioned since the Amendment to the Mines and Minerals (Development and Regulation) Act, 1957," he added.

No lease extension

The auction of operational blocks and the move to relax norms for obtaining clearances rules out the possibility of a lease extension for mineral blocks.

Mining industry bodies had sought a 10-year extension to the existing mine leases, till March 31, 2030.

According to industry estimates, these mines are currently supplying 70 million tonnes of iron ore, besides manganese and chrome ore, which constitutes about 35 per cent of the current production of these vital raw materials for the steel industry in the Eastern sector and Karnataka.

BUSINESS LINE
DATE : 25/10/2019 P.N.10

MCX-Zinc maintains a bullish bias

AKHIL NALLAMUTHU
BL Research Bureau

The price of October futures contract of MCX-Zinc was trading sideways between ₹184 and ₹186.3 recently. The contract has also been trading above the 21-DMA and is inching up above the 50-DMA too, suggesting bullishness; it has also formed higher base. A bullish divergence in the daily relative strength index and the upward pointing moving average convergence divergence indicator adds to the bullish bias.

On the upside, the contract will face resistance at ₹191. A close above that level on daily basis will confirm the breakout and the medium-term trend could become bullish. This might take the contract price to the psychological level of ₹200. Alternatively, a decline from current level will find support at ₹184, below which the price might slide to ₹180.

On global front, the bull run, which started last week in the three-month rolling forward contract of zinc on LME, continues. Trading at $2,470, it faces a resistance ahead in the band between $2,483 and $2,500. Beyond that, it may rise to $2,574. But a decline could drag it to $2,400.

MCX-Zinc price is flat and LME-Zinc is facing a resistance at current level. Hence, any price correction can be used as a buying opportunity. Traders are advised to buy at ₹184 with a stop-loss at ₹179. Maintain a strict stop-loss as the price might face increased downward pressure below ₹180.

BUSINESS LINE DATE : 26/10/2019 P.N.12

LME delays plans to ensure metal is 'responsibly' sourced

REUTERS
London, October 25

The London Metal Exchange (LME) has delayed plans to ban metal tainted by human rights abuses until 2023 to give small and artisanal producers more time to meet responsible sourcing guidelines, the exchange said on Friday.

Under its original plan announced in April, the LME had set 2022 as the deadline to ban from its lists of approved brands, metal extracted by methods involving abuses such as child labour or tainted by corruption.

"There was some concern regarding the proposed timelines, as producers with extensive legal and compliance capabilities would already be at an advantage," the exchange said in a statement ahead of LME Week, a metal industry gathering in London.

This could potentially freeze out small firms, it said. Sources told Reuters in September that the exchange was planning to postpone its responsible sourcing initiative, which was created following an outcry about cobalt mined by children in Africa. Under the terms of the initiative, all metal brands deliverable against the exchange's contract should have, by June 2022, undertaken a "Red Flag assessment" based on guidelines set by the Organisation for Economic Co-operation and Development (OECD).

Brands without red flags need only have external auditors or the LME to review their assessments, while those raising red flags will have to follow the OECD's framework towards responsible sourcing.

LME Chief Executive Matt Chamberlain said at a briefing brands failing to meet standards could be delisted, and that using the OECD framework may cost companies "millions of dollars" or "tens of millions of dollars". "The LME will not publish a list of brands with red flags. There will be no identification or stigmatisation."

BUSINESS LINE DATE : 26/10/2019 P.N.3

Tata Steel in pact with WEF for responsible sourcing

PRESS TRUST OF INDIA
New Delhi/Geneva, October 25

Seven mining and metals companies, including Tata Steel from India, have partnered with the World Economic Forum (WEF) to accelerate responsible sourcing of raw materials.

Geneva-based WEF, which describes itself as a public-private partnership for international cooperation, said the new 'Mining and Metals Blockchain Initiative' will explore the building of a blockchain platform to address transparency, the track and tracing of materials and the reporting of carbon emissions or increasing efficiency.

THE HITAVADA DATE : 26/10/2019 P.N.4

India's gems and jewellery exports may fall 5-7 pc in FY'20: GJEPC

Business Bureau

INDIA'S gross exports of gems and jewellery sector are expected to decline 5-7 per cent in 2019-20 as compared to the previous fiscal, on account of global downturn and rise in gold prices which has affected domestic demand.

As per the Gems and Jewellery Export Promotion Council (GJEPC), net exports of the sector declined 5.32 per cent to USD 30.96 billion in 2018-19, mainly on account of slowdown in demand in major developed markets.

"Last year it (gross exports) was around USD 40 billion. This year we are looking at 5 to 7 per cent decline," said GJEPC Executive Director Sabyasachi Ray.

Besides, Chairman Pramod Kumar Agarwal said the Council has requested the government that finished jewellery be kept out of the purview of proposed mega trade deal RCEP to protect the interests of domestic manufacturers. The Council has also demanded that the import duty on finished diamonds and coloured gemstones be brought down to 2.5 per cent from 7.5 per cent at present.

Ray was addressing a press conference on the sidelines of the opening of a gems and jewellery export facilitation centre here.

Agarwal said the centre will facilitate growth of exports with main focus on North India and also boost outbound shipments.

He said the Council has started setting up new common facilitation centres with the help of Commerce and Industry Ministry and these are coming up in Delhi, Jaipur, Coimbatore and Kolkata.

He said the GJEPC expects outbound shipments of the sector to touch USD 75 billion in the next 4-5 years and create 1.5-2 million jobs to add to 5.5 million workforce of now. He said a facility for auction of rough diamond will come up in Surat in a month's time.

To boost shipments from the sector, the Council is looking at establishing jewellery parks in major clusters across the country. The jewellery park coming up in Mumbai will have more than 2,000 units and boost exports by USD 6-8 billion, Agarwal said.

He said its construction will begin in 5 to 6 months and is expected to be completed in 3-4 years.

BUSINESS LINE DATE : 29/10/2019 P.N.4

MCX-Aluminium under bear grip

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

Aluminium price continued its downtrend in the past week where the November futures contract of the metal on Multi Commodity Exchange of India marked an intra-week low of ₹130.5. The contract registered a loss of 3.7 per cent for the past week.

Price action, which formed a lower high and lower low — a considerable bearish signal. The moving average convergence divergence indicator continues to signal weakness. This keeps the near-term outlook bearish. But, plotting the daily relative strength index, there is a sign of a potential bullish divergence which indicates a possible loss of strength in bears, could limit the downside.

Continuing with prevailing weakness, if the contract continues its downtrend, it will find a support at ₹130. On further depreciation, it could even decline to ₹125 over the medium term. On the other hand, a recovery from current level will push the price upward to ₹134.3 — the 50 per cent Fibonacci retracement of previous bearish trend. Above that, there is a resistance in the band between ₹135 and ₹136. A break above those levels will turn the medium-term trend bullish.

The price of three-month rolling forward contract of Aluminium on the LME has been in a sideways movement recently. It is oscillating between $1,724 and $1,738 and trading marginally above the 21-day moving average. If price breaks above $1,738, it will face resistance at $1,750. Above that level, the commodity might attract fresh buying interest which could lift the price to $1,782. On the other hand, a break below $1,724 could drag the price to the support band between $1,700 and $1,712.

Trading strategy

The commodity looks weak and is undergoing a significant downtrend. As there are no substantial signs of a recovery, one can continue to maintain bearish view. Hence, traders can keep shorting MCX-Aluminium November futures contract on rallies with a stop-loss at ₹137 and look for medium-term target of ₹125.

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

THE HITAVADA DATE : 29/10/2019 P.N.10

'Gold likely to surge up to Rs 42,000 by December-end'

■ **Business Bureau**

GEO-POLITICAL uncertainties, sustained Central Bank buying and weak rupee against US dollar will keep gold under pressure and are likely to push the prices up to Rs 42,000 per 10 grams level by the end this year, according to analysts.

"Geo-political uncertainties emerging from the Middle East may continue to underpin gold prices going ahead to USD 1,650 an ounce in Comex markets and Rs 42,000 in MCX," Commtrendz Research co-founder and CEO Gnansekar Thiagarajan said.

The yellow metal is likely to continue to remain bullish till the end of the year mostly due to sustained Central bank buying, geo-political uncertainties and possible year-end squaring of positions in equities boosting appeal for safe-haven gold, he added.

Gold prices were at Rs 38,302 per 10 grams in MCX, while it was at USD 1,506 in Comex.

Motilal Oswal Financial Services (MOFSL) Vice-President - Commodity Research, Navneet Damani said, this year has proved to be one of the best years for gold returns as prices have risen by 15 per cent on the domestic front, getting some support from weakness in the rupee that has fallen by 1.4 per cent against the USD.

"We expect that positive momentum for gold could continue further, but the pace of rally could get measured as uncertainties related to trade war is taking back seat. This slowdown in major economies could push central banks to remain dovish for an extended period and that will support gold prices," he added. The ease off in trade war could lead to some correction in prices, however, the prices remain bullish and expect to move higher to test previous highs of Rs 39,500 by the end of the year, he pointed out.

Kotak securities head of commodities Ravindra Rao said going forward gold is expected to average in a broad range of USD 1,460-1,530 in USD and rupee terms average between Rs 36,800-39,400 on MCX.

Investment demand which is the indicator of the safe haven buying in the yellow metal has surged in the third quarter, he said.

Although, the optimism about US-China trade talks and a Brexit deal has prompted traders to book some profits the gold remained bullish as the ongoing trade concerns have already impacted the global economy as seen from the International Monetary Fund projections, he opined. As per the IMF the global economy is projected to grow at 3.5 per cent in 2019 and 3.6 per cent in 2020, 0.2 and 0.1 percentage point below last October's projections, he added.

Abans Group Chairman Abhishek Bansal said geopolitical tensions flared in the Middle East after an attack on the Saudi Aramco oil facility on September 14. "Gold also found support after US lawmakers launched impeachment inquiry on President Donald Trump on September 24. All these developments created fresh uncertainty in the financial markets, which raised gold prices in September," he added.

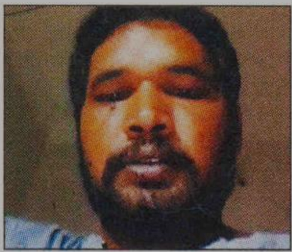
In Andhra, shortage of sand stalls construction, 3 suicides in a month

SREENIVAS JANYALA
HYDERABAD, OCTOBER 28

THE DELAYED rollout of a new sand-mining policy by the YSRCP government has led to nearly 30 lakh workers in the construction industry losing out on employment over the last 4-5 months with an acute shortage of sand stalling most building activity.

The crisis was brought into sharp focus Monday when a video surfaced of a plumber, moments before he committed suicide. Police said the video was shot by Polepalli Venkatesh, who used to work at building sites and hanged himself at his home in Guntur's Gorantla village on October 2.

In the video, which was found on Venkatesh's phone Sunday by his wife who submitted it to police, he said he was unable to find work for the last 3-4 months and was in severe financial difficulty. "I am totally ashamed of myself because I am unable to take care of my family due to financial problems.... for several months, there is no work, there is no income. My financial condition is very precarious," he said in the video.



Plumber recorded a video before suicide

This is the third suicide this month in the YSRCP-ruled state that the victims' families are blaming on loss of livelihood due to sand shortage.

On October 25, C Nagabrahmaji, a 34-year-old mason of Sangam Jagarlamudi village in Guntur, hanged himself at his home. On the same day, P Venkat Rao, a construction worker, hanged himself in Guntur town citing financial difficulty due to lack of work.

Immediately after coming to power in May 2019, Chief Minister Y S Jagan Mohan Reddy cancelled the sand policy of the previous TDP government while accusing it of aiding the sand mafia. However, his government did not announce a new policy

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CONTD..FROM PAGE 16

THE INDIAN EXPRESS DATE : 29/10/2019 P.N.2

Sand shortage

till September 5, leading to a huge gap in demand and supply.

By the time the policy was announced, floods in the Godavari and Krishna rivers, which have the biggest sand reaches, aggravated the situation. As part of its new policy, the government has rolled out a number of measures but they have not had any significant impact on the industry so far.

Opposition parties, TDP, BJP and Jana Sena Party, have called for the Centre to intervene and the state government to compensate those who have no jobs.

On Sunday, Jana Sena Party chief K Pawan Kalyan appealed to the Centre to look into the issue. Jana Sena has also called for a 'Chalo Visakhapatnam' march on November 3 in which its leaders will hold a protest demanding that the government make arrangements to procure sand and make it available at affordable rates.

The TDP has appealed to the government to pay Rs 10,000 per month to construction workers until they are able to find work. On Monday, BJP's state chief Kanna Lakshminarayana slammed the government for not doing enough to resolve the crisis.

The state government, meanwhile, has procured and stocked sand at godowns in district headquarters and mandals but is unable to meet the demand. Going by its new policy, the government has opened 114 stockyards and is selling sand through the Sand Sale Management and Monitoring System, said P Ramachandra Reddy, Minister for Mines, Panchayati Raj and Rural Development.

Under the system, consumers have to register online to place their orders and produce the receipts at the nearest stockyard within three days. They also need to use their own vehicles to transport the sand.

According to officials, the government has sold 4,84,553 metric tonnes of sand since the new policy was announced.

Strategic elites

beyond the arrogant prickliness that greeted US visitors to Delhi. Getting the strategic elites in Washington and Delhi to understand each other was probably one of Steve's many contributions to India-US relations.

Although commercial relations between India and the US began to improve in the 1990s, the differences over Kashmir, Pakistan, and nuclear non-proliferation became ever more intense. Steve was caught right in the middle of those unending arguments. Yet, by the dawn of the 21st century, Steve became a little more hopeful of India's prospects as he reviewed the early results from India's economic reform. His influential book *India: An Emerging Power* made a strong case for Washington recasting its policies to accommodate the new India.

Like most of his generation, Steve was surprised that the administration of George W Bush would take his advice on dealing with India with such enthusiasm. As Bush discarded America's past activism on Kashmir, found a way to resolve the nuclear dispute with Delhi, and put India at the centre of America's Asian strategy, Steve and his cohort were unconvinced.

They were skeptical that a "non-aligned" India might ever partner America. Steve was surprised to see an Indian Prime Minister (Manmohan Singh) would tell an American President (George W Bush) that the Indian people "loved him". Notwithstanding his doubts about the unfolding transformation, Steve had willy-nilly spawned a new academic industry on a "rising India" and the "natural alliance" with the United States.

If Steve saw India-US ties soar high in the final years of his life, he was deeply disappointed by the steady downturn in India's relations with Pakistan. Steve, who had once dismissed India-Pakistan wars as "communal riots with tanks", had never thought the two nations might be trapped in an all-consuming hostility.

The title of one of his last books, *Shooting for a Century: The India-Pakistan Conundrum*, was a reflection on a prolonged conflict between India and Pakistan that Steve worried could become a "Hundred Year War" — he had earlier authored *The Idea of Pakistan*. As a student of both India and Pakistan, he easily saw the many common interests between the two nations but was saddened by their failure to bridge the differences.

As the Subcontinent moves out of the margins of global politics in the coming decades, Steve will be remembered for long as the one-man institution that helped sustained international interest in India and South Asia at a difficult juncture in the region's political evolution.

Although Delhi might be transcending many of Steve's framing devices, his large body of work is likely to remain the best place to start for those interested in India's strategic policies.

(The writer is director, Institute of South Asian Studies, National University of Singapore, and contributing editor on international affairs for The Indian Express)

BUSINESS LINE DATE : 30/10/2019 P.N.14

It's just gloom and doom at metals week this year

BLOOMBERG
October 29

The metals world is descending on London for the biggest annual bash in the industry's calendar, but there's not much to celebrate.

At last year's LME Week, the industry was mostly optimistic. This time, things are looking bleak.

The outlook for some key metals is at the weakest since the financial crisis as the US-China trade war and a synchronised global slowdown pummelled consumption and investor sentiment. Economic bellwether copper is flashing warning signals, with demand growth stalling this year as manufacturing contracts.

The only standout in the group is nickel, which has surged amid concerns about tight supply.

PMI pain

Copper is especially vulnerable to a global manufacturing slowdown because it's used in such a wide range of products and industries, from plumbing to power cables and car radiators to high-tech electronics.

The International Copper Study Group expects the market will swing into a surplus next year as new capacity is added in China and some smelters and refineries ramp up after operational setbacks.

Demand stalls

Global copper demand – total consumption of refined metal and direct use of scrap – will probably decline 0.2 per cent this year, due to a contraction in Europe and a slowdown in the US, according to Wood Mackenzie.

To be sure, the supply outlook has tightened this month as civil unrest in top supplier Chile disrupted some mines and halted others.

Chinese capacity

Chinese production has been ramping up, with refined copper rising to a record in September, and the country's zinc smelters are also accelerating production.

While disruptions elsewhere are preventing a surplus and supporting prices for now, increased Chinese domestic output means that an excess of zinc metal still looms, according to Morgan Stanley analysts.

Glut ahead

In the aluminum market, stockpiles are close to a decade low and a global deficit is forecast in 2019. However, analysts including at HSBC Holdings Plc, expect a slight surplus next year, which may widen into 2021.

Prices for the metal used in cars, airplanes and drinks cans have fallen about 6% this year, headed for a second annual drop. Large producers are also sounding a warning, with Alcoa Corp. and Norsk Hydro ASA forecasting demand may decline this year for the first time since 2009.

The superstar

While other major metals flounder, nickel has surged after a surprise decision by Indonesia to accelerate a ban on unrefined exports spurred a buying spree on the LME.

Nickel demand will rise 5 per cent this year, according to the International Nickel Study Group.

While production of stainless steel – one of the main uses of the metal – has fallen in Europe and the Americas, the decline is being offset by a surge in Chinese output.

THE INDIAN EXPRESS DATE : 30/10/2019 P.N.13

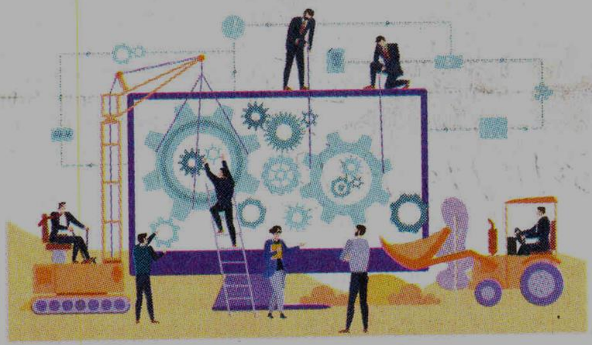
'Mining, construction gear sector demand dips 17% in Jan-Aug'

Domestic demand for the mining and construction equipment sector fell 16-17 per cent in January-August due to tight liquidity conditions and a slowdown in government spending on infrastructure activities, ICRA said

OUTLOOK REVISED

Given the current scenario, ICRA said it has scaled down its calendar year 2019 outlook sharply to a decline of 15-17 per cent after factoring in some post-monsoon recovery during the fourth quarter of CY19

WHILE REVIVAL in demand is expected during CY20 to about 5-10 per cent, the October 2019 (post which production of BS-III vehicles are not allowed) transition to the next emission norm is a potential headwind given the changes in the equipment and its substantial cost implications, the statement said



IMMEDIATE TERM demand outlook in the dealer community is also negative, although few expect a recovery in the fourth quarter of 2019, Ponniah said

LACK OF liquidity on account of delayed payment by contractors, coupled with slowdown in project execution, is a cause for concern, Ponniah added

EQUIPMENT UTILISATION in few markets is down almost 50 per cent. Delinquencies are also expected to have increased in the past two months, he said

FALLING DEMAND DESPITE DISCOUNTING

Barring few select top-north pockets, demand has fallen significantly despite sizable discounting in the market. Our extensive channel check, pan-India has revealed the depth of demand decline across states like Andhra Pradesh, Telangana, and NCR" said Pavethra Ponniah, VP and sector head, ICRA

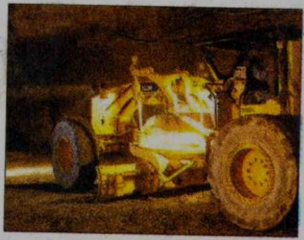
THE HITAVADA DATE : 30/10/2019 P.N.9

Hindustan Zinc Q2 profit rises 14.6 pc

NEW DELHI, Oct 29 (PTI)

VEDANTA group firm Hindustan Zinc Ltd.(HZL) on Tuesday posted a 14.6 per cent increase in net profit at Rs 2,081 crore for the quarter ended on September 30, 2019. The company had posted a net profit of Rs 1,815 crore in the year-ago period, HZL said in a filing to BSE.

However, total income of the company declined to Rs 5,101 crore during July-September 2019 from Rs 5,175 crore in the year-ago period. Commenting on the performance, HZL Chairman Kiran Agarwal said, "We are setting up Hindustan Zinc for 1.35 mtpa (million tonnes per annum) capacity in a phased manner over the coming years through focussed exploration, smart technology interventions and disciplined execution of expansion projects." "We are strengthening



our fundamentals of low-cost operations and long mine-life in order to be at the forefront and deliver industry leading returns for our shareholders," Agarwal said.

HZL CEO Sunil Duggal said the company looks to deliver better performance in the second half of the fiscal on the back of opening of new mines and completion of expansion projects.

"We are entering H2 with the last phase of expansion projects getting completed, enabling 1.2 mtpa capacity. With rapid development initiatives leading to opening of newer mining blocks and increasing shaft haulage, we expect to deliver a better performance in H2," he said.

HZL chief financial officer Swayam Saurabh said investments in automation and digitisation were steadily delivering results and would support cost optimisation goals.

"Our target is to maintain our strong financial profile and cost leadership through higher productivity," Saurabh said.

Mined metal production for the quarter was 2,19,000 tonnes, up 3 per cent sequentially on account of higher ore production. Integrated metal production was 2,10,000 tonnes for the quarter, almost flat from a year ago. Integrated zinc production was 1,66,000 tonnes, up 2 per cent Y-o-Y in line with mined metal production.

THE HITAVADA DATE :30/10/2019 P.N.10

Demand for mining & construction equipment sector dips 17 pc: ICRA

Business Bureau

DOMESTIC demand for the mining and construction equipment sector fell 16-17 per cent in the January-August period, due to tight liquidity conditions in the market, delayed payment to contractors and an overall slowdown in the Government spending on infrastructure activities, ICRA on Tuesday said.

"The domestic demand for mining and construction equipment (MCE) industry contracted sharply by 16-17 per cent year-to-date (YTD) August CY19 on y-o-y basis," it said in a statement.

Given the current scenario, ICRA Research said it has scaled down its calendar year 2019 outlook sharply to a decline of 15-17 per cent after factoring in some post-monsoon recovery during the fourth quarter of CY19.

"While revival in demand is expected during CY20 to about 5-10 per cent, the October 2019

(post which production of BS-III vehicles are not allowed) transition to the next emission norm is a potential headwind given the changes in the equipment and its substantial cost implications," the statement said.

"Overall, barring few select top-north pockets, demand has fallen significantly despite sizable discounting in the market. Our extensive channel check, pan-India has revealed the depth of demand decline across states like Andhra Pradesh, Telangana, and NCR," said Pavethra Ponniah, vice-president and sector head, ICRA.

Immediate term demand outlook in the dealer community is also negative, although few expect a recovery in the fourth quarter of 2019, Ponniah said.

Further, lack of liquidity on account of delayed payment by contractors coupled with slowdown in project execution is a cause for concern, Ponniah added.

"Equipment utilisation in few markets is down almost 50 per cent. Consequently, delinquencies, which were holding largely steady for the construction equipment asset class until Q1 FY2020, are also expected to have increased in the past two months," he said.

Villagers fear losing forest, way of life & livelihood after former mining minister is re-elected

SRINATH RAO
MUMBAI, OCTOBER 29

THE UNEXPECTED victory of former minister Dharmaraobaba Atram in Gadchiroli's Aheri constituency means only one thing to villagers in Etapalli taluka — the reopening of the Surjagarh mine.

Just days before the polls, Union Home Minister Amit Shah, on his first-ever visit to the Naxal-affected district, had announced his intention to restart iron ore mining operations. Addressing a rally in Alapalli town on his first visit to the Naxal-affected Gadchiroli district, Shah had said, "The Surjagarh mine which had been shut due to security concerns will soon open." Those were Shah's very first words on Gadchiroli's proposed industrial and commercial development after he dispensed with the formalities of seeking the blessing of departed local heroes and legends.

But two hours away in Gatta village, the home minister's announcement is yet another instance of the government leaving villagers out of its decision-making process, claim villagers. In 2007, the Maharashtra government had granted Mumbai-based Lloyds Metals and Energy Limited a 50-year lease to mine iron ore in the mineral-rich district. After it was allotted an area of 348.09 hectares, mining operations only began in 2016. Over the years, however, the project has been the target of several Naxal attacks, with the banned CPI(Marxist) killing the firm's vice president in 2013. Ever since, work was undertaken at the site under heavy police cover and suspended whenever intelligence of a Naxal attack was received.

Work finally came to a complete halt in January this year when a truck heading to the site collided with a state transport bus in Etapalli heading the other way, killing four local passengers. Irate villagers torched 15 trucks and vehicles owned by the firm, forcing operations to shut down.

The site is currently completely deserted, with a sole excavator parked around upturned earth. Other cranes and excavators are parked in safety outside Hedari police station, a few kilometres away from the site. While LMEL has not undertaken deep excavation on the hills and has thus far only transported rocks found on the surface, it will eventually conduct controlled explosions of the hills.

But even with the NCP's victory by 15,458 votes over incumbent MLA Raje Ambarishrao Atram, who was tipped to retain his seat, local villagers are now resigned to losing their forest. The older Atram — Raje Ambarishrao's uncle — was the state minister for geology and mining in the Congress-NCP government before his loss in the 2009 Assembly elections.

"Dharmaraobaba Atram was the one who proposed mining at Surjagarh. Now that he has been elected once more, he will definitely think of re-opening the mine at the earliest in spite of the opposition towards it," says Lalsu Nagoti, a Madiya tribe leader who unsuccessfully contested the Aheri seat on a Vanchit Bahujan Aghadi ticket. The newly elected MLA did not respond to phone calls and messages seeking comment.

CONTD..ON PAGE 21

THE INDIAN EXPRESS DATE : 30/10/2019 P.N.5

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Surjagarh hill

Surjagarh is just one of 14 sites spread over 40,000 hectares in Etapalli taluka where the state government has given its nod to private firms to mine iron ore. "More than 50,000 people living in 30-40 villages will be displaced once all the mines become operational. No one asked the gram sabha for its permission and there was no public hearing held to discuss the issue. Our rights under the Provisions of the Panchayats (Extension to the Scheduled Areas) Act and the Forest Act have been violated. There is no policy in place for the rehabilitation of those who will be displaced," claims Sainu Gota, a zilla parishad member from Gatta village.

With the imminent resumption of mining activity, locals fear losing both their indigenous way of living and the source of their livelihoods. "Once the jungle goes, so will our means of earning a living. Each family here earns between Rs 40,000 and Rs 50,000 plucking tendu leaves during the season. Our rivers will be polluted and our fish will die. The pastures where we graze our animals will disappear and the dust from passing trucks and mining will destroy our crops. We have been protecting this land for centuries. It is not right to drive us out once the government finds iron," Gota adds.

The villagers also apprehend that the mines will claim a historic temple built on the hills to commemorate the sacrifice of tribal freedom fighter Veer Baburao Shedmake. Villagers around the hills trek to the temple every January 6 and hold a fair there.

He also dismisses claims by the government that the mines will generate jobs in the taluka. "None of the trucks heading to the mine have ever stopped at villages along the way. The mining company also brings labour from the outside," Gota says.

He adds that letters sent to the District Collector, the Maharashtra CM, Maharashtra Governor and the President of India, protests and demonstrations have been to no avail. "Now that Amit Shah has announced the reopening of the Surjagarh mine, work will begin quickly. We will keep fighting and going to jail but there is not enough unity in the protest," he says.

Nagoti fears that large-scale mining will come at a huge ecological cost to the district. "Gadchiroli will turn into Chhattisgarh where entire forests have been cut to mine iron ore and locals are in conflict with both the government and mining companies," he claims.

BUSINESS LINE DATE : 31/10/2019 P.N.2

SAIL may replace NMDC in steel-making joint venture with Australian company

M RAMESH
Chennai, October 30

Public sector steel major SAIL may replace fellow PSU mining company, NMDC, in a steel-making joint venture with an Australian technology company.

In May 2018, two Indian PSUs – NMDC and NLC India Ltd – had signed an agreement with Environmental Clean Technologies of Australia to use the Australian company's 'Matmor' technology to make steel with cheap lignite rather than costly coking coal.

Pilot project

It was proposed that the joint venture company, in which ECT would hold a 49 per cent stake with the other 51 per cent shared equally between the Indian partners, would set up a pilot project at Neyveli, Tamil Nadu, to produce steel with lignite, investing approximately ₹150 crore.

The joint venture failed to take off as NMDC backed out. It is now reliably learnt that SAIL could step in.

SAIL and NLC India officials are in Melbourne today to see if the JV can be revived.

For ECT it has been a very unhappy experience dealing with India, as is evident from many of its press releases, which spoke of "increasing lack of responsiveness" and "apparent lack of willingness" on the part of NMDC.

The Australian company, whose business is to develop technology, offered Matmor first to India, in the belief that with abundance of lignite and a hunger for steel, Indian companies would be very keen.

Under the deal, SAIL and NLC India are likely to tie up with Australia's Environmental Clean Technologies to use the latter's 'Matmor' tech to make steel with cheap lignite rather than costly coking coal

BusinessLine impact

However, for over a year after signing the agreement, NMDC did not get it ratified by its board, even as ECT kept waiting and sending reminders. NMDC had, in fact, decided not to proceed with the JV but never communicated this to the partners.

Its decision to back out finally came to light only in the form of NMDC's response to a news story in *BusinessLine* on the delay in the project. NLC India, however, continued to be interested in the JV.

Carbon is essential in making steel. Iron ore exists naturally in the form of oxides, and steel is produced by removing oxygen from the ores (this is called 'reduction' in chemistry).

The marriage between iron and oxygen is broken by introducing carbon, whereupon the oxygen divorces iron and goes with carbon. The traditional source of carbon is the costly coking coal.

ECT's Matmor uses the wet, low-carbon and cheap lignite in the place of coking coal. Since lignite costs about a third of coking coal, the finished product, steel, is cheaper.

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