खनिज समाचार

KHANIJ SAMACHAR

Vol. 2, No-22

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 2, NO-22, 16TH –30TH NOVEMBER, 2018

BUSINESS LINE DATE : 19 /11/2018 P.N.12

GLOBAL		Change in %			52-Week	
Metals ($/tonne)	Price	Weekly	Monthly	Yearly	High	Low
Aluminium	1921	-1.3	-5.1	-7.8	2603	1913
Copper	6224	2.4	0.3	-7.2	7324	5820
Iron Ore	73	-1.4	8.0	20.8	77	58
Lead	1988	1.6	-3.1	-16.9	2683	1867
Zinc	2685	3.8	1.8	-15.7	3619	2285
Tin	19361	0.9	0.8	-0.4	22104	18662
Nickel	11287	-1.0	-9.8	-0.1	15749	10790

BUSINESS LINE DATE : 26 /11/2018 P.N.11

GLOBAL		Change in %			52-Week	
Metals ($/tonne)	Price	Weekly	Monthly	Yearly	High	Low
Aluminium	1938	0.9	-2.2	-7.6	2603	1913
Copper	6237	0.2	0.7	-10.1	7324	5820
Iron Ore	73	0.2	4.2	14.7	77	58
Lead	1943	-2.2	-2.8	-20.5	2683	1867
Zinc	2614	-2.7	-4.0	-20.0	3619	2285
Tin	18820	-2.8	-2.7	-3.4	22104	18662
Nickel	10849	-3.9	-11.7	-8.6	15749	10704

THE ECONOMIC TIMES DATE : 16 /11/2018 P.N.12

Rising EU Demand Good News for Diamond Trade

But muted demand from the Middle East may lead to exports staying flat: Traders

Sutanuka.Ghosal
@timesgroup.com

Kolkata: A surge in demand for diamonds from Europe after a hiatus of five years is seen as green shoots of a revival that will improve sentiment in the second of the fiscal, but muted Middle East demand is still likely to see Indian gems and jewellery exports stay flat or even decline by 5%, said traders.

"We have seen that there has been a steady recovery in demand from Europe over last two months. But introduction of 5% VAT in UAE has impacted exports to the region. This will have an overall effect on the exports of gems and jewellery from the country," said Colin Shah, vice-chairman, Gems & Jewellery Export Promotion Council (GJEPC).

Out of the total gem and jewellery exports of $41 billion in FY 18, Middle East accounted for 25.8%, US & Canada accounted for another 23.18% while Asia, which includes China and Hong Kong, accounted for 36.65%. Exports to Europe were about 11%.

In the first six months of the current fiscal, exports went down by 5% to $15.61 billion.

"Liquidity crisis is also a major problem which has hit the exports. Banks have tightened their purse strings for lending to the sector, which has affected growth and expansion. We are expecting that from January onwards the overall liquidity in the market will improve and banks may give a fresh look to the sector," added Shah.

"Bank finance is the life line of the industry and any decrease will see a decrease in gem and jewellery exports as well. After all, in efforts to make sure genuine players continue to get the finance, banks are insisting on discounting all customer invoices should be through the bank, which is seriously hampering relationships with customers as well as cash flow on a daily basis. Banks have also taken away all benefits on assessment fees due to which cost of finance has gone up," said Colin Shah.

Meanwhile, according to Rapaport diamond report, preparations for the US holiday season are supporting polished diamond trading. Chinese buyers are cautious due to uncertainties surrounding the US-China trade war and the depreciation of the yuan. However, US retailers are optimistic for the season as consumer confidence continues to rise. Jewellers require less in-store inventory and are taking more goods on memo; their focus is now on improving their omni channel offerings, with online sales expected to spike.

THE HITAVADA DATE : 16 /11/2018 P.N.4

'N-E States have mineral reserves of Rs 10 lakh cr'

SHILLONG, Nov 15 (IANS)

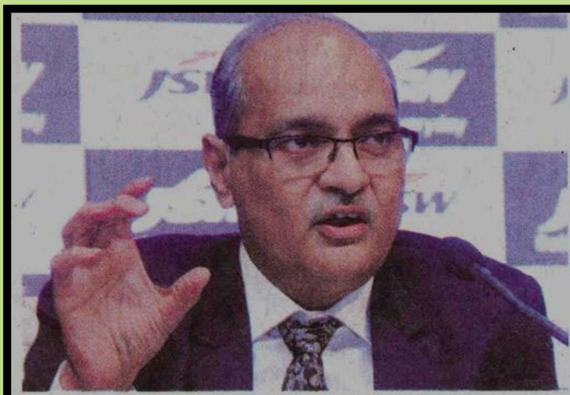
INDIA'S North-Eastern States have mineral reserves worth more than Rs 10 lakh crore which are yet to exploited, a Geological Survey of India (GSI) official said on Wednesday.

The GSI is engaged in generating baseline data and mineral exploration besides research and development projects in the field of geosciences, mining and exploration. GSI official said the mineral sector drives the growth of the country and not only does it contribute to the GDP, it also acts as a catalyst for the growth of other core industries such as power, steel, cement.

"A total resource of 1642.64 million tonnes of coal has been estimated from the three States of Meghalaya, Assam and Arunachal Pradesh," said Mulkh Raj Jarngal, ADG and Head of Department of GSI, North-Eastern Region. He said that the region has a limestone reserve of 10108.6 million tonnes.

"Dolomite low grade deposit is found in Arunachal Pradesh with a 58 million tonnes estimated reserve in Dedza and 185 million tonnes probable reserve in Rupa area," Jarngal said.

THE HINDU DATE : 18 /11/2018 P.N.10



Steely resolve: JSW aims to raise capacity at its Vijayanagar plant to 23 mtpa, says Seshagiri Rao. ▪ SHASHI ASHIWAL

JSW Steel eyes 2.5 times rise in capacity

Targets 45 mtpa to maintain 15% share

PIYUSH PANDEY
MUMBAI

Sajjan Jindal-led JSW Steel is planning to increase steel making capacity by 2.5-fold to 45 million tonnes per annum (mtpa) by 2030 to maintain its 15% market share, with brownfield expansions contributing to most of the rise.

Confirming the development, Seshagiri Rao, joint MD and Group CFO told *The Hindu*: "We are planning to almost double our Vijayanagar steel plant to 23 mtpa from 12 mtpa now, in phases. We also plan to double the Dolvi plant capacity to 12 mtpa. Monnet Ispat is 1.5 mtpa now with scope for further expansion."

JSW has so far been unable to bag significant steel projects through the Insolvency and Bankruptcy Code (IBC) process as it lost Bhushan Steel to Tata Steel, which bought it for ₹36,000 crore.

JSW did not express interest in Essar Steel initially but later partnered the NuMetal consortium to place a bid in the second round. The creditors finally chose ArcelorMittal's bid. JSW Steel has recently signed an MoU with the Odisha government to set up a 12 mtpa greenfield plant for ₹35,000 crore.

The company has emerged has the highest bidder to acquire the 3.5 mtpa steel plant of Bhushan Power and Steel Limited (BPSL) for ₹19,700 crore, a move challenged by Tata Steel at the National Company Appellate Tribunal (NCLAT) as the lenders allowed JSW Steel to revise the bids.

'Competition welcome'

On the competition with the entry of foreign majors such as ArcelorMittal and Liberty House, Mr. Rao said: "Steel is a globalised commodity. We have been exporting steel to developed markets, where these global majors operate. A healthy competition is always welcome."

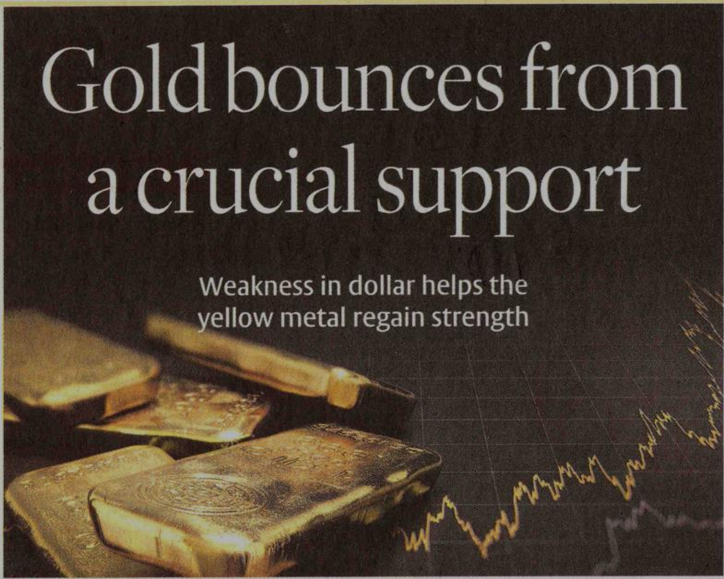
JSW Steel has acquired the 1.5 MT steel making capacity of Monnet Ispat, owned by Mr. Jindal's brother-in-law Sandeep Jajodia for ₹2,875 crore and plans to turn it around before merging it with itself. The firm has expanded its capacity from 1.6 mtpa in 2002 to 10 mtpa in 2010 and to 18 mtpa by 2018.

BUSINESS LINE DATE : 19 /11/2018 P.N.12

Bullion Cues

Gold bounces from a crucial support

Weakness in dollar helps the yellow metal regain strength



ISTOCK.COM/OLIVIER LE MOAL

GURUMURTHY K

Gold began the previous week on a negative note and later fell, breaking below the psychological level of $1,200 per ounce. But the threat of a further sharp fall was short-lived as the yellow metal managed to reverse high after making a low of $1,196, and sustained the momentum all through the week thereafter. The global spot gold prices closed at $1,223 per ounce, up 1.2 per cent for the week.

The sharp fall in the US dollar index aided gold to claw back from the week's low. The US dollar index began the week on a strong note by breaching the key resistance level of 97.15 but failed to sustain higher.

The fall intensified on Friday after two US Federal Reserve officials indicated a possible slowdown in the global economy. One of them hinted that the Fed was nearing its desired neutral rate. The officials' comments increased the speculation in the market that the Fed may slow down the pace of rate hike going forward, or may even pause for a while. This dragged the US dollar index sharply below 97 on Friday. The index closed the week at 96.46.

Risk aversion in the market also gave support to gold. Increasing uncertainty and concerns over a harder Brexit after the resignation of a few UK Cabinet ministers last week supported gold as it is considered a safe haven during uncertainty.

On the domestic front, the strength in the rupee is continuing to play spoilsport. The MCX-Gold futures contract tumbled to a low of ₹30,605 per 10 gm. Though the contract managed to reverse high from the lows, the strength in the rupee limited the pace of the bounce-back. The MCX-Gold futures contract closed the week on a flat note at ₹30,007 per 10 gm.

Dollar outlook

The US dollar index (96.46) has a near-term support at 96.2. A break below it can take it lower to 96 and 95.7. Such a fall will aid gold to move further higher.

Resistances for the index are at 96.7 and 97.1. The outlook will turn positive only if the index decisively breaks above 97.1 again. Such a break will then pave the way for the next targets of 98 and 98.2.

The gold-silver ratio is getting closer to a crucial resistance level of 87. The index made a high of 86.2 and came off from there to close the week at 84.5. A strong downward reversal from 87 may take the index initially lower to 80 and 78. A further break below 78 can drag it to 75.

This is a positive signal for bullion prices. The possible fall in the ratio indicates that bullion prices are likely to surge from a long-term perspective with silver outperforming gold.

Gold outlook

The support in the $1,197-1,196 region held well last week. The global spot gold ($1,223 per ounce) reversed sharply after testing this support zone last week. Near-term supports are at $1,213 and $1,210. As long as gold remains above these supports, $1,235 and $1,237 is possible in the coming days. The upmove will get negated if it breaks below $1,210. The next targets are $1,205 and $1,200. However, the outlook will turn negative only if gold breaks below $1,296 decisively. But such a strong move looks less probable at the moment.

On the domestic front, the MCX-Gold (₹31,007 per 10 gm) futures contract extended its downmove, as expected, last week. However, the contract has bounced from its low of ₹30,605. The short-term outlook is mixed for the contract. A cluster of supports are poised in the broad ₹30,500-30,000 region.

Similarly, key resistances are poised in the ₹31,300-31,500 region. The contract may oscillate in a broad sideways range between ₹30,000 and ₹31,500 in the coming weeks. A breakout on either side of ₹30,000 or ₹31,500 will determine the direction of the next move. Traders can stay on the sidelines until a clear trend emerges.

Silver outlook

The global spot silver prices reversed sharply high last week after making a low of $13.89 per ounce. The price action on the chart indicates that silver is lacking strong selling interest to drag it decisively below the psychological level of $14. In turn, it is getting fresh buyers around $14. Silver has closed the week at $14.42 per ounce.

Support for silver is in the $14.25-14.20 region. An upmove to $14.5 is likely in the near term. A strong break above $14.5 will take the prices further higher to $14.70 and $14.75 over the short term.

On the domestic front, the MCX-Silver (₹36,991 per kg) reversed sharply high from the week's low of ₹36,036. Significant support is in the ₹36,000-35,800 region, which is likely to hold well and limit the downside. As long as the contract trades above this support zone, there is a strong likelihood of it rallying to ₹38,000 in the coming days. A further break above ₹38,000 will then increase the likelihood of the contract extending its rally to ₹38,500 and ₹39,000 again. On the other hand, if the contract breaks below ₹35,800, the downmove can extend to ₹35,250.

Trading strategy

Traders with a medium-term perspective can go long on dips at ₹36,600, ₹36,100 and ₹35,850. Stop-loss can be placed at ₹35,100 for the target of ₹38,700. Revise the stop-loss higher to ₹37,150 as soon as the contract moves up to ₹37,950.

MCX Gold

Supports
₹30,500/30,000
Resistances
₹31,300/31,500

MCX Silver

Supports
₹36,500/35,800
Resistances
₹37,500/38,000

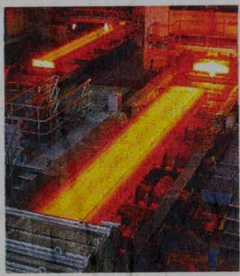
THE TELEGRAPH DATE : 19 /11/2018 P.N.8

Tata Steel on the prowl

SAMBIT SAHA

HUNT FOR ASSETS TO CONTINUE

- Eyes on units producing long products
- Demand for long products, such as wire, rods, rails and bars, on the rise because of higher public spending in infrastructure
- Only 16% of Tata Steel's capacity comprises long products: 3mt from Jamshedpur and 1mt from Usha Martin



Calcutta: A spate of big-ticket acquisitions is not going to satiate Tata Steel's quest for cherry picking more assets, stressed or otherwise.

The top management of the company says it will continue to scout for new opportunities, particularly those units producing long products used in the construction and infrastructure sector.

Earlier this year, Tata Steel bought Bhushan Steel for Rs 35,200 crore under the insolvency process and is in the process of acquiring the steel business from Usha Martin for Rs 4,525 crore. Moreover, the company's Rs 17,000-crore bid for Bhushan Power & Steel is awaiting the tribunal's decision.

"We are not interested in a big flat product asset. What we would constantly look at are long-product assets, which may be smaller assets such as Usha Martin, in NCLT or otherwise. If it is there in the pipeline, we will certainly consider it," T.V. Narendran, CEO & managing director of Tata Steel, said in an interview with **The Telegraph** last week.

This newspaper learnt later that a section of Usha Martin promoters is looking to sell stake (19.9 per cent) in the company to Tata Steel as well, subject to the resolution of promoters' dispute. Tata Steel did not comment on it.

Demand for long products, such as wires, rods, rails and bars, is on the rise as public spending in infrastructure is on an upswing. India consumes as much long products as flats, which is used in automobile and consumer durables.

After the expansion of the Kalinganagar unit to 8 million tonnes (mt) from 3mt, Tata Steel will have a 25mt capacity. However, only 16 per cent will be dedicated to long products, with 3mt coming from Jamshedpur and 1mt from Usha Martin.

From an inorganic point of view, the focus will be on long products for the next set of growth. "This is because organic growth, be it from Bhushan or Kalinganagar phase 3, is likely to be in flat products because those are sites best for flat products. And long-product assets will be smaller and modular in nature... such as Usha Martin. So, that we will always be open for if it's a good asset," Narendran explained.

There is a possibility that the company could marginally expand the capacity of Usha Martin in the future to 1.2mt. However, the immediate target for Tata Steel will be to regularly produce 0.8 million tonnes.

India's long steel market is estimated at 50.4mt as of the last fiscal. This market has grown at a compound annual growth rate of 4 per cent over the past three years.

Domestic steel consumption grew 9.2 per cent year-on-year in the first quarter of 2018-19 compared with 7.9 per cent in 2017-18. The demand was driven by strong sales in automobiles and an uptick in long products demand in construction before the onset of the monsoons. Most of the large integrated players have focused on flat steel products which have higher margins.

THE INDIAN EXPRESS DATE : 21 /11/2018 P.N.8

India seeks WTO panel against US for imposing high duty on steel, aluminium

PRESS TRUST OF INDIA
NEW DELHI, NOVEMBER 20

TAKING FORWARD trade dispute with America in the World Trade Organization (WTO), India has asked the Geneva-based multilateral body to set up a panel against the US for imposing high import duties on certain steel and aluminium products, an official said. India took this decision after both the countries failed to resolve the issue in a bilateral consultation process under the dispute settlement mechanism of the WTO.

Consultation is the first step of the dispute settlement process in the organisation. If the two countries are not able to reach a mutually agreed solution through consultation, a country can request for a WTO dispute settlement panel to review the matter.

"So, now, India has asked the WTO for establishment of the dispute panel on the matter," the official said.

Imposition of high import duties on these items by the US has impacted exports of these products by Indian businesses. The US move is also not in compliance with global trade norms.

Besides India, Russia, Norway, Canada, Mexico, Switzerland, and European Union have dragged the US in the WTO on America's move to impose 25 per cent and 10 per cent import duties on certain steel and aluminium products, respectively, which has triggered global trade tensions.

"We have discussed the matter with all these countries. A common dispute panel could be formed on the matter," the official added.

India has a significant export interest to the US on the steel and aluminium sector. As per estimates, India exports steel and aluminium goods worth about $1.6 billion a year to America.

The US had imposed these duties on grounds of national security.

Biswajit Dhar, professor of economics at Jawaharlal Nehru University, said the US decision would not only impact India's export of these goods but would also affect global trade.

BUSINESS LINE DATE : 21 /11/2018 P.N.4

India asks WTO to set up panel against US for imposing higher duties on steel, aluminium

Dispute Settlement Body to take up the issue at a meeting in Geneva today

AMITI SEN
New Delhi, November 20

India has asked the World Trade Organization (WTO) to set up a dispute settlement panel against the US for imposing penal duties on its steel and aluminium as consultations between the two members initiated earlier this year did not yield any results.

China, the EU, Mexico, Canada, Norway, Russia, Turkey and Switzerland, who were similarly penalised by the US, have also asked the dispute settlement body (DSB) of the WTO to set up a panel to sort out the issue, as per the DSB agenda available with *BusinessLine*.

"The DSB, which will meet in Geneva on Wednesday, will examine all the requests. If the US rejects the first-time requests, members will have to file a second request in the next meeting, which would not be allowed to be rejected and panels will be subsequently constituted," according to a trade official.

The Trump administration imposed an additional 25 per cent tariff on steel imports and 10 per cent on aluminium imports against the complainants in March. The US contended that the tariffs were imposed owing to national security concerns and the WTO had no authority to adjudicate on the matter.

The US had imposed an additional 25 per cent tariff on steel imports and 10 per cent on aluminium imports from select countries REUTERS

All the affected countries, including India, rejected the move and said the tariffs were actually 'safeguard duties' imposed wrongly, in violation of WTO rules, to protect local industries and should be removed.

Several affected countries, including China, Canada, the EU and Mexico, imposed retaliatory tariffs against US goods equivalent to the loss suffered by their steel and aluminium sectors due to the higher tariffs.

India announced retaliatory tariffs totalling around $134 million on 29 American items in June but is yet to impose it.

"It is unlikely that India will be able to sort out the aluminium and steel dispute with the US through the retaliation route. Although WTO disputes take a long time to get results, it seems to be the only feasible option," another official said.

WTO disputes are likely to take longer to be sorted out now with the US holding up the selection of new judges for the panels to fill vacancies.

A joint request by a large number of WTO members requesting the DSB to allow a mechanism for continuation of Appellate Body appointments will also be considered. The proposal is from countries including India, China, Argentina, the EU, Brazil, Canada, Australia, New Zealand, Pakistan, Peru, Venezuela, Singapore, Switzerland and Mexico.

BUSINESS LINE
DATE : 21 /11/2018 P.N.4

NMDC suspends iron ore-mining in Karnataka

PRESS TRUST OF INDIA
Hyderabad, November 20

NMDC Ltd has suspended iron ore-mining from its Donimalai mine in Karnataka following the decision of the State government to impose 80 per cent premium on iron ore sales from the mine, according to a regulatory filing by the public sector undertaking.

The mining company said it has requested the government to reconsider its decision.

Sources said if the Karnataka government decides to stick to the 80 per cent premium, NMDC would lose ₹1,348 per tonne and may result in a loss of ₹944 crore per annum as it mines about seven million tonnes of iron ore per annum from Donimalai.

The Karnataka government has extended the lease of Donimalai mine with effect from November 4 for 20 years, the NMDC said.

BUSINESS LINE DATE : 22 /11/2018 P.N.7

Sliding Re, low demand likely behind slump in gold prices

COMMENTARY

G CHANDRASHEKHAR

Despite huge uncertainties dogging the global market, gold has been struggling to break out of its narrow price range of $1,200–1,230 per ounce in recent weeks even as strong dollar and weak demand combine to pressure the metal. Many of the gold supportive factors are currently in the sidelines.

Speculators, often euphemistically called investors, have been exiting their long positions forcing a steady fall in price since the beginning of this month. In the first two weeks, net short positions were created on a marked scale. A robust stock market has also been unconstructive for the metal.

Data suggest Asian demand is weak. In India, despite the Diwali festival season when demand usually peaks, consumer interest has been tepid. A substantially weaker rupee raised domestic prices of the yellow metal over the last four weeks which resulted in demand compression.

Other precious metals

Silver too has been facing the heat with the market sliding rapidly. Recently, silver prices slid below the psychological $14/oz, the lowest level since January 2016. Again, investors created net short positions in this metal too. In other words, speculative financial investors are not sanguine about gold and silver prices moving up.

At the same time, such market participants seem to be optimistic about palladium and platinum prices. Palladium has been the star performer in the precious metals group as it recently hit an all time high rate of $1,180/oz, soaring by some 40 per cent since mid-August in addition to coming close to gold and showing a 17-year peak relative to platinum.

Some experts believe, the strength was drawn from optimism that China appeared to be more willing to negotiate with the US on trade. Whether it would happen is unclear; but it is likely that palladium has overshot on the upside and may slide back in the coming weeks.

Weak car sales especially in China and Europe means that demand for palladium should not increase in the coming months. This should cause price correction. In case of platinum, some net long positions have been created.

Optimistic future

Where is the market headed? There is emerging consensus that by mid-2019, the US may begin to decelerate as the positive effects of the stimulus and interest rate hikes begin to fade. If anything, the Federal Reserve's rate hike cycle may come to an end sometime in the second quarter of next year.

That should prove positive for gold and silver as the dollar would begin to weaken and the stock market may lose steam. A 'risk-off' environment is sure to boost gold's safe haven status.

While decreased demand and substantially weak Rupee during the just-concluded festival season in India did little to cheer gold, a slight firming of the rupee in the last few days – after crude oil prices began to slide from their early October peaks – has surely softened the rates to an extent.

But going forward, there is expectation that the rupee may gain further and move towards 68-69 levels to a dollar. That should provide additional fillip to gold. At the same time, given the less-than-satisfactory distribution of rainfall, drought-like conditions in many regions and not-so-attractive crops prices, rural demand is likely to continue to be subdued.

There is also reason to believe that the government will soon announce a policy for setting up spot exchange for gold. That should boost the prospects of price discovery in the domestic market, although it is to be seen how soon and how well systems are put in place.

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

BUSINESS LINE DATE : 22 /11/2018 P.N.13

JSW Steel gears up for shortfall of iron ore from Karnataka

NMDC's decision to suspend production at Donimalai mine may push up prices

SURESH P IYENGAR
Mumbai, November 21

State-run mineral producer NMDC's decision to suspend production at one of its largest iron ore mine at Donimalai in Karnataka is expected to push up iron ore prices in the e-auction conducted in the State.

The move may cripple operations of over 20 small- and medium-sized steel-making units with capacity of about 25 million tonnes per annum (mtpa). NMDC suspended iron ore mining at Donimalai following Karnataka's decision to impose 80 per cent premium on the existing Indian Bureau of Mines (IBM) rates for extracted ore.

JSW Steel, the largest steel producer in the State with its 18 mtpa capacity Vijayanagar plant, has made stopgap arrangements to meet the shortfall by sourcing ore from Odisha and captive mines, and through imports.

Seshagiri Rao, Joint Managing Director, JSW Steel, said the company has been sourcing part of its ore requirements for the Karnataka plant from outside the State because of uncompetitive pricing and persistent shortage.

JSW Steel needs about 20 mtpa of iron ore for its Vijayanagar plant, and depending on the pricing, it buys about 5 mtpa from NMDC's Donimalai mine.

Captive sourcing

JSW Steel recently acquired six category 'C' iron ore mines in Karnataka and started producing 0.7 mtpa at two mines. Another two mines are expected to go on stream by next month, taking the captive sourcing to 2 mtpa.

The company expects to increase captive sourcing to 5 mtpa by the second quarter of next year by putting the other two mines into operation. The State Government's decision to charge 80 per cent premium will lead to a loss of ₹1,348 per tonne and ₹944 crore per annum as NMDC mines about 7 million tonnes of iron ore per annum from Donimalai.

NMDC's mining lease, which expired this month, was renewed till November 2038, on the payment of 80 per cent of the average sale value as published by the IBM.

NMDC has said such an imposition of premium is not in accordance with the Mines and Minerals (Development and Regulation) Act and "is also not economically viable".

NMDC suspended mining at Donimalai following Karnataka's decision to impose 80% premium on the existing rates BLOOMBERG

BUSINESS LINE DATE : 22 /11/2018 P.N.10

MCX-Nickel: Resistance to cap corrective rally

GURUMURTHY K

BL Research Bureau

The downtrend in the Nickel futures contract on the Multi Commodity Exchange (MCX) remains intact. The contract has been beaten down consistently since mid-October. The contract made a high of ₹963.3 per kg in October and has been falling continuously since then. This downtrend has intensified after the contract declined below the key support level of ₹840 earlier this month. The MCX-Nickel futures contract tumbled 3 per cent in the past week and is currently trading at ₹790 per kg.

The downtrend is intact. However, there is a possibility of an intermediate bounce in the near term. The key 100-week moving average support is near current levels at ₹789. If the contract manages to bounce from this support, a corrective rally to ₹830 or ₹840 is likely in the near term. However, the region between ₹830-840 will act as a strong resistance and will cap the upside. Fresh sellers are likely to emerge at higher levels and restrict the upmove.

As such, a pullback from the ₹830-840 resistance region and a subsequent break below ₹789 will see the downtrend extending towards ₹745 and ₹740 in the coming weeks.

On the global front, the Nickel (three-month forward) contract on the London Metal Exchange is also on a strong downtrend. The contract extended its downmove as expected in the past week to test the psychological level of $11,000 per tonne. It is currently trading at $11,095 per tonne. If it sustains above $11,000, an upmove to $11,500 is possible in the near term.

Trading strategy

Traders with a medium-term perspective can go short in the MCX-Nickel futures contract on rallies at ₹805, ₹820 and ₹830. Stop-loss can be placed at ₹845 for the target of ₹745. Revise the stop-loss lower to ₹790 as soon as the contract moves down to ₹780.

WTO: US rejects India's request for panel on steel, aluminium duties

New Delhi to file fresh appeal

The Trump administration imposed an additional 25 per cent tariff on steel imports and 10 per cent on aluminium imports against select countries in March ISTOCK.COM/OZGURDONMAZ

AMITI SEN

New Delhi, November 22

The US has rejected the first request for dispute settlement panels by India and Switzerland at the World Trade Organization (WTO) to sort out the issue of penal duties imposed on their steel and aluminium by Washington. The two countries will now have to apply again at the Dispute Settlement Body's (DSB's) next meeting which the US will not be authorised to reject.

"The two argued that the US actions were, in effect and content, safeguard measures and that they were both concerned the US was using national security as a justification for the tariffs," a Geneva-based official told *BusinessLine*.

At the meeting of the DSB on Wednesday, the second request of seven members, including China, the European Union, Canada, Mexico, Norway, Russia and Turkey, to challenge the decision by the US to impose additional import duties on steel and aluminium products, was accepted.

The Trump administration imposed an additional 25 per cent tariff on steel imports and 10 per cent on aluminium imports against the complainants in March. The US contended that the tariffs were imposed owing to national security concerns and the WTO had no authority to adjudicate on the matter.

At the DSB meeting, the US objected to the request for a single panel made by the seven members to look at their similar complaints and said that the DSB should decide on such matters through consensus. "Apart from the similarity between the cases, the reason why the members had asked for a single panel was also the fact that the DSB was short of judges as the appointments process has been stalled by the US for the last few months and vacancies are not being filled," the official said. In its submission, Switzerland said the US tariffs will have a harmful effect on the multilateral trading system as a whole and that it was concerned the spiralling protectionist measures will have a negative effect on global value chains. India said it shared the view that the WTO system will be undermined if it fails to allow for review of another member's unilateral actions. Some members such as China, Canada, the EU and Mexico have already imposed retaliatory tariffs against US goods equivalent to the estimated loss suffered by their steel and aluminium sectors due to the higher tariffs. India announced retaliatory tariffs totalling around $134 million on 29 American items in June but is yet to impose it.

BUSINESS LINE DATE : 23 /11/2018 P.N.12

MCX Lead to stay range-bound

WEEKLY OUTLOOK

GURUMURTHY K

BL Research Bureau

The lead futures contract on the Multi Commodity Exchange has been stuck in a narrow sideways range over the last few weeks. The contract has been rangebound between ₹138 and ₹148 for about a month now. It is currently trading at ₹141.

The near-term outlook is mixed for the contract. A breakout on either side of ₹138 or ₹148 will determine the direction of the next move.

A strong break below ₹138 will increase the downside pressure.

Such a break will bring fresh sellers into the market. It will also indicate the resumption of the broader downtrend that has been in place since June. In such a scenario,

a fall to ₹130 is possible in the coming weeks.

On the other hand, if the MCX-Lead futures contract manages to sustain above ₹138 and breaks above ₹148 in the coming days, the downside pressure will ease. The contract can then move up initially to ₹151.

A further break above ₹151 will then increase the likelihood of the contract moving up towards ₹153 and ₹155 thereafter.

The region around ₹155 is a crucial resistance for the contract.

A strong break and a decisive close above ₹155 is needed to turn the outlook completely positive.

The price action on the weekly charts leaves the bias positive.

The long wicks on the downside indicates that the contract is getting strong buying interest around ₹138. This leaves the possibility high of the contract breaking the current range above ₹148 in the coming days.

Traders with a medium-term perspective can go long at current levels and also on dips near ₹139.5 and ₹138.5. A stop-loss can be placed at ₹133 for the target of ₹155. Revise the stop-loss higher to ₹143 as soon as the contract moves up to ₹145.

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

THE ECONOMIC TIMES DATE : 26 /11/2018 P.N.13

Essar Steel Resolution Against IBC: StanChart

In petition to NCLT, bank alleges that creditors' panel misused voting rights

Rakhi Mazumdar & Saikat Das

Kolkata | Mumbai: Standard Chartered Bank, the third-largest secured financial creditor of Essar Steel, has filed an application before the bankruptcy court alleging that the resolution professional and Essar's committee of creditors (CoC) approved a resolution plan that does not comply with the Insolvency and Bankruptcy Code.

In its plea before the NCLT Ahmedabad bench, Standard Chartered also said that the CoC had negotiated with the resolution applicant (ArcelorMittal) exclusively, and misused its voting rights to create an artificial distinction among the secured creditors. That has led to a drastic reduction in Standard Chartered's dues to only ₹60 crore from ₹3,487 crore. Of this, the secured principal outstanding amounts to ₹2,646 crore, the bank alleged.

It urged the bench to either reject the ArcelorMittal resolution plan or, alternatively, direct ArcelorMittal to distribute ₹42,000 crore so that financial creditors get their dues on a pro-rata basis on the amount of admitted claims by the RP or the principal amount, with a direction that Standard Chartered must get at least ₹2,646 crore.

Essar's CoC had last month approved a ₹42,000-crore resolution plan by ArcelorMittal which reflected 100% of the principal outstanding dues of Essar Steel's secured financial creditors. As per ArcelorMittal's submission to the Supreme Court on its proposal in September 2018, Stanchart said it was entitled it to receive a minimum of ₹2,646 crore of its dues. Incidentally, Standard Chartered had voted against the resolution plan. Immediately thereafter, Essar's promoters also came up with a ₹54,000-crore plan that seeks to repay all its creditors.

An email sent to Standard Chartered remained unanswered until the publication of this report. Other banks in the CoC, including the State Bank of India, could not be immediately reached for their comments.

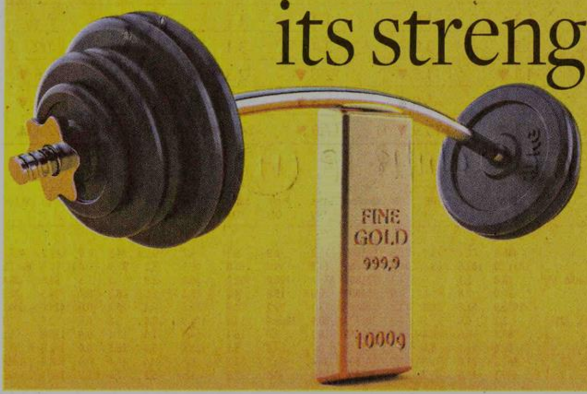
Commenting on the development, an ArcelorMittal spokesperson said: "We have followed the IBC process in good faith since first submitting our EoI in 2017. The committee of creditors has clearly decided ArcelorMittal's plan is in the best interests of Essar Steel and we are confident that the process will be implemented correctly and according to the law."

Standard Chartered said in its application that it had extended a loan of $500 million to Essar Steel Offshore (ESOL) in August 2010 for securing long-term arrangements for coal as part of a major expansion in Essar Steel. However, owing to financial difficulties at ESOL, the facility was refinanced to the tune of $413 million in February 2014, with an extended repayment schedule. It included an irrevocable guarantee from Essar Steel.

BUSINESS LINE DATE : 26 /11/2018 P.N.11

Bullion Cues

Gold likely to retain its strength



But the dollar's strength could restrict the pace of the up-move

GETTY IMAGES/ISTOCKPHOTO

GURUMURTHY K

Gold inched higher in the initial part of last week, but failed to sustain higher. The global spot gold prices made a high of $1,230 per ounce last Wednesday and reversed lower, giving back all the gains. The yellow metal closed the week on a flat note at $1,223 per ounce.

A recovery in the US dollar capped the gains in gold last week. However, gold managed to limit the downside well amid the dollar strength. This indicates the inherent strength in gold and it keeps the broader view positive for the yellow metal. Silver continues to underperform gold.

The global spot silver made a high of $14.56 per ounce last week.

The prices reversed sharply lower from the highs, to close the week at $14.29 per ounce, down 0.93 per cent for the week.

The sharp appreciation in the Indian rupee is continuing to weigh on the domestic bullion prices. The rupee has appreciated by 4.6 per cent against the US dollar this month, from around 74 to the current levels of 70.69. This has strongly beaten down the gold and silver futures contract on the Multi Commodity Exchange (MCX).

The MCX-Gold futures contract extended its fall for the fourth consecutive week. The contract fell 1.6 per cent last week and closed at ₹30,495 per 10 gm. The MCX-Silver futures contract tumbled 2.5 per cent to close the week at ₹36,061.

The possibility of the Indian rupee strengthening further towards 69 in the coming weeks may continue to keep the domestic prices subdued for some more time.

US-China meet

All eyes will be on the G20 meeting this week. The US and China are likely to discuss the trade tariff issue.

The outcome of the meeting will be one of the major triggers that could set the short-term trend in gold. A no compromise on the tariffs levied by the US on Chinese goods will increase the risk aversion in the market. This will be positive for gold.

Dollar outlook

The dollar index (96.92) reversed higher last week from around 96. Though the weekly charts give mixed signals, the indicators on the daily candles are positive.

This leaves the near-term bias bullish for the dollar index. The immediate resistance is at 97.15. A strong break above it can take the index higher to 98 or even 98.5 in the short term. As such, the upside in gold could be restricted if the dollar strengthens further from the current levels.

The US dollar index will come under pressure only if it breaks decisively below 96. In such a scenario, it can fall initially to 95.75 and 95.5. A further break below 95.5 can then drag it to 95.

Gold outlook

The global spot gold ($1,223 per ounce) prices can remain range-bound in the near-term between its support at $1,220 and resistance at $1,230.

A breakout on either side of $1,220 or $1,230 will then decide the next leg of the move.

A break below $1,220 can take the prices lower to $1,212 and $1,207 in the coming days. On the other hand, if gold manages to breach $1,230, an up-move to $1,240 and $1,246 is possible. The indicators on the chart are positive.

The 55-day moving average is on the verge of crossing the 100-day moving average. This is a positive signal indicating that the downside could be limited. It also leaves the possibility high of the yellow metal breaking above $1,230 in the coming days.

On the domestic front, the MCX-Gold (₹30,495 per 10gm) has a crucial support at ₹30,300.

A bounce from this support and a subsequent break above ₹30,700 can take the contract higher to ₹31,200 over the short term. But if MCX-Gold declines below ₹30,300, it can fall to ₹29,800 or ₹29,700.

Silver outlook

The global spot silver ($14.29 per ounce) came off after making a high of $14.56 in the past week. The immediate support is at $14.20. A break below it can take silver lower to $14 or $13.9 this week. On the other hand, if silver manages to sustain above $14.20, it can move up to $14.5 levels again. The key resistance is in between $14.50 and $14.60. A strong break above $14.60 can take the silver prices higher to $14.75.

The MCX-Silver (₹36,061 per kg) is hovering above a key support level of ₹35,800. A break below it can take the contract lower to ₹35,400 and ₹35,300.

The region around ₹35,300 is a crucial long-term support, which may halt the current downtrend. As such, the price action in the ₹35,400-35,300 region will need a close watch.

Trading strategy

Medium-term traders can hold the long positions taken last week on dips at ₹36,600, ₹36,100 and ₹35,850. Retain the stop-loss at ₹35,100 for the target of ₹38,700. Revise the stop-loss higher to ₹37,150 as soon as the contract moves up to ₹37,950.

MCX Gold

Supports
₹30,300/29,800
Resistances
₹30,700/31,200

MCX Silver

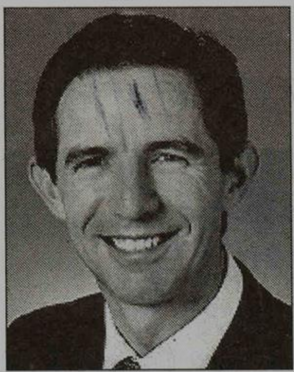
Supports
₹35,800/35,300
Resistances
₹37,000/37,600

THE INDIAN EXPRESS DATE : 26 /11/2018 P.N.15

AUSTRALIA'S TRADE AND INVESTMENT MINISTER

'Making real progress on issue of uranium exports to India'

ANIL SASI
SYDNEY, NOVEMBER 25



Uranium from Australia would be used to meet fuel requirements of Indian nuclear reactors that are under IAEA safeguards, as is the case with fuel imports from Russia, Kazakhstan, France and Canada

AUSTRALIA AND India are making "real progress" on the issue of uranium exports to India, Australia's trade and investment minister Simon Birmingham has indicated.

This comes amid reports that two Australian companies BHP Billiton, the world's biggest mining company, and Heathgate Resources, an affiliate of US company General Atomics, engaging with with the Department of Atomic Energy (DAE) for exporting uranium to India. Birmingham did not elaborate on the specifics of the case or the uranium vendors that are in the fray for potential supply contracts. "There has been real progress around this (on uranium) and we expect to make further progress," Birmingham told a group of visiting Indian journalists.

According to a recent update on the issue readied by the DAE, a sales contract for enabling the transfer, which is part of the ongoing commercial negotiations between potential Australian uranium vendors and the DAE on fuel contracts for civil nuclear-power generation, is currently under discussion. Once the contract is wrapped up, Australian companies could potentially join utilities from four other countries that are already supplying nuclear fuel to India.

Incidentally, in July 2017, Australia had sent its first uranium shipment to India but that was "a small sample of uranium" transferred "purely for testing purposes". Imported uranium from Australia, as and when despatches start, would be used to meet fuel requirements of Indian nuclear reactors that are under International Atomic Energy Agency (IAEA) safeguards, as is the case with fuel imports that have come in so far from Russia's JSC TVEL Corp, Kazakhstan's JSC NAC KazatomProm, France's Areva and Canada's Cameco.

In India, there are currently 22 reactors with an installed capacity of 6,780 MWe (mega watt electrical), of which, eight reactors with aggregate capacity of 2,400 MWe are fuelled by indigenous uranium while the remaining 14 with a capacity of 4,380 MWe are under IAEA Safeguards and qualify to use imported uranium.

A steady supply of uranium is positive news for the country's nuclear power sector, something that is expected to boost the performance of Indian nuclear power plants, as well as of several fuel cycle facilities. Former Australian Prime Minister Tony Abbott had signed an agreement with Prime Minister Narendra Modi on civil nuclear cooperation in September 2014, clearing the way for uranium sales. Ongoing discussions with Melbourne-based BHP and Adelaide-based Heathgate Resources are aimed at formalising commercial contracts to enable uranium shipments to India. Under the "separation plan" announced by the government in March 2006, negotiated after the July 2005 nuclear deal with the US, India was required to bring 14 reactors under IAEA safeguards in a phased manner. Thirteen of these reactors, including RAPS 2 to 6 at Rawatbhata, Rajasthan; KAPS 1 and 2 at Kakrapar, Gujarat; NAPS 1 and 2 at Narora, Uttar Pradesh; TAPS 1 and 2 at Tarapur, Maharashtra; Kudankulam 1 and 2 in Tamil Nadu; are already under IAEA safeguards, and eligible to run on imported fuel.

(The writer was in Australia on a trip organised by Department of Foreign Affairs and Trade)

THE INDIAN EXPRESS DATE : 26 /11/2018 P.N.15

Standard Chartered moves NCLT against CoC selecting ArcelorMittal for Essar Steel

StanChart petition seeks distribution of ₹42K-crore among secured financial creditors on a pro-rata basis based on amount of admitted claims

ENS ECONOMIC BUREAU
MUMBAI, NOVEMBER 25

LEGAL COMPLICATIONS continue to threaten the ongoing Essar Steel insolvency resolution process after Standard Chartered (StanChart) filed a petition with the National Company Law Tribunal (NCLT) late last week, seeking to 'quash and set aside' the committee of creditors (CoC) decision in favour of ArcelorMittal's revised resolution proposal to acquire Essar Steel. According to StanChart's petition, it has also sought the rejection of ArcelorMittal's proposal by the tribunal.

In October, StanChart had filed a caveat to ensure that no decision is passed on ArcelorMittal's resolution plan submitted by the CoC for the NCLT's approval until StanChart is heard by the tribunal.

As is known, over 90 per cent of the CoC had finally voted in favour of the revised bid by ArcelorMittal, which has promised Rs 39,500 crore cash upfront. The electronic vote was conducted over October 24 and October 25. Various senior bankers had indicated to FE that StanChart had voted against the Arcelor's resolution plan.

Alternatively, the StanChart petition seeks distribution of Rs 42,000-crore among secured financial creditors on a pro-rata basis based on amount of admitted claims or principal amount along with directions that StanChart 'receives its pro rata share of Rs 2,983.98 crore or at least Rs 2,646.05 crore (plus the applicant's share of the closing adjustment)'. Classified as a secured financial creditor by resolution professional Satish Kumar Gupta, Rs 2,646.05 crore represents StanChart's secured principal outstanding exposure to Essar Steel. According to its calculations, StanChart's share as per the CoC-approved distribution would come to Rs 60.71 crore against admitted secured claims of Rs 3,487.10, coming to a recovery of 1.7 per cent against Rs 2,983.98 it would receive if the share was divided on a pro rata basis among secured lenders with a recovery of 85.6 per cent.

For the difference in the amount it would receive under the two scenarios, StanChart blamed the core committee formed from among members of the CoC, namely State Bank of India, ICICI Bank, IDBI Bank, Edelweiss Asset Reconstruction Company, in March. This core committee was initially meant to represent the Essar Steel CoC at court proceedings, but which was later entrusted with several other functions. StanChart presents an argument in its application citing 'discriminatory practice' of the CoC, and terms the core committee's negotiation with ArcelorMittal just before the revised plan is put to a final vote, following approval of the same by the CoC, as illegal.

SBI had referred Essar Steel to the NCLT seeking a resolution via the corporate insolvency resolution process under the IBC. Essar Steel owes lenders about Rs 49,000 crore. **FE**

BUSINESS LINE DATE : 27 /11/2018 P.N.15

Karnataka to auction Donimali iron ore mines if NMDC not willing to give 80% premium

PRESS TRUST OF INDIA
Hyderabad, November 26

The Karnataka government is in the process of calling for fresh tenders of Donimali iron ore mines and may go in for auction in case the state-owned NMDC does not sign the contract agreeing for 80 per cent premium in the next three weeks, sources close to the development said.

However, PR Tripathi, former CMD of NMDC, says the imposition of a 'heavy' premium on a public sector undertaking is not tenable by law.

Mining suspended

NMDC has suspended iron ore mining from its Donimalai mine following the State government's decision to impose 80 per cent premium on ore sales from that mine whose lease has been extended with effect from November 4 for a period of 20 years.

NMDC says no PSU company can survive if 80 per cent premium is paid REUTERS

"Based on the request by the CMD of NMDC (N Baijendra Kumar) the matter was again referred to the Karnataka Advocate-General. But instructions have gone to the officials concerned to prepare a fresh tender document for auction of mines allotted to NMDC if they don't execute the lease documents in the next three weeks. Because the AG may not give a different opinion than what he has already given," sources told PTI.

When contacted, Karnataka Mining Secretary Rajendra Kumar Kataria, justifying the premium, said the State Law Department gave its opinion and the State Cabinet approved it till November 2038, on payment of 80 per cent of the average sale value, as published by Indian Bureau of Mines.

'Govt is greedy'

Tripathi alleged that the State government had become greedy and said the premium is applicable only in case of fresh auctions of mines but not for lease renewals.

"The State government is blinded with the concept of revenue. The Karnataka government has become so greedy that they are looking at the short-term revenues. If any company (PSU) pays 80 per cent premium, it cannot survive. This is legally not valid.

"It is valid only in case of auctions. This is not an auction but lease renewal. The issue has to be resolved at the level of the Chief Minister. The Chief Secretary should be sensible enough to understand the issue and advise the CM accordingly," Tripathi said.

- Also see News on Page- 9 Date 21/11/2018

BUSINESS LINE DATE : 27 /11/2018 P.N.10

MCX-Aluminium hovers above a crucial support

GURUMURTHY K
BL Research Bureau

The aluminium futures contract on the Multi Commodity Exchange (MCX) extended its downmove as expected in the past week to test the crucial support level of ₹136 per kg. The contract fell about 3 per cent from around ₹140 per kg to make a low of ₹135.8 on Friday. It has bounced from this low and is currently trading at ₹136.5 per kg.

The 100-week moving average as well as a trendline support around ₹136 are holding well as of now. Whether the contract manages to sustain above ₹136 and bounce higher or not will determine the direction of the next move.

Traders can stay out of the market until a clear trend emerges.

Resistance is in the ₹138-140 zone which is likely to be tested if the contract sustains above ₹136 in the near term. A strong break above ₹140 is needed to ease the downside pressure. Such a break will increase the likelihood of the contract moving higher towards ₹143 and ₹145 levels over the short term.

On the other hand, if the MCX-Aluminium futures contract breaks below ₹136 decisively, the downside pressure will increase. In such a scenario, a fall to ₹134 is possible at the starting point. A further break below ₹134 will then increase the possibility of the downmove extending to ₹132 and ₹130 thereafter.

Range-bound on LME

On the global front, the Aluminum (three-month forward) contract on the LME has been stuck in a sideways range between $1,925 and $1,965 per tonne over the last couple of weeks. It is currently trading at $1,949 per tonne.

A breakout on either side of $1,925 or $1,965 will decide the next move. A break below $1,925 can take the LME-Aluminum contract to $1,900. On the other hand, a break above $1,965 can initially test $1,970. A decisive break above $1,970 is needed to turn the outlook positive. Such a break can target $2,000 thereafter.

BUSINESS LINE DATE : 27 /11/2018 P.N.15

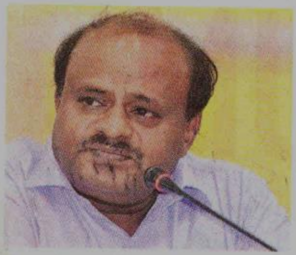
As iron ore piles up, Karnataka urges PM to up import duty on mineral

PRESS TRUST OF INDIA

New Delhi, November 26

Karnataka Chief Minister HD Kumaraswamy has written to Prime Minister Narendra Modi, seeking intervention in iron import and to increase the basic Customs duty on the mineral.

In the letter, the Chief Minister said Karnataka was the third largest producer of iron ore, a key raw material used in steel making, and steel producers are importing ore at a time when the country is facing a large trade deficit.



Karnataka Chief Minister HD Kumaraswamy

Unsold stocks

"The status of Karnataka iron ore is unique with the Supreme Court capping the annual production and restricting the sale among end-users only through e-auction," the letter dated November 19 said.

"This has led to a situation where a huge quantity put up for sale on e-auction platform remains unsold. We see steel companies are importing a huge quantity of iron ore... when the country is facing large trade deficit," it said.

Seeking the PM's intervention, Kumaraswamy said the import duty on iron ore and pellets be suitably raised. The "very low" import duty of 2.5 per cent encourages steel players to go for imports rather than utilising the local ore, he said.

"The State has already lost more than ₹600 crore during the last financial year and the current year because of import ... The unsold stock may lead to closure of mine operations," the Chief Minister stated.

Trade body's plea

Earlier, apex mineral body Federation of Indian Mineral Industries (FIMI) sought government support to open up Karnataka's iron-ore rich mining industry, which cannot export the mineral due to the Supreme Court ruling.

With FIMI requested the government to take immediate steps to encourage export of iron ore from the State and also demanded to increase the duty on iron ore and its pellets to 30 per cent to check imports.

FIMI also said that a stock of 40 million tonne mined iron ore was lying unsold in Karnataka.

BUSINESS LINE DATE : 28 /11/2018 P.N.1

Centre set to broker peace between Karnataka, NMDC in mining row

'Premium' issue expected to be resolved in a week

TWESH MISHRA

New Delhi, November 27

The Centre has intervened in the ongoing dispute between NMDC and the Karnataka government, and the stand-off over the lease extension condition is expected to get resolved in a week, a top government official said.

The need for the Centre's intervention arose after the Karnataka government imposed an 80 per cent premium on the overall sale price of iron ore from the Donimalai mine as a condition for extending the lease.

The lease for the Donimalai mine was extended in favour of NMDC for another 20 years from November 2, 2018.

Temporary suspension

In a statement to the BSE on November 19, NMDC said that it has temporarily suspended iron ore-mining from the Donimalai mine.

"Since imposition of such a condition (80 per cent premium) is not as per the MMDR (Amendment) Act, 2015, read with the Mineral (Mining by Government Companies) Rules, 2015 and as the same is also not economically viable, NMDC has represented the same before the Chief Minister of Karnataka," NMDC had said.

A Steel Ministry official told *BusinessLine*: that "Talks are on between the Ministry of Steel, NMDC and the Karnataka government to resolve the issue. A meeting was called at the Ministry of Steel on November 22 in Delhi to discuss various issues related to this impasse."

The Karnataka govt imposed an 80 per cent premium on the sale price of iron ore from Donimalai as a condition to extend the mining lease with NMDC

According to industry estimates, NMDC will suffer a loss of around ₹944 crore per annum if the 80 per cent additional levy on the 7 million tonne of iron ore mined from Donimalai is upheld.

Action plan discussed

"An action plan is required to be put in place to compensate for the shortfall in iron ore production resulting from the delay in execution of the mining lease in Donimalai. This was also discussed between the Karnataka government and NMDC," the official said. "It is expected that the issue will be resolved in the coming week."

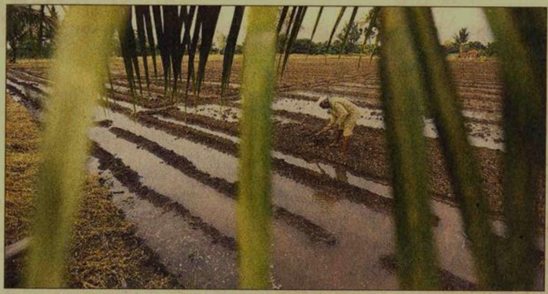
News reports earlier this week said that the Karnataka government is in the process of calling for fresh tenders for the Donimalai mines and may go in for an auction if NMDC does not agree to the 80 per cent premium in the next three weeks.

The move to re-auction the iron-ore mine would be a jolt for NMDC's operations. As India's largest iron ore producer, the company produced 35.6 million tonnes in FY18

THE ECONOMIC TIMES DATE : 29 /11/2018 P.N.9

GDP Back Series: Agriculture, Mining Pull Down Primary Sector Growth

Attributes secondary sector differences to changed data sources, methodologies; says telecom big contributor to dipping growth



Our Bureau

New Delhi: Government attributed the stark change in GDP growth in the UPA era under the back-series GDP released on Wednesday to multiple factors impacting primary, secondary and tertiary sectors.

While the changes in growth rate of primary sector are attributed to lower growth in agriculture and mining, in the secondary sector the differences in growth rates have been attributed to changed data sources and methodologies.

In case of the tertiary sector or services it is a mix of change in methodology and change in parameters across telecom and financial services, the government said.

The back series GDP data was released jointly by Central Statistics Office (CSO) and the NITI Aayog.

Growth rates in primary sector fell from 5% in 2005-06 to 2% in 2011-12 based on the back series against 4.6% (2005-06) and 4.4% (2011-12) based on the original series.

"In both the new and old series of WPI (wholesale price index), the index for petroleum and natural gas mining used for deflating the output of the sector was lower in 2010-11 than that of 2011-12," MOSPI said in a statement.

According to MOSPI, growth rates in secondary sector fell from 10.2% in 2005-06 to 6.6% in 2011-12 based on the back series as against 10.7% (2005-06) and 8.5% (2011-12) based on the original series. "This can be attributed to changed data sources and methodologies," it said, adding that the revised data of the Annual Survey of Industries was not available during preparation of 2004-05 series but was used in the computation of the back-series.

Even growth rates in tertiary sector fell from 9.1% in 2005-06 to 5.9 % in 2011-12 based on the back series as against 10.9% (2005-06) and 6.6% (2011-12) based on the original series. "Growth rates in unorganised trade are lower as compared to growth rates in 2004-05 where constant GTI index was used while in the back series sales tax index and new series of WPI has been used."

TELECOM CONTRIBUTION

Likewise, in the communication sector, telecom subscriber base was used in the old series as benchmark which has been changed to minutes of usage in the back series. In case of financial services, the Reserve Bank of India's contribution, being non-market, has been reduced thus reflecting change in the computation of GVA.

The Advisory Committee on National Accounts Statistics (ACNAS) has recommended the methodology used for calculating the GDP back series.

While the methodology for preparing back-series estimate for 2004-05 to 2010-11 is largely the same as methodology followed in the new base (2011-12), government has admitted that in certain cases owing to limitations of the availability of data, either splicing method or ratios observed in the estimates in base year 2011-12 have been applied.