

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:1120
ANSWERED ON:04.03.2010
PERFORMANCE OF NMDC
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Will the Minister of STEEL be pleased to state:

- (a) whether the performance of National Mineral Development Corporation (NMDC) is deteriorating and the net sales and profit have also been declining;
- (b) if so, the reasons therefor;
- (c) the profit earned by the NMDC during 2008-09 and 2009-10; and
- (d) the steps being taken by the Government to improve the performance of NMDC?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI A. SAI PRATHAP)

(a)to(c): The physical and financial performance of NMDC Ltd. during last five years {2005-2009 and 2009-10 (upto December, 2009)} is given below:

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
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(Upto Dec.'09)

Physical Performance
(Lakh Tonne)

Production of iron ore	229.2	262.25	298.16	285.15	169.02
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Sales of iron ore	248.5	255.89	281.84	264.72	172.06
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Financial Performance
(Rs. in crore)

Sales \$	3707.38	4182.86	5709.16	7559.19	4247.69
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Profit after tax	1827.80	2320.21	3250.98	4372.38	2381.67
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\$ Sales represent sale of iron ore, diamonds and silica sand.

It is stated that the physical as well as financial performance of NMDC Ltd. has improved during the last five years. However, during 2009-10 (upto December, 2009), the sales as well as profit of NMDC have declined primarily due to the following reasons:

(i) Logistic constraints, which are of temporary nature:

Loss of Sales of 24.5 lakh tonnes of iron ore fines to M/s Essar Steel Ltd. due to breakdown of slurry pipeline of M/s Essar Steel by Maoists, from May, 2009 to January, 2010 compared to corresponding period of last year.

Frequent stoppage of night movement of rakes by Railways, due to increased Maoists activities in Bailadila sector. The night movement of rakes has been stopped for a total of 75 days during the year 2009-10 (upto January, 2010). This has resulted in substantial loss of sales of iron ore for NMDC.

(ii) Substantial decline in the price of iron ore in the global iron ore market, due to effect of global recession in the second half of the year 2008-09 and first half of the year 2009-10. As a result, the export prices of iron ore with Japanese Steel Mills (JSMs) and POSCO, South Korea saw a decline of 44.47 % for iron ore lumps and 32.95% for iron ore fines, as compared to price during 2008-09. From the present scenario of global iron ore market, the prices this year (2010-11) are expected to go up from the present level, which may lead to improvement in the performance of NMDC.

(d) In order to improve sales, matter has been taken up with Railways for increased supply of rakes, as a result of which rake supply by Railways has increased to some extent. NMDC is also taking steps to construct a slurry pipeline along the Highway, to avoid Maoist attacks. Techno Economic Feasibility Report (TEFR) for the slurry pipeline is being prepared.