

**GOVERNMENT OF INDIA  
MINES  
LOK SABHA**

UNSTARRED QUESTION NO:1523  
ANSWERED ON:03.08.2010  
FINANCIAL STATUS OF NALCO  
Viswanathan Shri P.

**Will the Minister of MINES be pleased to state:**

- (a) whether the turnover and net profit of National Aluminium Company Limited(NALCO) has declined;
- (b) if so, the details thereof during each of the last three years and the current year alongwith the reasons therefor and the reaction of the Government thereto;
- (c) whether any steps have been taken/being taken to improve the turnover and net profit of NALCO;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

**Answer**

THE MINISTER OF MINES AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI B. K. HANDIQUE)

(a) & (b): National Aluminium Company Limited(NALCO) has informed that while the net profit of the Company for the last three years has declined, the turnover of the Company has remained by and large stable during the same period. The details of turnover and net profit of NALCO during the years 2007-08 to 2009-10 is as under:-

Rs. in crores		
Year	Turnover	Net profit
2007-08	5575	1632
2008-09	5617	1272
2009-2010#	5527	833

#Provisional(unaudited).

The reasons for decline in profit in 2007-08, 2008-09 and 2009-10 are mainly due to lower global prices of products, volatile average exchange rate of Rupee against US Dollar, global recession, increased cost of operations due to increase in prices of major raw materials (like coal, etc.), increasing expenditure on repair and maintenance of the plant, revision of salary for executives and provision for wage revision for workers. The declining trend of profit and stagnant sales of NALCO has been viewed with concern by the Government and appropriate directions are given to the Company's management by the Ministry after performance review at the end of each quarter to improve its performance.

(c) & (d): Yes, Madam. Although some factors such as exchange rates, aluminium metal price, etc. affecting performance of NALCO are beyond the control of the Company, however, the following steps have been initiated by the management to improve the turnover and net profit of the company:-

- (i) Efforts to source coal from cheaper sources thereby reducing dependence on imported coal and purchase of power from grid at a higher cost.
- (ii) Additional manpower requirements needed for increased capacities consequential to the 2nd phase expansion kept at minimum.
- (iii) Major technological up-gradations undertaken for increase in production and smooth and efficient running of the plant in the long term.
- (iv) Austerity measures undertaken on overheads such as travel, external training, etc. for reducing administrative expenditure.
- (v) Efforts made for specific consumption of all inputs of raw materials and power within the prescribed norms.
- (e): Does not arise.