

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:3165
ANSWERED ON:12.08.2010
PRICING OF IRON ORE
Muttamwar Shri Vilas Baburao

Will the Minister of STEEL be pleased to state:

- (a) the criteria being followed by the National Mineral Development Corporation (NMDC) at present regarding to the pricing of iron ore;
- (b) whether NMDC has decided to review the pricing mechanism for domestic buyers every quarterly of the year; and
- (c) if so, its likely impact on the pricing of iron ore on the consumers?

Answer

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

- (a) NMDC has been fixing its iron ore prices for domestic customers based on prices of its iron ore exported to Japanese Steel Mills (JSMs) and POSCO, South Korea, which is settled on the basis of international benchmark prices. However, the Free on Board (FOB) price fixed for export is moderated to determine the pit head price charged from the long term domestic customers.
- (b) From the year 2010-11, the system of international benchmark pricing of iron ore has changed from yearly pricing to quarterly pricing. In line with this, NMDC has also decided to review its prices for domestic long term customers on a quarterly basis.
- (c) Iron ore is a deregulated sector and the price of iron ore for consumers is governed by market forces depending upon various factors including demand –supply situation and trend of price in the international market, etc. It is also added that NMDC supplies only about 20-25% of the total consumption of iron ore in the country.