

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:3586
ANSWERED ON:03.09.2012
FLOUTING OF NORMS BY NMDC
Banerjee Shri Ambica

Will the Minister of STEEL be pleased to state:

- (a) whether there has been reports of National Mineral Development Corporation (NMDC) earning huge profits by resorting to monopolistic pricing in an arbitrary manner and passing on the burden towards the end users while benefiting the private iron ore producers;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the private domestic iron ore producers benchmark their iron ore prices based on the NMDC's declared prices on quarterly basis;
- (d) if so, the details thereof;
- (e) whether the Government has received several representations complaining against the unilateral pricing policy adopted by the NMDC; and
- (f) if so, the reaction of the Government thereon and the remedial steps taken/proposed to be taken by the Government in this regard?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a)to(d): No, Madam. Iron ore is in deregulated sector. Prices of iron ore are fixed by the individual companies based on commercial prudence and general market situation. NMDC Limited is one of the many iron ore producers in the country and its share in the country's total production of iron ore is about 16% only. Besides NMDC Limited, there are many other public and private sector iron ore mining companies, which supply iron ore to the iron and steel industry in the country. As per the pricing policy being followed by NMDC Limited since the year 2011-12, the prices of various products of the mines of NMDC Limited in Chhattisgarh are kept in sync with the prevailing domestic iron ore prices. However, iron ore from the mines in the State of Karnataka is presently being sold through e-auction conducted by the Monitoring Committee as per orders of the Supreme Court.

(e)&(f): Some representations have been received in the Ministry of Steel regarding pricing mechanism of NMDC Limited. Being a Navratna Public Sector Enterprise, the commercial and financial decisions of the company are taken by the Board of Directors of NMDC Limited. The issue of pricing of iron ore is decided by the Board of NMDC Limited based on various factors including prevailing general market conditions. The Government generally does not interfere in commercial decisions of the company. However, to improve availability of iron ore to domestic iron and steel industry at affordable price, the Government has increased the export duty on iron ore from 20% ad valorem to 30% ad valorem on all grades of iron ore (except pellets) with effect from 30.12.2011.