

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:5308
ANSWERED ON:29.04.2013
PRICE OF IRON ORE
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Will the Minister of STEEL be pleased to state:

- (a) the details of the price at which the National Mineral Development Corporation (NMDC) has been supplying iron ore in the domestic market along with the details of the price at which iron ore is being exported to Japan during each of the last three years and the current year;
- (b) the details of the methodology being adopted for fixing the price of iron ore for sale in domestic market as well as exporting the same to Japan;
- (c) whether the price realisation from export of iron ore to Japan is less than price realisation from the sale of iron ore in the domestic markets;
- (d) if so, the details thereof and the reasons therefor along with the reaction of the Government thereto; and
- (e) whether any enquiry has been conducted to ascertain the shortcomings in the methodology for calculating the respective selling prices and if so, the findings of such enquiry along with the corrective measures being taken by the Government in the matter?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI BENI PRASAD VERMA)

(a) Iron ore prices of NMDC Limited for domestic market and export market during the last three years are as under:

Period Domestic price {in Rs./tonne on Free on Rail (FOR) mine basis} Export {Price in US \$/DLT-Free on Board (FOB) port basis}

	Baila Lump	Baila Fines	Baila Lump	Baila Fines
2010-11 (Q1)	3781	2924	139.39	122.80
2010-11 (Q2)	4340	3356	170.27	150.02
2010-11 (Q3)	4137	3199	147.63	130.07
2010-11 (Q4)	4353	3366	158.95	140.04
2011-12 (Q1)	4540	2870	No export	No export

2011-12 (Q2) 4600 2880 No export No export

2011-12 (Q3) 5120 3380 No export No export

2011-12 (Q4) 4960 2590 No export No export

2012-13 (Q1) 5480 2800 146.90 135.20

2012-13 (Q2) 6190 3030 153.60 141.38

2012-13 6070 2690 131.93 121.43
(Oct., 12)

2012-13 5380 2610 131.93 121.43
(Nov., 12)

2012-13 5380 2610 131.93 121.43
(Dec., 12)

2012-13 5060 2610 116.57 107.30
(Jan., 13)

2012-13 5060 2610 116.57 107.30
(Feb., 13)

2012-13 4950 2610 116.57 107.30
(Mar., 13)

2013-14 4600 2610 154.78 142.47
(Apr., 13)

(b) Iron ore is in deregulated sector. Prices of iron ore are fixed by the individual companies based on commercial prudence and general market condition. Being a Navratna Public Sector Enterprise, the commercial and financial decisions of NMDC including pricing of iron ore are taken by the Board of Directors of the company.

NMDC's prices for export of iron ore to Japanese Steel Mills are being fixed in accordance with the percentage price increase / decrease as settled between Australian iron ore supplier and Japanese Steel Mills. Whereas, domestic iron ore prices by NMDC is being fixed keeping in view the prevailing iron ore prices in other sectors, demand supply scenario for its iron ore, etc.

(c)&(d) Sales under export agreements are done on Free on Board (FOB) port basis whereas domestic sales are done on Free on Rail (FOR)/ Free on Truck (FOT) mine (Bailadila) basis and as such these two types of prices are not directly comparable.

(e) No. Madam.