

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:983
ANSWERED ON:12.08.2013
PRICE FIXING METHODOLOGY BY NMDC
Deo Shri Kalikesh Narayan Singh

Will the Minister of STEEL be pleased to state:

- (a) the details of the prices of iron ore being exported to other countries particularly Japan and those supplied to steel makers in the domestic market by the National Mineral Development Corporation (NMDC) 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 for exporting the same to Japan;
- (c) whether the price realization from export of iron ore to Japan is less than price realization from the sale of iron ore in the domestic markets and if so, the details thereof and the reasons therefor along with the reaction of the Government thereto;
- (d) whether any inquiry has been conducted to ascertain the shortcomings in the methodology for calculating the respective selling prices; and
- (e) if so, the details thereof along with the findings of the inquiry and the corrective measures taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

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

Period Domestic price Export {Price in US \$ /
{in Rs./tonne on Free on DLT- Free on Board
Rail (FOR) mine basis} (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 - Oct'12	6070	2690	131.93	121.43		
2012-13 - Nov'12	5380	2610	131.93	121.43		
2012-13 - Dec'12	5380	2610	131.93	121.43		
2012-13 -Jan'13	5060	2610	116.57	107.30		
2012-13 - Feb'13	5060	2610	116.57	107.30		
2012-13 -Mar'13	4950	2610	116.57	107.30		
2013-14-Apr'13	4600	2610	154.78	142.47		
2013-14-May'13	4600	2610	154.78	142.47		
2013-14-June'13	4600	2610	154.78	142.47		
2013-14-July'13	4400	2510	142.16	130.84		

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

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

(c) 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.

(d)&(e): Being a Navratna Company, the commercial and financial decisions of NMDC including calculation of selling price are taken by the company.