

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.2124
FOR ANSWER ON 30/08/2012

PRICING METHODOLOGY OF NMDC

2124. DR. JANARDHAN WAGHMARE:

Will the Minister of STEEL be pleased to state:

- (a) whether Government is aware that by way of shifting its pricing methodology, NMDC has earned supra-normal profit compared to the industry average at the cost of domestic steel producers;
- (b) if so, whether Government is also aware that private iron ore producers gets benefited if NMDC prices are kept higher; and
- (c) if so, what action has been taken by Government to rectify the situation?

ANSWER

THE MINISTER OF STEEL

(SHRI BENI PRASAD VERMA)

(a)to(c): Iron ore is in deregulated sector. Accordingly, prices of iron ore are fixed by the individual companies based on quality of the ore, commercial prudence and general market situation. Profits of iron ore companies depend upon a number of factors including quality of iron ore, scale of operation, cost of manpower, taxes, prices, etc. NMDC Limited being a Navratna Public Sector Enterprise, the commercial and financial decisions of the company including issue of prices of its product, are taken by the Board of Directors of NMDC Limited. As per the pricing policy being followed by NMDC Limited since the year 2011-12, 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.
