

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:6303
ANSWERED ON:06.05.2013
MONOPOLISTIC PRICING BY NMDC
Sivaprasad Shri Naramalli

Will the Minister of STEEL be pleased to state:

- (a) whether National Mineral Development Corporation (NMDC) has been resorting to monopolistic pricing in arbitrary manner and passing on the burden towards end users;
- (b) if so, the details thereof and the reasons therefor along with its likely impact on the price of steel in the domestic market;
- (c) whether the said price hike by NMDC have adversely affected the small and the medium steel manufacturers and if so, the details thereof;
- (d) whether the Government have received various representations from the domestic steel manufacturers complaining against the unilateral pricing by the NMDC; and
- (e) if so, the reaction of the Government in this regard along with the steps taken by the Government to address the concerns of the steel manufacturers in the country?

Answer

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

(a)to(c) No, Madam. Iron ore and steel are in deregulated sector. Prices of iron ore and steel are fixed by the individual companies based on commercial prudence and general market condition. NMDC Limited is one of the many iron ore producers in the country. 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, the prices of various products of the mines of NMDC Limited are kept in sync with the prevailing domestic iron ore prices in other sectors. NMDC is fixing its domestic prices keeping in view prevailing iron ore prices in other sectors and demand supply scenario for its iron ore.

(d)&(e) 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 to 30% ad valorem on all grades of iron ore (except pellets).