



NMDC plans 100 mt iron ore output target by 2020-21

With the India's mines ministry directing NDMC to advance its production target by 4 years to produce 100 million tonne of iron ore by 2020-21, NMDC is racing against time to prepare a detailed action plan to achieve it. The company which produced 30 million tonne of iron ore in 2013-14, is faced with the daunting task of expanding output more than 3 fold in less than 5 years with few new mines in hand and some of its existing ones

located in areas prone to Maoist attacks.

Mr. Narendra Kothari chairman of NMDC said that "We are currently preparing a detailed action plan till 2025 to achieve a higher production level. The plan will include details of achieving the target of 100 million tonne of production."

NMDC said that it will expand production by 14 million tonnes by August 2015 from two new mines that are slated to come into production. This includes the 11B

mine at Bailadila deposit in Chhattisgarh and the Kumaraswamy mine in Karnataka both of which have a capacity of 7 million tonne. It is gearing up to jack up output to 48 million tonne next year, with the next step likely to raise output to 65 million tonne. However, the company would require new mining leases to expand its capacity since it has no mining leases for development at present.

Rising freight cost may hit steel firms' profits - A study

The steel industry which is already reeling under high raw material cost and weak demand can be further hit by the sharp rise in railway freight. In the last six months, the logistics charges for the steel industry have gone up by 20 per cent to about Rs 2,400 a tonne, and companies are not able to pass on the incremental cost to the end user due to weak demand. To start with, the Railways increased freight rates by 6.5 per cent to 16.5 per cent in June. A few months back, it withdrew the discount given to transportation of goods on short distance even while increasing the short distance coverage to 125 km from 100 km.

The steel industry, which transports huge quantity of iron ore for less than 20 km from



the mines to plant, was the worst affected. This apart, in November, the Railways levied 10 per cent congestion charge on base rate for moving goods from the ports to steel plants.

The recent increase in freight rates and withdrawal of short distance discounts have boosted railways earnings. Freight handled by railways last month rose 5.6 per cent, while revenue increased 17 per cent to Rs 9,199 crore (Rs 7,880 crore).

According to a senior official of JSW Steel, the steady raise in logistics cost has put additional burden on the steel industry, which is already paying more for iron ore even as prices in the international markets are falling. He further added that logistics cost in India is high compared to other BRIC (Brazil, Russia, India and China) countries. It is up 40-45 per cent when compared to China.