

# NMDC

## Cuts Iron Ore Prices



**N**MDC Limited has reduced prices of iron ore fines by 20 per cent and lumps by 6.1 per cent for 62 per cent Fe grade in a surprise mid-month review of prices. This is the first time in the recent years that NMDC has reduced prices of iron ore in the middle of a month. Till now, it was reviewing prices at the beginning of every month.

With this correction, prices of iron ore fines are reduced by Rs 500 per tonne to Rs 1,960 per tonne and lumps prices are reduced by Rs 200 per tonne to Rs 3,050 per tonne. Earlier this month, the company had rolled over the prices of March to April.

According to industry sources, the move comes after the recent fall in international prices, which are currently ruling at \$49-51 per tonne CFR China basis. Also, the sluggish demand for iron ore by the domestic steel mills has led to the price reduction by NMDC.

The board of directors of NMDC held a meeting recently and decided to reduce prices. When contacted the company secretary refused to comment on the development. However, the company is understood to have communicated to its customers on the price cut. The company is likely to effect another Rs 300 per tonne reduction in the month of May as a step to compete with imported ore. It is estimated that the steel industry imported around 15 million tonnes of iron ore during 2014-15. Also, steel mills are likely to continue their imports during 2015-16 to make use of the availability of high quality ore at a lower cost.

Last year, domestic steel majors such as JSW Steel, Tata Steel and Essar Steel imported iron ore. Among them, JSW Steel imported the highest quantity in the order of 10 million tonnes. Tata Steel imported around 2 million tonnes. Normally, NMDC revises the prices of its produce every month. "Globally, the prices of iron ore have come down drastically. The company has to align our prices with

international prices otherwise imports will go up. Besides, there is a sluggish trend in the offtake of iron ore by the domestic steel mills. In order to avoid inventory pile up at its mines, the company has decided to reduce prices," industry sources said. The last time NMDC took a mid-month review of its prices was in 2003-04.

Lately Assocham had urged the government to reduce iron ore prices by about 25% in order to help domestic steel industry become competitive.

"Asian economies like China, Japan and Korea have become more competitive and are exporting steel to India at throwaway prices due to drop in Platts iron ore index thereby creating huge problem in India and posing threat to survival and sustainability of domestic steel industry," noted the Associated Chambers of Commerce and Industry of India (Assocham) in a communication addressed to Union Steel and Mines Minister Narendra Singh Tomar.

"India's leading iron ore producer, National Mineral Development Corporation (NMDC) is charging 25% higher charges as compared to other iron ore miners based in Odisha which is adversely impacting domestic steel industry," said D S Rawat, national secretary general of Assocham.

"Suppliers from Odisha are offering 63% Fe iron ore fines at the rate of Rs 2,150 per tonne in comparison to Rs 2,340 (together with Rs 351 for royalty) charged by NMDC which is higher by about Rs 500-600 per tonne," Assocham said in its letter.

Moreover, iron ore prices in international market have been dropping continuously and it had also dropped substantially in March this year. "The Platts index in global market has fallen from \$63 per tonne to \$54 per tonne i.e. by Rs 550 per tonne approximately from March 1, 2015 to March 26, 2015," further highlighted the Assocham letter.