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**Cir. No.:073/PVC/CLAR/02**

**12<sup>th</sup> May 2015**

To Members of Conductor and Project T&D division, Subscribers of PV Circulars  
All SEBs, Utilities and other listed Purchasing Organizations

**Sub: PV formula for 'Earth Wire'**

In the recent IEEMA Project T&D division, members decided to adopt Price Variation formula of Power Grid Corporation of India (PGCIL) for 'Earth Wire' with fixed cost weightages of 70 and 10 for Steel and Labour portion respectively.

Steel portion is represented by High Tensile galvanized steel wires which is already being published in IEEMA PV circular for Aluminium Conductors.

Hence, 'Earth Wire' PV formula is being made operational vide monthly PV circular applicable for Aluminium Conductor after adding All India Average Consumer Price Index Number in the circular.

We recommend incorporating this new PV clause in all future tenders starting from 1<sup>st</sup> May 2015.

**Deputy Director General**

Encl.: IEEMA PV clause of 'Earth Wire'



IEEMA(PVC)/EARTHWIRE/2015

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W www.ieema.orgEffective from: 1<sup>st</sup> April 2015**MATERIAL PRICE VARIATION CLAUSE FOR EARTHWIRE**

The price quoted/confirmed for Earthwire is based on the input cost of raw materials as on the date of quotation. It is deemed to be related to the prices of raw materials, as specified in the price variation clauses given below. In case of any variation in these prices, the prices payable shall be subject to adjustment up or down in accordance with the following formula.

$$P = \frac{P_0}{100} \left( 20 + 70 \frac{FE}{FE_0} + 10 \frac{W}{W_0} \right)$$

Wherein,

P = Ex-works price payable as adjusted in accordance with the price variation clause

P<sub>0</sub> = Ex-works price quoted/confirmed

FE<sub>0</sub> = Price of High Tensile Galvanized Steel Wire in Rs./MT of appropriate size  
This price is applicable prevailing as on 1<sup>st</sup> working day of the month one month prior to the date of tender opening.

W<sub>0</sub> = All India average consumer price index number for industrial workers, as published by the Labour Bureau, Ministry of Labour, Govt. of India (Base: 2001 = 100)  
This index number is as applicable on the first working day of the month, three months prior to the date of tender opening.

For example, if tender is opened during June 2015, then the applicable raw material price of Steel Wire (FE<sub>0</sub>) and All India average consumer price index number (W<sub>0</sub>) would be for the month of May 2015 and March 2015 respectively.

The above prices and indices are as published by IEEMA vide monthly PV circular for Aluminium Conductor; currently circulated vide reference number IEEMA (PVC)/AL\_CONDUCTOR\_LME/2014/\_/\_ one month prior to the date of tendering.

FE = Price of High Tensile Galvanized Steel Wire in Rs./MT of appropriate size  
This price is applicable prevailing as on first working day of the month Two months prior to the date of delivery.

W = All India average consumer price index number for industrial workers, as published by the Labour Bureau, Ministry of Labour, Govt. of India (Base: 2001 = 100)  
This index number is as applicable on the first working day of the month, four months prior to the date of delivery.

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For example, if date of delivery falls during December 2015, then the applicable raw material price of Steel Wire (FE) and All India average consumer price index number (W) would be for the month of October 2015 and August 2015 respectively.

The date of delivery is the date on which the Conductor is notified as being ready for inspection/dispatch (in the absence of such notification, the date of manufacturer's dispatch note is to be considered as the date of delivery) or the contracted delivery date (including any agreed extension thereto), whichever is earlier.

**Notes:**

1. All domestic prices of raw materials applicable to excise duty units are exclusive of modvatable excise/CV duty amount and exclusive of any other central, state or local taxes, octroi etc.
2. The price of High tensile Galvanized Steel Wire (in Rs./MT) for different sizes in mm is the price as quoted by a primary producer.

  
**Authorized Signatory**

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