



Indian Electrical & Electronics Manufacturer's Association  
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**Cir. No. 33/PVC/RM/05**

**14<sup>th</sup> Nov 2022**

To Members of Rotating Machines Division, SEBs and other listed purchasing bodies.

**Sub: Revision in Rotating Machines PV formulae**

IEEMA Rotating Machines division members on deep discussion, considering the current manufacturing practices and volatility in raw material prices felt the need for revision in current applicable PV formulae which are effective from 2001 for Rotating Machines with more categories.

IEEMA has collected costing data, lead time for manufacturing etc. from major manufacturers of Rotating Machines and in consultation with division arrived at the draft Price Variation Clauses which were circulated to all stake holders for their review and comments.

After incorporating all the relevant suggestions on the draft formulae we are making these PV Clauses operational from 1<sup>st</sup> September 2022.

Although, these PV clauses are made effective from 1<sup>st</sup> September 2022, practically they can be incorporated in all the current new tenders/contracts starting from 1<sup>st</sup> October 2022.

We request and recommend all the users & stakeholders including Utilities, PSUs etc. to incorporate these new PV formulae in all the new tenders/contracts henceforth.

For pending contracts, for the date of delivery on or after from 1<sup>st</sup> December 2022, to arrive at the final price variation, we recommend using the following two stage method, which is a standard institutionalized methodology adopted by IEEMA for change over in all IEEMA PV clauses.

1. Calculate price variation 'P' from applicable prices/indices as per your base date / date of tendering up to September 2022 i.e. considering all prices/indices published in PV circular of September 2022 at numerator place; using applicable IEEMA PV clause of Rotating Machines which is effective from January 2001.
2. Treat the above calculated 'P' as 'P<sub>0</sub>' and calculate final price variation considering all prices / indices published in PV circular of September 2022 applicable for revised PV clause of Rotating Machines effective from 1<sup>st</sup> September 2022 as base prices/indices (at the denominator place) up to the applicable prices/indices as per the date of delivery; applicable as per revised relevant PV clause of Rotating Machines effective from 1<sup>st</sup> September 2022.

**Director**

proud partners in implementation



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IEEMA/PVC/RM/2022

Effective from: 01 September 2022

**PRICE VARIATION CLAUSE FOR AC / DC ROTATING MACHINERY**

The price quoted/confirmed is based on the cost of raw materials/components, the wholesale price index numbers and labour cost as on the date of quotation and the same is deemed to be related to prices of raw materials, index numbers for wholesale prices and all India average consumer price index number for industrial workers as specified in the price variation clause given below. In case of any variation in these prices and Index numbers, the price payable shall be subject to adjustment up or down in accordance with the following formulae:

(A) LT Cage Motors /Alternators - Frames up to 132

$$P = \frac{P_o}{100} \left( 9 + 26 \frac{C}{C_o} + 25 \frac{S}{S_o} + 9 \frac{AL}{AL_o} + 10 \frac{IS}{IS_o} + 10 \frac{PV}{PV_o} + 11 \frac{W}{W_o} \right)$$

(B) LT Cage Motors/Alternators - Frames 160 and above

$$P = \frac{P_o}{100} \left( 9 + 26 \frac{C}{C_o} + 27 \frac{S}{S_o} + 4 \frac{AL}{AL_o} + 16 \frac{IS}{IS_o} + 9 \frac{PV}{PV_o} + 9 \frac{W}{W_o} \right)$$

(C) Slipring Motors / DC Motors

$$P = \frac{P_o}{100} \left( 9 + 33 \frac{C}{C_o} + 21 \frac{S}{S_o} + 15 \frac{IS}{IS_o} + 9 \frac{PV}{PV_o} + 13 \frac{W}{W_o} \right)$$

(D) HT Motors/Alternators with AL rotor

$$P = \frac{P_o}{100} \left( 9 + 26 \frac{C}{C_o} + 28 \frac{S}{S_o} + 5 \frac{AL}{AL_o} + 10 \frac{IS}{IS_o} + 9 \frac{PV}{PV_o} + 13 \frac{W}{W_o} \right)$$

(E) HT Motors /Alternators with non-AL rotor

$$P = \frac{P_o}{100} \left( 9 + 32 \frac{C}{C_o} + 27 \frac{S}{S_o} + 10 \frac{IS}{IS_o} + 9 \frac{PV}{PV_o} + 13 \frac{W}{W_o} \right)$$

Wherein,

P = Price payable as adjusted in accordance with the above formula.

P<sub>o</sub> = Price quoted/confirmed.

C<sub>o</sub> = Price of CC copper rods (refer notes)  
This price is as applicable for the month, **TWO** month prior to the date of tendering.

S<sub>o</sub> = Price of electrical steel sheets (refer notes).  
This price is as applicable for the month, **ONE** month prior to the date of tendering.

AL<sub>o</sub> = LME CSP Average of Aluminium (refer notes)  
This price is as applicable for the month, **TWO** month prior to the date of tendering.

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- IS<sub>0</sub>** = Wholesale price index number for 'Manufacture of Basic Metals (Base: 2011-12=100) (refer notes)  
 This index number is as applicable for the month, **FOUR** month prior to the date of tendering.
- PV<sub>0</sub>** = Wholesale price index number for 'Manufacture of paints, varnishes and similar coatings, printing ink and mastics' (Base: 2011-12=100) (refer notes)  
 This index number is as applicable for the month, **FOUR** month prior to the date of tendering.
- 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: 2016 = 100)  
 This index number is as applicable for the month, **FOUR** months prior to the date of tendering.

For example, if the date of tendering falls in December 2022, the applicable price of Copper (C<sub>0</sub>) and Aluminium (AL) should be for the month of October 2022, price of electrical steel sheets (S<sub>0</sub>) should be as on 1st November 2022 and wholesale price index numbers for 'Manufacture of Basic Metals' (IS<sub>0</sub>) and for 'Manufacture of paints, varnishes and similar coatings, printing ink and mastics' (PV<sub>0</sub>) and all India average consumer price index number (W<sub>0</sub>) should be for the month of August 2022.

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/RM (R-1)/\_/ **ONE** month prior to the date of tendering.

- C** = Price of CC copper rods (refer notes)  
 This price is as applicable for the month, **THREE** month prior to the date of delivery.
- S** = Price of electrical steel sheets (refer notes).  
 This price is as applicable for the month, **TWO** month prior to the date of delivery.
- AL** = LME CSP Average of Aluminium (refer notes)  
 This price is as applicable for the month, **THREE** month prior to the date of delivery.
- IS** = Wholesale price index number for 'Manufacture of Basic Metals (Base: 2011-12=100) (refer notes)  
 This index number is as applicable for the month, **FIVE** month prior to the date of delivery.
- PV** = Wholesale price index number for 'Manufacture of paints, varnishes and similar coatings, printing ink and mastics' (Base: 2011-12=100) (refer notes)  
 This index number is as applicable for the month, **FIVE** month prior to the date of delivery.





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W = All India average consumer price index number for industrial workers, as published by the Labour Bureau, Ministry of Labour, Govt. of India (Base: 2016 = 100)  
 This index number is as applicable for the month, **FIVE** months prior to the date of delivery.

For example, if the date of delivery falls in March 2023, the applicable price of Copper (C) and Aluminium (AL) should be for the month of December 2022, price of electrical steel sheets (S) should be as on 1<sup>st</sup> January 2023 and wholesale price index numbers for 'Manufacture of Basic Metals' (IS) and for 'Manufacture of paints, varnishes and similar coatings, printing ink and mastics' (PV) and all India average consumer price index number (W) should be for the month of October 2022.

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

## Notes:

- (a) All prices are exclusive of GST amount and exclusive of any other central, state or local taxes etc.
- (b) Date of Tendering is the due date of tender submission or date of tender opening whichever is earlier
- (c) The details of prices are as under:
  1. Price of 8 mm CC copper rods (in Rs/MT) is ex-works price as quoted by the primary producer.
  2. Price of LME average Cash SELLER Settlement price of Primary Aluminium in US\$ per MT as published by London Metal Bulletin (LME) including Premium for Aluminium Ingot in US\$ per MT is converted in Indian Rs./MT using exchange rate and adding appropriate customs duty.
  3. The wholesale price index numbers for 'Manufacture of Basic Metals' and for 'Manufacture of paints, varnishes and similar coatings, printing ink and mastics' are as published by the Office of Economic Advisor, Ministry of Industry, Govt. of India, New Delhi with base 2011-12 = 100.
  4. Price of electrical steel sheets is calculated based on stamping prices

**Authorised Signatory**

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