



Cir. No. 203/DIV/SWG/05

24th June 2002

To All members of Switchgear Division (Battery Charger mailing list)
Members on Charge PVC mailing list for Battery Charger
SEBs and listed purchasing organizations

Sub : Re-issue of basic prices/indices circulars for Battery Charger Equipment

IEEMA has been facing difficulties in receiving prices for steel on regular basis. Price circulars for Battery Charger Equipment were held up since January 2002 due to same difficulties.

It was necessary to evolve permanent, rational solution uniform applicable to all products wherever steel prices are used. After discussing with different product divisions and the approval of Executive Council; IEEMA is pleased to inform all users and manufacturers the following solution to resolve this problem.

1. Replace steel prices with wholesale price index of 'Iron and Steel (base: 1993-94=100)' since it has been observed over a period that the trend of this index is in line with market conditions.
2. Issue Revision 1 to existing price variation clauses of 'Battery Charger Equipment' incorporating wholesale price index of 'Iron and Steel (base: 1993-94=100)' in place of respective steel prices.
3. Publish fresh basic prices/indices circulars from June 2000.

Accordingly; we are enclosing herewith following documents for your reference perusal.

A. Revision 1 price variation clauses listed as under:

- IEEMA(PVC)/BTR-CHRG/2001 (R-1) Effective from 1st January 2002

B. Applicable basic prices/indices circulars to the above price variation clauses for the period June 2000 to December 2000, January 2001 to December 2001 and January 2002 to June 2002 vide reference as under:

- IEEMA(PVC) BTR (R)/JUNE – DECEMBER/2000 dated 24.06.2002
- IEEMA(PVC) BTR (R)/CONSOLIDATED/2001 dated 24.06.2002
- IEEMA(PVC)/ BTR (R)/JANUARY - JUNE/2002 dated 24.06.2002

Our guidelines for application of these new indices/PV clauses is as under:

I. Pending Orders for execution

A. Orders booked prior to June 2000

- ◆ Use applicable price variation clause of Battery Charger Equipment (effective from 1st July, 1994) and applicable prices/indices to this clause to calculate price 'P' from quoted base date up to June 2000
- ◆ Treat above calculated 'P' as 'P₀' and calculate final price variation from June 2000 up to your actual date of delivery using applicable price variation clause from above list under reference A and applicable prices and indices from above list under reference B

B. For Orders booked/quoted after June 2000 (Partly or fully)

- ◆ Consider base indices for a month given in enclosed circulars listed under reference B
- ◆ Calculate price variation using revised PV clauses enclosed; listed under reference A
- ❖ Do not use this procedure for settled claims.

II. Orders booked but not finalized

- Replace applicable PV clause of Battery Charger Equipment with enclosed revised PV clause listed under reference A and replace respective base prices and indices for revised PV clause listed under reference B.

III. For New Tenders

- Incorporate revised PV clauses in all future tenders.

Similar circulars are being issued for all other products, which were affected due to above-mentioned problem.



Assistant Secretary General

Encl: PV clauses as per reference A and applicable circulars as per reference B



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IEEMA/PVC/BTR-CHRG/2001 (R-1)

Effective from : 1st January, 2002

PRICE VARIATION CLAUSE FOR BATTERY CHARGER EQUIPMENT

The price quoted/confirmed is based on the input cost of raw material and labour cost as on the date of quotation and the same is deemed to be related to the index number for Battery Charger Equipment 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 index numbers, the price payable shall be subject to adjustment up or down in accordance with the following formula:

$$P = \frac{P_0}{100} \left(20 + 50 \frac{\text{IN-BTR-CHRG}}{\text{IN}_0\text{-BTR-CHRG}} + 30 \frac{W}{W_0} \right)$$

Wherein,

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

P₀ = Price quoted/confirmed.

IN₀-BTR-CHRG =

Index number for battery charger equipment based on relative prices and weightages (as given in brackets) of C.C. copper rods (30), electrical steel laminations (10) and whole-sale price index of 'Iron and Steel' (10), calculated considering their values as on 1st June 2000 as base equal to 100 (refer notes).

This index number is as applicable on the first working day of the month, one month prior to the date of tendering.

W₀ = All India average consumer price index number for industrial workers, as published by the Labour Bureau, Ministry of Labour, Govt. of India (Base 1982 = 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 May 2001 the applicable index number for battery charger equipment (IN₀-BTR-CHRG) should be that prevailing as on 1st April 2001 and the applicable all India average consumer price index number (W₀) should be for the month of January 2001.

The above indices are as published by IEEMA vide IEEMA circular reference number IEEMA(PVC)/BTR/_/_ prevailing as on first working day of the month..... i.e., one month prior to the date of tendering.

IN - BTR CHRG =

Index number for battery charger equipment based on relative prices and weightages (as given in the brackets) C.C. copper rods (30) electrical steel laminations (10) and wholesale price index of 'Iron and Steel' (10), Calculated considering their values as on 1st June 2000 as base equal to 100 (refer notes).

This index number is as applicable on the first working day of the month, one month prior to the date of delivery.

W = All India average consumer price index number for industrial workers (base 1982 = 100) as published by Labour Bureau, Ministry of Labour, Govt. of India.

This index number is as applicable for the month, four months prior to the date of delivery.

IEEMA/PVC/BTR-CHRG/2001 (R-1)

Effective from : 1st January, 2002

For example, if the date of delivery in terms of clause given below falls in December 2001, the applicable index number for battery charger equipment (IN-BTR-CHRG) should be that as published by IEEMA as prevailing on 1st November 2001 and the applicable all India average consumer price index number (W) should be for the month of August 2001.

The "date of delivery" is the date on which the battery charger 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 of raw materials considered for arriving at the index number for battery charger equipment are exclusive of modvatable excise duty and exclusive of any other central, state or local taxes, octroi etc.

(b) All prices are as on 1st working day of the calender month.

(c) The details of the prices considered for index number for battery charger equipments are as under:

- 1) The price of C.C. copper rod (in Rs/MT) is the ex-works price of a primary producer of copper.
- 2) The price of laminations (in Rs/kg) is the average of the ex-works price as quoted by the two manufacturers for CRGO plain strip transformer lamination with an area between 301 and 1000 sq. cm produced from M4 Grade (41) steel, fully processed and stress-relief annealed.
- 3) The wholesale price index number for 'Iron and Steel' is as published by the office of Economic Advisor, Ministry of Industry, Govt. of India, New Delhi, with base 1993-94 = 100. This wholesale price index is being published weekly on provisional basis. However, the same gets finalised after eight weeks and is normaly available after two months. Therefore, we are considering in our calculations this final index published by Economic Advisor for the first Saturday of the months two months prior to the date of which the prices of other raw materials are considered.

For example, for calculating index number for battery charger equipment on first day of the month of October, the basic prices of copper rods, electrical steel lamination are to be considered as on first working day of October and the wholesale price index number for 'Iron and Steel' is to beconsidered as published by Economic Advisor for the first week ending Saturday of the month of August.

For Indian Electrical & Electronics Manufacturers' Association



Authorised Signatory