



Your Link to Electricity

Cir. No.: 40/DIV/PRJ/05

24th February 2006

**To all members of Projects and Transmission Line Tower Division
To all State Electricity Boards, Utilities and Other Purchasing organizations**

Sub: Price variation clauses for 'Civil Works and Erection'

Members may recall that we had circulated 'Draft' Price variation clauses for 'Civil Works and Erection' vide our Circular No. 185/DIV/PRJ/05 dated 27th May 2005 and Circular No. 458/DIV/DIV/PRJ/05 dated 19th December 2005. We did not receive any comments/suggestions on this draft. As such Project division has decided to make them operational.

Accordingly, we are enclosing new Price variation clause for 'Civil Works and Erection' associated with the Electrical Contract for Transmission and Distribution Projects; effective from 1st April 2005.

In this PV clause, 3 different formulae have been prepared for 'Concreting', 'Reinforced & other Steel works' and 'Erection (Excluding Reinforced and other steel works and concreting)'.

Members have decided to use Wholesale indices as published by Economic Advisor, Ministry of Industry, Govt. of India and Labour index, Labour bureau, Simla to represent prices for various raw materials.


Executive Officer

Encl: as above

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Indian Electrical & Electronics Manufacturers' Association
An ISO 9001 Organisation

Price variation clause for 'Civil Works and Erection' associated with the Electrical Contract for Transmission and Distribution Projects

The prices quoted/confirmed is based on the input cost of raw materials/components and labour cost as on the date of quotation and the same is deemed to be related to wholesale price index numbers for related commodities and all India average consumer price index number for industrial workers as specified in the price variation clauses 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 formulae:

1. Price variation formula for 'Concreting'

$$P = \frac{P_0}{100} \left(20 + 20 \frac{HSD}{HSD_0} + 30 \frac{C}{C_0} + 20 \frac{SC}{SC_0} + 10 \frac{W}{W_0} \right)$$

2. Price variation formula for 'Reinforced and other steel works'

$$P = \frac{P_0}{100} \left(20 + 65 \frac{IS}{IS_0} + 10 \frac{HSD}{HSD_0} + 05 \frac{W}{W_0} \right)$$

3. Price variation formula for 'Erection (Excluding Reinforced and other steel works and concreting)'

$$P = \frac{P_0}{100} \left(20 + 22 \frac{HSD}{HSD_0} + 58 \frac{W}{W_0} \right)$$

Wherein,

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

P₀ = Price quoted/confirmed

HSD₀ = Wholesale price index number for 'High Speed Diesel Oil' (Base: 1993-94=100) (refer notes)

This index number is as applicable for the week ending 1st Saturday of the month, one month prior to the date of tendering.

C₀ = Wholesale price index number for 'Cement' (Base: 1993-94=100) (refer notes)

This index number is as applicable for the week ending 1st Saturday of the month, one month prior to the date of tendering.

SC₀ = Wholesale price index number for 'Structural Clay products' (Base: 1993-94=100)(refer notes)

This index number is as applicable for the week ending 1st Saturday of the month, one month prior to the date of tendering.

IS₀ = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)

This index number is as applicable for the week ending 1st Saturday of the month, one month prior to the date of tendering.

IEEMA/PVC/CW-ER/2005/1/2

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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 on the first working day of the month, one month prior to the date of tendering.

For example, if date of tendering falls in May 2005, the applicable Wholesale price indices (HSD₀, C₀, SC₀ and IS₀) should be for the week ending first Saturday of April 2005 and all India average consumer price index number (W₀) should be for the month of April 2005.

The above prices and indices are as published by IEEMA vide circular reference IEEMA (PVC)/CW-ER /_/_ prevailing as on first working day of the month of tendering.

HSD = Wholesale price index number for 'High Speed Diesel Oil' (Base: 1993-94=100) (refer notes)

This index number is as applicable for the week ending 1st Saturday of the month, one month prior to the date of joint inspection and completion certificate.

C = Wholesale price index number for 'Cement' (Base: 1993-94=100) (refer notes)

This index number is as applicable for the week ending 1st Saturday of the month, one month prior to the date of joint inspection and completion certificate.

SC = Wholesale price index number for 'Structural Clay products' (Base: 1993-94=100)(refer notes)

This index number is as applicable for the week ending 1st Saturday of the month, one month prior to the date of joint inspection and completion certificate.

IS = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)

This index number is as applicable for the week ending 1st Saturday of the month, one month prior to the date of joint inspection and completion certificate.

W = 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 on the first working day of the month, one month prior to the date of joint inspection and completion certificate.

For example, if date of joint inspection and completion certificate falls in December 2005, the applicable Wholesale price indices (HSD, C, SC and IS) should be for the week ending first Saturday of November 2005 and all India average consumer price index number (W) should be for the month of November 2005.

Date of completion of work is the date notified by the contractor for carrying out joint inspection of the work completed or contracted completion date; whichever is earlier.

Notes: The wholesale price index numbers for 'High speed diesel oil', 'Cement', 'Structural clay products' and 'Iron & Steel' are 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 numbers are being published weekly on provisional basis. The same gets finalized after eight weeks and is available after two months.


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