



Indian Electrical & Electronics Manufacturers' Association

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Cir. No.08/DIV/LIFT/05

03/01/2001

To: All Members of Lift Division.
Members on the CHRG PVC mailing list for Lift.
SEBS & Listed Purchasing Organization.

Sub: Updated price variation clauses for
1) Elevators Works Contracts
2) Non Comprehensive Maintenance Contracts for Elevators/Escalators
3) Comprehensive Maintenance Contracts for Elevators/Escalators
all effective from 1st January 2001.

You are aware that the work of updating IEEMA Price Variation Clauses was under taken during last 18 months. We had circulated drafts of updated clauses highlighting the modifications being carried out requesting users to send their comments.

This exercise was proposed to bring the uniformity in IEEMA's price variation clauses and to amend the workings of the existing clauses giving correct references to the basic prices and indices considered for calculations.

We are now please to enclosed a copy of this updated price variation clause effective from **1st January 2001** for your reference and perusal.

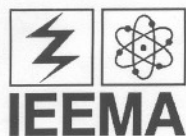
From **1st January 2001 onwards**, we request you to kindly incorporate these clauses in all your future tenders/contracts.

We will issue the indices applicable to this clause in our standard format every month giving reference to this updated clause. To enable users to claim variation on this basis of earlier clause, we will be circulating the indices applicable to the said earlier clause up to December 2001 only.

We request members to kindly make note of this.

Sr. Executive Officer

Nr/ppt/c:pooja\ pvcclause final



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IEEMA/PVC/EL-ES/NCM/2001

Effective from : 1st January, 2001

PRICE VARIATION CLAUSE FOR NON COMPREHENSIVE MAINTENANCE CONTRACTS FOR ELEVATORS / ESCALATORS

The price of non-comprehensive maintenance contracts for elevators / escalators is to be revised at the end of one year period on the basis of the following variation formula :

$$P = \frac{P_0}{100} \left(15 + 75 \frac{W}{W_0} + 10 \frac{FP}{FP_0} \right)$$

Wherein,

P = Revised price payable in accordance with the above formula.

P₀ = Previous year's confirmed price for the maintenance contract.

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, six months prior to the date of commencement of previous year's contract.

FP₀ = The final wholesale price index number for fuel, power, light and lubricants is as published by the office of the economic advisor, Ministry of Industry, Government of India (refer notes).

This index number is as applicable on the 1st Saturday of the month, six months prior to the date of commencement of previous year's contract.

For example, for the contract period 1st January 2002 to 31st December 2002, the applicable (P₀) should be the confirmed contract price for the period 1st January, 2001 to 31st December 2001. (W₀) should be for the month of July 2000 and (FP₀) should be as on 1st Saturday of the month of July 2000, which would appear in the circular issued for the month of October 2000.

The above indices are as published by IEEMA vide circular reference number IEEMA(PVC)/EL-ES/_/_ prevailing as on first working day of the month i.e., one month prior to the date of commencement of previous year's contract.

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

This index number is as applicable for the month, six months prior to the date of commencement of the revised contract.

FP = The final wholesale price index number for fuel, power, light and lubricants as published by the office of the economic advisor, Ministry of Industry, Government of India (refer notes).

This index number is as applicable on the 1st Saturday of the month, six months prior to the date of commencement of the revised contract.

For example, for the contract period from 1st January 2002 to 31st December 2002, the applicable index numbers (W) should be for the month of July 2001 and applicable wholesale price index number (FP)

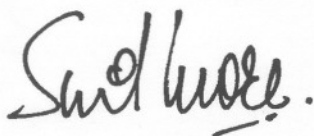
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should be for the week ending 1st Saturday of July 2001, which would appear in the circular issued for the month of October 2001.

- Notes:
- a) Wholesale price index number for fuel, power, light and lubricant is as published by the office of Economic adviser, Ministry of Industry, Govt. of India with base 1993-94 = 100. This wholesale price index is being published weekly, on provisional basis. However the same gets finalised after 8 weeks and is normally available after two / three months. (Therefore we are considering in our circular this final index published by the economic adviser for the 1st Saturday of the month.)
 - b) The sole purpose of the above stipulation is to arrive at the amount of the entire contract under the various situations. The above stipulation do not indicate any intentions to sale material under this contract as movables.
 - c) The indices FP and W are regularly published by IEEMA in monthly basic price circulars based on information bulletins from the authorities mentioned.

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PRICE VARIATION CLAUSE FOR COMPREHENSIVE MAINTENANCE CONTRACTS FOR ELEVATORS / ESCALATORS

The price of comprehensive maintenance contracts for elevators / escalators is to be revised at the end of one year period on the basis of the following variation formula :

$$P = \frac{P_0}{100} \left(15 + 50 \frac{W}{W_0} + 25 \frac{MP}{MP_0} + 10 \frac{FP}{FP_0} \right)$$

Wherein,

P = Revised price payable in accordance with the above formula.

P₀ = Previous year's confirmed price for the maintenance contract.

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, six months prior to the date of commencement of previous year's contract.

MP₀ = The final wholesale price index number for metal products as published by the office of the economic advisor, Ministry of Industry, Government of India (refer notes).

This index number is as applicable on the 1st Saturday of the month, six months prior to the date of commencement of previous year's contract.

FP₀ = The final wholesale price index number for fuel, power, light and lubricants as published by the office of the economic advisor, Ministry of Industry, Government of India (refer notes).

This index number is as applicable on the 1st Saturday of the month, six months prior to the date of commencement of previous year's contract.

For example, for the contract period 1st January 2002 to 31st December 2002, the applicable (P₀) should be the confirmed contract price for the period 1st January, 2001 to 31st December 2001. (W₀) should be for the month of July 2000, (MP₀) and (FP₀) both should be as on 1st Saturday of the month of July 2000, which would appear in the circular issued for the month of October 2000.

The above indices are as published by IEEMA vide circular reference number IEEMA(PVC)/EL-ES/_/_ prevailing as on first working day of the month i.e., one month prior to the date of commencement of previous year's contract.

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

This index number is as applicable for the month, six months prior to the date of commencement of the revised contract.

MP = The final wholesale price index number for metal products as published by the office of the economic advisor, Ministry of Industry, Government of India (refer note).

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This index number is as applicable on the 1st Saturday of the month, six months prior to the date of commencement of the revised contract.

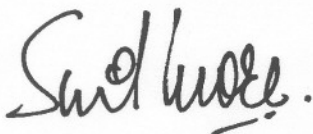
FP = The final wholesale price index number for fuel, power, light and lubricants as published by the office of the economic advisor, Ministry of Industry, Government of India (refer notes).

This index number is as applicable on the 1st Saturday of the month, six months prior to the date of commencement of the revised contract.

For example, for the contract period from 1st January 2002 to 31st December 2002, the applicable index numbers (W) should be for the month of July 2001 and applicable wholesale price index number (MP) and (FP) both should be for the week ending 1st Saturday of July 2001, which would appear in the circular issued for the month of October 2001.

- Notes:
- a) Wholesale price index number for metal products and for fuel, power, light and lubricant are as published by the office of Economic adviser, Ministry of Industry, Govt. of India with base 1993-94 = 100. These wholesale price index numbers are being published weekly, on provisional basis. However the same gets finalised after 8 weeks and are normally available after two / three months. (Therefore we are considering in our circular only this final index published by the economic adviser for the 1st Saturday of the month.)
 - b) The sole purpose of the above stipulation is to arrive at the amount of the entire contract under the various situations. The above stipulation do not indicate any intentions to sale material under this contract as movables.
 - c) The indices MP, FP and W are regularly published by IEEMA in monthly basic price circulars based on information bulletins from the authorities mentioned.

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PRICE VARIATION CLAUSE FOR ELEVATOR WORKS CONTRACTS

The price 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 prices and the wholesale price index numbers for metal products and all India average consumer price index number for industrial workers as specified in the price variation clause give below. In case of any variation in these indices, the price payable shall be subject to adjustment up or down, in accordance with the following formula:

$$P = \frac{P_0}{100} \left(15 + 55 \frac{MP}{MP_0} + 15 \frac{W_0(D)}{W_0} + 15 \frac{W_0(I)}{W_0} \right)$$

Wherein,

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

P₀ = Price quoted/confirmed.

MP₀ = Wholesale price index number for metal products (refer notes).

This index number is as applicable on the 1st Saturday of the month, four months 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 the month of May 2001, the applicable wholesale price index number for metal products (MP₀) and all India average consumer price index number (W₀) should be for the month of January 2001, which would appear in the circular issued for the month of April 2001.

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

MP = Wholesale price index number for metal products (refer notes).

This index number is as applicable on the 1st Saturday of the month, four months prior to the date of delivery.

W₀(D) = All India average consumer price index number for industrial workers, (base 1982 = 100), is 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 of manufactured material.

W₀(I) = All India average consumer price index number for industrial workers, (base 1982 = 100), is 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 completion of installation work / progress part of installation work.

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Effective from : 1st January, 2001

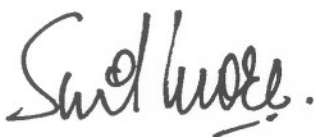
For example, if the date of delivery in terms of clause given below falls in December 2001, the applicable wholesale price index number (MP) and all India average consumer price index number ($W_0(D)$) should be for the month of August 2001 (which would appear in the circular issued for the month of November 2001). If the date of completion of installation (part of installation) is June 2002 the applicable ($W_0(I)$) should be for the month of February 2002 (which would appear in the circular issued for the month of May 2002).

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

The date of completion of installation (or progress part of installation) is the date on which the work is notified as being completed and is available for inspection in the absence of such notification, the date of manufacturers' note intimating such completion is to be considered as the crucial date or the contracted completion date for such installation or part of installation (including any agreed extension thereto) whichever is earlier.

- Note :
- a) Wholesale price index number for metal products is as published by the office of Economic adviser, Ministry of Industry, Govt. of India with base 1993-94 = 100. This wholesale price index is being published weekly, on provisional basis. However the same gets finalised after 8 weeks and is normally available after two months. (Therefore we are considering in our circular only this final index published by the economic adviser for the 1st Saturday of the month.)
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