



Indian Electrical & Electronics Manufacturers' Association

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To All members of Insulators division
Members on Charge PVC mailing list for Insulators
SEBs and listed purchasing organizations

Sub: New Price variation clause for 'Insulators'

We had circulated 'Draft' Price variation clause for 'Insulators' vide our Circular No. 85/DIV/INSU/05 dated 04th March 2003. As no comments are received, we are making this PV clause as final and operational effective from 1st April 2003.

We are enclosing herewith above price variation clause and applicable indices from January 2003 to March 2003 for your reference and perusal.

We will continue to publish index of insulators of base Jan. 1979=100 till December 2003 along with the index of insulators with new base Jan. 2003=100.

Our guidelines for application of this new indices/PV clause for orders where old PV clause of Insulators was used; are as under:

A. Pending Orders for execution booked prior to April 2003 and executed beyond December 2003

- ♦ Use price variation clause of 'Insulators' (effective from 1st April, 1980) and applicable prices/indices to this clause to calculate price 'P' from quoted base date up to December 2003.
- ♦ Treat above calculated 'P' as 'P₀' and calculate final price variation from December 2003 up to your actual date of delivery using new price variation clause of 'Insulators' (effective from 1st April, 2003) and applicable prices and indices to this new clause.

B. For Orders booked/quoted after April 2003 (Partly or fully) and for New Tenders

- Incorporate this new PV clause in orders booked/tenders quoted after April 2003 and for all future tenders

Assistant Secretary General

Encl: as above

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IEEMA/PVC/INSLR/2003

Effective from : 1st April, 2003

PRICE VARIATION CLAUSE FOR INSULATORS

The price quoted/confirmed is based on the cost of raw material and labour cost as on the date of quotation and the same is deemed to be related to the price of zinc, index number for Insulators 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:

$$P = \frac{P_0}{100} \left(15 + 5 \frac{Zn}{Zn_0} + 53 \frac{IN-INSLR}{IN_0-INSLR} + 27 \frac{W}{W_0} \right)$$

Wherein,

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

P₀ = Price quoted/confirmed.

Zn₀ = Price of electrolytic high grade zinc (refer notes).

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

IN₀-INSLR = Index number for Insulators based on relative prices and weightages (as given in brackets) of Wholesale price index number for Fuel, Power, Light and Lubricants (28), Wholesale price index number for Basic Metals, Alloys and Metal Products (15), Wholesale price index number for Wood and Wood Products (6) and Ball Clay (4) calculated considering their values as on 1st January 2003 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 three months prior to the date of tendering.

For example, if the date of tendering falls in May 2003, price of Zinc and the applicable index number for Insulators (IN₀-INSLR) should be that prevailing as on 1st April 2003 and the applicable all India average consumer price index number (W₀) should be for the month of February 2003.

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

Zn = Price of electrolytic high grade zinc (refer notes).

This price is as applicable on the first working day of the month, two months prior to the date of delivery.

IN - INSLR = Index number for Insulators based on relative prices and weightages (as given in brackets) of Wholesale price index number for Fuel, Power, Light and Lubricants (28), Wholesale price index number for Basic Metals, Alloys and Metal Products (15), Wholesale price index number for Wood and Wood Products (6) and Ball Clay (4) calculated considering their values as on 1st January 2003 as base equal to 100 (refer notes).

IEEMA/PVC/INSLR/1/2

IEEMA/PVC/INSLR/2003

Effective from : 1st April, 2003

This index number is as applicable on the 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 (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.

For example, if the date of delivery in terms of clause given below falls in December 2003, price of Zinc and the applicable index number for Insulators (IN-INSLR) should be that as published by IEEMA as prevailing on 1st October 2003 and the applicable all India average consumer price index number (W) should be for the month of August 2003.

The "date of delivery" is the date on which the Insulator 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 Insulators are exclusive of modvatable excise duty and exclusive of any other central, state or local taxes, octroi etc.

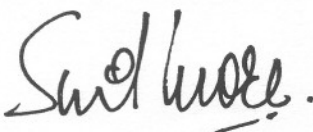
(b) All prices are as on 1st working day of the calendar month.

(c) The details of the prices considered are as under:

- 1) The price of electrolytic high grade zinc (in Rs/MT) is ex-works price as quoted by the primary producer of zinc.
- 2) The price of ball clay (in Rs/Kg) is the average price of 'N-1' type ball clay as quoted by the two manufacturers.
- 3) The wholesale price index numbers for 'Fuel, Power, Light and Lubricants', 'Basic Metals, Alloys and Metal Products' and 'Wood and Wood Products' are as published by the office of Economic Advisor, Ministry of Industry, Govt. of India, New Delhi, with base 1993-94 = 100. These wholesale price indices are being published weekly on provisional basis. However, the same get finalised after eight weeks and are normally available after two months. Therefore, we are considering in our calculations these final indices published by Economic Advisor for the first Saturday of the months two months prior to the date of which the price of Ball Clay and Zinc is considered.

For example, for calculating index number for Insulators on first working day of the month of October, the basic prices of zinc and ball clay are to be considered as on first working day of October and the wholesale price indices for 'Fuel, Power, Light and Lubricants', 'Basic Metals, Alloys and Metal Products' and 'Wood and Wood Products' are to be considered as published by Economic Advisor for the first week ending Saturday of the month of August.

For Indian Electrical & Electronics Manufacturers' Association



Authorised Signatory