



Indian Electrical & Electronics Manufacturers' Association

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**To: All Members of Rotating Machinery Division.
Members on the CHARG PVC mailing list for Rotating Machinery.
SEBS & Listed Purchasing Organization.**

Sib: New price variation clause for AC/DC Rotating Machinery effective from 1st January 2001.

You are aware that the work of updating / revision of all IEEMA Price Variation clauses was under taken during last 18 months. We had circulated drafts of revised / 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 the revised price variation clause for AC/DC Rotating Machinery 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 user to claim variation on this basis of earlier clause, we will be circulating the indices applicable to the said earlier clause upto December 2001 only.

We request members to kindly make note of this.

Sr. Executive Officer

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IEEMA/PVC/RM/2001

Effective from : 1st January, 2001

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 formula:

(A) For Rotating Machines **upto frame size 315.**

$$P = \frac{P_0}{100} \left(16 + 14 \frac{C}{C_0} + 24 \frac{S}{S_0} + 18 \frac{IS}{IS_0} + 8 \frac{PV}{PV_0} + 20 \frac{W}{W_0} \right)$$

(B) For Rotating Machines **of Frame size 355 and above.**

$$P = \frac{P_0}{100} \left(16 + 24 \frac{C}{C_0} + 20 \frac{S}{S_0} + 7 \frac{IS}{IS_0} + 8 \frac{PV}{PV_0} + 25 \frac{W}{W_0} \right)$$

Wherein,

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

P₀ = Price quoted/confirmed.

C₀ = Average LME settlement price of copper wire bars (refer notes).

This price is as applicable for the month, two months prior to the date of tendering.

S₀ = Price of electrical steel sheets (refer notes).

This price is as applicable for the month, one months prior to the date of tendering.

IS₀ = Wholesale price index of "Iron and steel" (refer notes).

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

PV₀ = Wholesale price index of "paints, varnishes and lacquers" (refer notes).

This index number is as applicable for 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 May 2001, the applicable LME average settlement price of copper wire bars (C₀) should be for the month of March 2001, price of electrical steel sheets (S₀) should be as on 1st April 2001 and wholesale price index numbers for iron and steel (IS₀) and for paints, varnishes and lacquers (PV₀) should be for the week ending 1st Saturday of the month of January 2001 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.

IEEMA/PVC/RM/2001

Effective from : 1st January, 2001

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

- C = Average LME settlement price of copper wire bars (refer notes). This price is as applicable for the month, three months prior to the date of delivery.
- S = Price of electrical steel sheets (refer notes). This price is as applicable for the month, two months prior to the date of delivery.
- IS = Wholesale price index of "Iron and steel" (refer notes).
This index number is as applicable for the 1st Saturday of the month, five months prior to the date of delivery.
- PV = Wholesale price index of "paints, varnishes and lacquers" (refer note).
This index number is as applicable for the 1st Saturday of the month, five months prior to the date of delivery.
- 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 for the month, five months prior to the date of delivery.

For example, if the date of delivery in terms of clause given below falls in December 2001 the applicable price of copper wire bars (C) should be for the month of September 2001, prices of stampings (S) should be as prevailing on 1st October 2001 and wholesale price index numbers for iron and steel (IS), for paints, varnishes and lacquers (PV) and all India average consumer price index number (W) should be for the month of July 2001, which would appear in the circular issued for the month of October 2001.

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 of raw materials are exclusive of modvatable excise/CV duty amount and exclusive of any other central, state or local taxes, octroi etc.

(b) All prices are as on first working day of the month.

(c) The details of prices are as under:

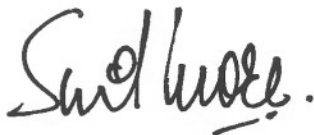
1. The LME price of copper wire bars (in Rs/MT) is the LME average settlement price of copper wire bars for the month which is one month prior to the month of the circular converted into rupees with IEEMA Bankers' exchange rate prevailing as on first working day of the subsequent month. This price is the landed cost, inclusive of customs duty only but exclusive of counter vailing duty.
2. The price of electrical steel (in Rs/kg) is the ex-works price of CRNGO electrical steel sheets of M45, C-6 coated, prime quality sheet quoted by a steel plant.

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3. The index numbers of "Iron and Steel" and of "Paints, Varnishes and Lacquers" are as published by the Office of the Economic Adviser, Ministry of Industry, Govt. of India in their weekly bulletin "Index Number of Wholesale Prices in India" 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 is normally available after two months. (Therefore we are considering in our circular only these final index numbers published by the economic adviser for the 1st Saturday of the month two months prior to the date for which the price of steel is published for the corresponding month).

For Indian Electrical & Electronics Manufacturers' Association



Authorised Signatory