

Cir. No. 202/DIV/SWG/05

24th June 2002

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

Sub : Re-issue of basic prices/indices circulars for Switchgear

IEEMA has been facing difficulties in receiving prices for steel on regular basis. Price circulars for Switchgear 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 'Switchgear' 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)/SWGR/2001 (R-1) Effective from 1st January 2002
- IEEMA(PVC)/SWGR (ABOVE 36 KV)/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) SWGR (R)/JUNE – DECEMBER/2000 dated 24.06.2002
- IEEMA(PVC) SWGR (R)/CONSOLIDATED/2001 dated 24.06.2002
- IEEMA(PVC)/ SWGR (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 Switchgear and Control gear (effective from 1st May, 1988 and HT Switchgear-Above 36 KV effective from 1st April 1993) 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 Switchgear 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



Indian Electrical & Electronics Manufacturers' Association

501, Kakad Chambers, 132, Dr. Annie Besant Road, Worli, Mumbai 400 018.

Tel: +91 (0) 22 493 6528, 493 6529 • Fax: +91 (0) 22 493 2705.

E-Mail: mumbai@ieema.org • website: <http://www.ieema.org>

IEEMA/PVC/SWGR/2001 (R-1)

Effective from : 1st January, 2002

PRICE VARIATION CLAUSE FOR SWITCHGEAR AND CONTROLGEAR

The price quoted/confirmed is based on the cost of raw materials/components and labour cost as on the date of quotation and the same is deemed to be related to prices of raw materials / components 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 number, the price payable shall be subject to adjustment up or down in accordance with the following formula:

$$P = \frac{P_0}{100} \left(25 + 17 \frac{IS}{IS_0} + 18 \frac{C}{C_0} + 10 \frac{Al}{Al_0} + 13 \frac{In}{In_0} + 17 \frac{W}{W_0} \right)$$

Wherein,

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

P₀ = Price quoted/confirmed.

IS₀ = Wholesale price index of 'Iron and Steel' (base: 1993-94 = 100) (refer notes).

This index is as applicable on the first week ending Saturday of the month, three months prior to the date of tendering.

C₀ = Price of electrolytic copper wire bars (refer notes).

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

Al₀ = Price of busbar grade aluminium (refer notes).

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

In₀ = Price of phenolic moulding powder for switchgear and controlgear of medium/lower voltage (upto 650 volts) or price of epoxy resin for HT switchgear (above 650 volts) (refer notes).

This price 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 prices of electrolytic copper wire bars (C₀), busbar grade aluminium (Al₀) and insulating material (In₀) should be for the month of April 2001 and wholesale price index of 'Iron and Steel' (IS₀) should be for the first week ending Saturday of February 2001 and all India average consumer price index number (W₀) should be for the month of January 2001.

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

IS = Wholesale price index of 'Iron and Steel' (base: 1993-94 = 100) (refer notes).

This index is as applicable on the first week ending Saturday of the month, four months prior to the date of delivery.

C = Price of electrolytic copper wire bars (refer notes).

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

IEEMA/PVC/SWGR/2001 (R-1)

Effective from : 1st January, 2002

- Al = Price of busbar grade aluminium (refer notes).
This price is as applicable on the first working day of the month, two months prior to the date of delivery.
- In = Price of phenolic moulding powder for switchgear and controlgear of medium/lower voltage (upto 650 volts) or price of epoxy resin for HT switchgear (above 650 volts) (refer notes).
This price 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, 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 raw materials viz: C, Al and In should be for the month of October 2001 and wholesale price index of 'Iron and Steel' (IS) should be for the first week ending Saturday of August 2001 all India average consumer price index number (W) should be for the month of July 2001.

The "date of delivery" is the date on which the switchgear 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.

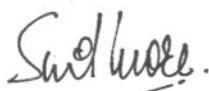
Notes: (a) All prices of raw materials are exclusive of modvatable excise/CV duty amount and exclusive of any other central, state or local taxes, octroi etc.

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

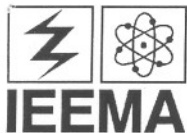
(c) The details of prices are as under:

- 1) The 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 normally 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 such as C, Al and In are published for the corresponding month.
- 2) The price for electrolytic copper wire bars (in Rs/MT) is ex-godown price as quoted by the primary producer of copper.
- 3) The price of busbar grade aluminium (in Rs/MT) is the average of ex-works price as quoted by the two primary producers for the busbar size 152.4 x 6.35 mm flat approximately, of grade equivalent to E91E as per IS 5082-1981 (or the latest).
- 4) The price of insulating material (in Rs/Kg)
is the average price of phenolic moulding powder quoted by three manufacturers. (for switchgear and controlgear of medium/lower voltage upto 650 volts). **or**
is the price of epoxy resin quoted by a resin manufacturer for their grade CT 5900 or its nearest equivalent. (for HT switchgear above 650 volts).

For Indian Electrical & Electronics Manufacturers' Association



Authorised Signatory



Indian Electrical & Electronics Manufacturers' Association

501, Kakad Chambers, 132, Dr. Annie Besant Road, Worli, Mumbai 400 018.

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E-Mail: mumbai@ieema.org • website: <http://www.ieema.org>

IEEMA/PVC/SWGR (ABOVE 36 KV)/2001 (R-1)

Effective from : 1st January, 2002

PRICE VARIATION CLAUSE FOR HT SWITCHGEAR (ABOVE 36 KV)

The price quoted/confirmed is based on the cost of raw materials/components and labour cost as on the date of quotation and the same is deemed to be related to prices of raw materials / components 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 number, the price payable shall be subject to adjustment up or down in accordance with the following formula:

The price variation clause is split up into two parts. Part-I is for indigenous content of the switchgear and Part-II is for the import content of the switchgear.

Part-I : Price variation clause for indigenous content of the switchgear (above 36 KV)

$$PV_1 = \frac{P_0}{100} \left(25 + 17 \frac{IS}{IS_0} + 18 \frac{C}{C_0} + 10 \frac{Al}{Al_0} + 13 \frac{In}{In_0} + 17 \frac{W}{W_0} \right) - P_0$$

Wherein,

PV_1 = Variation in price in Indian rupees on account of variation in input costs of indigenous content, and labour costs payable in accordance with the above formula.

P_0 = Price quoted/confirmed Minus (-) I_0 .

IS_0 = Wholesale price index of 'Iron and Steel' (base: 1993-94 = 100) (refer notes).

This index is as applicable on the first week ending Saturday of the month, three months prior to the date of tendering.

C_0 = Price of electrolytic copper wire bars (refer notes).

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

Al_0 = Price of busbar grade aluminium (refer notes).

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

In_0 = Price of epoxy resin (refer notes).

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

W_0 = 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 prices of electrolytic copper wire bars (C_0), busbar grade aluminium (Al_0) and insulating material (In_0) should be for the month of April 2001 and wholesale price index of 'Iron and Steel' (IS_0) should be for the first week ending Saturday of February 2001 and all India average consumer price index number (W_0) should be for the month of January 2001.

IEEMA/PVC/SWGR (ABOVE 36 KV)/2001 (R-1)

Effective from : 1st January, 2002

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

IS = Wholesale price index of 'Iron and Steel' (base: 1993-94 = 100) (refer notes).

This index is as applicable on the first week ending Saturday of the month, four months prior to the date of delivery.

C = Price of electrolytic copper wire bars (refer notes).

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

Al = Price of busbar grade aluminium (refer notes).

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

In = Price of epoxy resin (refer notes).

This price 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, 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 raw materials viz: C, Al and In should be for the month of October 2001 and wholesale price index of 'Iron and Steel' (IS) should be for the first week ending Saturday of August 2001 all India average consumer price index number (W) should be for the month of July 2001.

The "date of delivery" is the date on which the switchgear 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.

Part II : Price variation for import content of switchgear (above 36kV)

$$PV_2 = \frac{100 \times I_0}{(100 + D_0)} \left(\frac{E_0}{E} - 1 \right) + \frac{I_0}{(100 + D_0)} \left(\frac{E_{C_0}}{E_C} \cdot D - D_0 \right)$$

Wherein:

PV_2 : Variation in price in Indian Rupees on account of variation in exchange rates and rate of import duties, payable in accordance with the above formula.

I_0 : Rupee component of quoted price related to Imports (CIF in Rs. + Import duties at the rate D_0 , defined below considered at the time of quotation).

E_0 : IEEMA's Banker's selling rate of exchange between foreign currency and Indian Rupees expressed in concerned foreign currency equivalent to Rupees 100 prevailing on the first Bankers working day one month prior to the date of tendering (refer notes).

IEEMA/PVC/SWGR (ABOVE 36 KV)/2001 (R-1)

Effective from : 1st January, 2002

- E : IEEMA's Banker's selling rate of exchange between foreign currency and Indian Rupees expressed in concerned foreign currency equivalent to Rupees 100 prevailing on the first Banker's working day four months prior to the date of delivery (refer notes).
- D : Effective import duty rate in percentage (Excluding duties set off against MODVAT) as per Item no. 85.38 of customs tariff act in so far as it applies to the parts of customs tariff item 85.35 prevailing on 1st working day of the calendar month, two months prior to the date of delivery.
- D₀ : Effective import duty rate in percentage (excluding duties set off against modvat) as per item No. 85.38 of customs tariff Act in so far as it applies to the parts of customs tariff item 85.35 prevailing on 1st working day of the calendar month, one month prior to the date of tendering.
- EC : Rate of exchange between foreign currency and Indian Rupees expressed in foreign currency equivalent to Rs. 100/- adopted by Customs prevailing on first working day of the calendar month, two months prior to date of delivery (refer notes).
- EC₀ : Rate of exchange between foreign currency and Indian Rupees expressed in foreign currency equivalent to Rs. 100/- adopted by Customs prevailing on first working day of the calendar month, one month prior to date of tendering (refer notes).

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 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 normally 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 such as C, Al and In are published for the corresponding month.
- 2) The price for electrolytic copper wire bars (in Rs/MT) is ex-godown price as quoted by the primary producer of copper.
- 3) The price of busbar grade aluminium (in Rs/MT) is the average of ex-works price as quoted by the two primary producers for the busbar size 152.4 x 6.35 mm flat approximately, of grade equivalent to E91E as per IS 5082-1981 (or the latest).
- 4) The price of insulating material (in Rs/Kg) is the price of epoxy resin quoted by a resin manufacturer for their grade CT 5900 or its nearest equivalent.

(d) The exchange rates that would be published by IEEMA would be for the following foreign currencies only.

- 1) U.S. Dollars
- 2) Pound Sterling
- 3) Japanese Yen
- 4) Euro

For Indian Electrical & Electronics Manufacturers' Association

Sandhu

Authorised Signatory