

Cir. No.: 188/DIV/SWGR/05

July 05, 2009

To all members of Switchgear division
SEBs, DISCOMs and other listed purchasing organizations

Sub: Price variation clause for HT Switchgear (Above 36 KV) effective from 1st June 2007

IEEMA had circulated price variation clause for HT Switchgear (Above 36 KV) effective from 1st June 2007 vide Cir. No. 184/DIV/SWGR/05 dated July 05, 2007.

One of the users have pointed out the anomaly in the example given for taking appropriate prices and indices at the time of date of delivery where prices and indices given in the example were not matching with the desired lag period mentioned above for each prices and indices.

We have now therefore corrected the month references in the example for the date of delivery and enclose the revised page No. 2

We request users to replace the page 2 of the PV clause available in you records with the enclosed page and remove the old page from all your records.

We sincerely regret for the inconvenience may have caused to you in this regard.


Executive Officer

Encl: Revised page no. 2 of IEEMA PV clause for HT Switchgear PV clause (Above 36 KV)

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The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/SWGR (R-2)/_/ _ prevailing as on first working day of the month i.e., one month prior to the date of tendering.

- 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, four months prior to the date of delivery.
- 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.
- AL = Price of Busbar grade Aluminium (refer notes)
This price is as applicable on the 1st working day of the month, two months prior to the date of delivery.
- IN = IEEMA Index for Insulator (Base: January 2003=100) (refer notes)
This index is as applicable on the 1st 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 2001 = 100)
This index is as applicable on the first working day of the month, five months prior to the date of delivery.

For example, if date of delivery in terms of clause falls in June 2006, the applicable prices of average LME Copper Wire Bars (C) should be for the month March 2006, where as the applicable price of Busbar grade Aluminium (AL) and Phenolic moulding powder (IN) should be as on 1st April 2006 and Wholesale price index number for 'Iron & Steel' (IS) should be for the week ending first Saturday of February 2006 and all India average consumer price index no. (W) Should be for the month of January 2006.

The date of delivery is the date on which the Switchgear equipment is notified as being ready for inspection/dispatch (in the absence of such notification, the date of manufacturer's dispatch 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)

$$PV_2 = \frac{100 \times I_0}{(100 + D_0)} \left(\frac{E_0}{E} - 1 \right) + \frac{I_0}{(100 + D_0)} \left(\frac{E_{c0}}{E_c} D - D_0 \right)$$

Wherein

PV₂ = 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.

I₀ = Rupee component of quoted price related to Imports (CIF in Rs. + Import duties at the rate D₀ defined below considered at the time of quotation)

E₀ = 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)

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To all members of Switchgear division
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Sub: Price variation clause for HT Switchgear (Above 36 KV)

A 'Draft' Price variation clause for HT Switchgear (Above 36 KV) was circulated vide Cir. No. 149/DIV/SWGR/05 dated May 25, 2007 for the comments/suggestions.

Since there are no adverse comments received, it has been decided to make this PV clause operational effective from 1st June 2007. We therefore enclose Final Price variation clause and Basic prices/indices circular for Switchgear for the month of June 2007; applicable for this new PV clause also.

Major changes are as under.

- IEEMA index number for Insulator is introduced to represent insulating material/porcelain component.
- Source of price of Copper wire bar has been changed to globally recognized 'LME average price of previous month converted in Indian Rupees'; which we has been already adopted in Transformer and Rotating machines PV clauses. We have also observed during 2006-2007 that domestic Copper wire bar prices (published in Switchgear PV circulars) were almost similar to 'LME average price of Copper wire bar' (published in Transformer PV circulars). Hence, it can be concluded that both the prices are comparable.


Executive Officer

Encl: as above

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PRICE VARIATION CLAUSE FOR HT SWITCHGEAR AND CONTROLGEAR (ABOVE 36KV)

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 of raw materials 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.

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

$$P = \frac{P_0}{100} \left(19 + 17 \frac{IS}{IS_0} + 17 \frac{C}{C_0} + 13 \frac{AL}{AL_0} + 19 \frac{IN}{IN_0} + 15 \frac{W}{W_0} \right) - P_0$$

Wherein,

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

P₀ = Price quoted/confirmed.

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, three months prior to the date of tendering.

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.

AL₀ = Price of Busbar grade Aluminium (refer notes)

This price is as applicable on the 1st working day of the month, one month prior to the date of tendering.

IN₀ = IEEMA Index for Insulator (Base: January 2003=100) (refer notes)

This index number is as applicable on the 1st 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 2001 = 100)

This index number is as applicable on the first working day of the month, four months prior to the date of tendering.

For example, if date of tendering falls in May 2006, the applicable prices of average LME Copper Wire Bars (C₀) should be for the month March 2006, where as the applicable price of Busbar grade Aluminium (AL₀) and IEEMA index of Insulator (IN₀) should be as on 1st April 2006 and Wholesale price index number for 'Iron & Steel' (IS₀) should be for the week ending first Saturday of February 2006 and all India average consumer price index no. (W₀) should be for the month of January 2006.

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REVISED VIDE CIR NO. 188 / 8-7-09

IEEMA/PVC/HT-SWGR (ABOVE 36KV)/2007

Effective from: 1st June 2007

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/SWGR (R-2)/_/_ prevailing as on first working day of the month i.e., one month prior to the date of tendering.

- 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, four months prior to the date of delivery.
- 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.
- AL = Price of Busbar grade Aluminium (refer notes)
This price is as applicable on the 1st working day of the month, two months prior to the date of delivery.
- IN = IEEMA Index for Insulator (Base: January 2003=100) (refer notes)
This index is as applicable on the 1st 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-2001 = 100)
This index is as applicable on the first working day of the month, five months prior to the date of delivery.

For example, if date of delivery in terms of clause falls in May 2006, the applicable prices of average LME Copper Wire Bars (C_0) should be for the month March 2006, where as the applicable price of Busbar grade Aluminium (AL_0) and Phenolic moulding powder (IN_0) should be as on 1st April 2006 and Wholesale price index number for 'Iron & Steel' (IS_0) should be for the week ending first Saturday of February 2006 and all India average consumer price index no. (W_0) should be for the month of January 2006.

The date of delivery is the date on which the Switchgear equipment is notified as being ready for inspection/dispatch (in the absence of such notification, the date of manufacturer's dispatch 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)

$$PV_2 = \frac{100 \times I_0}{(100 + D_0)} \left(\frac{E_0}{E} - 1 \right) + \frac{I_0}{(100 + D_0)} \left(\frac{Ec_0}{Ec} D - D_0 \right)$$

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)

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 Bankers 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 the 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 the 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. transformers manufacturers import major raw materials like Copper, CRGO Steel Sheets, TOBS and Insulating pressboards etc. The landed cost of these imported raw materials includes applicable custom duty but exclusive of modvatable CVD.

(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 & 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 number is being published weekly on provisional basis. However, the same gets finalized after eight weeks and is normally available after two months. Therefore, we are considering in our calculations this final index for the first Saturday of the months two months prior to the date of which the prices of other raw materials such as Al, IN are published for the corresponding month.
- 2) The LME price of Copper Wire Bars (in Rs./MT) is the LME average settlement price of Copper Wire Bars for one month prior to the month of the circular converted into Indian Rupees with applicable exchange rates prevailing as on 1st working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 3) The price of Busbar grade Aluminium (in Rs./MT) is the average Ex-works price as quoted by primary producer of the Busbar size 152.4 x 6.35 mm flat approx. of grade equivalent to E91E as per IS 5082-1981 or latest.
- 4) The exchange rates that would be published by IEEMA would be for the following currencies only.
1) US Dollars 2) Pound Sterling 3) Japanese Yen 4) Euro


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