

Cir. No.161/ DIV/TRF/05/

1<sup>st</sup> July, 2004

To Members of Transformers Division  
Subscribers of Transformer Price Variation Circulars  
All Utilities and Purchasing Organisations

**Sub: Amendment in the Grade Reference of CRGO**

Members are aware that IEEMA is now regularly publishing only one basic price circular covering all raw material prices and indices applicable to new price variation clause for transformers supplied against domestic contracts effective from 1<sup>st</sup> June 2003.

One of the important raw material is CRGO electrical steel sheets.

In our basic price circular, we provide CRGO price for M4 & MOH Grade separately. However, many transformer manufacturers have expressed difficulties in settling price variation claims due to specific reference to these grades in the basic price circulars. They have informed that M4/MOH are brand names of CRGO supplied by manufacturers from Japan. Members are also importing CRGO of equivalent quality and grade from other sources.

To avoid such confusion, Transformers Division members of IEEMA in a meeting held on 21<sup>st</sup> June 2004 at Mumbai have decided to delete the specific reference to M4 / MOH grade CRGO from all price variation clauses as well as from applicable price circulars.

Accordingly, we are pleased to enclose all 4 price variation clauses of transformers supplied against domestic contract after effecting necessary corrections. We request you to replace these clauses with the earlier one circulated vide our circular No. 415/DIV/TRF/05 dated 24<sup>th</sup> December 2003. We will be deleting grade reference in the definition of CRGO in the applicable basic price circular from June 2004 onwards.



Asst. Secretary General

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**PRICE VARIATION CLAUSE FOR ALUMINIUM WOUND DISTRIBUTION TRANSFORMERS  
COMPLETE WITH ALL ACCESSORIES AND COMPONENTS  
(Of ratings up to 10 MVA and voltage up to 33 KV)  
supplied against domestic contracts**

This price variation clause is applicable for 'Aluminium Wound Distribution Transformers', with rating up to 10 MVA and voltages up to 33 KV. The clause is to be used for domestic contracts. A separate price variation clause IEEMA/PVC/DIST-AL/DE/2003 has been evolved for above types of Transformers supplied against export/deemed export contracts under special imprest licensing scheme.

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:

$$P = \frac{P_0}{100} \left( 13 + 17 \frac{AL}{AL_0} + 33 \frac{ES}{ES_0} + 9 \frac{IS}{IS_0} + 5 \frac{IM}{IM_0} + 11 \frac{TB}{TB_0} + 12 \frac{W}{W_0} \right)$$

Wherein,

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

**P<sub>0</sub>** = Price quoted/confirmed.

**AL<sub>0</sub>** = Price of EC Grade Aluminium rods (Properzi rods) (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

**ES<sub>0</sub>** = C&F price of CRGO Electrical Steel Sheets (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

**IS<sub>0</sub>** = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)  
This index number is as applicable for the week ending 1<sup>st</sup> Saturday of the month, three months prior to the date of tendering.

**IM<sub>0</sub>** = Price of Insulating Materials (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

**TB<sub>0</sub>** = Price of Transformer Oil Base Stock (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, two months prior to the date of tendering.

IEEMA/PVC/DIST-AL/2003/1/3

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W<sub>0</sub> = 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 on the first working day of the month, three months prior to the date of tendering.

For example, if date of tendering falls in May 2004, the applicable price of Transformer Oil Base Stock (TB<sub>0</sub>) should be for the month March 2004, where as the applicable prices of Aluminium (AL<sub>0</sub>), CRGO Steel Sheets (ES<sub>0</sub>) and Insulating material (IM<sub>0</sub>) should be as on 1<sup>st</sup> April 2004 and Wholesale price index number for 'Iron & Steel' (IS<sub>0</sub>) should be for the week ending first Saturday of February 2004 and all India average consumer price index no. (W<sub>0</sub>) should be for the month of February 2004.

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

AL = Price of EC Grade Aluminium rods (Properzi rods) (refer notes)

This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of delivery.

ES = C&F price of CRGO Electrical Steel Sheets (refer note)

This price is as applicable on the 1<sup>st</sup> working day for the month, one month prior to the date of delivery.

IS = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)

This index number is as applicable for the week ending 1<sup>st</sup> Saturday of the month, three months prior to the date of delivery.

IM = Price of Insulating Materials (refer notes)

This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of delivery.

TB = Price of Transformer Oil Base Stock (refer notes)

This price is as applicable on the 1<sup>st</sup> 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 on the first working day of the month, three months prior to the date of delivery.

For example, if date of delivery in terms of clause falls in December 2004, the applicable price of Transformer Oil Base Stock (TB) should be for the month October 2004; whereas applicable prices of Aluminium (AL), CRGO Steel Sheets (ES) and Insulating material (IM) should be as on 1<sup>st</sup> November 2004 and Wholesale price index number for 'Iron & Steel' (IS) should be for the week ending first Saturday of September 2004 and all India average consumer price index no. (W) should be for the month of September 2004.

The date of delivery is the date on which the transformer 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. transformers manufacturers import major raw materials like 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 price of Aluminium in Rs./MT is the average Ex-works price of EC Grade Aluminium rods quoted by the primary producers confirming to specifications IS: 5484.
  - 2) The price of CRGO Electrical Steel Sheets suitable for Transformers of rating up to 10 MVA and voltage up to 33 KV (in Rs./MT) is the average C&F price in US \$ per MT converted into Indian Rupees with applicable exchange rate prevailing as on 1<sup>st</sup> working day of the month, as quoted by primary producers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
  - 3) 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, IM are published for the corresponding month.
  - 4) The average price of Insulating materials (in Rs./Kg) of pre-compressed pressboards of size 3 mm and 10 mm thick, 3200 mm x 4100 mm C&F price in free currency per MT converted into Indian Rupees with applicable exchange rates prevailing as on 1<sup>st</sup> working day of the month as quoted by primary suppliers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
  - 5) The price of TOBS is C&F price (in Rs./K.Ltr) for N-60 grade Oil as published in ICIS-LOR bulletin for the 1<sup>st</sup> week of the previous month. This price is normally published in US\$ per US Gallon, which is converted in Rs./K.Ltr with applicable exchange rate prevailing on 1<sup>st</sup> working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- (b) Some purchasers are purchasing oil immersed Transformers from manufacturers without first filling of oil. Oil for first filling is procured and filled by the purchasers. For such supplies PVC formula, excluding Oil will apply as under:

$$P = \frac{P_0}{89} \left( 13 + 17 \frac{AL}{AL_0} + 33 \frac{ES}{ES_0} + 9 \frac{IS}{IS_0} + 5 \frac{IM}{IM_0} + 12 \frac{W}{W_0} \right)$$

Where description of P, P<sub>0</sub>, AL, ES, IS, IM and W etc. remains same as mentioned earlier.

  
Authorised Signatory

**PRICE VARIATION CLAUSE FOR COPPER WOUND DISTRIBUTION TRANSFORMERS  
COMPLETE WITH ALL ACCESSORIES AND COMPONENTS  
(Of ratings up to 10 MVA and voltage up to 33 KV)  
supplied against domestic contracts**

This price variation clause is applicable for 'Copper Wound Distribution Transformers', with rating up to 10 MVA and voltages up to 33 KV. The clause is to be used for domestic contracts. A separate price variation clause IEEMA/PVC/DIST-CU/DE/2003 has been evolved for above types of Transformers supplied against export/deemed export contracts under special imprest licensing scheme.

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:

$$P = \frac{P_0}{100} \left( 13 + 23 \frac{C}{C_0} + 27 \frac{ES}{ES_0} + 9 \frac{IS}{IS_0} + 5 \frac{IM}{IM_0} + 11 \frac{TB}{TB_0} + 12 \frac{W}{W_0} \right)$$

Wherein,

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

P<sub>0</sub> = Price quoted/confirmed.

C<sub>0</sub> = 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.

ES<sub>0</sub> = C&F price of CRGO Electrical Steel Sheets (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

IS<sub>0</sub> = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)  
This index number is as applicable for the week ending 1<sup>st</sup> Saturday of the month, three months prior to the date of tendering.

IM<sub>0</sub> = Price of Insulating Materials (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

TB<sub>0</sub> = Price of Transformer Oil Base Stock (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, two months prior to the date of tendering.

IEEMA/PVC/DIST-CU/2003/1/3

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W<sub>0</sub> = 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 on the first working day of the month, three months prior to the date of tendering.

For example, if date of tendering falls in May 2004, the applicable prices of Copper Wire Bars (C<sub>0</sub>) and Transformer Oil Base Stock (TB<sub>0</sub>) should be for the month March 2004, where as the applicable price of CRGO Steel Sheets (ES<sub>0</sub>) and Insulating material (IM<sub>0</sub>) should be as on 1<sup>st</sup> April 2004 and Wholesale price index number for 'Iron & Steel' (IS<sub>0</sub>) should be for the week ending first Saturday of February 2004 and all India average consumer price index no. (W<sub>0</sub>) should be for the month of February 2004.

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/TRF/\_/\_ 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, two months prior to the date of delivery.

ES = C&F price of CRGO Electrical Steel Sheets (refer note)

This price is as applicable on the 1<sup>st</sup> working day for the month, one month prior to the date of delivery.

IS = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)

This index number is as applicable for the week ending 1<sup>st</sup> Saturday of the month, three months prior to the date of delivery.

IM = Price of Insulating Materials (refer notes)

This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of delivery.

TB = Price of Transformer Oil Base Stock (refer notes)

This price is as applicable on the 1<sup>st</sup> 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 on the first working day of the month, three months prior to the date of delivery.

For example, if date of delivery in terms of clause given below falls in December 2004, the applicable prices of Copper Wire Bars (C) and Transformer Oil Base Stock (TB) should be for the month October 2004; where as applicable prices of CRGO Steel Sheets (ES) and Insulating material (IM) should be as on 1<sup>st</sup> November 2004 and Wholesale price index number for 'Iron & Steel' (IS) should be for the week ending first Saturday of September 2004 and all India average consumer price index no. (W) should be for the month of September 2004.

The date of delivery is the date on which the transformer 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. 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 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 1<sup>st</sup> working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
  - 2) The price of CRGO Electrical Steel Sheets suitable for Transformers of ratings up to 10 MVA and voltage up to 33 KV (in Rs./MT) is the average C&F price in US \$ per MT converted into Indian Rupees with applicable exchange rate prevailing as on 1<sup>st</sup> working day of the month, as quoted by primary producers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
  - 3) 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, IM are published for the corresponding month.
  - 4) The average price of Insulating materials (in Rs./Kg) of pre-compressed pressboards of size 3 mm and 10 mm thick, 3200 mm x 4100 mm C&F price in free currency per MT converted into Indian Rupees with applicable exchange rates prevailing as on 1<sup>st</sup> working day of the month as quoted by primary suppliers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
  - 5) The price of TOBS is C&F price (in Rs./K.Ltr) for N-60 grade Oil as published in ICIS-LOR bulletin for the 1<sup>st</sup> week of the previous month. This price is normally published in US\$ per US Gallon, which is converted in Rs./K.Ltr with applicable exchange rate prevailing on 1<sup>st</sup> working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- (d) Some purchasers are purchasing oil immersed Transformers from manufacturers without first filling of oil. Oil for first filling is procured and filled by the purchasers. For such supplies PVC formula, excluding Oil will apply as under:

$$P = \frac{P_0}{89} \left( 13 + 23 \frac{C}{C_0} + 27 \frac{ES}{ES_0} + 9 \frac{IS}{IS_0} + 5 \frac{IM}{IM_0} + 12 \frac{W}{W_0} \right)$$

Where description of P, P<sub>0</sub>, C, ES, IS, IM, W etc. remains same as mentioned earlier.

  
Authorised Signatory

**PRICE VARIATION CLAUSE FOR DRY TYPE DISTRIBUTION TRANSFORMERS  
COMPLETE WITH ALL ACCESSORIES AND COMPONENTS  
(Of ratings up to 10 MVA and voltage up to 33 KV)  
supplied against domestic contracts**

This price variation clause is applicable for 'Dry Type Distribution Transformers', with rating up to 10 MVA and voltages up to 33 KV. The clause is to be used for domestic contracts. A separate price variation clause IEEMA/PVC/DIST-DT/DE/2003 has been evolved for above types of Transformers supplied against Supplied against export/ deemed export contracts against duty free inputs under special imprest licensing scheme.

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:

$$P = \frac{P_0}{100} \left( 13 + 25 \frac{C}{C_0} + 20 \frac{ES}{ES_0} + 6 \frac{IS}{IS_0} + 14 \frac{IM}{IM_0} + 10 \frac{ER}{ER_0} + 12 \frac{W}{W_0} \right)$$

Wherein,

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

P<sub>0</sub> = Price quoted/confirmed.

C<sub>0</sub> = 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.

ES<sub>0</sub> = C&F price of CRGO Electrical Steel Sheets (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

IS<sub>0</sub> = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)  
This index number is as applicable for the week ending 1<sup>st</sup> Saturday of the month, three months prior to the date of tendering.

IM<sub>0</sub> = Price of Insulating Materials (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

ER<sub>0</sub> = Price of Epoxy resin (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

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$W_0$  = 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 on the first working day of the month, three months prior to the date of tendering.

For example, if date of tendering falls in May 2004, the applicable prices of Copper Wire Bars ( $C_0$ ) should be for the month March 2004, where as the applicable prices of CRGO Steel Sheets ( $ES_0$ ), and Insulating material ( $IM_0$ ) and Epoxy resin ( $ER_0$ ) should be as on 1<sup>st</sup> April 2004 and Wholesale price index number for 'Iron & Steel' ( $IS_0$ ) should be for the week ending first Saturday of February 2004 and all India average consumer price index no. ( $W_0$ ) should be for the month of February 2004.

The above prices and indices are as published by IEEMA vide circular reference number IEEMA(PVC)/TRF/\_/\_ 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, two months prior to the date of delivery.

$ES$  = C&F price of CRGO Electrical Steel Sheets (refer note)

This price is as applicable on the 1<sup>st</sup> working day for the month, one month prior to the date of delivery.

$IS$  = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)

This index number is as applicable for the week ending 1<sup>st</sup> Saturday of the month, three months prior to the date of delivery.

$IM$  = Price of Insulating Materials (refer notes)

This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of delivery.

$ER$  = Price of Epoxy resin (refer notes)

This price is as applicable on the 1<sup>st</sup> working day of the month, one month 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 on the first working day of the month, three months prior to the date of delivery.

For example, if date of delivery in terms of clause given below falls in December 2004, the applicable price of Copper Wire Bars ( $C$ ) should be for the month October 2004; where as applicable prices of CRGO Steel Sheets ( $ES$ ), Insulating material ( $IM$ ) and Epoxy resin ( $ER$ ) should be as on 1<sup>st</sup> November 2004 and Wholesale price index number for 'Iron & Steel' ( $IS$ ) should be for the week ending first Saturday of September 2004 and all India average consumer price index ( $W$ ) should be for the month of September 2004.

The date of delivery is the date on which the transformer 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. Transformers manufacturers import major raw materials like Copper, CRGO Steel Sheets 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 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 1<sup>st</sup> working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 2) The price of CRGO Electrical Steel Sheets suitable for Transformers of ratings up to 10 MVA and voltage up to 33 KV (in Rs./MT) is the average C&F price in US \$ per MT converted into Indian Rupees with applicable exchange rate prevailing as on 1<sup>st</sup> working day of the month, as quoted by primary producers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 3) 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, IM are published for the corresponding month.
- 4) The average price of Insulating materials (in Rs./Kg) of pre-compressed pressboards of size 3 mm and 10 mm thick, 3200 mm x 4100 mm C&F price in free currency per MT converted into Indian Rupees with applicable exchange rates prevailing as on 1<sup>st</sup> working day of the month as quoted by primary suppliers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 5) The price of Epoxy resin is price quoted by resin manufacturer for their grade CT 5900 or its nearest equivalent.

  
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**PRICE VARIATION CLAUSE FOR POWER TRANSFORMERS  
COMPLETE WITH ALL ACCESSORIES AND COMPONENTS  
(Of ratings above 10 MVA or voltage above 33 KV)  
supplied against domestic contracts**

This price variation clause is applicable for 'Power Transformers' of all type including Auto, Generating Transformers etc. with either rating of above 10 MVA or voltages above 33 KV. The clause is to be used for domestic contracts. A separate price variation clause IEEMA/PVC/POWER/DE/2003 has been evolved for above types of Transformers supplied against export/deemed export contract against duty free inputs under special imprest licensing scheme.

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:

$$P = \frac{P_0}{100} \left( 13 + 23 \frac{C}{C_0} + 28 \frac{ES}{ES_0} + 7 \frac{IS}{IS_0} + 7 \frac{IM}{IM_0} + 7 \frac{TB}{TB_0} + 15 \frac{W}{W_0} \right)$$

Wherein,

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

**P<sub>0</sub>** = Price quoted/confirmed.

**C<sub>0</sub>** = 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.

**ES<sub>0</sub>** = C&F price of CRGO Electrical Steel Sheets (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

**IS<sub>0</sub>** = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)  
This index number is as applicable for the week ending 1<sup>st</sup> Saturday of the month, three months prior to the date of tendering.

**IM<sub>0</sub>** = Price of Insulating Materials (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, one month prior to the date of tendering.

**TB<sub>0</sub>** = Price of Transformer Oil Base Stock (refer notes)  
This price is as applicable on the 1<sup>st</sup> working day of the month, two month prior to the date of tendering.

IEEMA/PVC/POWER/2003/1/3

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W<sub>0</sub> = 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 on the first working day of the month, three months prior to the date of tendering.

For example, if date of tendering falls in May 2004, the applicable prices of Copper Wire Bars (C<sub>0</sub>) and Transformer Oil Base Stock (TB<sub>0</sub>) should be for the month March 2004, where as the applicable price of CRGO Steel Sheets (ES<sub>0</sub>), Insulating material (IM<sub>0</sub>) should be as on 1<sup>st</sup> April 2004 and Wholesale price index number for 'Iron & Steel' (IS<sub>0</sub>) should be for the week ending first Saturday of February 2004 and all India average consumer price index no. (W<sub>0</sub>) should be for the month of February 2004.

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

ES = C&F price of CRGO Electrical Steel Sheets (refer note)

This price is as applicable on the 1<sup>st</sup> working day for the month, three months prior to the date of delivery.

IS = Wholesale price index number for 'Iron & Steel (Base: 1993-94=100)' (refer notes)

This index number is as applicable for the week ending 1<sup>st</sup> Saturday of the month, three months prior to the date of delivery.

IM = Price of Insulating Materials (refer notes)

This price is as applicable on the 1<sup>st</sup> working day of the month, three months prior to the date of delivery.

TB = Price of Transformer Oil Base Stock (refer notes)

This price is as applicable on the 1<sup>st</sup> 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 on the first working day of the month, three months prior to the date of delivery.

For example, if date of delivery in terms of clause given below falls in December 2004, the applicable prices of Copper Wire Bars (C) and Transformer Oil Base Stock (TB) should be for the months August 2004 and October 2004 respectively; where as applicable prices of CRGO Steel Sheets (ES), Insulating material (IM) should be as on 1<sup>st</sup> September 2004 and Wholesale price index number for 'Iron & Steel' (IS) should be for the week ending first Saturday of September 2004 and all India average consumer price index no. (W) should be for the month of September 2004.

The date of delivery is the date on which the transformer 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. 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.

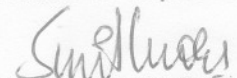
(c) The details of prices are as under:

- 1) The 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 1<sup>st</sup> working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 2) The price of CRGO Electrical Steel sheets (in Rs./MT) suitable for Transformers of ratings above 10 MVA or voltage above 33 KV is the average C&F price in US \$ per MT converted into Indian Rupees with applicable exchange rate prevailing as on 1<sup>st</sup> working day of the month, as quoted by primary producers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 3) 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 AI, IM are published for the corresponding month.
- 4) The price of Insulating materials (in Rs./Kg) of pre-compressed pressboards of size 10 mm thick, 3200 mm x 4100 mm is the average C&F price in free currency per MT converted into Indian Rupees with applicable exchange rates prevailing as on 1<sup>st</sup> working day of the month as quoted by primary suppliers. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.
- 5) The price of TOBS is C&F price (in Rs./K.Ltr) for N-60 grade Oil as published in ICIS-LOR bulletin for the 1<sup>st</sup> week of the previous month. This price is normally published in US\$ per US Gallon, which is converted in Rs./K.Ltr with applicable exchange rate prevailing on 1<sup>st</sup> working day of the subsequent month. This price is the landed cost, inclusive of applicable customs duty only but exclusive of countervailing duty.

(d) Some purchasers are purchasing oil immersed Transformers from manufacturers without first filling of oil. Oil for first filling is procured and filled by the purchasers. For such supplies PVC formula, excluding Oil will apply as under:

$$P = \frac{P_0}{93} \left( 13 + 23 \frac{C}{C_0} + 28 \frac{ES}{ES_0} + 7 \frac{IS}{IS_0} + 7 \frac{IM}{IM_0} + 15 \frac{W}{W_0} \right)$$

Where description of P, P<sub>0</sub>, C, ES, IS, IM and W etc. remains same as mentioned earlier.

  
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