

# PRICE VARIATION CLAUSE for

## BHEL Enquiry E4533018

Rates of copper, silver, aluminum and steel are volatile and fluctuate on day to day basis. Thus, rates of Items containing these raw materials are affected by the fluctuation in rates of these key components. Price variation clause is used in procurement of such items which safeguards the interests of both buyer as well as seller, arising out of uncertainties/ fluctuations in rates of raw material.

- 1) Items tendered in the bid are to be procured with Price Variation Clause. Vendor to quote accordingly for the items.
- 2) PVC Formula:  
 **$P = P_o + F (X - X_o)$  where**  
P = Final Rate to be paid at the time of supply  
Po = Rate mentioned in Purchase Order  
F = PVC factor as mentioned in description of Item in Enquiry/ Purchase Order.  
X = As per S. No. 4 mentioned below.  
Xo = Base Rate of raw material/s as mentioned in Enquiry/ Purchase Order.
- 3) Agency for rates of raw material shall be as mentioned below:
  - a) Copper: Copper Rate [Total value (A)] declared in 1<sup>st</sup> fortnight BME circular of the month of delivery. BME circular mentioned above refers to the circular issued by Bombay Metal Exchange for copper billets.
  - b) Silver: Bullion Silver (1 kg) close Mumbai delivery rate published by ET Intelligence Group
  - c) Steel: JPC for Mumbai city as per item description
  - d) Aluminum: NALCO grades as per item description
- 4) Rates prevailing on the first calendar day of the month of scheduled delivery or actual delivery in BHEL (whichever is lower) shall be used for PVC calculation.
- 5) In case of early delivery on BHEL request, rates prevailing on the first calendar day of the month of actual delivery shall be used for PVC calculation.
- 6) In case first calendar day of month happens to be Sunday, holiday or rates are not available due to any reason, rates prevailing on previous day shall be considered for PVC calculation.
- 7) If item contains more than one metal/ raw material (if mentioned in item description in bid), PVC formula shall be

$$P = P_o + \{F (X - X_o)\} \text{ (for copper)} + \{F (X - X_o)\} \text{ (for silver)} + \{F (X - X_o)\} \text{ (for Aluminium)} \text{ and so on}$$

**PVC Factor and Base Rate applicable for the enquiry are as mentioned below:**

S. No	Item Description	Unit	Qty
1	FLEXIBLE CONNECTION TO DRG. NO 25211001526-V00 REV.15. PVC RATIO OF COPPER IS 1:1.688. BASE RATE OF COPPER AS PER BME INDEX TOTAL VALUE (A) IS RS 717.671/KG. (NOTE: VENDOR CODE & SUPPLY DATE ONLY TO BE PUNCHED/STICKER TO BE PUT ON EACH COMPONENT IN ADDITION TO TECHNICAL INFORMATION IF ANY.)	NOS	9000