

### **PRICE ADJUSTMENT FOR SERVICE PART (E&C)**

- (i) The Contract price shall be subject to price adjustment during performance of the Contract to reflect changes in the cost of labour in accordance with the provisions described below:
- (ii) The price adjustment provisions shall be applicable for price components relating to service part (E&C) as per price break-up furnished by the Contractor.
- (iii) Only following components of the Contract Price will be subject to Price adjustment:
  - (a) Service part (E&C) component of Contract Price.
- (vi) The indices for price adjustment shall be as elaborated hereunder.
- (v) The price adjustment formula for the components of the Contract Price, as mentioned at Sl.No. (iii) above shall be as stipulated hereinafter.

#### **a) Indian Rupee Portion of the Installation Services**

ER = ER1 – ER0

ER1 will be computed as follows:

$$\mathbf{ER1 = ER0 (0.15 + L_b \times (L_1 / L_0))}$$

Where:

ER = Adjustment to Erection & Commissioning price component of contract price expressed in Indian Rupees payable to the contractor for each billing.

ER1 = Adjusted amount of Erection & Commissioning price component of contract price expressed in Indian Rupees payable to the Contractor.

ER0 = Value of the Erection & Commissioning work done in the billing period, which shall be calculated as under:

For the purpose of computing ER0, each Erection & commissioning bill (service part) during the E & C period up to the 'Completion of the Facilities' shall be calculated as described in this document.

$L_b$  – Coefficient of labour (for all categories) content in the Indian Rupee portion of the erection & commissioning = 0.85

$L$  = Indian field labour index namely, all India consumer price index for industrial workers (All India Monthly Average) as published labour bureau, Shimla, Government of India.

For the indices, subscript '0' refers to indices as on date of completion of delivery as per LOA.

Subscript '1' refers to indices as applicable for the month of execution of the E&C work

Note:

1) PVC shall be applicable only beyond original overall completion schedule as per LOA. PVC (Positive) shall be applicable only if the delay is not attributable to contractor/ vendor. However even if the delay is attributable to vendor/BHEL then also the negative price variation shall be passed on to BHEL.

2) The price variation shall be limited to +10% of total E&C price (excluding taxes).