

Annexure II

1.0	PRICE VARIATION COMPENSATION		
1.1	If after the `Base Date` ie date of LOI by BHEL, and/ or during the progress of work (including during the extended period of completion if any, as allowed by BHEL) the minimum wages for labour, prices of diesel oil and other materials used in the works gets increased, then you shall be entitled for such increase (provided delay is not attributable to you). Likewise, if there is any decrease in the indices/ prices of above mention items, BHEL shall be entitled for refund.		
1.2	The basis for calculation of price variation under each category, your component and base index/ price will be as under.		
	Category	Component	Base index/ price
1.2.1	Labour (all categories)	30 %	'MONTHLY ALL-INDIA AVERAGE CONSUMER PRICE INDEX NUMBERS FOR INDUSTRIAL WORKERS' published by Labour Bureau, Ministry of Labour and Employment, Government of India.
1.2.2	High Speed Diesel oil	5 %	Name of Commodity : HSD OIL. Type : INDIVIDUAL COMMODITY As per the 'MONTHLY WHOLE SALE PRICE INDEX' for the respective Commodity and Type, published by Office of Economic Adviser, Ministry of Commerce and Industry, Government of India. (Website : www.eaindustry.nic.in)
1.2.4	Cement	30 %	Name of Commodity : CEMENT Type: INDIVIDUAL COMMODITY As per the 'MONTHLY WHOLE SALE PRICE INDEX' for the respective Commodity and Type, published by Office of Economic Adviser, Ministry of Commerce and Industry, Government of India. (Website : www.eaindustry.nic.in)
1.2.7	Other materials (other than Cement & Steel)	20 %	Name of Commodity: ALL COMMODITIES Type: GROUP ITEM As per the 'MONTHLY WHOLE SALE PRICE INDEX' for the respective Commodity and Type, published by Office of Economic Adviser, Ministry of Commerce and Industry, Government of India. (Website : www.eaindustry.nic.in)
1.2.8	Fixed component	15 %	Not escalable.
1.3	<p>Payment/ refund due to variation in index/ prices shall be determined on the basis of the following notional formula in respect of the identified components, viz, labour, materials (other than Cement & Steel), High Speed Diesel oil, Cement.</p> $P = \frac{K \times R \times (X_n - X_o)}{X_o}$ <p>Where,</p> <p>P = Amount to be paid/recovered due to variation in the Index for Labour, High Speed Diesel Oil, Cement and Materials</p> <p>K = Percentage component applicable for Labour, High Speed Diesel Oil, Cement and Materials</p> <p>R = Value of work done for the billing month (Excluding Taxes and Duties if payable extra)</p> <p>XN = Revised Index No for Labour, High Speed Diesel Oil, Cement and Materials for the billing month under consideration</p> <p>Xo = Index no for Labour, High Speed Diesel Oil, Cement and Materials as on the Base date.</p>		
1.4	Base date shall be calendar month of the latest date of submission of Tender.		

1.5	PVC shall not be payable for the ORC amount, Supplementary/Additional Items, Extra works executed on manday rates basis.
1.6	The contractor shall furnish necessary monthly bulletins for the necessary indices from the relevant websites along with his Bills.
1.7	The contractor will be required to raise the bills for price variation payments on a monthly basis along with the running bills irrespective of the fact whether any increase/decrease in the index for relevant categories has taken place or not. In case there is delay in publication of bulletins (final figure), the provisional values as published can be considered for payments and arrears shall be paid/recovered on getting the final values.
1.8	PVC shall be applicable for the entire original contract period plus the extended period. However the Total Quantum of Price Variation amount payable/recoverable shall be regulated as follows:
1.8.1	For the portion of backlog attributable to the contractor, the PVC will be based on the average of the indices for the period of the original contract period.
1.8.2	For the period of Force Majeure, the PVC will be limited to the indices applicable at the beginning of the force majeure period.
1.8.3	For the portion of backlog attributable to BHEL, the PVC will be as per the indices applicable for the respective months
1.8.4	The total amount of PVC shall be limited to 10% of executed contract value. Executed contract value for this purpose is exclusive of PVC, ORC, Supplementary/Additional Items, Extra works executed on manday rates basis.