GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.85/W-I/CT/7/Pt I 09.05.2008

Addressed to: As per list attached.

Sub: Price Variation for supply of steel by contractors in works contracts.

Ref: (i) Board’s letter No. 85/W-I/CT/7 Pt I dt.18/19.04.06.
(ii) Board’s letter No. 2007/CE-I/CT/18 dated 28.9.07
(iii) Board’s letter No. 2007/CE-I/CT/18 dated 7.3.08

There has been unprecedented fluctuation in the price of steel in the recent past. Since the movement of RBI Wholesale Price Index for the sub-group iron and steel (which is the existing basis for admitting price variation for steel) is not truly reflecting the market fluctuation of steel prices, Board have decided to introduce the following price variation formula for supply of steel in future contracts.

\[ M_s = Q \times (B_s - B_{so}) \]

where

- \( M_s \) = Amount of price variation in steel payable/recoverable
- \( Q \) = Weight of steel in tonnes supplied by the contractor as per the on account bill for the month under consideration.
- \( B_s \) = SAIL’s (Steel Authority of India Limited) ex-works price plus Excise Duty thereof (in rupees per tonne) for the relevant category of steel supplied by the contractor as prevailing on the first day of the month in which the steel was purchased by the contractor (or) as prevailing on the first day of the month in which steel was brought to the site by the contractor whichever is lower.
- \( B_{so} \) = SAIL’s ex-works price plus Excise Duty thereof (in rupees per tonne) for the relevant category of steel supplied by the contractor as prevailing on the first day of the month in which the tender was opened.

**NOTE:**

(i) Relevant categories of steel for the purpose of operating the above price variation formula based on
SAIL’s ex-works price plus Excise Duty thereof are as under:

<table>
<thead>
<tr>
<th>SL No</th>
<th>Category of steel supplied in the railway work.</th>
<th>Category of steel produced by SAIL whose ex-works price plus Excise Duty thereof would be adopted to determine price variation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Reinforcement bars and other rounds.</td>
<td>TMT 8 mm IS 1786 Fe 415</td>
</tr>
<tr>
<td>2.</td>
<td>All types and sizes of angles.</td>
<td>Angle 65 x 65 x 6 mm IS 2062 E250A SK</td>
</tr>
<tr>
<td>3.</td>
<td>All types and sizes of plates.</td>
<td>PM Plates above 10-20 mm IS 2062 E250A SK</td>
</tr>
<tr>
<td>4.</td>
<td>All types and sizes of channels and joists.</td>
<td>Channels 200 x 75 mm IS 2062 E250A SK</td>
</tr>
<tr>
<td>5.</td>
<td>Any other section of steel not covered in the above categories and excluding HTS.</td>
<td>Average of price for the 3 categories covered under sl no. 1, 2, 3 above.</td>
</tr>
</tbody>
</table>

(ii) The prevailing ex-works price of steel per tonne as on 1st of every month for the above categories of steel as advised by SAIL to Railway Board would be circulated to all the zonal railways.

2. The above procedure shall come into effect with prospective effect and shall be reviewed after a period of one year.

3. This issues with the concurrence of Finance Directorate of the Ministry of Railways.

Please acknowledge receipt.

Hindi version will follow.

(T.GUPTA)

Executive Director, Civil Engineering(G)
Railway Board

No.85/W-I/CT/7/Pt. I 09.05.2008

Copy forwarded for information to:

(i) FA&CAOs and FA&CAO/Cs - all Indian Railways.
(ii) Deputy Comptroller and Auditor General of India (Railways), New Delhi (with 46 copies)

for Financial Commissioner (Railways)