Appendix C

Formula for Price Adjustment

This document will be applicable only for Price Adjustment in local currency (Pak. Rs.). Price Adjustment in foreign currency is not allowed.

The formulae for price adjustment is:

$$\mathbf{P}n = \mathbf{A} + \mathbf{b}\,\frac{\mathbf{L}n}{\mathbf{L}o} + \mathbf{c}\,\frac{\mathbf{M}n}{\mathbf{M}o} + \mathbf{d}\,\frac{\mathbf{E}n}{\mathbf{E}o} + \ldots\ldots\ldots\ldots$$

where,

"**P**n" is the Price Adjustment factor for the work carried out in the period "n".

"**A**" is a constant or the Non-Adjustable Portion of the Price Adjustment Factor tobe specified in Appendix-C to Bid, representing the Non-Adjustable Portion of the Contract Price.

"**b**, **c**, **d ....**" are Coefficients or weightages of the order of 0.xx (i.e., fractions rounded off to two decimals) for each specified element of adjustment in the Contract.The sum of **A**, **b**, **c**, **d**, etc., shall be one.

"Ln", "En", "Mn", ... are the current cost indices or reference prices for period "n", expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the date 28 days prior to the last day of the period (to which the particular Payment Certificate relates); and

"Lo", "Eo", "Mo", ... are the base cost indices or reference prices, expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the Base Date.

1. Construction schedule should be provided by the Contractor as required in the Contract. Price Adjustment shall be applicable as payable in full for the original scheduled completion period.

2. In the event the completion of contract exceeds the original scheduled period:

   2.1 In case of default on the part of the contractor causing delay in original scheduled completion, the rate of Price Adjustment will be frozen at the original scheduled date of completion; however, Price Adjustment will be applicable till actual completion. While computing Price Adjustment beyond the scheduled completion period, in the event the rate is reduced, then that reduced rate will be applied.

3. The Price Adjustment will be payable in full for the extended period if the contractor has been granted an extension of time for no fault on the part of the contractor, duly approved by the Employer.

Base Date Price

The base date price (or base date index) of any element shall be the price of the element for the month on the day falling 28 days prior to the last day for submission of bids.

Current Date Price

The current date price (or current date index) of any element shall be the price of the element for the month falling on the day 28 days prior to the last day of the period to which the particular Payment Certificate relates.

Sources of Prices

The Base Date Prices and Current Date Prices of the specified elements shall be obtained from the sources specified in the contract.

Method for payment of bills

The billed amount of the Works for each calendar month will be obtained from the checked bills submitted by the Contractor. In case the billed amount is for more than one month, the amount of the bill shall be segregated for actual work done in each month.

SCHEDULE OF ADJUSTMENT DATA

Cost Element	Description	Weightages	Applicable Price
(i)	**(ii)**	**(iii)**	**(iv)**
A	Fixed Portion	0.57	
b	Labour *(Labourer (un-skilled) per day, shall be taken as representative of all types of Labour (skilled/unskilled) deployed at site)*	0.15	Government of Pakistan (GoP) Federal Bureau of Statistics (FBS)
c	Cement *(OPC cement per bag shall be taken as representative of all types of cement used at the site)*	0.06	- do -
d	Reinforcing Steel *(½" Ø round M.S. Bars per tonne shall be taken as representative of all types and diameters of Steel Reinforcement)*	0.13	- do -
e	High Speed Diesel (HSD) *(HSD shall be taken as representative of all kind of fuels used in connection with the Contract)*	0.05	Pakistan State Oil (PSO)
f	Aluminum	0.04	London Metal Exchange
	Total	1.00	

Notes:

1) Prices for "(b)" to "(d)" shall be taken from the Government of Pakistan, Federal Bureau of Statistics. The base prices shall be those prevalent 28 days prior to the latest day for submission of Bids. Current date price of any element shall be those prevalent 28 days prior to the start of execution month to which a particular monthly statement is related.

Prices for "(e)" shall be taken from the Pakistan State Oil (PSO). The base prices shall be those applying 28 days prior to the latest day for submission of Bids. Current prices shall be those applying 28 days prior to the start of the execution month to which a particular monthly statement is related.

Prices for "(f)" shall be taken as LME Official Cash Settlement Price for Primary Aluminum (USD/Metric Ton), converted into Pakistani Rupees using the State Bank of Pakistan exchange rate applicable on the relevant index date. The base prices shall be those applying 28 days prior to the latest day for submission of Bids. Current prices shall be those applying 28 days prior to the start of the execution month to which a particular monthly statement is related.

2) The prices for the cost elements of (b) to (d) shall be used for Islamabad City.

3) Any fluctuation in the prices of materials other than those given above shall not be subject to adjustment of the Contract Price and shall be deemed to be included in the rates and prices quoted by the Bidders.

4) The prices of materials provided in this Appendix are for the purpose of price adjustment only. The Contractor shall base his rates entered in the Bill of Quantities on current market prices.

5) Price Adjustment shall not be applicable on items which are covered under “Adjustment of Foreign Exchange Rate for Imported Plant/ Equipment and Materials”.

FORMULA FOR ADJUSTMENT OF FOREIGN EXCHANGE RATES FOR IMPORTED PLANT/ EQUIPMENT AND MATERIALS

a. For imported plant/ equipment and materials quoted in local currency (Pak. Rs.), foreign currency, exchange rates shall be fixed at the respective interbank currency exchange rates, 28 days prior to the tender opening date. The change in foreign currency exchange rate will be applicable to the foreign currency component stated in the Letter of Credit established by the Contractor or his Vendor.

b. All payments shall be made in Pak Rupees only; however, increase or decrease in Foreign Currency rate would be paid to or deducted from Contractor's payment for following Equipment on Supply part of following imported items:

i. Low-E glass
ii. Building-Integrated Photovoltaics (BIPV) System
iii. Fire-fighting Pumping Unit
iv. Clean Agent
v. DG Set
vi. Chiller
vii. Hot Water Generator
viii. Cooling Tower
ix. Air Handling Unit
x. Fan Coil Unit
xi. Elevator
xii. Escalator

c. Price Adjustment (increase or decrease) for any foreign currency transactions against Letter of Credit (L/C) for import of the Goods shall be made as under:

PA1 = LC1 (RR1-BR) + LC2 (RR2-BR) + …….. + LCn (RRn-BR)

Where,

PA1 = Price Adjustment in PKR for any foreign currency transactions against L/C.

LC1, LC2, LCn = L/C amount in foreign currency for the respective item or 70% of the amount of respective item mentioned in BOQ/ Estimate including premium/ rebate (if any) converted into equivalent foreign currency applicable on the date of opening of L/C, whichever is less.

BR = Base exchange rate prevailing on 28th day prior to the deadline for submission of Bids

RR1, RR2, RRn = Revised exchange rate prevailing on the date of Payment against L/C of the respective item

The rates of exchange to be used in above adjustments shall be Telegraphic Transfer & Over Draft (TT&OD) Selling Rates published or authorized by the State Bank of Pakistan.

d. The current foreign exchange rate will be the one prevalent on the date of retiring the Letter of Credit (L/C) at the Telegraphic Transfer and Over Draft (TT&OD) composite (selling) exchange rate issued by State Bank of Pakistan. The L/C would be opened by the Contractor or subcontractor or authorized agent/ distributor at his own cost bearing the name of Employer and "Name of Works". In any case, the Contractor shall provide all requisite documents which may include but not limited to Bill of Lading, Letter of Credit documents, custom duties, goods declaration form.

e. The Contract Price shall not be adjusted by any other reason due to change in foreign currency exchange rate, except as provided in this Sub-Clause.

f. Contractor shall submit copies of Letter of Credit, shipping documents, certified copies of paid voucher for import duty/ tax and other necessary documents, as required by the Engineer, in support of his Claim under this Sub-Clause.

g. Adjustment of foreign exchange rates for imported plant/ equipment and materials shall be applicable as payable for the original scheduled completion period.

h. In the event the completion of contract exceeds the original scheduled period:

1. In case of default on the part of the contractor causing delay in original scheduled completion, the rate of Revised exchange rate will be frozen at the original scheduled date of completion; however, adjustment of foreign exchange rate will be applicable till actual completion. While computing adjustment of foreign exchange rate beyond the scheduled completion period, in the event the rate is reduced, then that reduced rate will be applied.

2. The Adjustment of foreign exchange rates will be payable in full for the extended period if the contractor has been granted an extension of time for no fault on the part of the contractor, duly approved by the Employer.

i. However, if the Contractor fails to provide requisite documentation in support of his Claim under this Sub-Clause, the foreign exchange rate adjustment under this Sub-Clause shall not be applicable.