To

The Chairman,
All Major Port Trusts.

Subject: Annual Escalation factor for ARR computation and computation of indexed SOR by Major Port Trusts under Tariff Policy, 2015.

Sir,

As per the clauses 2.8 and 2.9 of the Tariff Policy, 2015, the Authority is required to announce the indexation factor considering the WPI occurring between 1 January 2015 and 1 January of the relevant year i.e. 1 January 2016 so as to enable the Major Port Trusts to draw the indexed SOR under the Tariff Policy, 2015 and file their proposal to the Authority.

2.1. The WPI occurring between the relevant dates was ascertained from the Ministry of Commerce, Government of India. The average of monthly WPI for the period January 2015 to December 2015 which is taken as average WPI as on 1.1.2016 is found to be lower than the average monthly WPI as on 1.1.2015. That being so, the escalation factor at variation in the WPI of the said two period is negative.

2.2. Clause 2.8. of the Tariff Policy, 2015 stipulates that the SOR will be indexed annually to inflation to the extent of 100% variation in WPI for the relevant period prescribed therein. Since, the variation in the WPI as on 1 January 2015 and 1 January 2016 is working out to negative, I am directed to convey that the Authority is not in a position to approve any escalation factor for the year 2016-17.

3. The Major Port Trusts are, therefore, requested to consider NIL indexation factor for the year 2016-17 while computing the ARR for drawing the indexed Scale of Rates (SOR) for fixation of tariff under Tariff Policy, 2015.