

Subject: Indexation of tariff caps fixed in the Reference tariff cases for PPP projects at the major port trusts with reference to the variation in Wholesale Price Index (WPI).

Sir,

As per clause 2.9 and clause 4.2. read with clause 2.2. of the Revised Guidelines for Determination of Tariff for Projects at Major Ports, 2013 notified by the Authority on 30 September 2013, the Reference tariff fixed by the Authority under 2013 guidelines shall be automatically revised every year to the extent of 60% of the Wholesale Price Index with reference to the base WPI indicated in Order notified by the Authority and 1 January 2015. For this purpose, WPI for all commodities announced by the Government of India has to be considered.

2.1. The WPI occurring between the relevant dates was ascertained from the Ministry of Commerce, Government of India. 60% of the variation in WPI occurring between 1 January 2014 and 1 January 2015 is 2.29%. For the Reference Tariff Orders passed with base WPI as 1 January 2014, the Port Trust is requested to index the Reference Tariff by 2.29%.

2.2. For the Reference Tariff Orders passed by the Authority with base WPI as 1 January 2013, the annual escalation factor of 2.29% now announced by the Authority needs to be applied on the already indexed reference tariff arrived as on 1 April 2014 applying 3.78% indexation factor announced earlier.

To cite an example, if the reference tariff with base WPI 1 January 2013 is ₹100/-, then the indexed reference tariff applying the annual escalation factor of 3.78% w.e.f. 1 April 2014 till 31 March 2015 would be ₹103.78. Now, to arrive at the indexed reference tariff from 1 April 2015 for the said tariff, the annual escalation factor of 2.29% announced by the Authority now will have to be applied on the already indexed reference tariff ₹103.78 as on 31 March 2015. Accordingly, the indexed reference tariff to be effective from 1 April 2015 to 31 March 2016 would be ₹106.16 (103.78×1.0229) for those cases where the base WPI is of 1 January 2013.

3. The Reference tariff at the indexed level will be in force for the period 1 April 2015 to 31 March 2016.