

**Indexation of tariff caps fixed in the upfront tariff cases under 2008 guidelines for PPP Projects at the major port trusts with reference to the variation in Wholesale Price Index (WPI).**

As per Clause 2.8 of the Guidelines for upfront tariff setting for PPP Projects at Major Port Trusts, 2008, the tariff caps fixed by the Authority for handling various commodities or providing various services by private operators will have to be indexed to inflation to the extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2008 and 1 January of the relevant year. For this purpose, WPI for all commodities announced by the Government of India has to be considered.

2. The 2008 guidelines stipulate that Tariff caps will be indexed to inflation (but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2008 and 1 January of the relevant year). Since the worked out escalation factor at 60% of WPI index for the year 2017-18 is seen to be lower than the escalation factor at 60% of WPI index for the year 2015-16 and 2016-17, the Authority has decided to maintain status quo in the indexation factor under 2008 Guidelines for the year 2017-18.

3. Accordingly, the base year for the upfront tariff already set and the corresponding annual escalation factor to be applied with **effect from 1 April 2017** are given below:

<b>Tariff with base WPI as on</b>	<b>Escalation factor to be applied</b>
1 January 2012	11.21%
1 January 2011	18.21%
1 January 2010	25.67%
1 January 2009	27.49%
1 January 2008	35.08%

4. The adjusted upfront tariff will be in force for the period 1 April 2017 to 31 March 2018.