

To

1. The Chairmen, All Major Port Trusts.
2. Dakshin Bharat Gateway Terminal Private Limited.
3. Adani Mormugao Port Terminal Private Limited.
4. **Nhava Sheva (India) Gateway Terminal Private Limited**
5. West Quay Multiport Private Limited
6. Vizag General Cargo Berth Private Limited.
7. IMCOLA Crane Company Private Limited.
8. Adani Kandla Bulk Terminal Private Limited.
9. Adani Vizag Coal Terminal Limited.
10. AVR Infra Private Limited.
11. Tuticorin Coal Terminal Private Limited.
12. Essar Vizag Terminal Limited.

Subject: 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).

Sir,

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.

2.1. The WPI occurring between the relevant dates was ascertained from the Ministry of Commerce & Industry, Government of India. 60% of the variation in WPI occurring between 1 January 2019 and 1 January 2020 works out to 1.13% for the year 2019-20.

2.2. Further, following the methodology adopted for announcement of annual indexation factor for the year 2019-20, the methodology for indexation of tariff for the year 2020-21 under the Upfront tariff Guidelines 2008, will be as follows:

(i). The (compounded) indexation factor announced by the Authority for the upfront tariff which is already frozen at the level announced for the year 2017-18 by our letter dated 23 March 2018 and 1 August 2018 to continue as given below:

Tariff with base WPI as on	Escalation factor to be applied
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%

(ii). For the subsequent years, annual Indexation factor announced by the Authority over the then applicable indexed tariff are as follows:

Years	Annual Indexation factor to be applied
2018-19	
(a). 1.4.2.18 to 31.7.2018	Nil
(b). 1.8.2.018 to 31.3.2019	2.07%
2019-20	2.56%

(iii). For the year 2020-21 the annual indexation factor of 1.13% is to be applied with effect from 1 April 2020 to 31 March 2021 on the then applicable indexed tariff. That is to say, annual indexation factor of 1.13% is to be applied on the indexed tariff as on 31 March 2020. To give an example, if the upfront tariff with base WPI 1 January 2008 is Rs. 100/- per tonne, then the indexed upfront tariff applying the compounded indexation factor upto the year 2017-18 at 35.08% would be Rs.135.08 per tonne (i.e. 100×1.3508). For the year 2018-19, annual indexation factor as applicable at 2.07% w.e.f 1.8.2018 is to be applied to the indexed tariff of Rs. 135.08 per tonne of the year 2017-18. This works out to be Rs.137.88 (i.e. $Rs\ 135.08 \times 1.0207$). For the year 2019-20, annual indexation factor as applicable at 2.56% is to be applied to the indexed tariff of Rs. 137.88 per tonne of the year 2018-19. This works out to be Rs.141.41 (i.e. $Rs\ 137.88 \times 1.0256$). This is the indexed tariff as on 31 March 2020.

The annual indexation factor now announced for the year 2020-21 at 1.13%, is to be applied on the indexed tariff of Rs. 141.41 per tonne as on 31 March 2020. This works out to be Rs. 143.00 (i.e. $Rs\ 141.41 \times 1.0113$). The indexed tariff of Rs. 143.00 per tonne shall be effective from 1 April 2020 to 31 March 2021.

5. This issues with the approval of Competent Authority.

Yours faithfully,

Sd/-
(Anuradha H Sharma)
Director

Copy for kind information to:

- i) The Joint Secretary (Ports), Ministry of Shipping, Government of India, New Delhi.
- ii) The Sr. Economic Advisor, Ministry of Shipping, Government of India, New Delhi.

Yours faithfully,

Sd/-