

**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).

**No. TAMP/12/2009-Misc.  
29 March 2022**

To

1. The Chairmen, All Major Port Authorities.
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. 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. Accordingly, the Authority has been till date announcing the annual indexation factors for PPP Concessionaire governed under the said guidelines.

2.1. The Ministry of Law and Justice has published the Major Port Authorities (MPA) Act, 2021 in the Gazette of India on 18 February 2021. As per Gazette notification No 4143 dated 29 October 2021 published by the Ministry of Ports, Shipping and Waterways (MOPSW), the MPA Act, 2021 has come into force with effect from 3 November 2021.

2.2. As per Section 54 of the MPA Act 2021, the Central Government may constitute an Adjudicatory Board to discharge the powers and functions of the Adjudicatory Board other than tariff setting listed under Section 58 (1) of the ibid Act. TAMP is to discharge the functions of the Adjudicatory Board till constitution of the Adjudicatory Board.

2.3. The MOPSW vide its letter dated 3 November 2021 has already issued Tariff Policy 2021 for Tariff fixation of Major Ports and vide letter dated 21 December 2021, the MOPSW has issued Tariff Guidelines, 2021 for future PPP concessionaires in exercise of the powers conferred under the MPA Act 2021.

2.4. As per the Tariff Policy 2021 for tariff fixation of Major Ports, the IPA vide its letter no. IPA/MSD/WPI/Tariff/2022 dated 22.03.2022 has already intimated the annual indexation factor to all Major Port Authorities under the New Tariff Guidelines 2021.

2.5. The Tariff Guidelines applicable for the existing PPP Concessionaires governed by the Upfront Tariff Guidelines, 2008, Reference Tariff Guidelines, 2013 and Tariff Guidelines, 2019 under the MPA Act 2021 is yet to be issued from the MOPSW.

2.6. As you may be aware TAMP has been till date announcing the annual indexation factors for PPP Concessionaire governed under the respective guidelines.

2.7. It is relevant here to state that as per Section 58(1) the MPA Act 2021, the Adjudicatory Board shall perform the functions listed in said section of the Act other than tariff setting. Clause (a) under Section 58(1) prescribes the following function to be carried out by the Adjudicatory Board:

“(a). the functions envisaged to be carried out by the erstwhile Tariff Authority for Major Ports arising from the Tariff Guidelines of 2005, 2008, 2013, 2018 and 2019 and tariffs orders issued by the said Authority.”

3.1. In view of the above position and as such, in the absence of the specific tariff guidelines for the existing PPP Concessionaires governed under the Upfront Tariff Guidelines 2008 after the MPA Act 2021 has come into force and recognizing that their SOR is due for annual indexation in the rate w.e.f. 1 April 2022 (in case of Upfront Tariff Guidelines, 2008), this Authority decides to announce the annual indexation factor under the upfront tariff Guidelines 2008 for the year 2022-23.

3.2. Accordingly, indexation factors with reference to the variation in Wholesale Price Index (WPI) occurring between January 2021 and December 2021 has been worked out as per the Clause 2.8 of Upfront Tariff Guidelines, 2008. For this purpose, WPI for all commodities announced by the Government of India has been considered.

4.1. 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 2021 and 1 January 2022 works out to 6.46% for the year 2022-23.

4.2. Further, following the methodology adopted for announcement of annual indexation factor for the year 2021-22, the indexation factor for indexing the tariff for the year 2022-23 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 shall continue as given below:

<b>Tariff with base WPI as on</b>	<b>Indexation 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%

- (ii). For the subsequent years, the annual indexation factor announced by the Authority for the year 2018-19, 2019-20, 2020-21 and 2021-22 over the then applicable indexed tariff are as follows:

<b>Year</b>	<b>Annual indexation factor</b>
2018-19	
(a). 01.04.2018-31.07.2018	Nil
(b). 01.08.2018 to 31.03.2019	2.07%
2019-20	2.56%

2020-21	1.13%
2021-22	0.33%

- (iii). For the year 2022-23, the annual indexation factor at 60% of the variation in WPI is 6.46%. Thus, annual indexation factor of 6.46% is to be applied for the year 2022-23 w.e.f. 1 April 2022 and will remain valid till 31.03.2023. The annual indexation factor of 6.46% for the year 2022-23 is to be applied on the then applicable indexed tariff as on 31 March 2022.

To cite an example, if the upfront tariff with base WPI 1 January 2008 is `100/- per tonne, then the indexed upfront tariff applying the compounded indexation factor upto the year 2017-18 at 35.08% would be `135.08 per tonne (i.e.  $100 \times 1.3508$ ). For the year 2018-19, annual indexation factor as applicable at 2.07% is to be applied to the indexed tariff of `135.08 per tonne of the year 2017-18. This works out to be `137.88 (i.e.  $135.08 \times 1.0207$ ). For the year 2019-20, annual indexation factor as applicable at 2.56% is to be applied to the indexed tariff of `137.88 per tonne of the year 2018-19. This works out to be `141.41 (i.e.  $137.88 \times 1.0256$ ). For the year 2020-21, annual indexation factor as applicable at 1.13% is to be applied to the indexed tariff of `141.41 per tonne of the year 2019-20. This works out to be `143.01 (i.e.  $141.41 \times 1.0113$ ). For the year 2021-22, annual indexation factor as applicable at 0.33% is to be applied to the indexed tariff of `143.01 per tonne of the year 2020-21. This works out to be `143.48 (i.e.  $143.01 \times 1.0033$ )

The annual indexation factor now announced for the year 2022-23 at 6.46%, is to be applied on the indexed tariff of `143.48 per tonne as on 31 March 2022. This works out to be `152.75 (i.e.  $143.48 \times 1.0646$ ). The indexed tariff of `152.75 per tonne shall be effective from 1 April 2022 to 31 March 2023.

5. Further, in respect of PPP Concessionaires whose indexed SOR is notified by the Major Port Authority after the MPA Act, 2021 has come into force w.e.f. 3.11.2021, the Major Port Authority is requested to communicate the above annual indexation factor announced by the Authority for the year 2022-23 to the concerned PPP Concessionaire for indexation of their SOR w.e.f. 1 April 2022 and valid till 31 March 2023 with a copy endorsed to TAMP for information.

6. This issues with the approval of Competent Authority.

Yours faithfully,

Sd/-  
(Anuradha Sharma)  
Director

**Copy for kind information to:**

- (i). The Joint Secretary (Ports), Ministry of Ports, Shipping & Waterways, Government of India, New Delhi.
- (ii). The Advisor (Statistics), Ministry of Ports, Shipping & Waterways, Government of India, New Delhi.
- (iii). The Managing Director, Indian Ports Association, 1<sup>st</sup> Floor, South Block, NBCC Place, B.P. Marg, Load Road, New Delhi

Sd/-  
**(Anuradha Sharma)**  
Director

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