(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 418 **New Delhi,** **28 September, 2021**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Paradip Port Trust for fixation of Container Scanning tariff for loaded container, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/15/2021-PPT

Paradip Port Trust **- - -** **Applicant**

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Sunil Kumar Singh, Member (Economic)

O R D E R
(Passed on this 7th day of September 2021)

This case relates to a proposal received from the Paradip Port Trust (PPT) for fixation of Container Scanning tariff for loaded container.

1.2. The PPT vide its letter No. TD/TM/GEN-250/2020-21/399 dated 24 February 2021 has filed a proposal for fixation of Container Scanning tariff for loaded container. Since the said proposal was incomplete, the PPT was requested vide letter dated 2 March 2021 to furnish the draft SOR, list of users and the Board Resolution approving the subject proposal. The PPT has furnished the requisite information vide its email dated 17 March 2021.

2.1. The submission made by the PPT in its letter No. TD/TM/GEN-250/2020-21/399 dated 24 February 2021 are given below:

(i). PPT has procured and installed one Mobile X-Ray Container Scanning System (MXCS) at a total cost of ₹. 29.68 Crores through M/s. Smiths Detection (Asia Pacific). The equipment is procured to reduce physical examination and dwell time of containers in the Port under Ease of Doing Business. The above cost includes two years on-site warranty and 08 years Comprehensive Annual Maintenance Contract (CAMC) with spares and consumables. The proposal of procurement & installation of MXCS has been ratified by the Board of Trustees vide Resolution No.69/2017-18 in meeting held on 23.03.2018.

(ii). The Board of Trustees vide resolution No. 90/2020-21 in the meeting no. 04/2020-21 dated 29.01.2021 has resolved to fix the tariff @ ₹ 158/- per container towards container scanning charges for loaded containers taking the cost of container scanner as an integral part of the PICT. After successful commissioning of the MXCS, the same would be handed over to the Custom Commissionerate for regular operation.

2.2. Accordingly, the proposed tariff i.e. ₹ 158/- per loaded container for container scanning charges for the year 2020-21 and beyond has been submitted by PPT for approval.

2.3. The other main points made by the PPT in its proposal dated 24 February 2021 are given below:

(i). To reduce the physical examination and dwell time of containers in the Port under Ease of Doing Business, Paradip Port Trust has procured & installed one Mobile X-Ray Container Scanning System (MXCS) at a total cost of ₹.29.68 Crore through M/s. Smiths Detection (Asia Pacific). This includes two years on-site warranty and 08 years Comprehensive Annual Maintenance Contract (CAMC) with spares and consumables. After installation, the MXCS has passed Site Acceptance Test (SAT) on 18.12.2020 and Customs Officials Operators' training programme has been completed. After one month successful trial run of the MXCS, the same would be handed over to the Customs officials for regular operation as informed by IPA earlier. The proposal of procurement & installation of MXCS has been ratified by the Board of Trustees vide Resolution No.69/2017-18 in meeting held on 23.03.2018.

(ii). Initially, Ministry of Ports, Shipping and Waterways (MOPSW) [then Ministry of Shipping (MOS)] vide letter dated 31.01.2018 directed that no cess is to be levied on the trade by the Port for the time being for operation of MCXS and the Port can submit a proposal seeking budgetary support, if so required, at a later stage for meeting the capital cost. (Copy of MOPSW letter is furnished by PPT). Subsequently, MoS vide letter dated 12.07.2018 informed all Major Ports to follow normative rates for cost recovery of the MXCS and to take up the proposal with TAMP for fixation of tariff after establishing the project cost (Copy of MOPSW letter is furnished by PPT). It was also decided in the review meeting dated 12.06.2018 held in IPA conference Hall that after establishing the project cost, the respective port will file normative rates to TAMP for approval for cost recovery.

(iii). Taking the capital and operating costs of the MXCS into account, it is derived that PPT has to fix scanning charge @ ₹. 6,796/- per container to recover the cost within 10 years period, (Calculation is furnished by PPT). The above rate is exorbitantly high in comparison to nearby Ports (viz. Kolkata @ ₹. 215/- and Vizag @ ₹. 152/-) since the volume of container handling at PPT is abysmally low. While the average price for handling a container at PPT as notified by TAMP is approx. ₹. 4,000/-, the price of scanning @ ₹. 6,796 per container appears to be a non-viable proposition. Further, scanning of container is now a mandatory requirement by the regulator and cost recovery at the above normative rate may not be planned with very low base of containers. The detailed calculation for arriving at the rate considering capital and operating costs of the MXCS on cost plus 16% return basis, as furnished by PPT is as follows:

Sr. No.	**Particulars**	**As considered by TAMP for KDS**	**Estimate of PPT (as per TAMP approval for KDS)**
1	**No of loaded Exim Containers handled at PPT**		
a.	Actual no of loaded Exim Containers in 2017-18(* As per Actual)	4,20,513	(*)6837
b.	Compound Annual Growth Rate (CAGR) taken from AECOM report	**1.028%**	
	No of loaded Exim Containers in 2018-19 @ CAGR i.e. 1.028%(* As per Actual)	4,24,836	(*)12509
c.	No of loaded Exim Containers to be handled in 2019-20 @ CAGR i.e. 1.028%	4,29,203	11,504
d.	No of loaded Exim Containers to be handled in 2020-21 @ CAGR i.e. 1.028%	4,33,615	11,622
e.	No of loaded Exim Containers to be handled in 2021-22 @ CAGR i.e. 1.028%	4,38,073	11,742
f.	No of loaded Exim Containers to be handled in 2022-23 @ CAGR i.e. 1.028%	4,42,576	11,862
g.	No of loaded Exim Containers to be handled in 2023-24 @ CAGR i.e. 1.028%	4,47,126	11,984
h.	No of loaded Exim Containers to be handled in 2024-25 @ CAGR i.e. 1.028%	4,51,722	12,108
i.	No of loaded Exim Containers to be handled in 2025-26 @ CAGR i.e. 1.028%	4,56,366	12,232
j.	No of loaded Exim Containers to be handled in 2026-27 @ CAGR i.e. 1.028%	4,61,058	12,358
k.	No of loaded Exim Containers to be handled in 2027-28 @ CAGR i.e. 1.028%	4,65,797	12,485

Sr. No.	Particulars	As considered by TAMP for KDS	Estimate of PPT (as per TAMP approval for KDS)
l.	No of loaded Exim Containers to be handled in 2028-29 @ CAGR i.e. 1.028%	4,70,586	12,613
m.	Total no. of loaded Exim Containers to be handled in 10 years	44,96,123	1,20,510
n.	**Average no of loaded Exim Containers to be handled each year(Annexure-1)**	**4,49,612**	**12,051**
2	**Capital Investment**	**₹.**	**₹.**
a.	Civil Infrastructure Cost Plus GST @ 18%	3,68,72,361	1,72,61,871
b.	Electrical Installation Cost	52,75,393	29,91,037
c.	MXCS System Installation Cost	19,53,36,061	19,53,36,061
d.	Miscellaneous Cost @ 5% of (a+b+c)	1,18,74,191	1,07,79,448
	Total Capital Investment	**24,93,58,006**	**22,63,68,417**
3	**Operational Investment (per annum)**		
a.	Power		
	Electrical Power consumption in Scanning containers	**52,95,332**	**1,52,084**
b.	Repairs and maintenance		
	(i). On MXCS System**(Annexure-3)**	1,26,92,347	1,01,53,877
	(ii). On Civil Infrastructure @ 1%	3,87,159	1,72,619
	(ii). On Electric Installation @ 2%	1,10,783	59,821
	Subtotal : Repairs and Maintenance cost	**1,31,90,290**	**1,03,86,317**
c.	**Insurance @ 1%**	**24,93,580**	**22,63,684**
d.	**Depreciation @10%**	**2,49,35,800**	**2,26,36,841**
e.	Other expenses		
	(i). Manpower cost towards cleaning & housekeeping	2,62,500	2,62,500
	(ii). Cost towards Security services	43,20,000	43,20,000
	(iii) Miscellaneous expenditure@ 2.5% of total capital cost	62,33,950	56,59,210
	Subtotal : Other Costs	1,08,16,450	1,02,41,710
	Operational Cost per annum [Total 3 = (a) + (b) + (c) +(d)+ (e)]	5,67,31,453	4,56,80,637
4	**Return on Capital Employed @ 16% on Total Capital investment**	3,98,97,281	3,62,18,947
5	**Annual Revenue Requirement**		
a.	Operational Cost per annum	5,67,31,453	4,56,80,637
b.	Per annul return on Capital Employed @ 16%	3,98,97,280	3,62,18,946
c.	Annual Revenue Requirement c.= (a) + (b)	9,66,28,734	8,18,99,584
6	**Scanning Charged on each loaded Exim Containers = 5 (c) / 1 (n)**	**214.92**	**6,796.07**
	(Revenue Requirement) / (Average no of Loaded Exim Containers)		
	Scanning charges on each loaded Exim Container (Excluding GST)	**215**	**₹6,796**

(iv). As an alternative, the cost of the scanner may be treated as an integral part of the terminal project cost and then price may be derived, rather than treating it as a separate project in itself. Accordingly, the scanning charge has been calculated @ ₹.158/- per container (excluding GST) considering the scanner as an integral part of the Terminal. Detailed calculation for fixation of tariff @ ₹.158/- per container as furnished by PPT is as follows:

A.	**Capital Cost**	
a.	Total Capital Cost of the Project (Reference Kandla Port Tariff)	3,16,65,00,000
b.	Total Cost of Container Scanner	22,63,68,417
c.	**Total Capital cost of the project considering the container Scanner as an Integral part(a+b)**	**3,39,28,68,417**
B.	**Operating Cost Estimation**	
a.	Power Cost(8KWH* ₹.9.49*637728 TEUs)	4,84,16,309
b.	Fuel(4Litres* ₹. 58.11 per Litre*637728 TEUs)	14,82,33,496
c.	Civil Assets(1% * ₹ 75.71 Crores)	75,71,000
d.	Mechanical & Electrical Works(2% * ₹.308.16Crores)	6,19,00,000
e.	IT(2% of ₹.5.63Crore)	11,00,000
f.	Insurance(1% of ₹. 3392868417)	3,39,28,684
g.	*Civil Work-Container Scanner(1% of ₹.1.72 Crore)*	*1,72,619*
h.	*Mechanical & Electrical Works-Container Scanner(2% of ₹.19.83Crore)*	*39,66,542*
i.	*Other Miscellaneous Charges-Container Scanner(2% of ₹. 1.07Crore)*	*2,15,589*
j.	**Depreciation**	
	(i)Civil Work(3.34% of ₹.75.71 Crore)	2,52,87,140
	(ii)Mechanical & Electrical Works(10% of ₹.233.80 Crore)	23,38,00,000
	(iii)IT(16.67% of ₹.5.63Crore)	93,85,210
	(iv)Civil Work-Container Scanner(3.34% of ₹.1.72 Crore)	*5,81,725*
	(v)Mechanical & Electrical Works-Container Scanner(10% of ₹. 19.83 Crore)	*1,98,32,710*
	(vi)Other Miscellaneous Charges-Container Scanner(₹.16.67% of ₹.1.07Crore)	*17,96,934*
k.	License Fee	
	(i)Land Area(212034 Sqm* ₹.350.16 Per Sqm)	7,42,45,825
l.	Other Expenses(for terminals having capacity more than 0.5 million TEUs)(10% of ₹.3392868417)	33,92,86,842
	Total Operating Cost	**1,00,97,20,625**
C.	**Annual Revenue Requirement(ARR)**	
	(i)Total Operating Cost	1,00,97,20,625
	(ii)Return on Capital Employed(@16% of Total Capital Cost)	54,28,58,947
	Total Revenue Requirement	**1,55,25,79,572**
	Annual Revenue requirement(ARR) as per Current Calculation(in Crores)	155.26
	Less ARR already taken (in Crores)	146.64
	Balance to be Utilized (in Crores)	8.62
	Per Container (Considering 6,37,728 TEUs)(in ₹.)	135.17
	Scanning Cost Per Container(2014-15)	135.17
	Escalation for 2015-16 (Indexation Factor 3.82%)	140.33
	Escalation for 2016-17 (Indexation Factor NIL)	140.33
	Escalation for 2017-18 (Indexation Factor 2%)	143.14
	Escalation for 2018-19 (Indexation Factor 3.45%)	148.08
	Escalation for 2019-20 (Indexation Factor 4.26%)	154.39
	Escalation for 2020-21 (Indexation Factor 1.88%)	157.29
	Proposed Scanning Charge for each Container(Excluding GST)	**158**

(v). The suggested terms & condition are as follows:

(a). The Scanning Charge shall be applicable to all loaded EXIM containers.
(b). The rate shall be same for Export/ Import containers irrespective of the size of the Containers.

3. In accordance with the consultative procedure prescribed, the proposal of PPT vide its letter dated 2 March 2021 and email dated 17 March 2021 was forwarded to the concerned users/ user organisations seeking their comments. None of the users/ user organisations have furnished their comments till the case was finalised.

4. In view of the outbreak of COVID – 19 and in pursuance of the then Ministry of Shipping (MOS) letter No. 11053/30/2020-Coord. dated 16 April 2020 to hold virtual meetings, a joint hearing on the case in reference was held on 16 April 2021 through Video Conferencing. At the joint hearing, the PPT and the users have made their submissions.

5.1. During the joint hearing, based on the request made by the users, the PPT had conveyed that it can initially exempt the levy of the container scanner charges on the coastal containers for the time being and levy it on the foreign containers only. Accordingly, the PPT was requested vide letter dated 21 April 2021 to furnish the revised draft Scale of Rates incorporating the above said position and the time frame for exemption of the levy on container scanner charges on the coastal containers may be specified.

5.2. In this regard, the PPT vide its letter dated 7 May 2021 has furnished the revised draft Scale of Rates and time frame for exemption which are as follows:

(i). **Draft Scale of Rate**

Description	**Rate (In ₹) per container (Excluding GST)**
Scanning charges of Containers	158/-

(ii). **Time frame for Exemption:**

The Scanning charge for coastal containers will be exempted for 2 (two) years from the date of notification of the Order in the Gazette of India.

(iii). **Terms and Conditions:**

(a). Scanning charge shall be applicable to all loaded EXIM containers. The Scanning charges shall be applicable to all loaded coastal containers after the exemption period.

(b). The rate shall be same for Coastal/ EXIM containers irrespective of the size of the containers.

(c). The scanning charge shall be applicable to loaded Coastal / EXIM Containers irrespective of being scanned or not.

(d). The tariff prescribed will be valid for a period of 10 years from the date it comes into effect subject to automatic annual indexation.

6. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the arguments made during the joint hearing will be sent separately to the port and relevant parties. These details will also be made available at our website http://tariffauthority.gov.in.

7. With reference to the totality of the information collected during the processing of the case, the following position emerges:

(i). Based on the direction of the Government and with a view to reduce physical examination and dwell time of containers in the Port under Ease of Doing Business, the Paradip Port Trust (PPT) envisages installation of a Mobile X-Ray Container Scanning (MXCS) System at the PPT, for scanning the Loaded Containers. Since no rate is available in the existing Scale of Rates of PPT towards Scanner charges, the PPT has come up with a proposal for fixation of tariff for operation of MXCS system. The proposal of PPT has the approval of its Board of Trustees.

(ii). The proposal was initially filed by PPT in February – March 2021. Subsequently, based on the discussions during the joint hearing, the PPT in May 2021 has proposed changes to its initial proposed Scale of Rates relating to the proposed container scanner charges. The said proposal of PPT of February – March 2021 alongwith the changes proposed by PPT in its proposed Scale of Rates is considered in the analysis.

(iii). As per Clause 7.6.1 of the Tariff Policy, 2018, when a tariff for a new service/ cargo/ equipment/ facility is not available in the SOR of the port, the concerned Major Port Trust can either adopt the tariff and performance standards if any fixed for comparable cargo/ equipment/ service in any Major Port Trust, or can file a proposal for notification of tariff for the said new cargo/ equipment/ service/ facility with reference to optimal capacity assessed following the principles of 2008 guidelines or based on rated capacity or technical specification of service/ facility/ equipment. The Guideline further stipulates that if determination of tariff based on the above prescribed options is not available, then the Major Port Trusts after giving sufficient reasons may propose rates based on cost plus 16% return formula.

In this regard, it is to state that the Government while conveying its decision to install the Scanner at the port premises have directed the ports (where the scanners have been directed to be deployed) to follow Normative rates for recovery of cost.

It is in this backdrop that the proposal has been filed by the PPT for fixation of rate for use of Scanner.

(iv). The PPT has proposed the rate for the Container Scanner by considering the cost of Scanner as an integral part of the Paradip International Cargo Terminal Private Limited (PICTPL) [whose Reference tariff was fixed by adopting the upfront/ reference tariff of Deendayal Port Trust (DPT)].

In this connection, it is recalled that this Authority vide its Order no. TAMP/10/2014-PPT dated 19 February 2014 had fixed Reference tariff for Development of Multipurpose Berth at PPT to handle Containers and clean cargo. In the Order of February 2014, this Authority had approved the proposal of the PPT to adopt the Reference tariff of the Container terminal of the Deendayal Port Trust (DPT) [erstwhile Kandla Port Trust (KPT)], for its Multipurpose Berth at PPT. Subsequently, the PPT has entered into Concession Agreement (CA) with PICTPL for development of Multipurpose Berth at PPT to handle Containers and clean cargo on Design, Build, Finance, Operate and Transfer (DBFOT) basis on 07 March 2015 for a period of 30 years. Thereafter, the Reference Tariff approved in February 2014 was indexed by the applicable Wholesale Price Index (WPI) and notified in the name of PICTPL, when it had commenced its operations in the year 2018.

Now, given that the Containers are generally handled at PICTPL, the PPT has worked out the rate for the container scanner at ₹ 158/- per Loaded Container, by considering the cost of Scanner as an integral part of the PICT terminal. The PPT has furnished workings in this regard.

In this connection, it is relevant here to mention that the tariff of the PICTPL has been fixed based on the stipulations contained in the Reference Tariff Guidelines of 2013. Tariff has been fixed in such a manner so as enable the operator meet its Annual Revenue Requirement, which has been assessed taking into account the operating costs and 16% Return on the Capital costs. Thereafter, the tariff so fixed undergoes a change annually, only to capture the effect of indexation, as per the stipulations contained in the Reference Tariff Guidelines of 2013.

Fixing the tariff for the container scanner, following the methodology as followed by PPT, is likely to disturb the ARR, based on which the tariff for the PICTPL has been fixed. Further, such an approach as proposed by the Port is seen to be beyond the stipulation prescribed in Clause 7.6.1 of the Tariff Policy, 2018. In view of the above, this Authority is not in a position to prescribe rate for the Container Scanner, following the methodology adopted by the PPT.

(v). As brought out above, Clause 7.6.1 of the Tariff Policy, 2018 stipulates that when a tariff for a new service/ cargo/ equipment/ facility is not available in the SOR of the port, the concerned Major Port Trust can either adopt the tariff and performance standards if any fixed for comparable cargo/ equipment/ service in any Major Port Trust, or can file a proposal for notification of tariff for the said new cargo/ equipment/ service/ facility with reference to optimal capacity assessed following the principles of 2008 guidelines or based on rated capacity or technical specification of service/ facility/ equipment.

In this regard, it may be recalled that this Authority vide its Order no. TAMP/77/2018-VPT dated 29 March 2019 has fixed tariff for the operation of Mobile X-Ray Container Scanning system at Visakhapatnam Port Trust (VPT). The charges for the Container Scanning System at VPT was fixed broadly on norm basis following the broad principles prescribed in the upfront tariff guidelines of 2008 which is one of the methods prescribed in clause 7.6.1 and 5.7.1 of the Tariff Policy, 2018 and Working Guidelines on the said Tariff Policy respectively and also to comply with the decision of the MOS to arrive at normative tariff. It is relevant here to state that though there are no specific norms prescribed in the Upfront Tariff Guidelines of 2008 for Container Scanner, the VPT had then filed its proposal broadly following the general principles prescribed in the upfront tariff guidelines of 2008 and based on the rated capacity. In the absence of any specific norms prescribed in the Upfront Tariff Guidelines for this kind of facility, this Authority had fixed the tariff for operation of mobile X- Ray Scanner at ₹ 151.93 per container, based on the approach adopted by the VPT.

(vi). Since the tariff for operation of mobile X- Ray Scanner at VPT has been fixed broadly following the general principles prescribed in the upfront tariff guidelines of 2008 and based on the rated capacity as per the stipulations contained in the Tariff Policy, 2018, this Authority is inclined to adopt the said tariff fixed in VPT for the Mobile X-Ray Container Scanning System (MXCS) at PPT also, after applying the applicable indexation factor

The tariff of the Container Scanner at VPT at ₹ 151.93 per container was fixed in the year 2019. The note forming part of the said prescribed rate states that the said tariff will be indexed to inflation to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1st January 2019 and 1st January of the relevant year.

After applying the indexation factor for the years 2020-21 and 2021-22, the rate works out ₹ 155.64 per container, as shown below:

Year	Indexation factor	Rate in ₹
2019	-	151.93
2020-21	1.88%	154.79
2021-22	0.55%	155.64

Thus, this Authority is inclined to fix the tariff for the Mobile X-Ray Container Scanner at PPT at ₹ 155.64 per container, as worked out above, without going into the nitty gritties of the methodology adopted by PPT to arrive at its proposed rate. The rate so worked out at ₹ 155.64 per container is seen to be marginally lower than the rate of ₹ 158/- per container as proposed by the Port.

(vii). Based on the request made by the Trade during the joint hearing, the PPT has proposed to exempt coastal containers from the levy of Scanning charge for a period of two years from the date of notification of this Order in the Gazette of India. As per Clause 7.1 of the Tariff Policy, 2018, the rates prescribed in the Scale of Rates are ceiling levels. The ports may, if they so desire, charge lower rates. Thus, the PPT has flexibility to exempt levy of any charges on any category of cargo/ container. The proposed note is approved.

(viii). The PPT has proposed notes to the effect that Scanning charge shall be applicable to all loaded EXIM containers and that the rate shall be same for Coastal/ EXIM containers irrespective of the size of the containers and that the scanning charge shall be applicable to loaded Coastal/ EXIM Containers irrespective of being scanned or not. Since the proposed notes give clarity and would avoid ambiguity, the proposed notes are approved.

(ix). The PPT has also proposed a note to the effect that the tariff prescribed will be valid for a period of 10 years from the date it comes into effect subject to automatic annual indexation. Since the port in its proposal had proposed to recover the cost over a period of 10 years, the proposed note is also approved.

(x). Though the PPT has indicated that the tariff will be subject to automatic annual indexation, it has not proposed any note relating to the rate of indexation factor. In this regard, given that the tariff of VPT has been adopted for the Container Scanner at the PPT, the rate of indexation as indicated in the VPT Order is adopted with suitable modification. Accordingly, a note is prescribed that the tariff will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1st January 2021 and 1st January of the relevant year. Such automatic adjustment of tariff cap will be made every year and the adjusted tariff cap will come into force from 1st May of the relevant year to 30th April of the following year.

8.1. In the result, and for the reasons given above, and based on a collective application of mind, the following provision relating to operation of Mobile X-Ray Container Scanning System at PPT, is approved:

"Scanning Charge for Mobile X-Ray Container Scanning (MXCS) System at PPT.

Description	**Rate (In ₹) per container (Excluding GST)**
Scanning charges of Containers	155.64

(i). **Time frame for Exemption:**
The Scanning charge for coastal containers will be exempted for 2 (two) years from the date of notification of the Order in the Gazette of India.

(ii). **Terms and Conditions:**

(a). Scanning charge shall be applicable to all loaded EXIM containers. The Scanning charges shall be applicable to all loaded coastal containers after the exemption period.

(b). The rate shall be same for Coastal/ EXIM containers irrespective of the size of the containers.

(c). The scanning charge shall be applicable to loaded Coastal/ EXIM Containers irrespective of being scanned or not.

(d). The tariff prescribed will be valid for a period of 10 years from the date it comes into effect subject to automatic annual indexation.

(e). The tariff prescribed above will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1st January 2021 and 1st January of the relevant year. Such automatic adjustment of tariff cap will be made every year and the adjusted tariff cap will come into force from 1st May of the relevant year to 30th April of the following year.**"**

8.2. The PPT is directed to incorporate the above said provisions in its Scale of Rates, suitably.

8.3. The said provision shall come into effect after expiry of 30 days from the date of notification of this Order passed in the Gazette of India and shall remain valid for a period of 10 years from the date it comes into effect, subject to automatic annual indexation.

(T.S. Balasubramanian)
Member (Finance)