

## How IDA increase is calculated?

We have been reporting the increase in IDA every three months, always before official announcement is made.

We have not been making predictions or assumptions. Our reporting has always been based on standard calculation used for the purpose. We feel that the members also should be aware of the calculation. Hence this article.

The IDA rate revision is based on All India Consumer Price Index. After Second Pay Revision w.e.f. 1.1.2007, the base index has also been revised to 1.1.2007, which is **126.33**

For arriving at IDA increase we need to know the All India Consumer Price Index for Industrial Workers [CPI(IW)] for the previous three months. For IDA revision w.e.f. 1<sup>st</sup> July of a year, the CPI of March, April and May are required. For IDA revision w.e.f. 1<sup>st</sup> October, CPI of June, July and August are required and so on.

The average CPI of the three months is then taken for calculation and the following formula is used:

$$\text{New IDA rate} = \frac{(\text{Average CPI} - \text{Base Index}) \times 100}{\text{Base Index}}$$

$$\text{Increase in IDA rate} = \text{New IDA rate} - \text{Old IDA rate}$$

Example:

CPI for	June 2009	153
	July 2009	160
	August 2009	162
	Average:	158.33

$$\text{Calculation: } \frac{158.33 - 126.33 \times 100}{126.33} = 25.3$$

IDA rate w.e.f. 1.7.2009 was 18.5

Therefore Increase in IDA rate w.e.f. 1.10.2009 was = 25.3-18.5 = 6.8

CPI for a month is notified on the last day of the next month in Labour Bureau Website at <http://labourbureau.nic.in/indnum.htm>. This information is also published in 'The Hindu' on the first day of every month in Business column.

That's all. It is so simple. Now, any one can on his own calculate the IDA rate increase w.e.f. 1.4.2010, on 31<sup>st</sup> March 2010 itself. Those who don't want to take that little effort can login to <http://www.aibsnloa.org/related/idacalculation.xls> and just fill in the CPI for February 2010 and get the magic figure of Increase in IDA rate w.e.f. 1.4.2010.

- Courtesy: Com.V.V.S.Murthy, Vijayawada.