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. 1st July of a year, the CPI of March, April and May are required. For IDA revision w.e.f.1st 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:

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

Increase in IDA rate = New IDA rate – Old IDA rate

Example:

<table>
<thead>
<tr>
<th>Month</th>
<th>CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2009</td>
<td>153</td>
</tr>
<tr>
<td>July 2009</td>
<td>160</td>
</tr>
<tr>
<td>August 2009</td>
<td>162</td>
</tr>
</tbody>
</table>

Average: 158.33

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](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 31st March 2010 itself. Those who don’t want to take that little effort can login to [http://www.aibsnloa.org/related/idacalculation.xls](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.