

How to calculate DA from AICPI (IW)?

The Dearness Allowance payable to Central Government Employees and Pensioners is determined based on All India Consumer Price Index for Industrial Workers. After implementation of sixth pay commission, AICPI (IW) (Base 2001=100) is used to determine DA. DA for Central Government Employees and Pensioners has to be reviewed twice annually and revision if any would be payable with effect from 1st January and 1st July every year.

To calculate Dearness Allowance we require AICPI (IW) for previous 12 months.

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| Dearness Allowance with effect from 1st January every year | $(\text{Average of AICPI-IW for the months from January to December of previous year} - 115.76) \times 100 / 115.76$ |
| Dearness Allowance with effect from 1st July every year | $(\text{Average of AICPI-IW for the months from July of previous year to June of this year} - 115.76) \times 100 / 115.76$ |
| 115.76 is a factor which converts 1982 series AICPI (IW) (Base 1982=100), which was applicable prior to 6CPC to 2001 series AICPIW (Base 2001=100). In turn, This is arrived at by dividing the 1982 series AICPI by a linking factor which is 4.63 ($536/4.63=115.76$) | |

Calculation of DA with effect from 1st July 2012:

So we have all the data for calculating Dearness Allowance with effect from 1st July 2012 now.

| Month | All Indian Consumer Price Index (AICPI-IW) |
|-----------|--|
| July 2011 | 193 |
| Aug 2011 | 194 |
| Sep 2011 | 197 |
| Oct 2011 | 198 |
| Nov 2011 | 199 |
| Dec 2011 | 197 |
| Jan 2012 | 198 |
| Feb 2012 | 199 |
| Mar 2012 | 201 |
| Apr 2012 | 205 |
| May 2012 | 206 |
| Jun 2012 | 208 |

Average of AICPI (IW) for the period from July-2011 to June-2012:

| | |
|--|-------------------------------|
| (193+194+197+198+199+197+198+199+201+205+206+208)/12 | = 199.58 |
| DA with effect from 1st July 2012 | = (199.58-115.76)X100/115.76) |
| | = 72.41 |
| | Rounded to 72 |