

LIKELY INCREASE IN DA FROM JAN 2013 IS 8%

Central Government Employees, Pensioners and family Pensioners may get Dearness Allowance of 80% with effect from 1st January 2013

The price index which is called as AICPI – IW (All India Consumer price Index for industrial workers with the base as 2001=100) for the month of September 2012 has been issued by Government.

This is the table All India consumer price index AICPI-IW for the period from January 2012 to September 2012

Month AICPI-IW

Jan 2012 198

Feb 2012 199

Mar 2012 201

Apr 2012 205

May 2012 206

Jun 2012 208

Jul 2012 212

Aug 2012 214

Sep 2012 215

Oct 2012 Will be released in the last week of November 2012

Nov 2012 Will be released in the last week of December 2012

Dec 2012 Will be released in the last week of January 2013

The above indices from Jan 2012 to Sept 2012, require special mention here as Calculation of expected Dearness Allowance for central government employees, Central Government Pensioners and central government family pensioners with effect from 1st January 2013 need these indices.

The expected Dearness Allowance with effect from January 2013

Scenario 1:

If we assume that there is no inflation from October 2012 and the AICPI-IW remains at 215 for the months of October, November and December 2012, the expected DA for the Central Government Employees and pensioners will be 80%, which is 8% more than the present 72%

Scenario 2:

If we assume that the inflation will be contained in the coming months and consequently AICPI-IW will be 210 for months from October 2012 to December 2012. Then based on following indices from January 2012 to December 2012 we get estimated DA of 79% with effect from January 2013, which is 7% more than the present 72%

Scenario 3:

If we assume that the nominal inflationary trend to continue in the coming months and consequently AICPI – IW increases 1 point each for the months from October 2012 to December 2012. Then expected DA will be 80% with effect from 1st January 2013, which is 8% more than the present 72%

Scenario 4:

If assume that inflation is more in the coming months and consequently AICPI-IW for the months from October 2012 to December 2012 increased two points each. Then expected DA

will be 81% with effect from 1st January 2013, which is 9% more than the present 72%.

we may get DA of 80% with effect from 1st January 2012 if we have same inflationary trend continues or even if we have no further inflation in the coming months:

Based on the pattern we assume the chances for likely happening of scenario 1 and 3 are more. So, we may get DA of 80% with effect from 1st January 2012. The possibility of happening of scenario 4 is very less but we can not overrule the same in this inflationary trend. In that case we may get an additional DA of 9% with effect from 1st January 2013.