

SALARY HIKE IN INDIA - 2015

India has become an attractive destination for investment owing to favorable government policies and reforms in the past few months. The approval of foreign direct investment (FDI) in several sectors has allowed investments to pour into the economy. With India expected to “turn the corner” on the back of structural reforms, economy is projected to clock around 7 percent growth in 2015 – even as China is expected to see an economic slowdown.

It is predicted that 2015 could be the year of India by posting growth of around 7 percent. In short term, low oil prices are likely to increase GDP growth, ease the pressures of India's current account deficit and help bring down inflation. Budget 2015 is expected to take step towards implementing new structural reforms which is expected to boost the economy.

Regarding the wholesale price inflation in India, it is expected to average at around 5 percent for FY 2015. This will be the lowest level of inflation seen in the last few decades. Fall in Inflation this year is expected to be the steepest.

With respect to the country's salary increase, the recent cross industry increment study conducted at Omam Consultants indicates that the employees are expected to get average salary increase of around 11 percent compared to an actual average salary increase of 10.60 percent in 2014.



Overall, the current salary increase forecasts indicate that while the business sentiments is at all-time high, companies await the sentiments to turn into reality – actual business results

Employees identified as top performers are likely to get an average raise of around 16.50 percent, while employees at the good performance level in the organization - are expected to get average increment of around 13 percent.

This is a clear indication of a positive economic sentiment. All industries surveyed are expected to witness an increase in ‘increment rate’ in FY 2015 with few exceptions wherein the companies have shown minimal decline in the increment percentages compared to the previous year.

At Omam Consultants, we have been working on the increment trends across industry verticals, which is summarized and presented in a grid

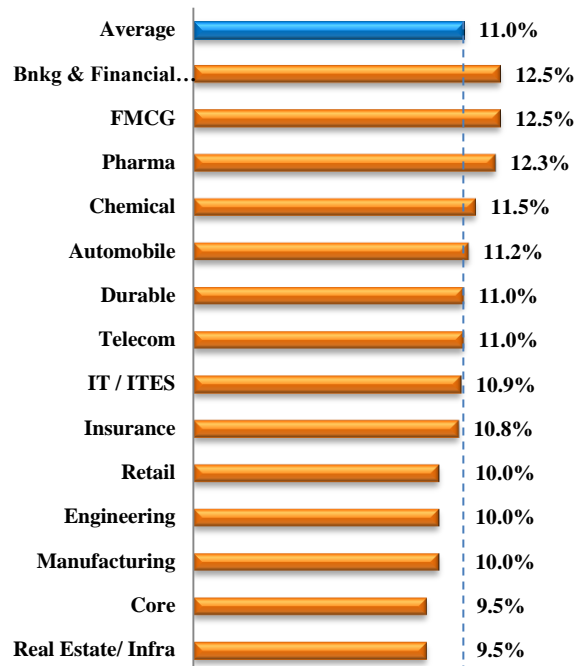
It is recognized that the Indian Industry increment trends are predominantly dependent on the profitability of the company/ individual performance, inflation, benchmarks in the similar/ related industry etc.

According to the study results, the leading industries in the market are Banking/ Financial Services and FMCG with an average proposed salary increase of 12.5 percent in 2015. The projected increase in FMCG is marginally higher when compared to previous year (12 percent in FY 2014), while it is marginally lower in case of Banking & Financial Services when compared to the previous year (13 percent). This is followed by Chemical industry with projected increase of 11.5 percent, up by 1.5 percent when compared to the FY 2014.

The lowest increments are expected in the Core & Real Estate/ Infrastructure sectors where the average projected increment is 9.5 percent.

The Manufacturing & Durable sector shows a modest increase of 10 percent and 11 percent respective for 2015 which is same as the previous year. The companies in Chemical and Real Estate/ Infrastructure shows maximum increase of 1.5 percent

How much salary hike will you get ?



when compared to the previous year while Retail sector projected increase shows maximum decline (2 percent) vis-avis previous years (12 percent to 10 percent).

Companies in Insurance industry shows a marginal decline of 0.2 percent in 2015 compared to the previous year increase of 11 percent. The companies in Telecom sector are expected to see the rise of 11 percent, up from 10% in the year 2014.

As the salary-increase budgets are more or less stabilizing, companies need to innovate ways of allocating available funds. Identifying & differentiating between key, high potential and average talent is becoming essential than ever to ensure best use of the available budget. Career management, developing potential leaders as well as retaining and rewarding critical talent are the top three HR challenges to be faced by organizations across sectors.

However, to address these challenges organizations are maximizing their rewards by identifying, segmenting and rewarding individuals who have maximum impact on the business and are focusing on these talented individuals, among others.

Recognition awards (monetary/ non-monetary), clearly defined career paths and succession plans as well as development programs for high potential and top performers are identified as main reasons that can help retain top talent.

We at Omam Consultants, believe that a well-defined career planning, employee engagement interventions & employee retention strategies are pillars for employer to be different & unique from rest in class.

With regard to the talent acquisition, experts believe that job market in 2015 is going to be in a strong hiring mode and companies are preparing themselves for aggressive recruitments across the board. In addition, there are expectations that a large number of global players would come to set shop in India, thus creating lot of job opportunities at leadership and other levels.