

# SALARY HIKE IN INDIA – 2017

Indian economy is amongst the world’s fastest growing major economics, supported by a stable macro-economy with declining inflation and improving fiscal and external balances. It is also one of the few economics enacting major structural reforms.

Against the backdrop of stability the year 2016 has been marked by two major domestic policy developments - the passage of the constitutional amendment paving the way for implementing the transformational Goods & Services Tax (GST) and the action of Demonetization (the two highest denomination notes).

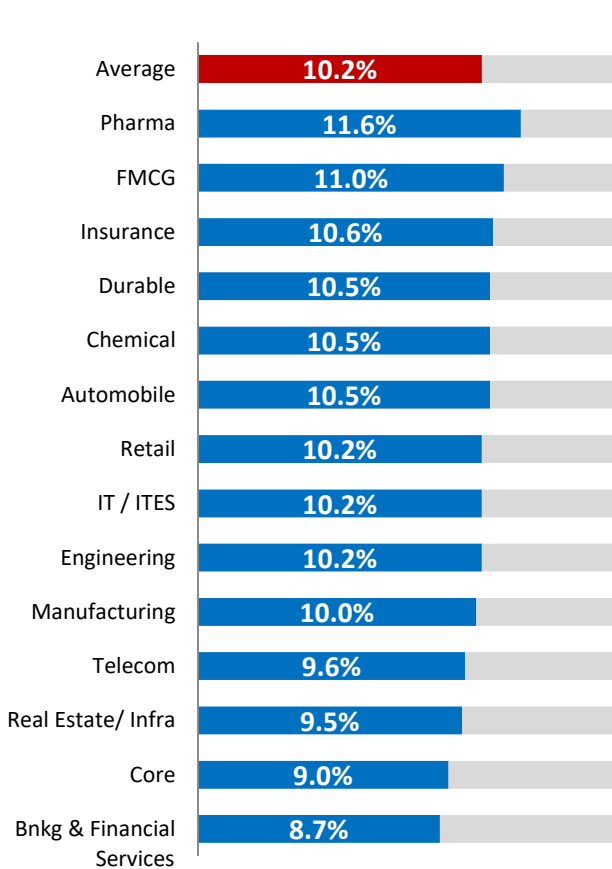
On the International front, Donald Trump’s victory in the US presidential election has affected all emerging markets, including India.

Despite these facts India has enjoyed a good year with annual gross domestic product (GDP) growth for the October~December period at 7.0 per cent post demonetization, a little slower than 7.4 per cent in the previous quarter but much above than the 6.4 per cent expansion forecast by many economists.

Political changes and economic headwinds have had an impact on business performance. However, the trend this year reflects a gradual slowing of salary increases and higher emphasis on productivity and performance — quite literally a ‘graying’ of salary budgets for India.

At Omam Consultants, we reiterate that in the Indian industry, increment trend is predominantly dependent on factors such as - current business scenario, profitability, paying ability, culture and industry benchmarks.

## Average Projected Salary Increase 2017



The salary increase projection indicated by the companies in India is around 10.2 percent (Average) as per the recent cross industry salary hike study conducted at Omam Consultants. The employees in India are expected to get an overall average salary increase of 10.2 percent (10.6 percent in 2016), lowest average increase since 2009.

Sectors with projected increase above average (10.2%)		Sectors with projected increase below average (10.2%)	
Pharma	11.6%	Manufacturing	10.0%
FMCG	11.0%	Telecom	9.6%
Insurance	10.6%	Real Estate/ Infra	9.5%
Durable	10.5%	Core	9.0%
Chemical	10.5%	Banking & Financial Services	8.7%
Automobile	10.5%		
Retail	10.2%		
IT / ITES	10.2%		
Engineering	10.2%		

Almost all the sectors shows decline in the salary hike they are going to offer to their employees in the year 2017.

The Pharmaceutical and FMCG sector is expected to offer highest average increment of 11.60 percent and 11.00 percent respectively, lower than last year (12.0 percent and 12.2 percent), but still highest in amongst the sectors covered. E-commerce and start-up is likely to offer average 13.5 percent.

Among the sectors, Banking & Financial Services and Core sector is expected to offer lowest salary increase of 8.7 percent and 9.0 percent respectively.

Real Estate/ Infrastructure, Telecom and Manufacturing are the other sectors likely remain well below average of 10.2 percent while Retail, IT / ITES and Engineering sectors are likely to maintain the industry average of 10.2 percent.

With tighter budgets, companies are becoming more careful about key/ critical employees and ensure their hi-potential and high performers are rewarded adequately. The trend of investing in key talent continues.

Firms are carving out high potential and critical skills along-with high performers as their key talent segment through an effective “Talent Management Programs”; effective talent management along-with the other retention tools taken together will build engagement by providing clear career paths and by offering structured development opportunities and challenging work assignments.