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For immediate release

Aon Hewitt forecasts 12.9% Salary Increase for India Inc. in 2011

India Inc. salary increase mirrors the positive economic outlook, reveals Aon Hewitt

NEW DELHI, March 8, 2011 – Aon Hewitt, the global human resource consulting and outsourcing business of Aon Corporation (NYSE:AON), announced today the findings of its 15th annual **Salary Increase Survey**. Salary increases in India are projected to be 12.9%, up from the actual increase of 11.7% in 2010. India has outpaced Asia Pacific yet again with the highest salary increase in the region, followed by China and the Philippines, projecting 9% and 7% salary increase in 2011 respectively. The findings mirror the optimism of the country with GDP poised to grow at an above target of 9%.

With 531 organizations representing 18 primary and 30 secondary industry sectors, this is the most comprehensive research in the areas of “performance and rewards”. The data for the survey was collected over December 2010 to January 2011.

Sandeep Chaudhary, Regional Practice Leader, Compensation Consulting, Asia Pacific, Aon Hewitt, commented, “We witnessed early signs of resurgence in India, and this translated to improved strategic spending on employees - through salary increases, incentives and hiring. Traditionally, salary increases in India are directly linked with the level of economic activity and talent demand and supply, but this year rising inflation also is playing a role in determining salary increase budgets.

Double-digit increases will continue for the next several years and are expected to be in the range of 12-15% across industries. This positive growth estimate is owing to sustained increase in domestic consumption, investment in infrastructure, continued momentum in services and efforts towards fiscal consolidation”.

With respect to salary increases, the **Industrial sector**, fuelled primarily by the buoyancy of the domestic economy is a high performer and is expected to continue to show strong growth. **Engineering Services, Automotive, Energy, and Infrastructure Industries, which rely more heavily on domestic investment and consumption, top the salary increase charts for the second year in a row.** These sectors are backed with cost effectiveness and capability to deliver high value complex services making Engineering Service sector’s long-term growth look robust with the highest salary increase projection of 14.4% in 2011.

The automotive sector chalked up the second highest salary increases. Increased demand for motor vehicles over the last two quarters has improved results in this sector and the industry is positioned to give 14% salary increases for 2011. Factors such as relaxed FDI norms, increasing public-private partnerships, the government’s unrelenting investment and stimulus have earned Energy and Infrastructure sectors, a spot amongst the sectors providing the highest salary increase with 14% and 13.9% salary increase projection for 2011.

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Aon Hewitt sees a stable outlook for the Indian **Information Technology and Outsourcing sectors**, since these sectors are mostly reliant on global economic revival. **Nitin Sethi, India Practice Leader, Broad Based Compensation, Aon Hewitt commented**, “The Outsourcing and Technology sectors have had a big positive swing from the recessionary period of 2009. Yet, the sectors remain sensitive to cost and hence are reporting a relatively lower salary increase of 11.9% and 12.0% respectively. These industries are not ‘decoupled’ from the developed economies. Due to factors such as reduced global IT spending and economic turbulence in the US and Europe, companies are cautious but optimistic about their compensation spending in 2011.”

Pharmaceuticals, Telecommunication and Retail have been consistent performers over the past two years with salary projection for 2011 within the range of 12.4% - 13.2%. Increase in disposable incomes, along with advances in technology, increase in mergers and acquisitions, and anticipation for relaxation in FDI norms will induce further buoyancy in these sectors.

Junior management, professional, supervisory staff who have two to seven years of work experience are attracting the maximum salary increase budget of 12.4% as actual increase for 2010 and projections of 13.3% for 2011, vis-à-vis the middle and senior management cadre. This employee category forms the majority of the employee base, and they have the most job opportunities across sectors and locations.

Other Emerging Trends

India’s private sector focuses on cost prudence and rewarding true performance, which is similar to the Government of India’s focus on fiscal consolidation in 2011. As a result, spending on variable pay as part of total compensation has been steadily growing over the past decade. This indicates a shift in overall pay philosophy as employers are tying a greater percentage of employees’ pay to individual and overall company performance. Top/Senior Management see 22% of their total compensation as variable (up from 16% in 2001) and even the lowest rung entry staff gets approximately 11% of their total compensation (up from 7% in 2001) as variable pay.

Speaking on senior leadership rewards, **Sandeep Chaudhary** said, “Organizations are trying to bring in strong accountability in executive rewards and hence we see greater prevalence of Long Term Incentives (LTI). LTI has steadily increased over the last seven years and today has become a critical component of executive compensation, with 63% of the organizations offering the same. While stock options are the most popular LTI vehicle, organizations are moving away from plans that are unrestricted or based on entitlement towards plans that are tied to performance goals in order to create a strong pay-for-performance culture and employee ownership.”

About Aon Hewitt

Aon Hewitt is the global leader in human resource consulting and outsourcing solutions. The company partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates and administers a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees. For more information on Aon Hewitt, please visit www.aonhewitt.com.

Annexure

I. Salary Increase Projections Up across employee levels

As per the Aon Hewitt report, salaries will increase across all employee levels with Junior Manager/ Supervisor/ Professional level expected to receive the highest increase at 13.3%. The General/Entry Staff reflects the highest jump between 2010 actual to 2011 projected increase in comparison to other employee groups. This can be attributed to high turnover rates coupled with high inflation rates pushing up the cost of living for these levels.

| Employee group | 2010 Increase | 2011 Projection | %age Change |
|---------------------------|----------------------|------------------------|--------------------|
| Top /Senior Management | 11.1% | 12.1% | 9% |
| Middle Management | 12.0% | 12.9% | 7.5% |
| Junior Manager/Sup/ Prof. | 12.4% | 13.3% | 7.3% |
| General/Entry Staff | 11.4% | 12.7% | 11.4% |

II. Salary Increase Projections across Industries

| Industries | 2011 Projection | Industries | 2011 Projection |
|---------------------------|------------------------|------------------------|------------------------|
| Engineering Services | 14.4% | FMCG/D | 13.4% |
| Automotive | 14.0% | Pharmaceutical | 13.2% |
| Energy (Oil/Gas/Power) | 14.0% | BFSI | 12.7% |
| Infrastructure | 13.9% | Telecommunication | 12.5% |
| Chemicals | 13.8% | Retail | 12.4% |
| Engineering/Manufacturing | 13.7% | Information Technology | 12.0% |
| Media | 13.4% | Outsourcing (ITES) | 11.9% |

It is however important to note that the gap between the highest paying and the lowest paying industries has narrowed in 2011 (2-2.5%) as compared to a gap of 4-5% between industries at the beginning of the decade.