



**H**OW DO TOP SALARIES FARE in an era of conspicuous corruption? They are getting fatter, thank you. Ministers get cuts. CEOs get hikes; Naveen Jindal, who has emerged at the top spot this year with a salary of ₹69.75 crore, got ₹48.63 crore last year. That's a hike of 43 per cent.

Jindal was No. 5 in 2009. He replaces Anil Ambani, who has moved out of the ethereal regions. Brother Mukesh Ambani has also slipped a trifle from 19 to 21 because of a reduction in commission paid. Kalanithi Maran and Kavery Maran of Sun TV are still No. 2 and 3, albeit with the same ₹37 crore pay packet. The Honda quartet hogs four places in the top 10. That may not be for long; the Japanese are now selling out to the Munjals and their two directors may not be on the list for much longer. It should help the company; the amount the two were paid would have bought some 10,000 Hero Honda Hunks.

Looking at people at the very top may give a slightly misleading picture of austerity in adversity; salaries last year were decided in the shadow of the economic crisis. But the overall sample shows there has been considerable growth.

Last year, there were 1,000 executives with a remuneration of above ₹1 crore. This year, the number has risen to 1,149. That's a 15 per cent jump. The average salary in 2009 was ₹1.32 crore. This year, it has gone up to ₹1.44 crore. Who's looking up? In 2010, Infosys had 144 employees with a salary higher than ₹50 lakh, up from 84 employees in 2009. Who's looking down? Kingfisher Airlines' number of employees in this category has dropped from 338 to 304. In absolute numbers, of

course, the folks at Kingfisher are high fliers compared to Infosys.

The examiners of salary structures – the HR consultancy and outsourcing firms – are singularly upbeat about India. These are the organisations that look at the salary increases of the rank and file of the highest paid and those who don't make the grade. At the top level, salaries don't matter much; it's the commission that makes all the difference. For instance, Kumar Mangalam Birla – No. 10 on our list this year – has a commission of ₹28.45 crore. His salary is just ₹1.4 lakh. For the record, there were 552 persons on the list eligible for commission this year out of our total list of 3,237.

What do the salary surveys say? The salary increase in India was projected at 10 per cent plus in 2010, well above China and amongst the highest in the world. It is likely to beat the projections as the economy has moved to top gear and many companies have gone in for mid-year pay reviews. Attrition is back as a big problem; the rewards tap has been turned on again; and hiring is up. India has emerged at the top of a Manpower survey of the best country for new jobs in 2011.

There is other evidence of this acceleration. New metrics are being launched. In May this year, online employment solutions company

**TOP 10 REMUNERATION**

Name ♦ Company	Remuneration
Naveen Jindal ♦ Jindal Steel	6,975.71
Kalanithi Maran ♦ Sun TV	3,708.00
Kavery Maran ♦ Sun TV	3,708.00
Pawan Munjal ♦ Hero Honda	3,088.12
Brijmohan Lall Munjal ♦ Hero Honda	3,063.84
Toshiaki Nakagawa ♦ Hero Honda	3,003.36
Sumihisa Fukuda ♦ Hero Honda	2,991.50
Onkar S. Kanwar ♦ Apollo Tyres	2,969.50
Pankaj Patel ♦ Cadila	2,863.00
K.M. Birla ♦ Aditya Birla Group	2,846.72

(₹ lakh)

**Route to the top**

**T**he easiest way to reach the top is to have a papa who is already there. In India, family businesses account for around 95 per cent of all companies and it is still very natural for the son to step into his father's shoes. But professionals need a different approach.

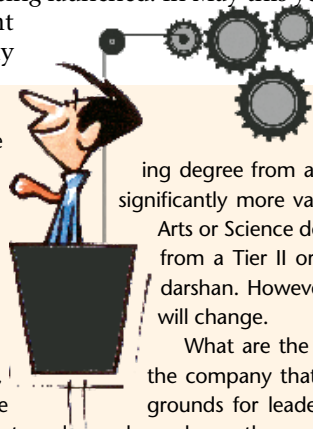
If you look at education, there are clear winners. According to a study by EMA Partners, a global executive search firm, engineering is by far the best route to the top. EMA surveyed the top 200 companies in India spread across the private sector-public sector-multinational-unlisted spectrum.

"Amongst the engineers, it's the IITs," says K. Sudarshan, EMA managing partner India. IITs clock in with 16 per cent of the CEOs. Another 15 per cent are non-IIT engineers.

But the IIMs have the lead otherwise. Some 33 per cent of CEOs are IIM alumni. Eight per cent of the IITians also have IIM degrees.

Another relevant combination is the B.Com-CA. They account for about 12 per cent of the sample. There are no other big-time disciplines. The sciences are 3 per cent, economics and BA 3 per cent apiece, and law 2 per cent. And there are the occasional zoology honours and post graduates in philosophy. Twenty-five per cent of the sample has studied abroad, mainly from the US. The firm favourites are Harvard and Wharton.

What makes engineering tick? "It's related to the mindset that top brains go in for engineering," says Manish Sabharwal



of TeamLease. "A standalone engineering degree from a good institution holds significantly more value as compared to an Arts or Science degree or an MBA degree from a Tier II or III institute," adds Sudarshan. However, both agree that this will change.

What are the functional areas within the company that are the best breeding grounds for leaders? To some extent, it depends on the company. Today, finance is in. Some 40 per cent of the top CEOs in the UK and 25 per cent in the US have some financial background. At IIM-C this year, 91 per cent of the batch are engineers. Going by past trends, at least one-third will take up finance jobs. That's where the money is. And tomorrow, the power. ♦



TOP 10 SALARIES

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Naveen Jindal ♦ Jindal Steel	6,975.71
Kalanithi Maran ♦ Sun TV	3,708.00
Kavery Maran ♦ Sun TV	3,708.00
Pankaj Patel ♦ Cadila	2,863.00
Sunil Bharti Mittal ♦ Bharti Airtel	2,348.84
Sajjan Jindal ♦ JSW Group	1,927.31
D. Bhattacharya ♦ Hindalco	1,714.34
Rick Bott ♦ Cairn (I)	1,647.44
Rahul Dhir ♦ Cairn (I)	1,356.27
Jeya Kumar ♦ Patni	1,219.15

(₹ lakh)

Monster flagged off its India Employment Index. “This is a measure of labour demand,” says Sanjay Modi, regional managing director of monster.com. The index shows that job opportunities in November 2010 exceeded November 2009 by 26 per cent. Last year, naukri.com had launched a similar index Jobspeak. It too is very bullish. Meanwhile, the Ma Foi Randstad Employment Trends survey says 739,064 organised sector jobs were created between January and September 2010 and 394,700 more jobs will be added in this quarter. “We expect aggressive hiring and an increase in salary levels,” says Ma Foi Randstad’s managing director K. Pandia Rajan.

There are two views on salary levels. One school of thought holds that Indian salaries are way below global standards. According to *The Wall Street Journal*, the highest paid executive in the US in 2009 was Gregory B. Maffei of Liberty Media, who took home \$87.1 million (including stock options). This translates to ₹393 crore compared to Jindal’s ₹69 crore. There is such a gap at junior levels too, but it is narrowing. “Salaries at the top level in India have gone much further ahead than what growth would warrant. It’s just the shortage of

talent and manpower. The biggest indicator of this is that at these salaries, you have expats willing to move to India,” says Manish Sabharwal, chairman of staffing services firm TeamLease Services.

ARE HIGHER SALARIES a cure for corruption – a key question in an age when even icons stand tainted? The answer lies not in this list of the highest paid, but with those who should have been on it – the top bureaucrats, *babus* and politicians. These folks are the backbone of corruption in this country. The solution lies with them.

How much do bureaucrats actually earn? According to *Business India*’s estimates, a Cabinet secretary gets more than ₹8 lakh a month. His basic and dearness allowance (DA) is ₹1.35 lakh. He gets a car, driver and unlimited petrol; medical allowance for himself and his dependents; unlimited communications facilities; and leave travel allowance (LTA). But the real perks of the job come by way of official accommodation. He is entitled to type VIII accommodation, which means a two-story bungalow spread over 1-2 acres in Delhi’s plush Lutyen’s zone. The monthly market rent is above ₹4 lakh, though the bureaucrat pays a pittance. The bungalow also has 10-12 single-room tenements to accommodate drivers, gardeners, cooks and maids, all of whom are paid by the government, of course. On top of this there is provident fund (PF), gratuity and an indexed pension, which



Matchmaker, matchmaker

India is expecting a huge demographic dividend from its young population. But equally huge is the challenge it faces when it comes to educating and training its workforce. As Som Mittal, president, NASSCOM, explains, “Much of this has to do with our education system which has not kept pace with the times by way of curriculum, research agenda, quality of faculty and so on.” Industry associations like NASSCOM, CII and others and also individual companies themselves have been taking various measures to bridge the talent mismatch.

Mittal points out that the IT industry alone spends \$1 billion on skilling and re-skilling professionals, both at entry levels and higher up. The industry, he says, has adopted a mass model that uses both classrooms and technology. Mittal believes that technology should be used not just in the IT industry but

across all sectors. “If you have to scale then it can’t be through physical training. It has to be through technology,” he says.

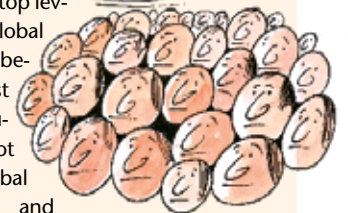
But what about the capability mismatch at the middle and senior levels in India Inc. Has talent and leadership management at Indian companies kept pace with the country’s high growth and the needs of a fast-paced organisation?

“No,” says Sudhakar Balakrishnan, CEO at HR solutions firm Adecco India. “Most organisations tend to move people internally without giving them adequate training or grooming to take on the larger responsibility.” He adds that when companies hire laterally, the mismatch comes by way of difference in culture and value systems. “When the wrong guy is put in a job, the company ends up losing people, losing business and losing growth.”

“One clear mismatch at the top level is lack of global experience because most Indian executives have not run trans-global operations and

that is why we are finding that a lot of expats are being brought in,” adds Manish Sabharwal of TeamLease. Indian companies, he adds, also have a very siloed approach and there is not enough job rotation.

According to him there is no company in India that has managed its leadership pipeline or even thought about it like GE or P&G have done. “In the next 15-20 years, the biggest constraint for Indian companies will not be around demand or finance or regulatory policies. It will be their people supply chain,” he says. ♦





## Beyond fat paycheques

It's not always about money. For some, it's the desire to strike a work-life balance and see the stars and smell the flowers. For others, it's the need to fulfil personal interests. Then there are those for whom a greater passion comes into play. The passion to make a difference in the lives of others. And with this, the corporate career with its big bucks loses its sheen.

Unlike in the US where it is much more common for executives to switch out of corporate careers once they gain financial security, in India it has traditionally been very difficult to make 'enough money' to take this step. But now the tide seems to

be turning and at a faster pace.

To name just a few in recent times: Jayant Sinha worked with biggies like McKinsey and hedge fund Courage Capital Management before moving to philanthropic investment firm Omidyar Network. Ajay Kela moved from heading IT firm Symphony Services to head the Wadhvani Foundation. Anurag Behar, former CEO of Wipro Infrastructure Engineering now co-heads the Azim Premji Foundation. Then of course there is Nandan Nilekani himself and his UID team which has a host of people from the corporate world.

Sinha, whose compensation earlier was two to three times his



Kela and Sinha

current one, says that Omidyar Network allows him to combine his passion for public service with his investment skills and experience. "We have all been wonderfully blessed in terms of family, opportunities, education and financial resources. If people like us do not give back to the country, who will?" Adds Kela, who also took a 'significant cut' in salary, "The problems of the social sector are far more challenging and demand much

greater scale than building most billion dollar organisations. It is this opportunity to bring innovative business models that leverage market forces or channel government resources to address the problem at scale that attracted me to this sector." Behar is "thrilled with the switch". "This is always what I wanted to do," he says.

It may be too early to ask these new converts about any second thoughts but ask the husband-wife duo Swati Ramanathan, an architect, and ex-citibanker Ramesh who started their own NGO Janaagraha in Bangalore a decade ago and pat comes their reply, "Not for a moment. It's been a tough but very satisfying journey. No regrets." ♦

is 50 per cent of the last basic pay drawn. "If you take the cost to government, salary is only around 25 per cent," says Sabharwal.

If we similarly add up the numbers for the other *babus*, a secretary would clock in at ₹7.5 lakh and an additional secretary at ₹6 lakh. PSU chiefs, often regarded as the poor cousins of their private sector counterparts, live in the lap of luxury because of the perks. Many of these gentlemen would make it to the one-crore-plus range in our tables. But they still have very little cash in hand.

*Business India* has always contended that if you pay our bureaucrats well, they will not be tempted to stray from the straight and narrow. Not everybody agrees. Sabharwal says that much of the remuneration disparities with the private sector have gone after the Sixth Pay Commission. (This may not be the case with Class I and Class II employees.)

"Trying to rein in corruption by raising compensation and enlarging the pool of beneficiaries is like trying to control a raging bull by holding its tail. Experience shows that whatever the levels of pay, the inclination towards corruption does not get diluted since underpayment is more a perception than a fact," says N. Balasubramanian, visiting professor at IIM Bangalore and IIM Ahmedabad.

**SALARY AND HONESTY** are not connected," adds Sudhakar Balakrishnan, CEO of HR solutions firm Adecco India. Not true, argues

M.V. Rajeev Gowda, professor of economics & social sciences at IIMB. "Paying executives substantial salaries can certainly help them resist the temptation of corruption," he feels. "This is particularly important in the public sector where top executives doing a fantastic job are often paid salaries tied to some government scale." On another note, he adds, "If we paid our political leaders really well, like Singapore does (where MPs' and ministers' salaries are tied to top executive salaries), some section of politicians will be able to maintain their integrity. Open, transparent political funding and lobbying would also help clean up corruption overall."

Transparency is needed elsewhere too. This year, as many as 294 firms refused to part with the annexure under Section 217 2(A) of the Companies Act, which mandates that the company publish details of any employee earning more than ₹24 lakh a year. (*Business India* had to source the data indirectly.) For Corporate India – now going to town about political and bureaucratic corruption – transparency should begin at home.

♦ PARTHASARATHI SWAMI and MEENU SHEKAR

(With inputs from RAKESH JOSHI) Profiles: ANOOP BABANI Data: RAVI AGARWAL

### TOP 10 COMMISSIONS

Name ♦ Company	Commission
Pawan Munjal ♦ Hero Honda	2,950.00
Brijmohan Lal Munjal ♦ Hero Honda	2,950.00
Toshiaki Nakagawa ♦ Hero Honda	2,950.00
Sumihisa Fukuda ♦ Hero Honda	2,950.00
K.M. Birla ♦ Aditya Birla Group	2,845.32
P.R.R. Rajha ♦ Madras Cements	2,760.01
Onkar S. Kanwar ♦ Apollo Tyres	1,850.00
Vivek Jain ♦ Gujarat Fluorochem	1,761.37
Markand Bhatt ♦ Torrent Power	1,760.00
E.Sudhir Reddy ♦ IVRCL Infra	1,668.40

(₹ lakh)