

## Pune catching up with Bangalore in IT wages

*As India's silicon hub, Bangalore's dominance in offering highest compensation to software product engineers is being challenged by Pune, where average wages have gone up 15-20 percent in the same category since 2007, a study by a consulting firm revealed.*

As India's silicon hub, Bangalore's dominance in offering highest compensation to software product engineers is being challenged by Pune, where average wages have gone up 15-20 percent in the same category since 2007, a study by a consulting firm revealed.

The annual compensation and benefits study, conducted by Bangalore-based management consulting firm Zinnov LLC, found software product firms in Pune increased salaries by eight percent more than their counterparts in Bangalore over the last 12 months.

'Though compensation in Bangalore continues to be the highest in the country, the dramatic wage increase in Pune can be attributed to high salaries offered by multinationals (mostly from the US) setting up captive centres in Maharashtra's boom city,' Zinnov CEO Pari Natarajan told IANS.

On account of its head-start and as a premier IT destination, pay scales in Bangalore are nine percent higher than in Chennai, 12 percent more than in Pune (discounting multinationals) and 15 percent more than in NCR (national capital region) for junior, middle level and quality posts.

Even for top positions such as technical architect, product manager and engineering director, Bangalore-based firms are able to offer higher wages than in the other three regions, which have emerged as clusters for software product development.

Of the 600 IT product firms in the subcontinent, including MNCs, 390 develop software products, 120 offer engineering services and 90 provide embedded solutions in the VLSI (very large system integrators) design and semiconductors space.

Product firms in India have generated combined revenue of \$5.7 billion in fiscal 2006-07, registering 23 percent year-on-year growth.

The study, covering 40 representative software product firms in four regions - Bangalore, Chennai, NCR and Pune, forecasts the average increment in 2008 will be 15 percent and 30 percent for top performers and laterals with rare skill sets, who constitute 15-20 percent of the total employees in the segment.

'We have seen average salaries across product firms dipping by three percent in 2007 though average increment was 12-14 percent for software engineers. The dip indicates salary levels stabilising because organisations are offering cash-based incentives such as retention bonus, variable pay and stock options to attract and retain the best talent,' Natarajan said.

The study observed firms adopting a holistic approach to retain employees by linking rewards to career development and performance management. Data indicates a differentiation in salary between average performers, laterals, top performers and rare skill holders based on job impact and difficulty in hiring.

'Established companies with large employee base are hiring freshers to scale up their operations and keep the average cost low. About 30-35 percent of the talent pool in the firms surveyed has one-to-four years experience in the domain,' the study noted.

Even as Indian and global software services firms vie to hire engineers, including freshers from campuses in thousands annually, product firms face difficulty in attracting the brightest, with skill-sets for developing embedded software and new products and providing specialised engineering solutions in domestic and overseas markets.

'Though compensation in product segment is 30 percent more than in services' segment, there is a dearth of qualified engineers with skill sets to maintain product cycles for time-to-market delivery in a globally competitive environment,' Natarajan said.

In spite of India becoming the back office of the world in software and IT-enabled services, high-quality talent pool and a growing domestic market for products across verticals such as telecom, consumer electronics/durables, entertainment/gaming and automobiles have attracted global majors to set up captive/offshore product development centres in the country.

'More than cost arbitrage, availability of talent though in short supply and a huge market for electronic/digital products have made many MNCs from the US, Europe and East Asian countries of Japan and Korea to invest in captive centres for developing software products,' Natarajan added.

- *Indo Asian News Service*