

Job scene in India Inc.

FY22 was a year when the economy got back on its feet. Growth in GDP was 8.7% this year which came over a negative number in FY21. Compared with FY20 growth was 1.5% in FY22. Against this background the discussion on employment is important. While recovery was witnessed in most sectors and the services segments too did operate at fuller capacity the question is whether or not companies were hiring more people?

Employment data from Annual Reports of companies provide useful clues when aggregated across industries. As companies are still in the process of publishing their Annual Reports the foregoing study looks at a sample of 675 companies which had an aggregate of 4.12 mn employees and analyses the changes in employment across over 30 sectors. These are early indications, given the size of the sample, but may point to broad trends.

Total employment for the sample companies increased from 3.74 mn in FY21 to 4.12 mn in FY22. In FY21 growth was flat as headcount in FY20 was 3.73 mn. Hence growth of 10.2% is quite impressive.

Table 1 below shows how employment has moved across various sectors. Interestingly out of the net increase of 3.82 lakhs in employment witnessed for the sample companies, 93% was accounted for by the IT, banking and finance sectors. Therefore growth was not broad based. If these sectors were excluded growth in employment would be just 1.8%.

It must be pointed out here that these three sectors were operating largely in a normal manner during the lockdown with substantial activity being conducted in these businesses. The IT sector did not get into the hiring mode in FY21 but more than made up in FY22. Banks have maintained growth of 4-5% with the private sector banks taking a major lead in hiring of staff. For NBFCs, employment declined in FY21 and then recovered in FY22 to grow by double digits.

Some highlights:

- 10 industries registered substantial increase in their employment numbers in FY22 while 8 others showed positive growth.
- Insurance industry also witnessed continued increase in employment as the businesses continued on an expansion drive especially in the rural hinterland.
- Infrastructure, iron and steel and retailing witnessed double digit growth after declining in FY21
- Textiles and FMCG just about recovered after falling in FY21. In absolute terms FMCG has not yet compensated for the fall in headcount in FY21.
- Realty and chemicals had positive growth rates in both the years.
- Capital goods, plastic products, realty, abrasives and the diversified group of companies had increased employment in FY22 but the numbers were lower than the fall in FY21. There is still substantial room to cover.
- 14 sectors witnessed fall in employment in FY21 with healthcare witnessing the highest decline in absolute terms.
- Most sectors which witnessed decline in headcount were in the services space. The exceptions were automobiles, consumer durable goods, paper, alcohol, non-ferrous metals, construction material and electricals.

Table 1: Change in employment: Industry-wise

Sector	Absolute Change 21	Absolute Change 22	FY21 % change	FY22 % change
Job creation : Above 1000				
IT	9,631	2,90,307	0.7	22.0
Bank	33,368	43,765	4.1	5.1
Finance	-7,702	23,765	-3.6	11.6
Infrastructure	-5,470	9,270	-9.1	17.0
Insurance	7,645	8,610	16.1	15.6
Textiles	-6,197	8,393	-4.5	6.4
Retailing	-4,127	4,960	-10.6	14.2
Iron & Steel	-2,662	4,831	-3.9	7.4
FMCG	-4,672	4,226	-5.2	5.0
Chemicals	1,229	3,978	1.8	5.8
Job creation: Less than 1000				
Power	-1,728	972	-6.1	3.7
Telecom	-54	660	-0.3	3.8
Plastic Products	-886	521	-6.5	4.1
Capital Goods	-2,813	452	-6.4	1.1
Diversified	-2,348	334	-9.3	1.5
Realty	321	200	2.0	1.2
Abrasives	-138	112	-2.9	2.4
Diamond & Jewellery	-176	35	-1.8	0.4
Where jobs fell				
Mining	-73	-17	-14.3	-3.9
Paper	-16	-76	-0.2	-0.9
Trading	-1,352	-82	-12.6	-0.9
Alcohol	-263	-263	-3.6	-3.8
Electricals	-296	-291	-4.4	-4.6
Construction Materials	1,358	-359	2.2	-0.6
Media & Entertain	-2,330	-384	-16.8	-3.3
Logistics	-666	-465	-1.4	-1.0
Consumer Durables	-2,494	-583	-8.5	-2.2
Non - Ferrous Metals	-1,251	-634	-8.5	-4.7
Hospitality	-2,072	-714	-12.1	-4.7
Auto & Ancillaries	-2,835	-840	-1.5	-0.4
Agri-based	-2,698	-5,028	-3.0	-5.7
Healthcare	12,611	-16,586	6.3	-7.8
Grand Total	10,123	3,81,967	0.3	10.2

Source: BOB Economic research

It does appear that the companies have been cautious when hiring more employees and are going slow in recruitment depending on the demand conditions. Even sectors that had fewer restrictions by the end of March 2022 have moved slowly along the path. The picture for services could improve as it was only late towards the end of the fiscal that the restrictions on operations were eased.

Appendix

Employment Industry-wise

Sector	Number	2020	2021	2022
Abrasives	3	4,713	4,575	4,687
Agri	25	90,533	87,835	82,807
Alcohol	4	7,224	6,961	6,698
Automobile & Ancillaries	55	1,93,216	1,90,381	1,89,541
Bank	21	8,18,154	8,51,522	8,95,287
Capital Goods	45	43,970	41,157	41,609
Chemicals	63	67,513	68,742	72,720
Construction Materials	28	62,360	63,718	63,359
Consumer Durables	17	29,271	26,777	26,194
Diamond & Jewellery	4	9,784	9,608	9,643
Diversified	4	25,328	22,980	23,314
Electricals	4	6,686	6,390	6,099
Finance	75	2,13,195	2,05,493	2,29,258
FMCG	32	89,449	84,777	89,003
Healthcare	43	1,99,247	2,11,858	1,95,272
Hospitality	9	17,146	15,074	14,360
Infrastructure	10	60,051	54,581	63,851
Insurance	6	47,434	55,079	63,689
Iron & Steel	21	67,974	65,312	70,143
IT	48	13,07,436	13,17,067	16,07,374
Logistics	12	46,790	46,124	45,659
Media & Entertainment	9	13,871	11,541	11,157
Mining	2	511	438	421
Miscellaneous	12	20,000	19,347	22,410
Non - Ferrous Metals	5	14,655	13,404	12,770
Paper	6	8,924	8,908	8,832
Plastic Products	12	13,669	12,783	13,304
Power	12	28,179	26,451	27,423
Realty	18	15,915	16,236	16,436
Retailing	7	39,057	34,930	39,890
Telecom	7	17,637	17,583	18,243
Textile	31	1,37,991	1,31,794	1,40,187
Trading	20	10,770	9,418	9,336
Grand	675	37,32,048	37,42,171	41,24,138

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