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Corporate employment in FY23

One way of looking at organized employment in the country is the total headcount in the corporate sector. Data is based on annual reports of companies where it is mandatory to publish the number every year. This study puts together data on 1601 companies which had sales of around Rs 97 lakh crore in FY23. The progress in headcount has been tracked over the last 4 years. The numbers would tend to be distorted as there was considerable distress during the lockdown time in FY21. Hence growth rates would look better in FY22 and FY23.

The study shows that growth in employment was 5.5% in FY23 on top of growth of 6.7% in FY22. However, in FY21, growth was virtually flat while in FY20 there was an increase of 2.1%. On a cumulative basis the growth for the 4 year period FY19-FY23 was 3.6%, which is still below the potential that goes with an economy growing at 6.5-7% per annum. For this 4-years period GDP growth averaged 3.6%. But a recovery is definitely apparent post covid and the lockdown.

Total headcount for FY23 was 67.42 lakhs and increased from 63.89 lakhs in FY22. In terms of overall share in employment, the top 10 sectors accounted for around $\frac{3}{4}$ of the total. This was driven by IT (24.4%), banking (18.3%), healthcare (6.9%), textiles (5.5%) and finance (5.1%) which together have share of 60%. The next five are auto, mining, iron and steel, insurance and agri.

Some interesting observations here are the following.

1. CAGR growth was 3.6% for the entire sample companies.
 - a. 16 of the 36 sectors had positive CAGR which means that the majority of industries are still to get back to the pre-covid situation.
 - b. Within these 16 sectors 6 registered CAGR of above sample average. These are banks, IT, finance, retail, infrastructure and the miscellaneous group.
2. When FY23 is compared with FY22, the following points emerge.
 - a. Overall growth was 5.5%.
 - b. Only 9 sectors witnessed negative growth meaning thereby that most sectors have recovered in terms of adding to headcount.
 - c. The leaders in the pack include banks, finance, IT, retail, hospitality, media, diamonds and jewellery, insurance, telecom, trading and miscellaneous group of companies.
 - d. In FY23 there was a net increase in headcount by 3.53 lakhs across all 36 sectors. There was an increase of 3.96 lakhs in 27 sectors and decline of 0.43 lakhs in the other 9 sectors. Interestingly 75% of the increase (of the 3.96 lakhs) was from three sectors, i.e. banking, finance and IT. There were 5 sectors which added over 10,000 in employment count which are: hospitality, media, insurance, healthcare and the miscellaneous group. The miscellaneous group is driven mainly by one company in the security, logistics etc. space.
 - e. Textiles and mining saw sharp declines in their employment in FY23 and accounted for nearly 68% of the overall decline in headcount in the remaining 9 sectors. Again, 8 out of the 9 set barring realty are in the manufacturing sector.

Table 1: Employment count over the years: Numbers and growth %

Sector	Number	E2019	E2020	E2021	E2022	E2023	CAGR	G2023
Agri	61	1,76,214	1,71,684	1,67,264	1,63,149	1,65,745	-1.5	1.6
Alcohol	6	8,924	8,888	8,708	8,640	8,644	-0.8	0
Automobile & Ancillaries	117	2,89,583	2,87,510	2,82,033	2,83,808	2,80,410	-0.8	-1.2
Banks	30	9,35,956	10,10,247	10,55,134	11,28,721	12,30,578	7.1	9
Capital Goods	109	1,66,191	1,60,941	1,52,851	1,52,778	1,49,785	-2.6	-2
Chemicals	127	1,15,881	1,18,593	1,22,044	1,26,443	1,29,091	2.7	2.1
Construction Materials	57	1,14,245	1,11,851	1,08,451	1,08,094	1,06,726	-1.7	-1.3
Consumer Durables	24	31,844	32,746	31,024	30,270	31,573	-0.2	4.3
Crude Oil	15	99,523	96,513	90,594	87,745	86,857	-3.3	-1
Diamond & Jewellery	10	10,737	11,075	10,622	10,657	11,314	1.3	6.2
Diversified	9	56,712	57,152	53,637	53,587	54,349	-1.1	1.4
Electricals	17	16,483	17,308	16,128	15,684	16,338	-0.2	4.2
Finance	162	2,38,784	2,49,456	2,45,398	2,68,619	3,44,599	9.6	28.3
FMCG	71	1,45,699	1,51,868	1,54,174	1,50,985	1,48,381	0.5	-1.7
Gas Transmission	4	2,059	2,224	2,235	2,254	2,313	3	2.6
Healthcare	104	4,18,687	4,26,802	4,48,645	4,47,182	4,62,905	2.5	3.5
Hospitality	33	45,634	44,987	35,994	38,958	50,015	2.3	28.4
Ind. Gases & Fuels	4	5,715	5,946	6,037	6,119	6,128	1.8	0.1
Infrastructure	42	1,18,717	1,22,147	1,20,303	1,38,762	1,41,559	4.5	2
Insurance	6	1,66,351	1,75,707	1,70,984	1,71,719	1,82,831	2.4	6.5
Iron & Steel	42	1,77,730	1,72,794	1,66,867	1,68,248	1,71,937	-0.8	2.2
IT	86	11,48,013	11,97,819	12,70,389	15,24,399	16,45,004	9.4	7.9
Logistics	28	55,963	53,851	52,676	52,101	52,608	-1.5	1
Media & Entertainment	30	39,405	39,697	34,088	32,162	34,595	-3.2	7.6
Mining	10	3,02,073	2,89,096	2,74,039	2,64,409	2,54,980	-4.1	-3.6
Non - Ferrous Metals	18	51,181	49,460	45,990	45,324	45,887	-2.7	1.2
Miscellaneous	33	1,81,620	1,96,850	1,89,532	2,04,425	2,27,620	5.8	11.3
Paper	24	22,411	22,181	22,220	22,345	22,955	0.6	2.7
Plastic Products	42	41,158	41,154	41,478	42,218	42,705	0.9	1.2
Power	26	89,297	85,346	84,149	82,950	81,187	-2.4	-2.1
Realty	42	53,833	56,931	52,545	40,711	37,294	-8.8	-8.4
Retailing	11	68,603	74,848	66,458	76,027	88,389	6.5	16.3
Ship Building	3	4,376	4,356	4,630	3,988	4,215	-0.9	5.7
Telecom	17	60,619	41,049	39,954	40,489	44,046	-7.7	8.8
Textiles	115	3,70,646	3,67,542	3,51,722	3,86,277	3,68,816	-0.1	-4.5
Trading	66	11,514	10,992	8,817	8,814	10,264	-2.8	16.5
Total	1,601	58,42,381	59,67,611	59,87,814	63,89,061	67,42,643	3.6	5.5

Source: BoB Research

Hence the picture is quite mixed with some sectors doing very well on adding to employment, while the others have lagged.

The commonality which comes out from the Table is that the main drivers of employment have been industries in the services sector. The manufacturing sector has not been a lead runner here in terms of adding to the employment level in the corporate sector.

How has compensation moved?

Another aspect of employment is the remuneration for those who are working. Here, what has been done is that the average salary per employee is worked out based on the data on salaries and wages provided in the Profit and loss account. These numbers would be largely indicative of the pay structures across industries and the increase witnessed in FY23. The amount on salaries and wages given in the accounts would include not just salaries but also benefits as defined by the company and hence would tend to be on the higher side relative to what is actually received by employees. Also as the head count is taken to be as of March-end, given that there are attritions as well as new employees joining, there would be some differences across companies. But it can be assumed that these even out across companies and sectors.

Points that stand out are:

1. Average compensation increased by 10.1% from Rs 11.32 lakhs in FY22 to Rs 12.47 lakhs in FY23.
2. 21 sectors had compensation of over Rs 10 lakhs. Three had above Rs 20 lakhs and include industrial gases, insurance and crude oil. The next set between Rs 15-20 lakhs are: power, gas transmission, IT, alcohol, telecom, capital goods, durables, ship building and iron and steel. As can be seen from the earlier table most of these industries were not the ones which were adding significantly to their employment levels.
3. The lowest average compensation was in mining, followed by textiles and agriculture based industries. These three industries are labour intensive and do have a high share of blue collared workers where the salaries are at a lower level.
4. Hospitality, retailing and finance along with healthcare were some major contributors to employment but have had lower average compensation per employee compared with the other sectors. Here too there has been high hiring at the lower levels covering sales in particular which does not offer high salaries as the qualification required tends to be more modest.

Table 2: Average annual compensation per employee (Rs lakhs)

Sector	S2022	S2023	Increase (%)
Agri	3.21	3.55	10.7
Alcohol	16.20	17.10	5.5
Automobile & Ancillaries	13.05	14.80	13.4
Bank	12.21	13.23	8.3
Capital Goods	14.92	16.36	9.7
Chemicals	11.55	12.38	7.1
Construction Materials	9.76	10.71	9.7
Consumer Durables	15.30	15.90	4.0
Crude Oil	26.66	23.86	-10.5
Diamond & Jewellery	12.40	13.80	11.4
Diversified	7.86	8.62	9.6
Electricals	9.88	10.52	6.5
Finance	6.68	6.73	0.8
FMCG	8.59	9.89	15.2
Gas Transmission	17.49	18.64	6.6
Healthcare	6.81	7.15	5.0
Hospitality	4.40	4.35	-1.2
Inds. Gases & Fuels	33.95	34.98	3.0
Infrastructure	10.43	11.55	10.8
Insurance	21.26	26.22	23.3
Iron & Steel	15.51	15.24	-1.7
IT	15.89	17.93	12.8
Logistics	7.11	7.72	8.5
Media & Entertainment	8.84	9.64	9.0
Mining	1.02	1.19	16.4
Miscellaneous	6.97	7.73	10.9
Non - Ferrous Metals	14.65	14.06	-4.0
Paper	7.59	8.24	8.5
Plastic Products	5.89	6.14	4.3
Power	17.90	18.70	4.4
Realty	5.38	7.26	34.9
Retailing	4.39	4.91	11.8
Ship Building	15.33	15.42	0.6
Telecom	16.73	16.74	0.0
Textile	2.78	3.16	13.3
Trading	11.02	12.54	13.9
All	11.32	12.47	10.1

Concluding observations

1. There has been improvement in growth in employment in FY23 even though it was lower than that in FY22. Only 9 sectors witnessed negative growth on a y-o-y basis.
2. However over a 4 year period starting pre-pandemic, only 16 of the 36 sectors witnessed positive growth. CAGR growth in employment was broadly the same as the growth in GDP for this period which was 3.6%.
3. Services sectors like IT, banking, retail and finance led in terms of increase in employment. Infrastructure from the non-services side also did well.
4. Growth in average compensation at around 10% in FY23 covers well the inflation impact.
5. 21 sectors had double digit average compensation which is impressive. Textiles, mining and agri however had the lowest average compensation in the entire set of industries.
6. It may be expected that with the economy recovering in FY24 and some private investment taking off, there would further traction in employment.

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