

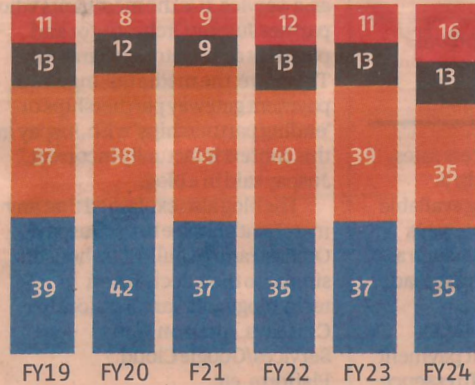
At many cos, workers to take 500 yrs to match top exec's pay

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SHARPLY AHEAD

Top executive pay as a multiple of median employee earnings (% share of companies in sample)

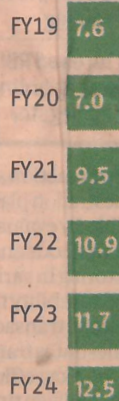
■ 100x or less ■ 100> and <=300 ■ 300x> and <=500x ■ Greater than 500x



Note: Based on 110 companies from the Nifty 200 with data available since FY19. Top executive includes those with designation of MD, chairperson, and CEO. The highest paid executive has been considered in each case Source: primeinfobase.com, Business Standard calculations

TOP EXECUTIVES' PAY UP 64% SINCE FY19

Median top executive compensation (₹ cr)



SACHIN P MAMPATTA
Mumbai, 20 January

An increasing share of top executives now earns more in a year than their median employees would in 500 years, highlighting a growing wage gap in corporate India.

The proportion of such companies rose in the post-pandemic period — to 16 per cent in the financial year 2023-24 (FY24), up from 11 per cent in FY19, according to a *Business Standard* analysis of data from the tracker *primeinfobase.com*. The analysis examined top executive pay for 110 firms within the Nifty 200 with available data since FY19, comparing it to the median pay of employees.

The share of companies where it would take over 100 years for a median employee to earn the equivalent of their top executive's annual salary rose to 65 per cent in FY24 from 61 per cent in FY19.

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By 2050, India may account for 16% of consumption at PPP

India is projected to account for 16 per cent of global consumption at purchasing power parity (PPP) by 2050, up from 4 per cent in 1997 and 9 per cent in 2023 according to World Data Lab, a McKinsey Global Institute analysis. It said in a report on released a few days ago. Only North America, with a 17 per cent share in 2050, will have a higher consumption share.

The median compensation for top executives has surged by 64 per cent since FY19, increasing from ₹7.5 crore per annum to ₹12.5 crore in FY24. The analysis considered designations such as managing director (MD), chief executive officer (CEO), and chairperson, with the highest-paid

individual among these roles being used for comparison.

This comes amid a broader workplace debate fuelled by comments from Infosys founder NR Narayana Murthy, who advocated a 70-hour work week, and Larsen & Toubro Chairman and MD SN Subrahmanyam, who spoke of a 90-hour work week. Both reportedly framed their remarks as being in the context of "nation-building".

"High demand for leadership talent, especially in the post-Covid years, coupled with limited supply, has driven CEO/MD remuneration significantly upwards," said Pranav Haldea, managing director of PRIME Database.

Amit Tandon, founder and MD of Institutional Investor Advisory Services India, suggested the trend reflects a deeply entrenched belief among some executives — particularly those who are also majority owners — that the company's success rests heavily on their shoulders rather than being a team effort.

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Top exec pay influenced by stock options, retirement benefits

Tandon noted that these majority owners, or promoters, vote on their own pay packages.

He proposed giving minority shareholders greater influence by requiring the approval of a majority of minority shareholders for pay hikes. "I believe it will act as a check," he said.

Senior executive pay is also influenced by factors like stock options and retirement benefits, though significant differences exist across sectors. In FY24, pay in the financial sector reached as high as ₹241 crore at the upper end, while the top pay in the infrastructure sector was just over ₹51 crore. Meanwhile, median employee salaries across these sectors ranged between ₹5 lakh and ₹13 lakh per annum.

Two-thirds of companies had median employee salaries of ₹10 lakh or less per year, with one-fifth reporting median pay of ₹5 lakh or lower. However, this lower bracket has seen steady improvement since FY19.

Among the companies with the widest pay gaps were Poonawalla Fincorp, where the top executive earned 2,679 times the median employee's pay, followed by Wipro (1,701 times) and Tech Mahindra (1,379 times). Wipro chief executive Thierry Delaporte resigned from the company in 2024 and the sum includes his exit package, a similar bump-up was seen in the case of Tech Mahindra's outgoing head CP Gurnani.

Emails sent to these companies, as well as Infosys and Larsen & Toubro, did not receive an immediate response.

PAY: SECTORAL DIFFERENCES

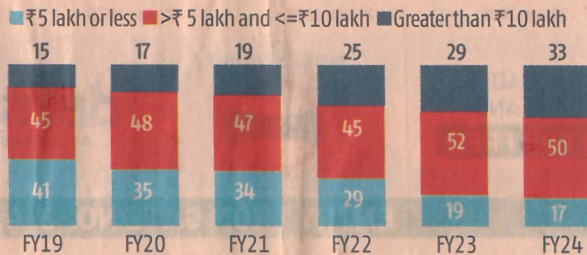
	Top executive pay (₹ cr)	Median employee pay (₹ cr)
Financials	241.21	0.09
Information technology	167.61	0.10
Metals	64.71	0.08
Auto/auto ancillary	64.28	0.13
Pharmaceuticals	64.06	0.05
Fast moving consumer goods	60.45	0.05
Infrastructure developers and operators	51.05	0.10

Note: Numbers are as of financial year 2023-24, based on sample of 110 companies from the Nifty 200 with available data since financial year 2018-19 (FY19). Top executive includes those with designation of managing director, chairperson, chief executive officer and others. Shows top executive pay of highest paying company in key sectors, and the corresponding median employee salary.

Source: primeinfobase.com, Business Standard calculations

LESS THAN ₹10 LAKH MEDIAN SALARY IN 2/3RD COS

Share of firms by median employee salary (%)



Note: Based on 110 companies from the Nifty 200 with available data since financial year 2018-19 (FY19). Source: primeinfobase.com, Business Standard calculations