

Top execs earned more than 184x their employees in FY21

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Managing directors, chief executive officers (CEOs), and other top earners in India's largest companies saw a faster rise in compensation after the Covid pandemic, even as the median employee salary declined.

The median CEO salary in India's top listed companies is up 2.6 per cent in the past two years, from ₹11.51 crore in 2018-19 (FY19) before the pandemic to ₹11.81 crore in 2020-21 (FY21).

The median employee salary in these companies is, however, still down 0.5 per cent from its pre-pandemic levels.

A typical (or median) employee in these top companies earned ₹6.4 lakh in FY21, down from ₹6.44 lakh in FY19. As a result, the income inequality widened in the corporate sector during the pandemic.

This shows the widening gap between CEO salary and median employee salary in the corporate sector.



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CONTRASTING FORTUNES Sector-wise median CEO and employee salaries in FY21

Sector	CEO salary (₹ cr)	Employee salary (₹ lakh)	CEO to employee salary ratio
Pharma	16.9	5.0	340.0
Automotive	25.4	8.2	308.3
Telecom	19.2	7.5	257.2
Software	17.4	7.3	239.7
NBFC	17.2	7.3	234.7
Retail	7.0	3.1	225.7
Chemicals	13.4	6.0	223.9
FMCG	10.3	5.4	189.7
Mining & metal	15.2	8.5	178.9
Industrial	14.8	9.8	150.1
Cement	5.8	5.5	105.5
Insurance	6.0	5.7	105.4
Banks	5.5	6.1	90.8
All companies	11.8	6.4	184.4

Note: Based on a common sample of 76 companies from Nifty100. Sources: primeinfobase.com; Business Standard calculations

Top execs...

A typical CEO drew a salary of ₹11.81 crore in FY21, 184x the median employee salary at ₹6.4 lakh, reveals an analysis of the data from corporate tracker primeinfobase.com. The ratio is up from 174.3x in 2019-20 and 179x in FY19.

The analysis is based on a common sample of 76 companies from the Nifty 100 index. It looked at how compensation has changed for the highest-paid executives on a median basis as a multiple of employee salary. The figure has been rising, compared to the previous years. The earnings gap between the top management and regular employees is even wider among the top-earning CEOs. The highest-paid executives in the Business Standard sample

earned more than 1,000x the compensation of their median employees. There are typically one or two companies in which this is seen every year.

The gap or income inequality is most pronounced in Divi's Laboratories, where CEO compensation in FY21 at ₹80.84 crore was nearly 1,800x more than the median employee salary at ₹4.5 lakh in the company. It is followed by Wipro, where CEO salary at ₹64.35 crore in FY21 was 896x the median employee salary at ₹7.18 lakh. At Hero MotoCorp, the CEO salary at ₹86.93 crore in FY21 was 826x the median employee salary at ₹10.52 lakh.

In contrast, public sector Coal India has the least income inequality, with CEO salary at ₹63.82 lakh in FY21 — only 3.7x the median employee salary at ₹17.14 lakh.

Other companies with low income inequality are SBI Life Insurance, with a ratio of 10.2x, and Indus Towers 17.8x.

Among sectors, the gap between CEO salary and median employee salary is distinct among pharmaceutical companies at 340x in FY21, followed by automotive at 308x and telecommunications at 257.2x. In contrast, banks have the least inequality, with a median CEO compensation at ₹5.51 crore in FY21 — 91x the median employee salary at ₹6.1 lakh. Other sectors with low CEO-to-median employee salary include insurance and cement at 105x, and industrial at 150x in FY21. There has been a similar increase in income gap between the top management and regular corporate employees in other countries as well. The average US CEO salary was 351x a typical worker's salary in 2020, according to an August 2021 report from US-based think tank Economic Policy Institute. It was closer to 307x in 2019, according to authors Lawrence Mishel and Jori Kandra in their report titled 'CEO pay has skyrocketed 1,322% since 1978'. "CEOs realised compensation jumped 18.9 per cent in just one year. A typical worker compensation, of those who remained employed, did rise 3.9 per cent over that year," it said. It noted that job losses

DIFFERENT TRAJECTORIES

in FY21

Median top executive compensation

₹11.8 CR

change over FY19
2.6%

Median employee compensation

₹6.4 LAKH

change over FY19
-0.5%

RECENT TREND

Employee median salary (₹ lakh) (LHS)
CEO salary to employee salary ratio (RHS)



Note: Based on a common sample of 76 companies from Nifty100. Sources: primeinfobase.com; Business Standard calculations

among low-wage workers raised the average wage growth for the rank-and-file employees.