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# Corporate Responsibility in India

## Jobs, Wages and Domestic Manufacturing

### Corporate Responsibility – Latest News

Prime Minister Narendra Modi criticised India Inc at the Federation of Indian Chambers of Commerce and Industry (FICCI) centenary celebrations on November 19, 2026, questioning the failure of corporates to translate tax benefits and ease-of-doing-business reforms into higher employee salaries, greater employment and better-quality products.

### Background: Prime Minister's Message to India Inc

Addressing business leaders at FICCI's centenary event at Bharat Mandapam, New Delhi, the Prime Minister questioned whether the private sector had adequately contributed to employment generation and wage growth despite receiving significant policy support from the government.

He highlighted that the corporate tax rate had been reduced from 30% in 2014 to 22% in 2019, while income up to Rs. 12 lakh had effectively become tax-free under the new tax regime, subject to applicable conditions.

However, he argued that these measures had not been matched by comparable increases in employee salaries or the number of people employed by companies.

He criticised businesses for retaining the gains rather than passing them on to employees and consumers.

The Prime Minister also questioned the quality of products manufactured for Indian consumers, arguing that the size of India's domestic market should not become an excuse for compromising on quality.

### Corporate Profits and the Wage-Growth Gap

The criticism comes amid evidence of rising corporate profitability alongside concerns over wage stagnation and the quality of employment.

- **Corporate earnings:** Nifty-500 companies recorded a 28.7% compound annual growth rate (CAGR) in earnings between FY2020 and FY2026, compared with 9.5% CAGR for India's GDP.
- **Profitability:** The Reserve Bank of India's March 2026 assessment found that the aggregate profits of 7,992 non-government, non-financial public limited companies increased by 23.1% in FY2024-25. Their combined profits rose from Rs. 2.5 trillion in FY2020-21 to Rs. 7.1 trillion in FY2024-25.
- **Profit-to-GDP ratio:** The corporate profit-to-GDP ratio for Nifty-500 companies reached 5.2% in FY2025-26, an all-time high, while the ratio for listed Indian companies stood at 5.7%, an 18-year high.

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- **Direct tax composition:** Personal income-tax collections, including Securities Transaction Tax (STT), reached Rs. 10.45 lakh crore in FY2023-24, exceeding corporate tax collections of Rs. 9.11 lakh crore.

These figures highlight the growing debate over the distribution of economic gains between businesses, employees and the government.

## Employment Growth and the Quality of Jobs

According to the Periodic Labour Force Survey (PLFS), the Worker Population Ratio (WPR) for people aged 15 years and above increased from 46.8% in 2017-18 to 58.2% in 2023-24. The unemployment rate declined from 6% to 3.2% during the same period.

However, higher employment does not necessarily translate into the creation of secure, formal-sector jobs.

- **Informal employment:** A NITI Aayog report based on PLFS 2023-24 data estimated that nearly 87% of India's 63.4 crore employed workers were in informal employment, with only around 13% in formal jobs.
- **Skill mismatch:** The Economic Survey 2024-25 found that more than 53% of graduates and around 36% of postgraduates were employed in occupations below their educational qualifications.
- **Job security:** A significant proportion of workers remain outside the organised workforce and lack benefits such as medical insurance and provident fund coverage.

## Improving Product Quality and Consumer Protection

The Prime Minister also criticised manufacturers for relying on India's large domestic consumer base rather than investing sufficiently in product quality.

He argued that a market of 1.4 billion people should be treated as an opportunity to build globally competitive products, not as a guarantee that substandard goods will continue to find buyers.

The emphasis on quality also reflects the need to move beyond low-cost production towards globally competitive manufacturing standards.

## Strengthening Domestic Manufacturing and Reducing Import Dependence

The Prime Minister identified several areas requiring greater investment:

### Pharmaceuticals

Although India is known as the "Pharmacy of the World" for its finished medicines, it continues to import substantial quantities of active pharmaceutical ingredients (APIs), bulk drugs and drug intermediates.

The industry was urged to invest in advanced technologies and large-scale production facilities to develop domestic capabilities in pharmaceutical ingredients.

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### Steel and Aluminium

India exports iron ore but continues to import certain grades of finished steel.

Similarly, despite possessing substantial bauxite reserves, India imports specialised aluminium alloys and related products. Developing domestic manufacturing capabilities in these segments could strengthen industrial self-reliance.

### Agriculture and Food Processing

India's share in global agricultural exports remains only 2-2.5%, despite its large agricultural base.

The Prime Minister urged corporates to increase investment in agriculture and food processing, establish dependable procurement systems and develop products according to the requirements of specific overseas markets.

### Engineering Goods and Industrial Machinery

Indian companies were encouraged to explore global demand for engineering products, including packaging equipment, irrigation systems and factory-related machinery.

The Prime Minister also called upon larger companies to help smaller enterprises improve product quality, manufacturing scale and competitiveness.

## Leveraging Free Trade Agreements and Global Markets

The Prime Minister urged FICCI to prepare a strategy for maximising opportunities arising from India's free trade agreements (FTAs).

Businesses need to understand the requirements of international markets, identify products with export potential and develop manufacturing capabilities accordingly.

He emphasised an "India First" approach, encouraging businesses to look beyond domestic demand and prepare for global opportunities over the next two decades.

The broader objective is to strengthen India's position in global value chains through higher-quality products, greater domestic value addition and competitive manufacturing.

## Key Issues for Discussion

- **Fair distribution of growth:** Should rising corporate profitability be accompanied by stronger wage growth and greater employment?
- **Quality of employment:** How can India move from informal and insecure work towards formal jobs with social-security benefits?
- **Corporate accountability:** What responsibility do businesses have towards employees, consumers and the wider economy?
- **Manufacturing competitiveness:** How can domestic firms improve quality, innovation and value addition while reducing import dependence?
- **Global integration:** How can India use FTAs and global demand to expand exports and strengthen its role in global value chains?

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## *Conclusion*

Corporate responsibility in India must extend beyond profitability to include quality employment, fair wage growth, consumer protection and investment in competitive domestic manufacturing. The figures presented in the supplied material highlight the contrast between rising corporate profits and continuing concerns about informal employment, skill mismatch and wage growth. A stronger partnership between government, large companies and smaller enterprises can help translate economic growth into better jobs, higher-quality products and greater participation in global markets.

