

Employment Generation in India: Impact Enterprises vs. Business Enterprises



Hypothesis & Research Questions

■ Hypothesis:

- Impact Enterprises create more jobs than Business Enterprises as they serve under-served populations and geographies, which have under-developed infrastructure vis-a-vis their counterparts in the business world

■ Research questions:

- Do Impact Enterprises generate more employment per \$mn of investment as compared to Business Enterprises?
- What is the avg. employment per \$mn of investment across different impact sectors in India?

■ Definition:

- 'Impact Enterprises': for-profit companies intending to generate social and environmental impact alongside a financial return

Methodology & Data Collection

- Survey of 40 key Impact Enterprises in India across 9 Sectors
- **Business Enterprises:** Data for corporates in benchmark indices
 - Large Cap Companies: NIFTY 50
 - Small Cap Companies: NIFTY Small Cap 50
 - Micro & Small Enterprises: BSE SME Index (40 companies data)
 - *Impact Enterprises would be more directly comparable to the Business Enterprises in the SME Index.*
- **Limitations of the study:**
 - Dipstick survey for a small sample - intent is to catalyze more detailed research
 - Provides ballpark ratios for a business index / sector as a whole; employment generated would vary based on the business model
 - Considers only direct employment generated

Business Enterprises Sample

NIFTY 50 (Large Cap Companies)	
Profit After Tax (USD mn)	No. of Companies
< 200	9
200 – 500	15
500 – 1,000	10
1,000 – 2,000	11
> 2,000	4
Total ¹	49

**Avg. Net Worth:
USD 6,250 mn**

NIFTY Small Cap 50	
Profit After Tax (USD mn)	No. of Companies
< 10	12
10 – 25	12
25 – 50	14
> 50	5
Total ²	43

**Avg. Net Worth:
USD 495 mn**

BSE Small & Medium Enterprises	
Profit After Tax (USD '000)	No. of Companies
< 25	14
25 – 100	9
100 – 300	11
> 300	6
Total ³	40

**Avg. Net Worth:
USD 4 mn**

Notes:

- 1) Excludes one outlier
- 2) Excludes 3 'Impact Enterprises' that are part of NIFTY Small Cap 50 and 4 other outliers
- 3) 40 Enterprises from the BSE SME Platform whose data are available.

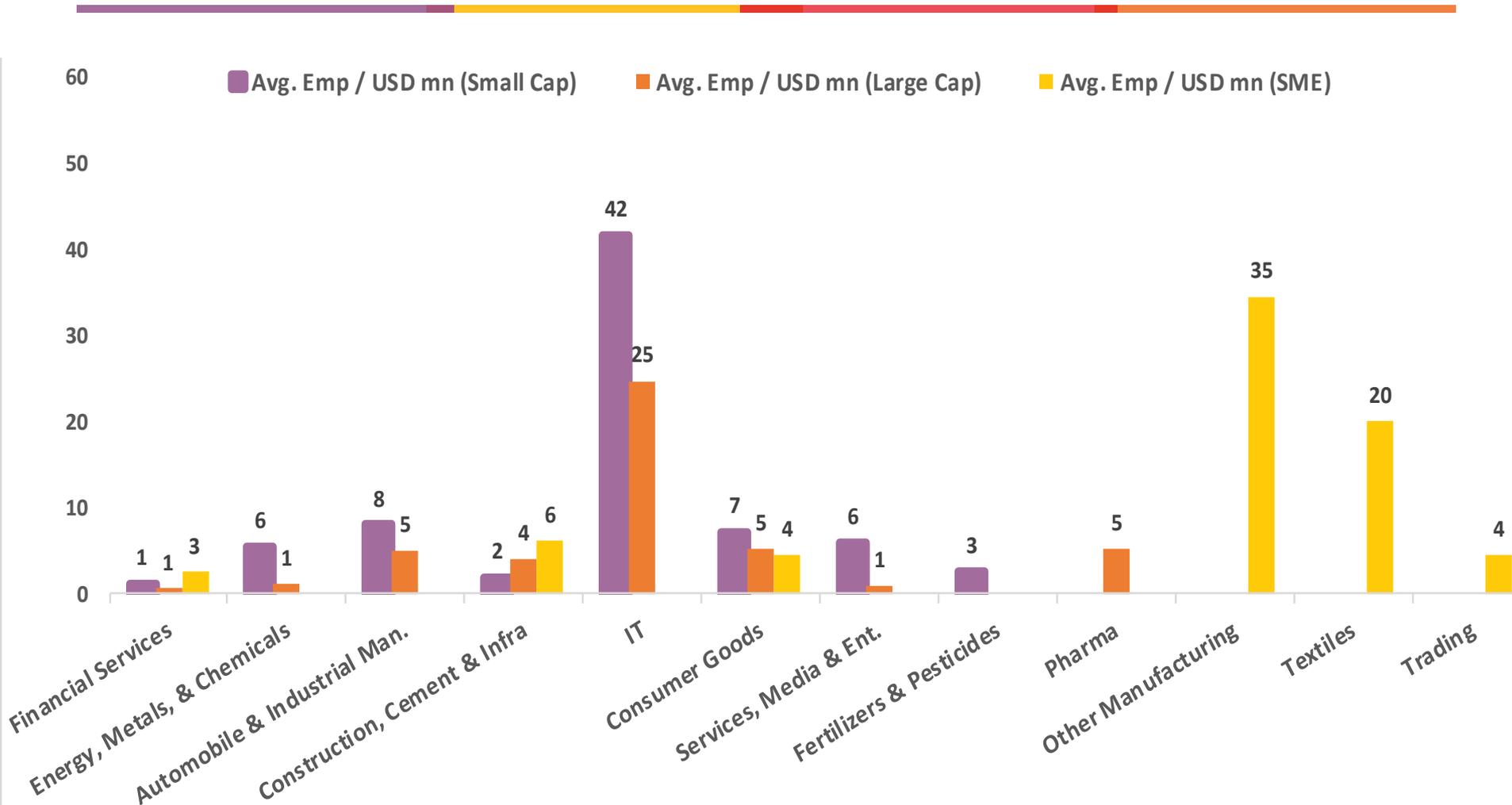
Impact Enterprises Sample

IMPACT ENTERPRISES	
Sector	No. of Companies
Financial Inclusion	10
Clean Energy Infra.	7
Skill & Livelihoods	4
Affordable Education	4
Affordable Healthcare	4
Sanitation & Waste Management	4
Clean Energy Access	3
Agribusiness	2
Water	2
Total	40

Majority are in early stages of development

Impact Enterprises	
Profit After Tax (USD mn)	No. of Companies
< 0	17
0 – 10	16
10 - 25	4
> 25	3
Total	40

Sector wise avg. employment generated in Business Enterprises (per USD mn of Total Assets)

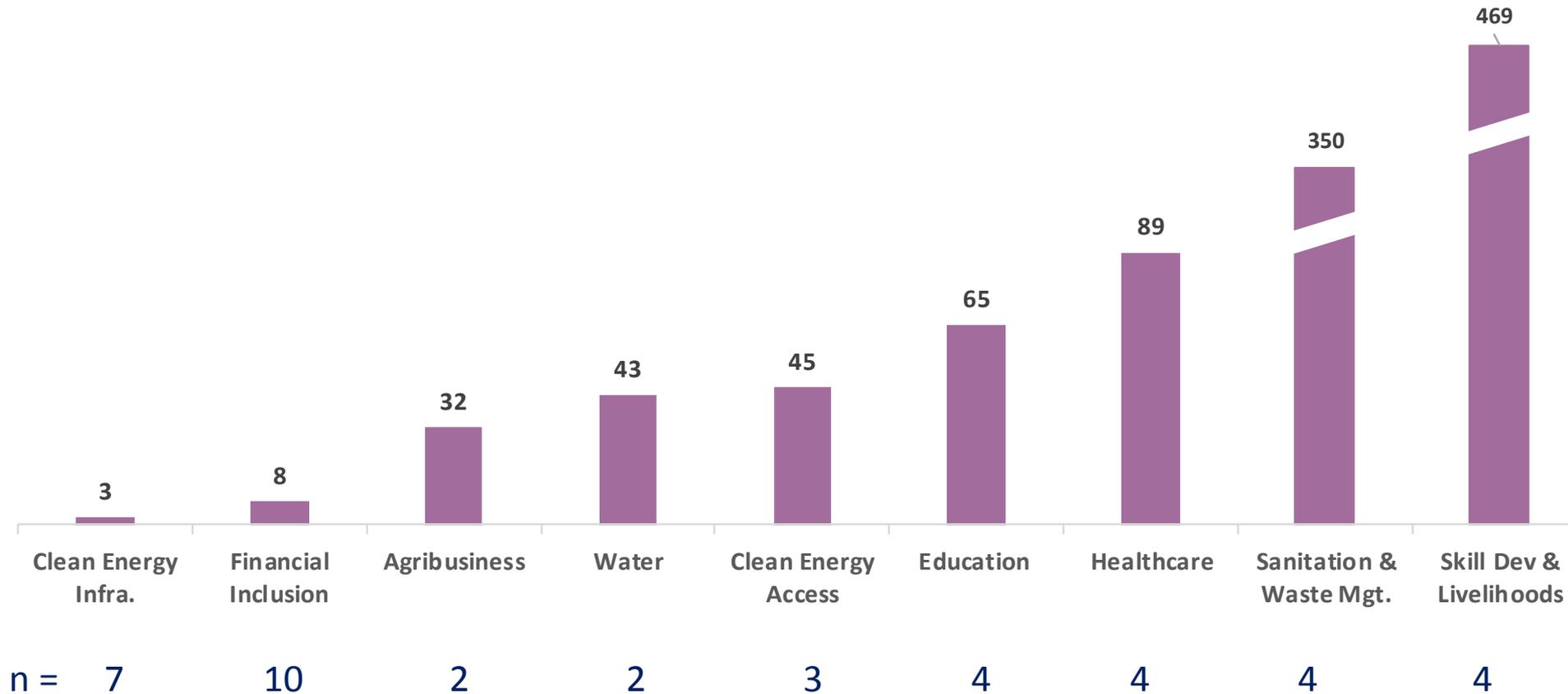


Notes:

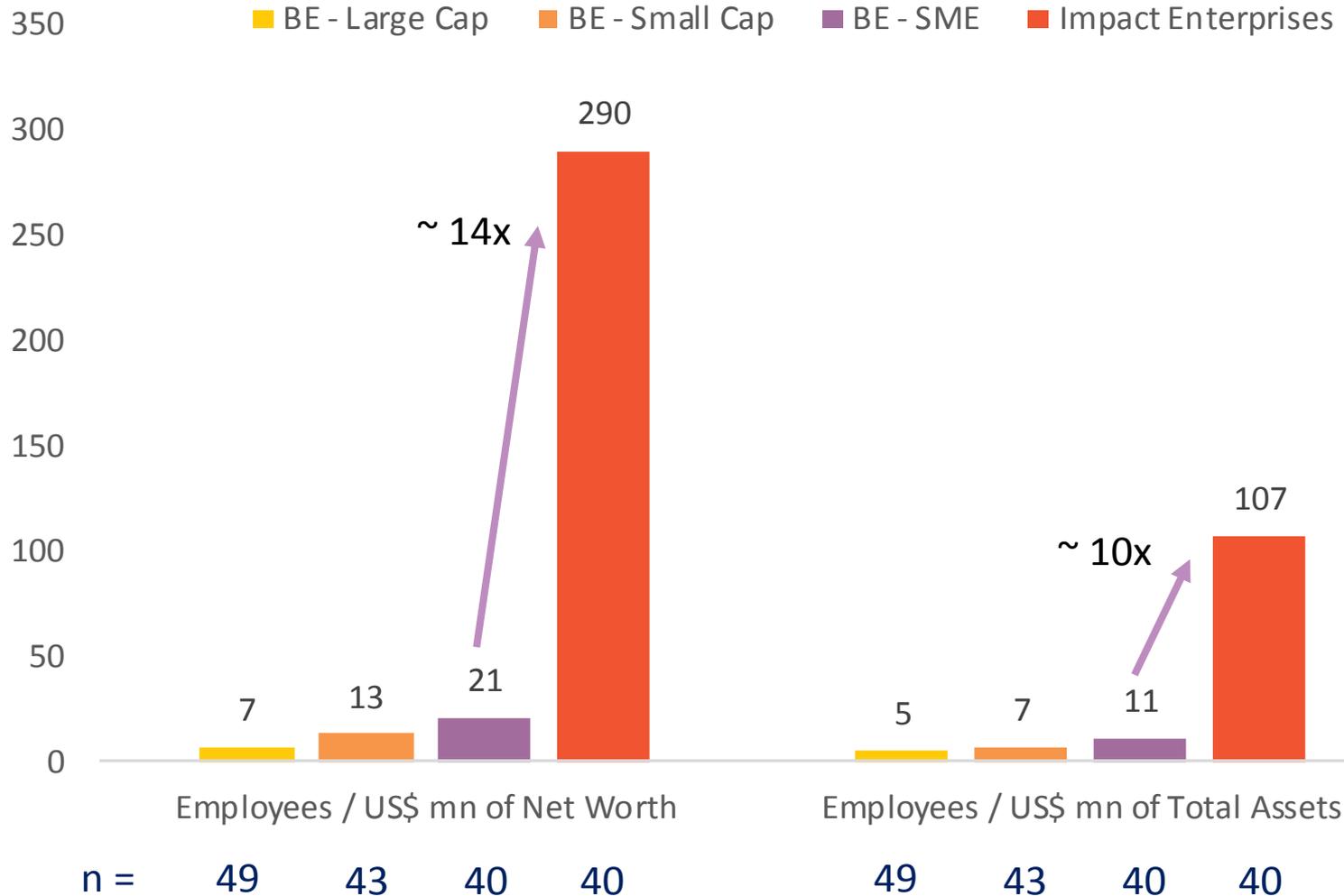
1) Other Manufacturing includes packaging, plastic products, laminates, etc.

Sector wise avg. employment generated in Impact Enterprises (per USD mn of Total Assets)

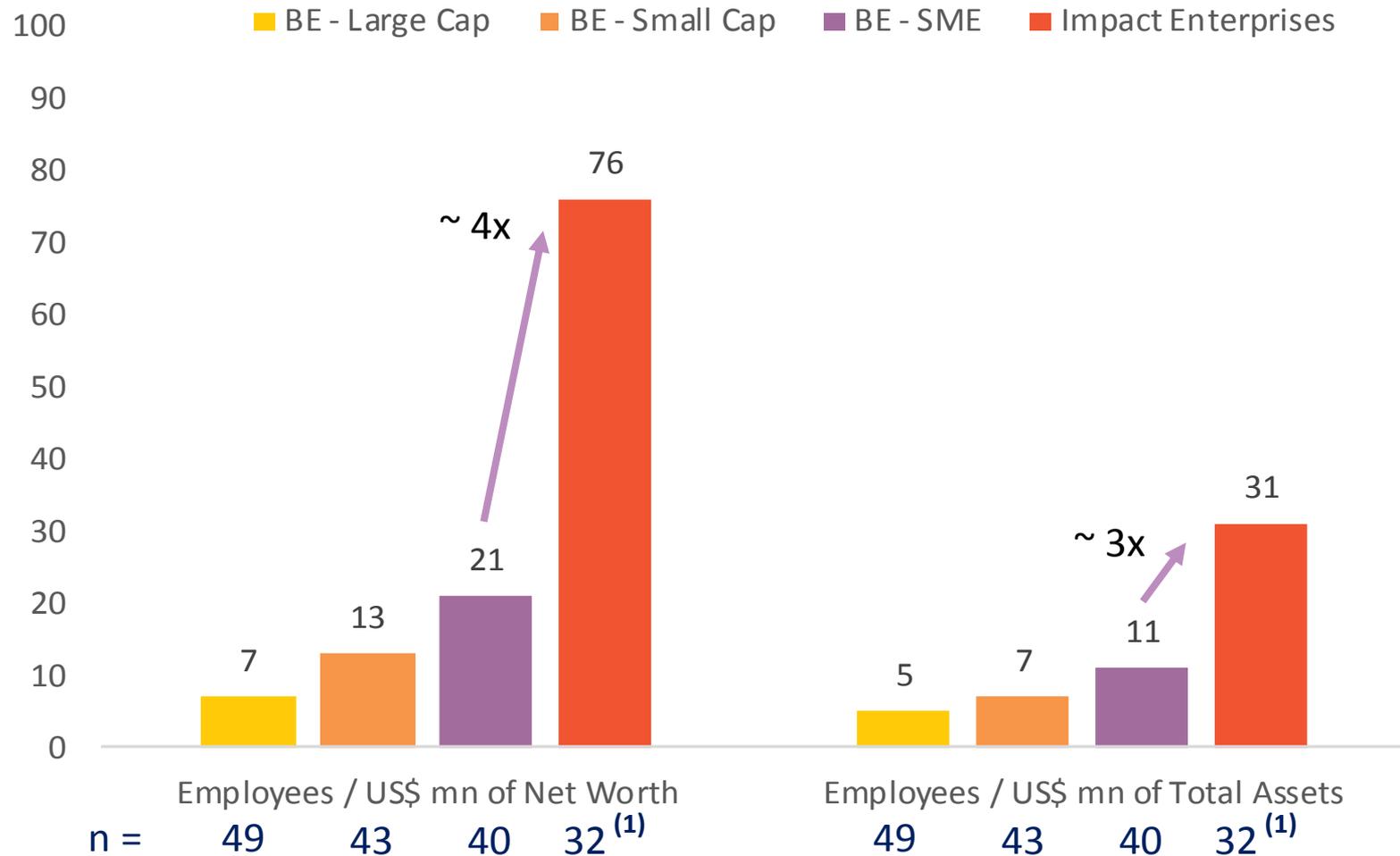
■ Avg. Emp / USD mn of Total Assets



Business vs. Impact Enterprises: Comparison of Sample Set



Business vs. Impact Enterprises: Comparison of Sample Set (excluding Outlier Impact Enterprises)



Notes:

(1) Excludes 4 Sanitation & Waste Management Enterprises and 4 Skill Development Enterprises with high avg. employment per USD mn of Total Assets

IDFC Bank has done this study pro bono on request from GSG.

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THANK YOU