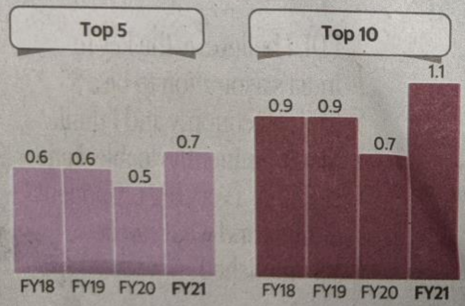
As big companies got bigger, their share in economic output also grew

Firms' profit to GDP share (%)



Nominal GDP used. Analysis covers 2,863 BSE-listed companies, but this chart is based on data for only profit-making entities.

Source: CMIE, Mint analysis

Market Boost

THIS PROFIT polarization is also leaving an impression on large firms' share in the country's output. Ten firms alone accounted for 1.1% of India's GDP last fiscal, up from 0.9% or less in the last three years. The 1,449 profit-making companies in the sample contributed 2.9% to the GDP in 2020-21.

Sachin Gupta, chief rating officer at CARE Ratings, said big companies were getting bigger because of economies of scale, access to capital, people and technology. These factors enabled higher efficiency of operations, which was also making the market leaders globally competitive, he said.

With rising dominance, the top firms also form the vanguard of wealth creation on the bourses. Roughly 16 firms have accounted for 80% of the $1 trillion wealth created by the Nifty 50 over the last decade, several of them among India's top 20 profit generators, said Saurabh Mukherjea, founder and chief investment officer at Marcellus Investment Managers.