

Lagging indicator

Gender diversity in India Inc still sub-optimal

Corporate India's record on gender parity in the workplace has never been optimal. Narrowed down to the boardroom and senior management, two recent studies highlight India's distance to horizon on this key marker of cultural progress. One by the National Council of Applied Economic Research (NCAER) found that India Inc, with women's share of top and middle management at 20 per cent, lagged global average of 33 per cent (as of 2019). Another analysis by *Business Standard* showed that India's women directors were paid nearly 40 per cent less on average than men in the same role. The NCAER study also showed that almost 60 per cent of the surveyed firms did not have women in senior or middle-management roles. Five of the top 10 National Stock Exchange (NSE)-listed firms by market capitalisation had no women in their top management teams as of March 2023. While more than half of the NSE-listed companies in the sample did not have a woman as part of their top management, about 10 per cent had just one.

The situation is slightly better in corporate boardrooms, where women's share has risen from a little under 5 per cent in FY14 to 16 per cent in FY23, according to the NCAER study. This relatively gender-balanced picture — still lower than the global average of 20 per cent — is more the result of a mandate in the Companies Act, 2013, than a progressive social consciousness in corporate India. Section 149 (1) of the Act requires every listed company or a public company with a paid-up share capital of ₹100 crore or turnover of ₹300 crore to have at least one woman director on its board. Rather than accepting the spirit of the mandate, many managements, especially at family-managed entities, sought to cynically fulfil the letter of the law by appointing relatives — mothers, wives, daughters — who were not necessarily qualified to dispense managerial wisdom. This aspect was highlighted by a committee on corporate governance set up by the Securities and Exchange Board of India (Sebi), which proposed that the mandate exclude promoters' relatives. Accordingly, in 2018, Sebi made it compulsory for boards of India's top 500 listed companies to have at least one independent woman director by April 1, 2019, and top 1,000 listed companies by April 1, 2020, ensuring that the exercise was not reduced to box-ticking.

The dearth of women in middle and senior management, however, is likely to escalate into a problem in creating a pipeline of qualified women to fill directorial positions in the future. More so when *Business Standard's* analysis shows that the average remuneration for women has increased at only 1.8 per cent compound annual growth rate in the past decade, compared with 9.4 per cent for men, leading to a wider gap today than 10 years ago. The study found the situation to be worse at companies other than the top ones. The average salary of women executive directors across NSE-listed companies has declined 1.2 per cent since 2012-13, while it has risen 7.4 per cent for men executive directors. Given these weak incentives for women to rise within corporate hierarchies, gender diversity in India Inc is likely to remain a distant goal.