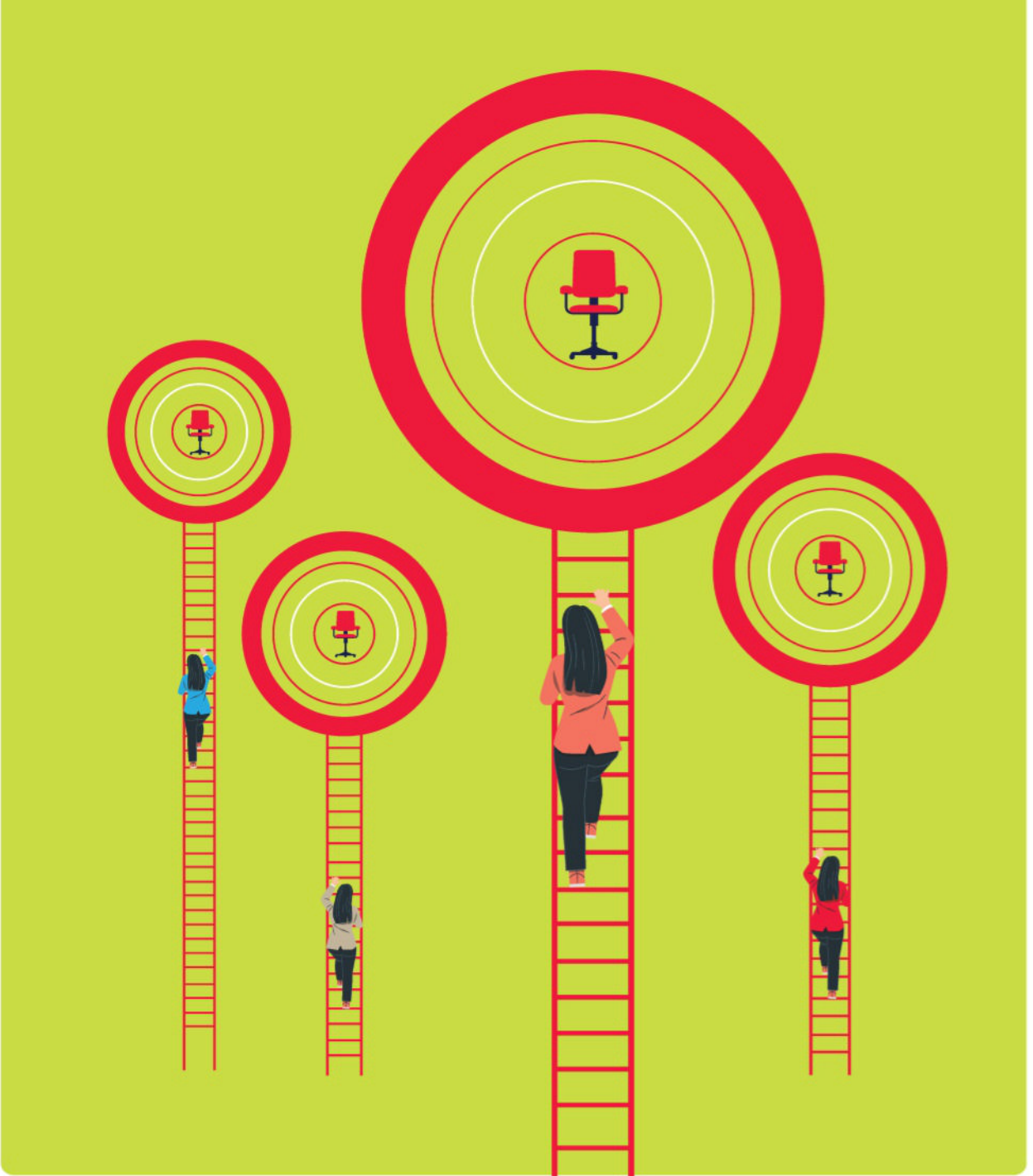


ILLUSTRATION BY RAJ VERMA



ONE STEP

THE NUMBER OF WOMEN INDEPENDENT DIRECTORS IS GROWING STEADILY, BUT IT'S A LONG WAY FROM GENDER PARITY. MUCH MORE NEEDS TO BE DONE TO BREAK THE GLASS CEILING IN BOARDROOMS

● BY TEENA JAIN KAUSHAL

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INCE BOARDROOMS SHAPE

a company's trajectory, effective ones must have varied voices, especially of those who are traditionally under-represented, to achieve a comprehensive, balanced outlook. However, despite the by now well-known advantages of having diverse boards, progress in improving gender diversity has been

slow, both globally and in India. Besides, it appears most often to be driven by legislative fiat rather than enlightened self-interest.

Take a look at India. It was among the first developing nations to introduce quotas for women on corporate boards. In 2013, the government enacted the new

Companies Act, which, in Article 149, said every listed company had to have at least one woman director. The Companies (Appointment and Qualification of Directors) Rules, 2014, laid down further clauses in this regard. That was followed by the Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015, which made it mandatory for listed companies to appoint at least one woman director on their boards.

"For listed companies that fall within the Top 1,000 by market capitalisation, an additional stipulation mandates the inclusion of at least one independent woman director," says Harshita Agarwal Sharma, Founder of compliance solutions provider Lexlevel Services. This additional layer ensures that women directors are not merely appointed for compliance but can play a more autonomous role. These mandates aim to encourage inclusivity and gender representation across various sectors, even though private companies remain exempt from such obligations, adds Sharma.

FORWARD

A LONG WAY TO GO



Studies have found that board diversity fosters inclusive growth and comprehensive decision-making



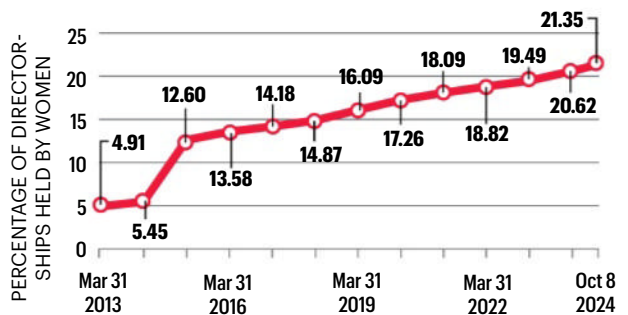
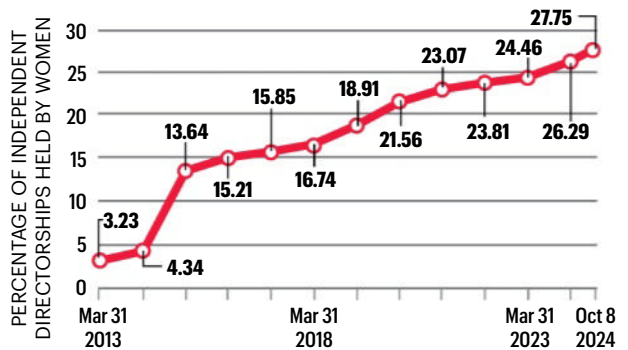
There has been some progress after the government mandated representation of women on boards

Unlisted public companies must also comply if they meet specific financial thresholds, such as having a paid-up share capital of ₹100 crore or more or an annual turnover of ₹300 crore or more.

But, 11 years after the introduction of mandatory quotas for women directors, Indian boardrooms still struggle with gender diversity. According to Primeinfobase, the percentage of independent female directors in Indian companies has increased from a mere 3.23% in 2013 to 27.75% as of October 8, 2024. While this marks significant progress, many companies still only meet the bare minimum requirements, appointing just one woman director to satisfy legal norms. Among the Nifty 500 companies, 207 have only one woman director, indicating a reluctance to go beyond the bare minimum.

INCHING UP

- The number of women independent directors has risen from 3.23% in FY13 to 27.75% till October 8, 2024
- Women hold 21.35% of directorships, indicating a yawning gap in gender representation



SOURCE PRIMEINFOBASE.COM

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The low representation of women on boards is not a uniquely Indian phenomenon, as a report by Deloitte, titled ‘Women in the Boardroom: A Global Perspective,’ shows. While improvements have been made worldwide, the estimated time frame for achieving gender equality on boards, according to the report, has only shortened marginally—from 2045 to 2038.

Of the 400 Indian companies Deloitte analysed for the report, only 5.1% had women as CEOs, 5.8% had women as CFOs, and a meagre 4.1% had women as board chairs in 2023. Among the firms analysed, those in the life sciences sector performed best, with women constituting a little over 21% of board members, followed by technology and telecom at 20.5%.

The “leaky pipeline” phenomenon, where women drop out at various stages of their careers, contributes to this disparity. We have come a long way from 3% to 21% (of women directors). I think that in itself is a significant achievement, even though several of these women may not necessarily be representing true ‘gender diversity’ as they belong to or are related to the promoters. While we are still lagging behind some developed economies, we have done far better than many emerging economies. So I think, at least the start has been made,” says Pranav Haldea, Managing Director of capital markets data provider Prime Database Group.

Haldea adds that representation must be there not just at the entry level but across the hierarchy. “The biggest problem is that while equal representation may be present at the entry level, as you go up the ladder, you find that a lot of women drop out because of family responsibilities etc. Lack of flexible work arrangements make it harder for women to balance career and personal life.

An additional problem is the concentration of board positions among a few women, even though



As a result, the proportion of women independent directors has risen from 3.23% in 2013 to 27.75% in 2024



But the limited senior roles offered to women highlights the prevalent gender disparities in India

regulatory measures like the Companies Act aim to prevent that by capping the number of positions—an individual can be on the boards of 10 listed companies and 20 overall. This highlights the limited pool from which women directors are often selected, perpetuating a cycle where the same individuals serve on multiple boards.

One justification often given for this phenomenon is that there aren't enough qualified women available. Yet, Primeinfobase data reveals that women directors are highly educated with 6% having doctorates, 54% holding master's degrees, and 23% holding bachelor's degrees as their highest qualification. "The quality of women independent directors appointed to Indian boards is, by and large, commendable. Many of these individuals bring a wealth of experience in law, finance, strategy, and corporate governance," says Tushar Kumar, an advocate at the Supreme Court of India.

However, Kumar acknowledges that the relatively small pool of women with executive or board-level experience, particularly in sectors traditionally dominated by men, poses a challenge. "To address this, there has been a concerted effort to expand training and development programmes aimed at preparing women for these roles, ensuring that they possess both the requisite expertise and the ability to contribute meaningfully to governance."

THE PATH FORWARD

To improve gender diversity in boardrooms, boards must stop seeing it as simply meeting quotas. It involves addressing deeper cultural and structural barriers. Being a woman director often means navigating male-dominated boardrooms, dealing with higher scrutiny, and managing multiple roles. Krishan Mishra, CEO of financial planning body, FPSB India says, "Challenges often include overcoming bi-

ases in a male dominated fields and balancing responsibilities with societal expectations. The number of women on boards continues to be low due to a bleak talent pipeline at the mid-level, systemic hurdles, and traditional mindsets."

Mishra adds that we must work towards creating a supportive work environment. Businesses must prioritise diversity, nurture leadership pipelines, and provide mentorship opportunities.

Access to influential networks and leadership development opportunities is often restricted for women, with many companies failing to actively groom women for top roles. Moreover, tokenism remains a concern, as some companies appoint women to meet legal requirements rather than for their expertise.

To foster meaningful change, companies must adopt a holistic approach towards diversity. This involves rethinking recruitment strategies, implementing flexible work policies, and establishing mentorship programmes that encourage women to pursue leadership roles. "Diversity at the board level is imperative for an inclusive organisation since such values are always top-down. The mandate for one woman independent director has certainly led to a significant increase in the number of women on boards," says Anchal Dhir, Partner at law firm Cyril Amarchand Mangaldas.

Some organisations—such as AstraZeneca, Cummins India, Apollo Hospitals, and Godrej Agrovet—have taken the lead in ensuring better representation by appointing six or more women to their boards. "A valuable lesson I learnt from my father, Dr Prathap C. Reddy, was that a problem remains one only if you choose to view it that way. However, if you eliminate the mental barriers that convince you something is impossible, remarkable progress can be made," says Preetha Reddy, Executive Vice Chairperson of Apollo Hospitals Enterprise.



"We must work towards creating an environment that allows women to be on boards of companies and harness their potential"

Krishan Mishra
CEO, FPSB INDIA

CONSUMER FIRMS AHEAD

- Consumer firms have the highest number of women directors, followed by industrials and commodities
- In the financial services sector, women hold only 19% of total directorships, but it makes it to the Top 5 in terms of overall numbers

Industry	Total Directorships	Total Women Directorships
CONSUMER DISCRETIONARY	4,993	1,123
INDUSTRIALS	3,830	803
COMMODITIES	2,302	463
FINANCIAL SERVICES	1,935	370
FAST MOVING CONSUMER GOODS	1,333	297

SOURCE PRIMEINFOBASE.COM



“A start has to be made somewhere. If every job required prior experience, no one would ever get an opportunity”

Pranav Haldea
MD, PRIME DATABASE GROUP

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LEGAL BOOST?

Considering the slow progress on diversity, should the legal mandate for women directors be increased from one to two? This proposal has gained traction, with advocates arguing that having at least two women on boards could counter tokenism and ensure more diverse perspectives are considered. “There is a compelling argument to be made for increasing the legal mandate for women directors from one to two,” says Kumar. That would not only further the objective of gender diversity but would also mitigate the risks associated with tokenism, where the presence of a single woman on the board may be seen as merely symbolic, he adds.

The inclusion of more women directors could accelerate cultural shifts within corporate India, fostering a more inclusive governance environment. Besides, it may even improve the chances of women being selected as key management personnel. One thing that is consistent across regions in the Deloitte report is that the representation of women on boards is much better in organisations where women have leadership roles.

Such a cultural shift is essential for aligning business practices with evolving societal expectations, where inclusivity is no longer optional but necessary. Research supports this, showing that companies with gender-diverse boards tend to outperform their peers in terms of financial performance, risk management, and innovation. “This diversity of thought translates into stronger policies, more inclusive workplace cul-

tures, and better risk management, ultimately contributing to long-term growth and stability,” Lexlevel’s Sharma emphasises.

Women often bring different perspectives, experiences, and problem-solving approaches that enable companies to better understand and cater to a diverse customer base. This diversity of thought is crucial in today’s complex business environment, where companies face evolving challenges and rapidly changing market dynamics. The inclusion of women on boards leads to more comprehensive decision-making processes that consider various stakeholder interests, thereby enhancing overall corporate governance standards.

The push for gender diversity in boardrooms is more than just a compliance issue. It represents a broader movement toward more inclusive and effective governance. While regulatory mandates have begun the process, achieving true gender parity requires a concerted effort to address cultural mindsets, structural barriers, and unconscious biases that continue to hinder women’s advancement in corporate India. By expanding opportunities, companies can unlock the full potential of gender diversity, benefitting not only their governance but also their bottom line. As India continues its journey toward a more inclusive corporate landscape, the board game is changing—slowly but surely—ushering in a new era of equitable leadership. **BT**

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