

33% Women Representation on Corporate Boards



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This is to propose 33% representation on Corporate Boards by 2030 in top 1000 NSE Companies.

The Companies Act, 2013 (effective from 1 April 2014) introduced a requirement for companies to appoint at least one woman director. Subsequently, SEBI strengthened the framework by mandating at least one Independent woman director for the top 1000 listed companies.

Impact:

The requirements re Independent Women Directors by Companies Act & SEBI has increased the participation of women on Boards. It has increased from 4.5 % in 2014 to nearly 20% now. This has had a very positive impact in Boards functioning and Corporate Governance. It has been established by research that women bring slightly different perspective to the Boards because own life experiences, instincts and empathy. They generally go into important Board issues in greater depth, are more careful in risk management and compliance, have better understanding of perspectives of women customers (majority of customers are women for some businesses) and women employees, They also act as Role Models for women executives in the company who are concerned about the "Glass Ceiling". Women Directors also take greater interest in Sustainability, CSR, and HR issues.

Overall greater women participation in Boards have created more value in the companies and has been good for shareholders and society.

Current Status in India:

Most companies comply with the requirement of at least one woman director; however, the majority have only one or two women directors, indicating that representation remains limited.

Regretfully, a few companies have not complied with the requirement and no apparent penalty has been imposed on them.

On the other hand, some progressive companies have 3/4 Woman Directors, Committee Chairs and Board Chairs.

International Position:

In the United Kingdom, listed companies follow a 'comply or explain' framework with a target of 40% women on boards. Women currently hold over 40% of board positions in FTSE 350 companies. In the United States, there is no federal quota, but women hold approximately 35% of board positions in S&P 500 companies. Canada and Australia follow disclosure-based models, encouraging companies to set diversity targets, with women representing around 35–38% of board positions in leading companies.

Proposal:

It is proposed that, at least one-third of the Board of Directors in top 1000 companies to be women by 2030. This can be done by inducting women when current men directors retire and /or by expanding the Board.

1. At least one half of the Committee Chairs should be women.
2. At least half of women directors to be independent directors.
3. SEBI should promote training and mentorship Programs by FICCI, CII, and Management Institutes to increase "supply" of talented and trained women to become Board members.
4. In case of non-compliance by a company by 2030, the Chairman of the Board and the CEO of such company should not receive any remuneration or benefits from the company until compliance is achieved.

Conclusion:

This initiative would move India from a minimum-compliance framework to a meaningful representation model, improving corporate governance, enhancing board effectiveness, and promoting gender inclusion in leadership positions in companies.

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