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Indian Women on Board: A Myth or Reality

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I. Introduction

As per the World Bank data 2019, women comprise 48 percent of the Indian population but there is only 26 percent participation of women in labour force as against a global average of 49 percent, making it one of the lowest in the world. In 2013, a World Bank study reported that only 27 percent, of the female population aged over 15 years is working in India. Gender Diversity Benchmark Asia report (2014) found that Indian women are poorly represented in corporate world and India ranked the lowest among China, Hong Kong, India, Japan, Malaysia and Singapore in terms of the average representation of women at different levels across multinational organisations. The average representation of women in the total workforce is 26.6 percent as against the regional average (RA) is 47.5 percent, while the female participation rate at senior levels are 10.6 percent (24.3 RA) respectively. In order to make women a part of the corporate boards, regulatory push has been made towards gender diversity through changes in the Corporate Act.

Globally, many countries are also struggling with gender diversity of the corporate boards. Europe tops the table with an average of 29.7 percent of women in board mainly due to policies and initiatives seeking to address gender diversity and inclusivity on supervisory boards. In North America female board representation has increased from 17.3 percent in 2015 to 24.7 percent. Malaysia, France, Australia, Germany, and Austria have seen the biggest proportional increase between 9.4 and 12.8 percentage points in boardroom diversity in 2015-2019.

European countries lead in appointing Women as Director on a Company's Board. Norway was the first country in the world to legislate gender representation on company boards. In December 2003 the Norwegian Parliament passed a new regulation that required at least 40 percent of each gender on company boards. The aim was to bring gender equality and to increase companies' profitability. The law came into force in the beginning of 2008, and major changes emerged in the corporate



board's gender diversity. In 2002, only 4 percent women were board members while in 2009, all boards had 40 percent women. This successful implementation of law was due to a tough stand of the Norwegian government regarding non-compliance and the power to dissolve those companies not following the rules. Similar policies are also being implemented or intensely debated in many countries, including the Netherlands, France, Sweden, Belgium and Germany. In India, The Companies Act, 2013, Section 149 introduced the concept of Women Directors and Independent Directors. This section prescribed that every listed company and every other public company having (a) paid up share capital not less than Rs. 100 crore; or (b) turnover not less than Rs. 300 crore shall appoint at least one woman director. Every company existing on or before the date of commencement of this Act shall within one year from such commencement comply with the requirements of the provisions. In March 2018, based on the recommendations of the Uday Kotak Committee, SEBI mandated that all top 500 companies by market capitalisation must have at least one Independent Woman Director on its board by April 1, 2019, and the top 1,000 companies should adhere to this by April 1, 2020. With these changes, the percentage of women Directors appointed in Indian companies is expected to increase.

II. Theory

The existing literature highlights the importance of diversity of board and performance of corporation. Gender diversity reduces the chances for corporate governance failure O'Connor M. (2003) Carter et al. (2010) investigated that a more gender diverse boards will promote good corporate governance and thus improves the firm financial performance. Women on Boards Survey by GMI Ratings (2012) analyzed gender diversity on the boards of directors of S&P 1500 companies, found that an average of 12.6 percent women were board members of these companies. Based on this statistic, the U.S. ranks 11th in boardroom gender diversity out of 45 countries. Whereas, women account for only 13.8 percent of board directors from listed companies in India. The share of women-led companies in India has stagnated as only 3.7 percent of CEOs and Managing Directors of NSE-listed companies were women in 2019, a number that has increased just slightly from 3.2 percent in 2014. Only 8.9 percent of firms have women in top management positions. As of 2019, just 29 companies (5.8%) on the Fortune India 500 list had women in executive roles. Creary et. al. (2019) found that diversity doesn't guarantee a better performing board and firm; rather, the culture of the board is what can affect how well diverse boards perform their duties and oversee their firms.

III. Material and Methods

Indian women are equally qualified and equipped with professional degrees as men are, they are breaking into the male bastion roles but who and what stops them from breaking the glass ceiling? What are the reasons for Indian women's absence or pathetically negligible presence in the senior management levels? When women can efficiently manage family, children and home then why can't they be trusted with managing corporates? When the Indian corporates are successful thriving ecosystems why did they never felt the absence of women at the highest level?

To seek answer to these questions in the backdrop of the abovementioned changes and amendments in the Indian Companies Act an attempt has been made in this research paper



- 1) To assess and analyse the presence of women directors in listed Indian companies with National Stock Exchange before and after the Enactment of Companies Act 2013.
- 2) To compare Indian women's representation as against their global counterparts on the corporate boards.
- 3) To find out the answers to the reluctance of the corporate world to give women their due recognition as able decision makers, administrators and leaders to lead their company forward.

To assess and analyse the presence of women directors in listed Indian companies with National Stock Exchange before and after the Enactment of Companies Act 2013. NIFTY 50 companies in 2013 has been taken as a base, the presence of women directors in these companies has been compared with the present NIFTY 50 companies to see the change in the boards composition after the mandated changes made with regard to appointment of woman director and of mandatory appointment of independent women directors by April 1,2020.

An attempt has also been made in this paper to find out the compliance of the appointment of women director in the CNX Nifty fifty companies as on January 2021.

To seek answers to the above-mentioned objectives, secondary data has been used. The major source of secondary data is the review of studies, annual reports of companies, research papers, World Bank reports, surveys, reports of NSE, newspaper articles and Ministry of Corporate Affairs Websites etc.

IV. Results and Discussions

As can be seen from Table1, in 2012-13, of the fifty companies, 78 percent companies were from the private sector and 22 percent were public sector companies. 70 percent of the Nifty Fifty Companies had between 1-2 Women Directors. Bharti Airtel was the only company to have a maximum of 3 women on its board. If the average size of the board is taken as 10 members each then according to this table there is only 08.00 percent representation of women on the board of 50 companies. 03 companies are without women in their boards belonging to cement and pharma sector, 02 companies each in auto sector and 01 each in the banking, engineering, infra and FMCG.



Table 1. Number of Women Directors in Nifty 50 Companies in 2012-13

Companies	Sector	Industry	Women Directors	Number of Women Directors
1. AXIS Bank	Private	Banking	YES	02
2. HDFC Bank	Private	Banking	YES	01
3. ICICI BANK	Private	Banking	YES	02
4. Indusind Bank	Private	Banking	YES	01
5. Kotak Mahindra Bank	Private	Banking	YES	01
6. PNB	Public	Banking	YES	01
7. SBI	Public	Banking	YES	01
8. BANK OF BARODA	Public	Banking	NO	00
9. IDFC LTD	Public	Finance	YES	01
10. ACC LTD	Private	Cement	NO	00
11. AMBUJA CEMENTS LTD	Private	Cement	NO	00
12. CAIRN INDIA LTD	Private	Oil & Gas	YES	01
13. CIPLA	Private	Pharma	NO	00
14. DLF LTD	Private	Real Estate	YES	01
15. Dr. REDDY	Private	Pharma	YES	01
16. SUN PHARMA	Private	Pharma	NO	00
17. LUPIN LTD	Private	Pharma	YES	02
18. BAJAJ AUTO	Private	Auto	YES	01
19. BHEL	Private	Auto	YES	01
20. HERO MOTORCORP	Private	Auto	NO	00
21. MAHINDRA&MAHINDR A	Private	Auto	NO	00
22. JPASSOCIATES LTD	Private	Construction	YES	01
23. JINDAL Steel Power LTD	Private	Steel	YES	01
24. MARUTI	Private	Auto	YES	01
25. TATA MOTORS	Private	Auto	YES	01
26. HCL TECH	Private	Software	YES	01
27. INFOSYS	Private	Software	YES	01
28. TCS	Private	Software	NO	00
29. TATA POWER CO LTD	Private	Energy	YES	01
30. TATA STEELLTD	Private	Steel	YES	01
31. NTPC	Public	Power	YES	01
32. POWER GRID	Public	Power	YES	02
33. ONGC	Public	Energy	NO	00
34. ITC LTD	Private	Fmcg	YES	01
35. Asian Paints	Private	Paints	YES	01
36. Bharti Airtel	Private	Telecom	YES	03
37. BPCL	Public	Energy	YES	01
38. Coal India Ltd	Public	Mining	YES	01
39. GRASIM	Private	Textiles	YES	01
40. HDFC LTD	Private	Fin. Inst	YES	01
41. HINDALCO	Private	Aluminium	YES	01
42. HUL	Private	Fmcg	NO	00
43. L&T	Private	Engineering	NO	00
44. NMDC LTD	Public	Mineral	YES	01
45. Ranbaxy Lab	Private	Pharma	NO	00
46. Reliance Ind	Private	Energy	NO	00
47. Reliance Infra	Private	Infra	NO	00
48. SESA GOA LTD	Private	Cement	NO	00
49. ULTRA TECH	Private	Cement	YES	01
50. GAIL	Public	Energy	YES	01
	PU=11, PV =39		Y=35 N =15	40



Table 2. Number of Women Directors in Nifty 50 Companies in 2020-21

COMPANIES	SECTOR	INDUSTRY	WOMEN DIRECTORS YES/NO	NUMBER OF WOMEN DIRECTORS	INDEPENDENT WOMEN DIRECTORS
1. AXIS Bank	Private	Banking	YES	-	02 Independent Non Executive Director
2. HDFC Bank	Private	Banking	YES	01	-
3. ICICI	Private	Banking	YES	-	02 Independent
4. INDUSIND	Private	Banking	YES	02	-
5. KOTAK MAHINDRA	Private	Banking	YES	01	-
6. SBI	Public	Banking	YES	01	-
7. BAJAJ FINANCE	Private	Finance	YES	01	Independent
8. BAJAJ FINSERVE	Private	Finance	YES	01	Independent
9. HDFC LIFE	Private	Insurance	YES	03, CEO	-
10. SBI LIFE	Private	Insurance	YES	01	Independent
11. CIPLA	Private	Pharma	YES 03	01, Executive Chairman	02 Independent
12. DIVIS LAB	Private	Pharma	YES 02	01	01
13. Dr. REDDY	Private	Pharma	YES	-	02
14. SUN PHARMA	Private	Pharma	YES	-	01
15. BAJAJ	Private	Auto	YES	01	-
16. EICHER MOTORS	Private	Auto	YES	-	01
17. HERO MOTORCORP	Private	Auto	YES	-	01
18. Mahindra&Mahindra	Private	Auto	YES	-	03
19. MARUTI	Private	Auto	YES	-	02
20. TATA MOTORS	Private	Auto	YES	-	02
21. HCL TECH	Private	Software	YES	Chairperson	01
22. INFOSYS	Private	Software	YES	-	02
23. TCS	Private	Software	YES	-	02
24. TECH MAHINDRA	Private	Software	YES	-	03
25. WIPRO	Private	Software	YES	--	01
26. NTPC	Public	Power	NO	-	-
27. POWER GRID	Public	Power	YES	-	01
28. ONGC	Public	Energy	YES	-	01
29. IOC	Public	Oil & Gas	YES	Govt.Nominee	01
30. ITC	Private	FMCG	YES	-	02
31. ADANI	Private	Miscellaneous	YES	01 Relative	-
32. ASIAN PAINTS	Private	Paints	YES	01	02
33. BHARTI AIRTEL	Private	Telecom	YES	02	-
34. BPCL	Public	Energy	NO	-	-
35. BRITANNIA	Private	Food Beverages	YES	-	01
36. COAL INDIA	Public	Mining	NO	-	-
37. GRASIM	Private	Textiles	YES	01 Relative	01
38. HDFC	Private	Financial Inst	YES	01	01
39. HINDALCO	Private	Aluminium	YES	01 Relative	01
40. HUL	Private	Fmcg	YES	01	01
41. JSW STEEL	Private	Steel	YES	01 Relative	01
42. L&T	Private	Engineering	YES	-	01
43. NESTLE	Private	Food Beverages	YES	-	02
44. RELIANCE IND	Private	Energy	YES	01 Relative	-
45. SHREE CEMENT	Private	Cement	YES	01	-
46. TATA STEEL	Private	Steel	YES	-	01
47. TITAN	Private	Consumer Durables	YES	03	-
48. ULTRA TECH	Private	Cement	YES	01	02



49.	UPL	Private	Chemicals	YES	01	02
50.	GAIL	Public	Energy	YES	02	01
			PSU =8, Pvt. =42	Y =47, N =03	34	50

As compared with 2012-13 data, in 2020-21, there are more of private sector companies in this list of fifty companies, 42 (84%) are from private sector while 08 (16%) companies are public sector undertakings, three of the PSUs (4%) donot have a single woman director, while 05 (10%) private family owned businesses have a woman relative as a director just to fulfill the requirement. Only 04 (8%) private sector companies have 3 women directors, HDFC LIFE has a woman CEO, Cipla has a woman executive chairman and 2 Independent women directors, TITAN has 3 women directors, while M&M and Tech Mahindra have 3 independent women directors each. A board is empowered when it has more of independent women directors. In comparison with 2012-13 figures given in Table 1, Table 2 shows a slightly improved and a gender diverse corporate board. However, about 20 companies that were in 2012-13 lists are not in NIFTY fifty list of companies in 2020-21.

If the average size of the board is 11 members each then according to this table 15.27% representation of women is there on the board of 50 companies as against 08.00 % in 2012-13. It is observed that three PSUs viz: NTPC, BPCL and Coal India Ltd. do not have mandatory women directors in their boards. Ficci in association with IIM-Ahmedabad carried out a study on women in corporate boards. Ficci Women sponsored the study on ‘Corporate Boards Mentorship Program.’ According to Only five companies have five women directors on their boards (MSTC Ltd., GIC Housing Finance Ltd., Godrej Consumer Products Ltd., Godrej Agrovet Ltd., and Apollo Hospitals Enterprise Ltd).

Table 3 highlights the changes after the introduction of Sec 149 of Companies Act 2013 with respect to appointment of women director as well as women independent directors in the boards. It can be seen from this table that almost 84 percent of the 1000 NSE companies have fulfilled the mandatory requirement and the remaining 16% will do so as early as possible.

Table 3: Women Directorship in 1000 NSE Companies 2013-2019

	Time period	Cos with women directors		Cos with women independent directors	
1	31 March 2014	379	37.9%	193	19.3%
2	31 March 2015	911	91.1%	559	55.9%
3	31 March 2016	961	96.1%	608	60.8%
4	31 March 2017	970	97.0%	637	63.7%
5	31 March 2018	974	97.4%	660	66.0%
6	31 Dec 2019	977	97.7%	835	83.5%

Zinnov-Intel India Gender Diversity Benchmark Study (2019) evaluated 60 companies from the Indian ecosystem and found only 11 percent representations of women at the senior level. Women on boards (2020) a study by The Institutional Investor Advisory Services and SBI Mutual Fund reported that Nifty 500 companies had 17 per cent women directors (777) out of the total number of directors (4,657) as on March 30, 2020. While MNCs have a higher female representation at 19 per cent, PSUs trail behind with 11 per cent female representation. Of the 777 directorships held by women on board, 71 per cent are independent directors (548). The healthcare sector has the



maximum percentage of women directors at 21 per cent, while the energy sector has the lowest at 11 per cent.

Women's Global Representation on Board 2016 & 2019: Table 4 encapsulates the Indian women's representation on corporate boards as against their global counterparts. The data is for the year 2016 and 2019, 2016 is a crucial year because different measures were being taken in different countries from 2013 onwards to improve gender diversity in corporate boards. It is not that only India had very poor statistics, in other countries a similar picture was visible. The male dominance and male monopoly of the corporate boards is very evident.

Table 4: Women's Global Representation on Board 2016 & 2019

Country	% Women Directors 2019	% Women Directors 2016	% With 3 or More WOB 2019	% With 1-2 WOB 2019	% With Zero WOB 2019	Quota And Year Introduced
AUSTRALIA	31.2	26.0	58.2	40.3	1.5	NO
CANADA	29.1	22.8	63.0	35.9	1.1	PENDING
FRANCE	44.3	37.6	98.6	1.4	0.0	YES, 2010
GERMANY	33.3	19.5	81.0	17.2	1.7	YES, 2015
INDIA	15.9	12.8	21.3	78.8	0.0	YES, 2013
JAPAN	8.4	4.8	3.4	63.2	33.4	NO
NETHERLANDS	34.0	18.9	65.2	34.8	0.0	YES, 2013
SWEDEN	39.6	35.6	96.6	3.4	0.0	YES, 2016
SWITZERLAND	24.9	17.5	48.8	51.2	0.0	PENDING
UNITED KINGDOM	31.7	25.3	82.2	17.8	0.0	NO
UNITED STATES	26.1	20.3	56.2	42.8	1.0	CA ONLY 2018

Source: Emelianova, Olga and Milhomem, Christina, "Women on Boards 2019 Progress Report", (MSCI, December 2019).

Credit Suisse Research Institute's third CS Gender 3000 (2019) report based on gender mix of 3,000 companies across 56 countries comprising 30,000 executive positions found that globally women's representation on boards had improved to 20.6 percent as against 15.3 percent in 2016 and 10 percent in 2009. The proportion of women in management had also risen to 17.6 percent from 13.8 percent in 2016. Europe tops the table with an average of 29.7 percent of women in board mainly due to policies and initiatives seeking to address gender diversity and inclusivity on supervisory boards. In North America female board representation increased from 17.3 percent in 2015 to 24.7 percent. Malaysia, France, Australia, Germany, and Austria have seen the biggest proportional increase between 9.4 and 12.8 percentage points in boardroom diversity in 2015-2019. Countries like Norway, France, Sweden and Italy have the largest representation as a result of quotas and formal targets set by governing authorities.

In Asia Pacific (APAC) countries a large percentage of inclusion of women in management and board levels has also been found. Growth in Asia Pacific countries has shown the biggest



improvements in representation. Seven out of the top 10 countries with the highest percentage of women in management are APAC. Regionally, APAC has the highest number of female CEOs (5.6 percent) and CFOs (18.9 percent) ahead of North America and Europe. Singapore along with Italy ranks the highest in terms of female CEO representation globally with 15 percent, followed by Thailand (9 percent) and the Philippines (8 percent). In terms of female CFO representation, Thailand (42 percent), Malaysia (29 percent), and the Philippines (28 percent) hold the top three positions globally. However, India still occupies the third lowest spot among APAC followed by South Korea (4 percent) and Japan (3 percent). India occupies the third lowest rank with 2 percent representation for female CEO as well as the second lowest rank for female CFO representation with 1 percent.

V. Conclusion

After analyzing the data it is concluded that gender diversity is still in a nascent stage in most Indian companies, and the reasons could be social norms, patriarchal mindsets and gender roles expectations playing a defining role in dissuading women from pursuing corporate careers seriously. Regulations might have resulted in slight improvement in gender diversity in boardrooms; India is trailing behind global standards on inclusive boardrooms. Even if quotas and laws are the only way forward then its successful implementation has to be strictly enforced as has been done in Norway. This successful implementation of law was due to a tough stand of the Norwegian government regarding non-compliance and the power to dissolve those companies not following the rules. Ministry of Corporate affairs should not allow the defaulters to pay penalties and get away with it or give date extensions for compliance. The women relatives of family owned companies appointed as directors show mere tokenism to comply with the mandated requirement of at least one women director in the board. There is also a need for the Indian Inc to encourage and welcome more women in their boards and provide a mentoring program for women to showcase their leadership abilities in managing the companies successfully. The puzzling case of non-compliant public sector undertakings is also very intriguing, as these PSUs carry on with business without the mandatory woman director in their boards. The way forward is to aim for 30 to 40 percent women representation in the boards, only then this myth of women in boardrooms will turn into reality. Women empowerment will happen when they become equal partners in higher levels of decision-making process.

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