

WOMEN ON THE BOARD OF DIRECTORS

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ABSTRACT

Gender equity is one of the sustainable goals of United Nations. Throughout the world women represent nearly half of the population and they do most of the unpaid work. It is found that unless they are included in the paid work, the development of the economy will not be possible. Reservation of women director in the board of the company is a step to include them in decision making at higher level. In India as compare to the world this decision came very late in the Companies Act 2013 where it is made mandatory to include one female board member in a class of company. Even after making this reservation many companies are not in a position to have a women director in their board. The paper examines the progress in this regard, problems faced by the companies and the suggestions to come out of this problem.

Keywords: Board of Directors, Companies Act 2013, Women Director.

Introduction

India is the second most populated country in the world. The present sex ratio of India is 48.01% females as compare to 51.96% males. Development of women cannot take place unless there is empowerment on political level. In India bill for 33% reservation for women in parliament is still pending. Women without proper childcare and flexible working hours are unable to make choice to between work and home. Introduction of child care leave with favourable and safe working conditions are required for the proper development of women to reach up to the level of board of directors. Reservation of women in corporate directorship is a step taken by the companies but it is observed that because of lack of availability of women for this post and less penalty imposed on companies for not following this norm, it is not seriously taken by the companies. According to Mckinsey Women in India contribute 18% of GDP which is one of the lowest in the world. 10% Inclusion of women in paid work will increase GDP to 70%.

Objective of the Study

- To study the provision of Companies Act and SEBI Regarding appointment of women directors.
- To study development in this respect in the board of directors of the companies.
- To study problems faced by women in this respect.
- To find a way out to include women in corporate board

Method of Study

The study is descriptive and analytical in nature where recent developments in Companies law and SEBI, with respect to appointment of women directors, are studied. An attempt is made to find out the reasons for lack of development of women. Some other factors which relates with the development of women is observed to look at the problem. The development in this respect in other countries are also observed and compared with India to find the right solution.

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Guidelines for Companies: Women on the Board

Government has made various laws to improve the condition of women. In companies Act 2013 149(1) with rule 3 of companies (Appointment and Qualification of Directors) rules 2014 every listed company and every company having paid up share capital of not less than 100 crore or turnover of 300 crore or more is required to appoint atleast one women director. Provided that a company shall comply with such provisions within a period of six months from the date of its incorporation: Provided further that any intermittent vacancy of a woman director shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later. There is no prohibition for appointment of a female relative of a director on the board of a company. **Penalty for non compliance is fine of Rs. 10,000 with a further fine of Rs. 1000 per day if the contravention continues.**

SEBI in its board meeting on 28th March 2018 decided There should be at least one woman independent in the top 500 listed entities by market capitalisation by April1, 2019 and There should be at least one woman **independent director** in the top 1,000 listed entities by April 1, 2020.It was based on the recommendation of the **Kotak committee** on corporate governance. As per regulation17(1) OF SEBI in the composition of board of directors of the listed companies the board of director shall have combination of executive and non executive directors with at least one women director and non executive directors shall comprise of 50% of board of directors.

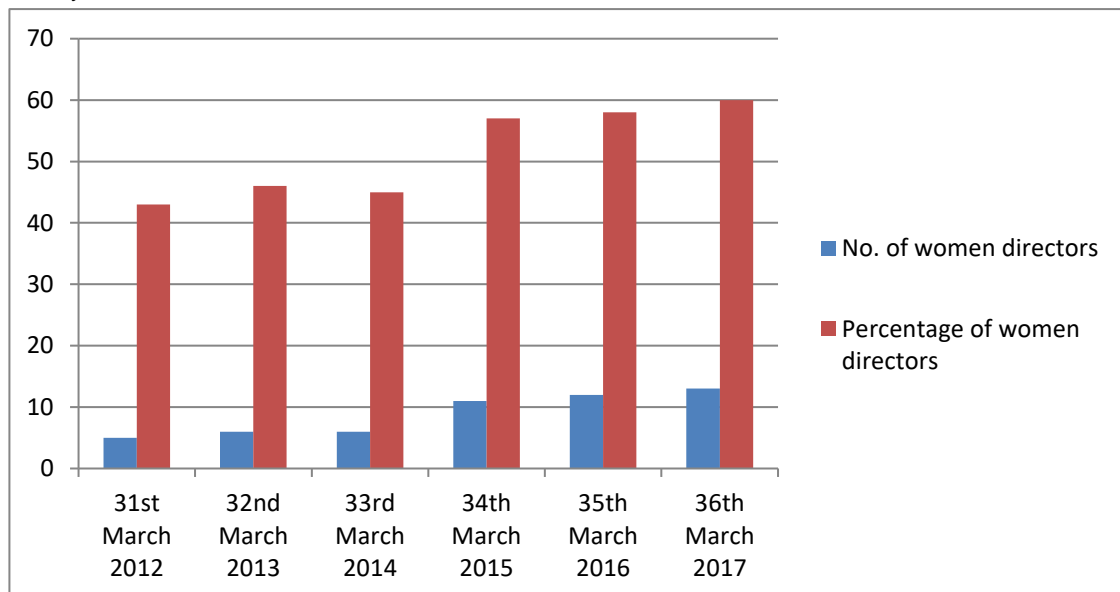
Women Directors on Companies Board in India

Table 1

Year	Percentage of Women Directors	% Age of Independent Board of Directors
31st March 2012	5	43
31 st March 2013	6	46
31 st March 2014	6	45
31 st March 2015	11	57
31st March 2016	12	58
31 st March 2017	13	60

Source :IIAS Research, PRIME Database Group

The above table shows there is increase in number of women directors in India from the year 2012 to 2017. The percentage of independent director was 43% in the year 2012 which increased to 60% in the year 2017.



Graph 1

Top ten companies with **most gender diverse /least gender diverse** boards among BSE-100 Companies in Financial year 2019

Table 2

Companies	Number of Women on Board	Proportion of Women on Board (%)	Companies	Number of Women on Board	Proportion of Women on Board
Apollo Hospitals Enter	5	41.6	Oil and Natural Gas Corporation	1	5.9
Godrej Consumer	5	35.7	Indian Oil Corporation	1	5.9
Ultra Tech Cement	4	33.3	Bajaj Auto	1	6.3
Cipla	4	33.3	Container Corporation of India	1	7.1
Infosys	3	33.3	Page Industries	1	7.1
Colgate - Palmolive India	3	30	Dabur India	1	7.1
HCL Technologies	3	27.3	Bharat Forge	1	7.1
Bharti Airtel	3	27.3	Havells India	1	7.7
Eicher Motors	1	25	Petronet LNG	1	7.7
JSW Steel	3	25	Bajaj Finance	1	7.7

Source :Bloomberg Published in Economic times Dec.10 2019

Percentage of Women in Company's Board in the World

France -43.4%, Iceland-43%, Norway-42.1%, Sweden-36.3%, Italy-34%, Finland-32.8%,Germany-31.9%, Belgium-30.7%, Denmark-30.3%, New Zealand-30%,Netherlands-29.5%,Latvia-28.8%, Australia-28.7%, United Kingdom-27.2%, Canada-25.8%, Israel-23.1%, Slovenia-22.6%, Spain-22%, United States-21.7%, South Africa-21.4%, Switzerland-21.3%, Poland-20.1%, Austria-19.2%, Ireland-17.6%, Portugul-16.2%, Slovak Republic-15.1%, Columbia-15.1%, Hungry-14.5%, Czech Republic-15.1%, Lithuania-14.3%, **India-13.8%, Turkey-13.4%, Luxemborg-12%, Greece-11.3%,China-9.7%, Brazil-8.4%, Chile-8.2%, Mexico-7.5%, Estonia-7.4%,Russian Federation-7%,Japan-5.3%,Indonesia-3.3%,Korea-2.1%.(Source: Global gender gap report 2020)**

The above data shows India is far behind in the world in the context of women empowerment in board. It is worth to see that the countries that are on the top in the list have strict reservation of women on the board of the company. They also have reservation in parliament for women. These countries are not only on the top of women representation but these are less corrupt nation and they have high level of happiness index. The Scandinavian countries have reservation for women on board which plays significant role in increase of women on board. According to European Union by 2020 quota of 40% of non executive directors of publically traded European companies should comprise women.

Conclusion and Suggestions

Companies must increase the numbers of women directors on board by 2020. Company must make it mandatory to have one women independent director. Further to implement it successfully it is important to train young women for such role. Proper training and support from within the organisation can make it successful. It is equally important to mention for companies to provide better child care leaves, flexible working hours and shared childcare leaves so that women employee can grow well physically and mentally and can devote her time properly to look after her family and job. Forced paternity leave to male employees will reduce the burden of females at home in taking care of child and household work. Further government, like Nordic nations must make it mandatory to fill the post of women in board of directors and take strict action like declaring the company illegal in absence of such director then we can assume increase in number of women in directorship of companies. In order to make such laws it is also required that there must be representatives of women in parliament. It will be possible if the women reservation bill in parliament is passed. Presence of more women makes other women feel comfortable. With the presence of women men become gentlemen. The role of chairperson is very important to encourage women in the board to speak and participate in meeting.

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