



WOMAN DIRECTOR- A PROVISION ON PAPER OR IN PRACTICE?

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on board has been made in this paper. Also provisions related to role of such woman directors in a company along with their necessary qualifications and other mandates are discussed.

ABSTRACT:

Right from being the speaker of the Lok Sabha, to being the President of the country or being the managing director or CEO of multinational companies and being in head to head competition with the world leaders, women are everywhere and have shown their skills and dominance in whatever they intend to do. Right from being the first citizen of country with the most populous democracy in the world or being the Speaker of the House of People of the world's second largest populated country or being the Chairman & CEO of the world's leading food and beverage Company or being the Managing Director & CEO of India's second largest bank and so on, in whichever field you can think of the Indian women have shown their skills, power and dominance. Women are no longer inferior in any way as compared to men and made their place in the world at par with that of men. India is no exception, and hence various new opportunities and chances are created for women to showcase their skills and talents. A recent development in the corporate world was the Companies Act, 2013 where it imposes a mandate for the companies to include at least one woman director in its Board of Directors.¹ Intricate research on the working and implementation of such provision in the Companies Act has been made, along with the need and importance of a woman director in a company and the reasons for not finding such woman directors

KEYWORDS:

WOMEN, DIRECTOR, COMPANIES ACT, SECTION 149, BOARD OF DIRECTORS, ROLE, EXAMPLES.

OBJECTIVE OF THE PAPER:

The objective of this research paper is to analyze the provisions related to women directors in the Companies Act, 2013 and research about the role, duties of such women directors and also the applicability of such provisions in the real corporate world.

METHODOLOGY:

This research paper is based on secondary data. The style of the paper is descriptive and exploratory.

INTRODUCTION:

In this progressing world, women are no longer lagging behind and neither are they dependent on men for their finances as well as basic needs. The law itself is creating many opportunities for women for them to showcase their skills, abilities and come up in the forefront. A recent example is the Companies Act, 2013, Section 149(1) which makes it mandatory for every company to have at least one-woman director on their

¹ Section 149 (1) proviso 2, Companies Act, 2013



Board of Directors. The Ministry of Corporate realizing the importance of Indian women, with their environment friendly management and managerial competencies has reserved a mandatory function of female in the Board of Directors of groups in the these days notified Companies Act, 2013, which is being applicable from 01st April, 2014. With this obligatory provision for representation of ladies on the Boards, India is possibly to have greater gifted ladies on the Boards of their companies. Women empowerment is now not something where a girl can merely play a simple position in a company but have to be a phase the greater stage of selection-making process. As per the accessible data, European countries lead in appointing Women as Director on a Company's Board². Among them, Norway stands top with 45% the place India holds only 4.7%. However, the percentage of women Directors appointed in Indian groups is predicted to increase

(Appointment and Qualification of Directors) Rules, 2014 the following classification of organizations shall appoint at least one female director- (i) each listed company; (ii) every other public enterprise having - (a) paid-up share capital of a hundred crore rupees or more; or (b) turnover of 300 crore rupees or more: Explanation: The paid up share capital or turnover, as the case may additionally be, appearing in the final date of cutting-edge audited monetary statements shall be taken into account. (Explanation to Rule 3 of The Companies (Appointment and Qualification of Directors) Rules, 2014. According to 1st proviso to Rule three of The Companies (Appointment and Qualification of Directors) Rules, 2014, the new corporations which will be integrated underneath Companies Act, 2013 and are blanketed in class of organizations as furnished in Rule three shall comply with such provisions inside a period of six months from the date of incorporation⁴. As per the Companies Act, 2013, it is mandatory to appoint at least one-woman director as a board member in sure sorts of companies. two The penalty for non-compliance of provision extends to a first-rate of Rs10,000 with a further nice of Rs.1000 per day if the contravention continues.

STATUTORY PROVISIONS RELATED TO WOMEN DIRECTOR:

The 2nd proviso to Sub part 1 of Section 149³ of Act prescribes that such category or lessons of groups as can also be prescribed, shall have at least one-woman director. This requirement is not applicable for all companies. According to Rule three of The Companies

² *Siri Terjesen, Ruth Sealy & Val Singh, Women Directors on Corporate Boards: A Review and Research Agenda*, 320, 320-332

³ *Companies Act, 2013 Section 149(1) proviso 2*

⁴ *G.K. KAPOOR & SANJAY DHAMIJIA, TAXMANN'S COMPANY LAW AND PRACTICE 435 (23 ed. Taxmann Publications (P.) Ltd.*



NEED OF WOMEN DIRECTORS IN A COMPANY:

More girls on board does not solely mean the mode to draw in sales and production however additionally creates some public image. It will increase monetary come back likewise rather than mere media attention. In terms monetary returns means the come back on equity (ROE) will increase. The study reveals that the board of a non-public sector company, go by an expert CEO with a combination of each men and ladies, helped ROE rise by four.4% in 2014 over the last year. In distinction, an identical company with a men-only board saw its ROE rise by a mere 1.8% within the same amount. sure alternative examples would be Chanda Kochhar, WHO heads ICICI bank and Kiran Mazumdar Shaw, director of Biocon restricted has shown a positive distinction on come back on equity. All the on top of analysis shows that there has been a rise in girls participation the boards and additionally the highlight of the complete legislation is that gender diversity has been addressed through initiating a move towards girls on board. Failure to handle such gender diversity would cause serious economic consequences in future. what is more there ar such a big amount of countries that leave girls unrepresented. modification gets accelerated only if there's dynamism within the frame of mind of individuals. It sounds as a heat welcome by stating that

“such category or categories of firms as could also be prescribed, shall have a minimum of one girls director”. These words mean to mention no restriction being obligatory in having range of girls administrators on the board. in a very country like Asian country wherever the scope for judicial proceeding is probably going to be booming within the field of company and science judicial proceeding wherever the longer term would rest, such legislation would usher in a lot of clarity in specifying the rights of various genders and thereby avoiding unamicable problems. This improves company transparency. but sure firms like TPG Enterprises Ltd, Essar cluster, Mahindra and Mahindra Ltd ar among the big conglomerates WHO ar observing transferral in girls from government agencies, educational and analysis establishments, non-profit organizations, and audit corporations, as most of the eligible girls within the company world ar already a part of several boards. All listed firms should have a minimum of one lady director on their board, per new company governance norms finalized by capital market regulator Securities and Exchange Board of Asian country (SEBI). Having lady director will facilitate in some ways such as⁵:

- Better monetary results
- Better diligence in deciding and risk management
- Gender diversity act as a technique
- Good governance
- The maximization of company performance

⁵ Sakshi Mittal, *The Role of Women Directors in Corporate Governance*, 4 NUJS L. Rev. 285 (2011), at 289



After the Satyam and alternative scams like it, firms ought to rummage around for a proficient lady WHO will add worth to the corporate and are available up with new, innovative ideas and views for the businesses. firms like Mahindra and Mahindra Ltd and therefore the Essar cluster have introduced lady administrators from educational & analysis establishments so they'll add worth to their firms and work diligently. A comprehensive study was conducted by the catalyst within the year 2007 and it absolutely was terminated that prime ranking firms that had a lot of lady administrators on the board were having higher monetary performance and it may improve the gross domestic product of the country. per the reports of Harvard Business Review in 2011 girls leaders were judged on completely different parameters and it absolutely was found that girls administrators are higher [far better] as compared to male administrators as a result of they need the standard to require initiative and perform well likewise as build better relationships.

SUCCESSFUL WOMEN DIRECTORS IN INDIA:

(1) CHANDA KOCHHAR:

Chanda Kochhar is one of the most successful woman in India and is the Managing Director and the Chief Executive Officer of the ICICI Bank. She is proved to be the brains behind removing ICICI bank during their period of crisis by suggesting and

formulating strategies. Under her guidance and leadership, ICICI bank has managed to become one of the top banks in the country with the profit margins touching the sky.

(2) SHIKHA SHARMA:

The MD and the CEO of India's third largest bank in the private sector, Shikha Sharma proves to be an inspiration and role model for all the women out there who have ambition and dream to make it big on their own. Ever since she is appointed to the post, the bank's stock has seen to be appreciated by a phenomenal 90%. However, this not being all, Shikha Sharma is also the Chairperson of Axis Asset Management Company Limited, Chairperson of Axis Bank UK limited, Axis Capital Limited along with Axis Private Equity Limited.

(3) MALLIKA SRINIVASAN

Women are usually considered not suitable with farm equipment in India, but Mallika Srinivasan, the chairperson of **Tractor and Farm Equipment (TAFE)** has defied this notion. Under her effective leadership the company's revenues went straight up from Rs. 85 crore back then; to over Rs 8,000 crore today. In an interview with Forbes India she revealed that she plans to make TAFE a \$5 billion company in the next three to five years with her planning and effective management and business skills.

(4) ARUNA JAYANTHI

Aruna Jayanthi is the CEO of Capgemini India since January 2011, prior to which she worked out of Europe and North America. She is also the current Chairperson of Board of Governors of National Institute of



Technology Calicut. Jayanthi is considered to be one of the most successful Indian women in the tech sector and is also an executive council member of the industry body NASSCOM.

NON COMPLIANCE TO SEC.149(1) OF COMPANIES ACT:

Even though the Companies Act clearly mentions in its section 149(1) that it is mandatory for every company to should have atleast one-woman director in its Board of Directors, but the compliance of this provision is not very much followed in the actual corporate world. Even though the law states the compulsion to have a woman director on the board, there still are many corporate companies who have not complied with the same. According to data compiled by the market tracker known as the Prime Database from corporate governance reports filed by companies as of December 31, as many as 120 of the top 500 NSE-listed companies did not have any independent female member on their boards. The list includes at least 18 companies that are in the top 100. Last year, the Securities and Exchange Board of India asked the top 500 companies to appoint at least one woman independent Director⁶.

Having a woman director on board tends to bring a lot of varied opinions and a different outlook and views as related to business decisions. Also it ensures gender equality and safe guards the interests of the women employees in the company by taking into considerations no ill happenings or ill treatments against them. Keeping all this into mind it is at most necessity for any corporate

⁶ <https://economictimes.indiatimes.com/jobs/many-companies-still-to-induct-woman-independent-director/articleshow/67733197.cms?from=mdr>

house to have a woman director on their board, and the laws should be made more rigid in cases where such corporate houses or companies fail to comply with such provisions which are itself mentioned in the law.

CONCLUSION AND SUGGESTIONS:

Through this article, we discussed about the provision of a woman director in the company's Act. Be that as it may, as of April a year ago, 10 percent of the best 500 NSE-recorded organizations were not in consistence with SEBI's sex assorted variety activity. Upwards of 51 organizations were yet to select at any rate one free lady chief on their sheets, and of these, five organizations were a piece of the main 100 recorded organizations on the NSE. The idea of Women Independent Director is genuinely in the soul of accomplishing women strengthening and furthermore to acquire the truly necessary genuine autonomy and basic dynamic into the board room of the organizations. Nonetheless, the arrangement, albeit good natured, will require a significant stretch of time to be executed genuinely and in soul as examined before, it isn't just matter of enactment, yet in addition an adjustment in mentality is likewise required. This has been seen to consistently be a typical attribute in Indian industry and this is just gradually decreasing.

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