



Women Director: A move towards Woman Empowerment in Corporate world

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Abstract:

The Indian Society has always been male dominated from its very inception. Women were always seen as lower to men. But now the time has changed. Various laws are formed for providing security and special status to women in our Indian Society. Government has also been providing tax exemptions from many years to women. Some provisions of law exist only for the betterment of women in the society. Here we can say that Companies Act, 2013 by second proviso to section 149(1) which is providing for the appointment of the women director is an effort for empowerment of the women in India. The present paper focuses on the issue of representation of women director on the board and its effect.

Keywords: *Corporate world, Empowerment of women, Indian Society, Women director*

1. Introduction

The Board of Directors is the important body elected by the shareholders of the company and is responsible for running of the company. The board shall act in good interest of the company. It protects the interest of the various stakeholders of the company. The Companies Act 2013 enhanced the accountability and responsibility of the directors by mandating certain disclosures and provision of the Act. One of the mandatory provisions of the companies Act 2013 is the appointment of the women director on board.

As per New Companies Act 2013 why Focus is on Women Director?

So here is the answer for this question as per research and statistics in America, many of the fortune 500 companies are having women director on their board have achieved better financial performance than those who have less women directors on board. In India very minimal percentage of women director is present on board. So here new Companies Act 2013 is certainly going to help improving the representation of women on board.

2. Provisions of the women Director as per Companies Act 2013

As per the provision of section 149(1)¹ every Company shall have a Board of Directors consisting of individuals as directors and shall have

- (a) **In case of Public Company**- minimum number of three directors.
- (b) **In case of Private Company**-minimum number of two directors

¹Companies Act 2013

(c) In case of One Person Company- one director

Maximum number of Directors- Fifteen

Provided that a company may appoint more than fifteen directors after passing special resolution.

Provided Further that such class or classes of companies as may be prescribed, shall have at least one women Director.

The Companies (Appointment & Qualification of Director) Rules, 2014 which come into force on 1st April 2014 provides the class of companies which shall appoint at least one woman director, these are-

(i) Every listed company;

(ii) Every other public company having -

(a) paid-up share capital of one hundred crore rupees or more; or

(b) Turnover of three hundred crore rupees or more: as on the last date of latest audited financial statements.

3. Time limit for the appointment of women director from the date of New Requirement

Every Company existing on or before the date of commencement of this Act shall within one year from such commencement comply with the requirement of the provisions of section 149(1).

4. Other Requirements in the Act

As per section 152(5) any person appointed as a director including women director shall not act as a director unless he/she gives his/her consent to hold office as director in form no 11.2 and submit the same with the registrar of the company within 30 days of his appointment. Woman director must obtain Directors Identification Number (DIN) and shall give a declaration that she is not disqualified to be appointed as a Director.

5. Leading Women Directors in India

- Aisha De Sequeira, MD and Head, Investment Banking, Morgan Stanley India
- Archana Bhargava, Chairman and Managing Director, United Bank of India²
- Archana Hingorani, CEO of IL&FS Investment Managers Limited
- Arundhati Bhattacharya, Chairperson, State Bank of India (Oct 7, 2013 onwards)³
- Bala Deshpande, MD, New Enterprise Associates India
- Chanda Kochhar (born 1961), ICICI Bank MD and CEO (4th in Fortune's 50 most powerful Women in the World-2013).⁴
- Chitra Ramkrishna, Managing Director & CEO, National Stock Exchange of India (17th in Fortune's 50 Most powerful Women in the World-2013).⁵
- Kalpana Morparia, CEO of South Asia and India Operations at JPMorgan Chase & Co.
- Kaku Nakhate, President and Country Head (India), Bank of America Merrill Lynch⁶
- Naina Lal Kidwai, Group General Manager and Country Head of HSBC India. (40th in Fortune's 50 Most powerful Women in the World-2013).⁷

²Sreeradha D Basu & Rica Bhattacharyya, ET Bureau (4 Oct 2013). "Why banking mints the most women CEOs in India". The Economic Times. Retrieved 8 Oct 2013.

³ET Bureau (8 Oct 2013). "Arundhati Bhattacharya becomes first woman to head SBI". The Economic Times. Retrieved 8 Oct 2013.

⁴"Four Indians among Fortune's list of 50 most powerful women in business". 20 Oct 2013.

⁵"Four Indians among Fortune's list of 50 most powerful women in business". 20 Oct 2013.

⁶Sreeradha D Basu & Rica Bhattacharyya, ET Bureau (4 Oct 2013). "Why banking mints the most women CEOs in India". The Economic Times. Retrieved 8 Oct 2013.

⁷"Four Indians among Fortune's list of 50 most powerful women in business". 20 Oct 2013.

- Renu Sud Karnad, MD of HDFC
- Renuka Ramnath, founder of Multiples Alternate Asset Management
- Shikha Sharma (born 1960), AXIS Bank CEO. (37th in Fortune's 50 Most powerful Women in the World-2013).⁸
- Shubhalakshmi Panse, Chairman and Managing Director, Allahabad Bank⁹
- Snehlata Shrivastava, Chairman, National Bank for Agriculture and Rural Development¹⁰
- Usha Sangwan, Managing Director, Life Insurance Corporation of India
- Vijayalakshmi Iyer, Chairman and Managing Director, Bank of India¹¹
- Zarin Daruwala, head of WHOLESale banking, ICICI Bank

6. Need of women on board

- Experts believe that companies with women directors deal more effectively with risk.
- Women can better address the grievances of the customers, employees, shareholders and other stakeholders in the company.
- Women tend to focus on long term prospects.
- Women directors are likely to be more in tune with women's needs than men, which helps develop successful products and services because women drive 70 % of purchases.
- Studies show that the presence of at least three women is necessary to change boardroom dynamics.
- The financial performance of the company will improve in three broad prospects
 - ✓ Return on Equity
 - ✓ Return on sales
 - ✓ Return on invested capital

7. Conclusion & Suggestions

Women director is not only the need of hour to put a better corporate image in terms of good governance but are also needed to strengthen the board participation in various activities. Not having women director on corporate board may simply indicate the presence of glass ceiling through which women are not allowed to pass to the upper levels of hierarchy in management structure of the firm. Companies Act 2013 has made a humble attempt in not only strengthening the role of women on corporate boards but also in society at large. Though at present as a voluntary action not many companies have women director or rather active & participating women director on their boards.

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