Sri Lanka Journal of Social Sciences 2024 ***47*** *(1): 17-27*
DOI: https://dx.doi.org/10.4038/sljss.v47i01.8984

REVIEW ARTICLE

Women's participation in corporate management in India and the Companies Act of 2013

Vijay Pal Singh*
Legal Management, Indian Institute of Management, Lucknow, India.

Abstract: This study examines the position of women on the Board of Directors (BOD) of a company and evaluates the laws and practices for appointing female directors on the board of Indian corporations. This paper evaluates "Section 149 (1) of the Indian Companies Act 2013," which deals with the compulsory appointment of female directors. This study also discusses the female quota system in the context of corporate governance. The study appreciates the steps taken by the government to appoint female directors, which will promote women's empowerment. This study also discusses the positions of other countries in the world. Furthermore, this study argues that while quota provisions are necessary to achieve gender equality, companies must motivate females for leadership.

Keywords: Corporate governance, Board of Directors, women directors, gender equality.

INTRODUCTION

An individual's mindset is the root cause of inequality and discrimination. Gender inequality hurts any institution, whether a family or a corporation. Therefore, gender equality is acknowledged as a fundamental human right by the United Nations Charter (1945) and the Universal Declaration of Human Rights (Radacic, 2008; Skard, 2008; Aolain, 2009). Gender equality is also advocated by the Constitution of India (Dhingra, 2022). However, gender inequality and disparity are norms, and women's equality is an exception. Despite having all the qualities, women lack a decision-making voice in the family and corporate world.

In India, nearly 120 million women are unemployed (Chanrasekaran & Purushothaman, 2019). According to the Oxfam Report (2019), women earn lower wages for the same work as compared to males working in identical positions (Bureau, 2019). Further, only 7.7% of public sector leaders in India are female, according to Ernst & Young's 2013 "Worldwide Index of Women as Public Sector Leaders" (The Ernst & Young Editorial Team, 2013). Furthermore, twenty-two percent of working women in India alleged that their organisations exhibit a preference for men at work, which is higher than the regional average of sixteen percent (according to the LinkedIn Opportunity Index 2021). Compared to a regional average of sixty per cent, working women in India report losing out on pay promotions, or job offers because of their gender by an astonishing eighty-five per cent (LinkedIn, 2021). Women on boards were paid 5–33 percent less than men in terms of median salary, while the pay gap for women in the workforce at all levels was 25–42 per cent (LinkedIn, 2021). Consequently, inequality exists and hinders women's employment, with the economy facing the brunt of this (Arora, 2012).

* Corresponding author (vijaypalsingh3@gmail.com; https://orcid.org/0000-0002-4592-6654)

Women's empowerment is a significant element of achieving gender equality. Gender equality provides women with equal opportunities and ensures that they attain leadership positions. Women's empowerment is achieved when women are in leadership positions, whether in the government or private sector. Therefore, the Government of India has passed several legal measures to ensure women's social, political, and economic engagement. One significant step that the Indian government took was to appoint women to the company's Board of Directors by implementing a quota system. This gives women the opportunity to play a decision-making role in corporate management. In this light, this paper contributes to the expanding body of literature on the issue by analysing the country's legislative system for corporate governance and considering the gender mandate in this setting. The remainder of the study discusses the legal safeguards for implementing this quota and examines how they may affect women's empowerment and mitigate gender inequality in the country. Overall, this study offers insights into a crucial topic that will influence the country's governance of companies and attitudes towards women in the coming years.

RESEARCH BACKGROUND

Throughout the history of companies in India, the corporate sector has been dominated by males and is not considered a domain of women. Women were seen as the primary caretakers of the family and had little, if not zero, engagement in external affairs. However, significant progress has been made towards women's empowerment in India since its independence. Nevertheless, Indian society's perception of women's equality and empowerment, particularly in the corporate sector, is weak in several respects.

In the corporate sector, corporate boardrooms are reigned by males, outnumbering women. Women are not given high management positions despite their educational qualifications and practical experience. Moreover, the picture remains gloomy despite the presence of laws promoting women to be in such decision-making positions and the ban on the glass ceiling by the Indian government.

RESEARCH OBJECTIVES

i. To examine how women are currently positioned in corporate governance.

ii. To examine the effectiveness of legal provisions that provide reservations to women in appointments on boards of directors.

LITERATURE REVIEW

Alterations and transformation of the current unequal relationship structure concerning gender need unique requirements, with societal leadership being the most crucial. Therefore, women must get a seat at the table to arbitrate a better position for themselves (Drude, 2006). Furthermore, to impact policy decisions, women must be present in every aspect of society, especially in the corporate world. Today's companies are essential organisations in society, and decisions made in the boardrooms of these organisations have a significant impact on regional, national, and global economies, as is shown by the latest financial crisis (Kamalnaath & Peddada, 2012). The empowerment of women is therefore essential for promoting and accomplishing gender parity as well as development objectives in all domains, especially in corporations (Matsa & Miller, 2013). Moreover, women's participation in business operations and leadership roles is crucial for improving and observing board performance standards (Kamalnaath & Peddada, 2012).

The foundation of women's empowerment depends on three fundamental principles: equality between genders, women's rights to reach their full potential, and women's right to represent themselves and their autonomy (Suchinmayee, 2008). According to the Declaration in Jakarta ["Asian and Pacific Ministerial Conference on Women in Development (Asian and Pacific Ministerial Conference on Women in Development, 1994), "empowerment of women is not only equity consideration, but it is also a necessary precondition for sustainable economic and social development." Further, Article 11 passed in the UN Convention on Elimination of Discrimination Against Women (CEDAW) reads that men and women have equal rights to employment opportunities, promotion, and equal treatment in respect of work for equal value." Implementing the principles underlying the Declaration of Jakarta and CEDAW is crucial and necessary because women have started to modify and change the character of a community in countries (mostly in Scandinavian countries) where they have attained almost equal participation (Suchinmayee, 2008). India is dedicated to achieving sustainable development goals and mitigating gender-based inequalities.

More than half of the signatories (including India) provided quotas to address political inequality to implement the recommendations of CEDAW (Rosenblum, 2009). However, these rights must account for political rights and eliminate social and economic inequalities between men and women. Therefore, Indian policymakers must consider the meaningful effect of Article 11 of the CEDAW and Jakarta Declaration and take steps to ensure the presence of women in corporate governance.

In the past few years, gender-based quotas in the governance of companies in India have received increased interest in academic circles. This study contributes to the expanding body of research work on the issue by analyzing the country's legislative system for corporate governance and considering the gender mandate in this setting. The remainder of the study discusses the legal safeguards for implementing this quota and examines how they may affect women's empowerment and mitigate gender inequality in the country. Overall, this article offers insightful information on a crucial topic that will influence a country's governance of companies and attitudes toward women in the coming years.

RESEARCH GAP

The disadvantage women experience owing to their absence in top-level management in a company is a serious problem that hinders the development of a company, society, and the economy. Over time, research has been conducted on gender-related issues and corporate governance, including examinations of their causes and implications. However, the current literature does not offer a thorough evaluation of the legislative framework that can direct existing and future research.

RESEARCH METHODOLOGY

The current study will employ a doctrinal research method. This method analyses contemporary legal precedents and statutory mandates employing logical reasoning in legal theory. Doctrinal legal study involves analysing reliable sources to evaluate the validity of an idea. It is based on the examination of legal provisions and case laws.

CORPORATE GOVERNANCE AND BOARD OF DIRECTORS

Corporate governance within a company is referred to as the responsibility and reliability of the Board of Directors (Pichet, 2017). According to Palmer, "Corporate Governance rules are concerned with a company conducts its internal business, mainly focussing at this level on the interaction of the various organs of the complex corporate entities which issue securities on such regulated markets and their debts and equity investors." Therefore, the principles governing a company's affairs should be implemented to serve the corporation's and concerned individuals' best interests (Murthy, 2012). The governance of any corporation is driven by directors' decisions (Burke, 1997). The board is a living entity similar to a corporation, and its ability to function relies on the chemistry created by processes related to its external and internal dynamics. (Murthy, 2012; Matsa & Miller, 2013).

As the corporation is an association of people who have joined hands to conduct business activities to earn profits, it is a person without a body, soul, or mind. Human agencies direct their actions. The individuals (human agencies) through which a company conducts its business are called the directors. The group of these individuals (directors) is referred to as the "Board of Directors (BOD)". Businesses engage these professionals in handling business activities (Burke, 1997). The board exercises full corporate authority. In the case of *Raj Travels and Tours Ltd. v Destination of the World (Subcontinent) Private Ltd*[i], the Delhi High Court observed that the board is to be held accountable for the actions performed by the company. Reading through the different provisions of the Companies Act 1956 and the operational practices adopted by companies, it is evident that its affairs may only operate and manoeuvre through the Board of Directors. Therefore, the BOD must be held accountable for the company's acts because it runs and controls the company and serves as its body and brain.

Thus, it is important to have a brief view of the practices adopted in other jurisdictions related to quota mandate for women on board and a broad view of the provisions of the Companies Act 2013 both the BOD and individual directors before analysing the provisions incorporated in the Companies Act 2013 regarding the quota for women on the Company's Board.

REPRESENTATION OF WOMEN ON BOARD OF DIRECTORS IN OTHER JURISDICTIONS

The requirement for a gender-based mandate of the quota rule to appoint women to corporate boards has been advanced by several nations. Board Room quotas for women are rapidly becoming a norm and are no exception in the case of developed nations. For instance, in 2003, Norway was the first nation in the world to enact a women's quota, mandating roughly 500 businesses, including 175 registered businesses on the Oslo Stock Exchange, to increase the percentage of women on boards to forty percent (Wang & Kelan, 2013). Initially, compliance was based on the will of the business organisation, but in 2006, the Parliament of Norway made it compulsory to exercise a shutdown as a punishment for non-compliance with the legislation by January 1, 2008 (Ahern & Dittmar, 2012; Matsa & Miller, 2013).

Thus, Norway mandated a gender-based quota rule to include women in the decision-making bodies of all public limited liability companies. Consequently, within a decade, the representation of women on Norwegian company boards increased from seven percent to forty-one per cent (Wang & Kelan, 2013).

Norway's model (quota rule in corporate governance) has been replicated by several nations worldwide (Wang & Kelan, 2013). In 2010, France reserved forty per cent of board seats for women in the most prominent business organisations, whether listed or otherwise, and enforced a penalty on directors' fees in the case of non-compliance. Consequently, according to the latest report, the percentage of female directors has increased in France, rising to 29 per cent.

A similar law was enacted in Italy in 2011; public-limited corporations and businesses owned by the state must have a minimum of 33 per cent of either gender represented on their boards of directors (both non-executives and executives). The aim was to have at least 20% female directors on the board (Ministry of Foreign Affairs and International Cooperation, 2019). In addition, a novel warning system was developed to address the lack of compliance, which would lead to the termination of the entire board. The outcome of this action was an increase in the percentage of female directors to 23.6% from 2003 to 2013. Italy achieved its target in 2014, and the percentage of female directors reached 25.8 (Ministry of Foreign Affairs and International Cooperation, 2019).

The European Commission also attempted to eliminate the barrier preventing female employees from rising to the highest levels of Europe's largest corporations and observed that preference must be provided to marginalized women's populations based on comparable eligibility and qualification (European Commission, 2012). Furthermore, in 2013, the Commission put forward legislation to attain a forty per cent participation for women in the category of non-executive board members in publicly traded companies, with the exception of small and medium enterprises. Further, the goal of achieving forty per cent of positions for females in non-executive posts was required to be realized by 2020, whereas state-owned companies did so until 2018 (European Commission, 2012). Although the Parliament in Europe has voted to approve of this suggestion, the law on gender quotas was implemented after a gap of a decade and laid down a deadline to achieve forty per cent positions for women by mid-2026 (Huet, 2022).

However, the United States of America has 22.5 per cent female directors despite not having a quota at the federal level that mandates a minimum ratio. The capital market regulators in the USA, the Securities Exchange Commission, mandate listed firms to report their policies in the context of gender diversity. Item 407(C), Regulation S-K, Securities Act, 1933, mandates that companies report whether they have a diversity policy and how it is implemented to appoint board members (Black & Kraakman, 1996). Also, the Senate of California, in the year 2018, endorsed California Senate Bill 826, promoting diversity based on gender that calls upon each Californian publicly traded firm to appoint at least one and a maximum of three women on their BOD by the year's end of 2021, based upon the size of their board (Stewart, 2018).

Similarly, in the United Kingdom, females on board have substantial participation despite not having any quota mandate. The UK has several versions of disclosure mandates. The UK seeks mandatory compliance of all the listed corporations on the following counts, "The conduct of search for board candidates, and appointments made on merit, against objective criteria and with due regard for the benefits of diversity on board, including gender."[ii] Therefore, the participation of women in boardrooms is ensured by companies. If they do not, they must submit a public statement outlining the reason for their inability to accomplish diversity on the board, which includes gender (Kamalnaath & Peddada, 2012).

On the other hand, developed states in Asia, such as Japan and China, have only two percent and 8.4 percent participation of females in the BOD. They did not mandate any percentage of quotas for women on corporate boards, implying that transformation cannot occur if not actively sought. Moreover, Corporate Women Directors International reports that twenty-four percent of board positions at corporations in nations with quotas are occupied by women, as opposed to 17.8 percent for businesses situated in nations without such quotas. Additionally, research has shown that mandatory quota regulations effectively boost women's participation on boards (Kowalewska, 2020). Thus, the case of a set proportion of the board of directors for the inclusion of women was strengthened and supported.

BOD AND DIRECTORS UNDER THE COMPANIES ACT 2013

a. The roles and responsibilities of directors

In the case of *Aberdeen Railway Co. v Blaikie Bros*.[iii], Lord Cranworth observed: "The Directors are a body to whom is delegated the duty of managing the company's general affairs. A corporate body can only act by agents, and the agents must best promote the interests of the corporation whose affairs they are conducting." The board's primary role is to ensure that resources are used wisely and effectively to benefit the company's business (Murthy, 2012). The offshoots of the board's primary role are other responsibilities.

The Expert Committee on Company Law describes the duties of the board in its report submitted to the Ministry of Corporate Affairs as follows:

> "The Board of Directors has to exercise strategic oversight over business operations while directly measuring and rewarding management's performance. Simultaneously, the board has to ensure compliance with the legal framework, integrity of financial accounting and reporting systems and creditability in the eyes of the stakeholders through proper and timely disclosures. The board's responsibilities inherently demand the exercise of judgment. Therefore, the board must be vested with a reasonable level of discretion. While corporate governance may comprise legal and behavioural norms, no written set of rules or laws can contemplate every situation in which a director or the board collectively may find themselves. Besides, the existence of written norms cannot prevent a director from abusing his position while going through the motions of proper deliberation prescribed by written norms. Therefore, behavioural norms that include unformed and deliberative decision making, division of authority, monitoring of management and even-handed performance of duties owed to the company and the shareholders are equally important."

b. Director's appointment

The board exercises a broad corporate power. As per Section 179 (1) of the Companies Act 2013, the Board of Directors of a company has the power to perform all permitted acts and things as the company is empowered to exercise.[iv]

Each corporation must have a BOD composed of directors. No person other than an individual (natural person) may be chosen as a director. In the case of *Oriental Metal Pressing Works (P) Ltd v Bhaskar Kashinath Thakoor,*[v] the Indian Supreme Court stated that

> "A corporation or an association of person shall not be eligible as a director. The idea behind section 253 of the Companies Act 1956 [similar to section 149 of the Companies Act, 2013] is that as the office of a director is, to some extent, an office of trust, there should be somebody readily available who can be held responsible for the failure to carry out the trust. It might be difficult to fix that responsibility if the director was a corporation or an association of persons…."

According to section 149 (1) of the Companies Act 2013, the requirement of having a minimum number of directors varies, depending on the type of company; that is, in the context of public companies, there must be at least three directors; in a private company, there must be at least two directors; and in a one-person company, the requirement is of one director. At most, each company had 15 directors. A company may appoint several directors exceeding fifteen, but a special resolution must be passed to do so.

According to section 149 (3) of the Companies Act of 2013, every company must have one resident director who stayed in India for at least 182 days during the preceding calendar year. Additionally, section 149 (4) of the Companies Act of 2013 mandates that each listed public company must have at least one-third of its total number of independent directors. Under Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, every listed firm with a paid-up share capital of rupees 10 crores or more, a turnover of rupees 100 crores or more, or an aggregate of outstanding loans, debentures, and deposits worth more than rupees 50 crores must have at least two independent directors.

The second proviso of section 149 (1) of the Companies Act 2013, read with Rule 3 (1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, further requires the appointment of at least one female director in every listed company and every public company with a paid-up share capital of rupees 100 crores or more or a turnover of 300 crores or more as of the latest audited financial statements.

BOARD POSITIONS FOR A WOMEN DIRECTOR UNDER THE COMPANIES ACT 2013

In India, corporations are family-driven (mama–pa companies), and men predominate. Consequently, women are underrepresented in boardrooms. However, this trend has changed with time, and women are gaining ground by working in a self-reliant manner. However, a great deal must be done to achieve gender equality in the corporate sector. Therefore, companies must proactively encourage and advocate women's leadership, offer equal opportunities for overall development, and foster a work climate that is open to and respectful of people of all sexes.

Parliament inserted a specific provision in the Companies Act 2013 mandatorily appointing a female director to a specific class of companies to encourage women to serve on the company's board. According to Section 149(1) of the Companies Act 2013, every listed public company must have at least one-third of its total number of directors as independent directors. This further suggests that at least one woman must be appointed to a class or class of corporate boards of directors.

Rule 3 (1) of the Companies (Appointment and Qualification of Directors) Rules, 2014, explains companies' classes. According to Rule 3, at least one female director is to be appointed on the board of the following classes of the company: (a) every listed company; (b) every other public company satisfying any one of the following criteria: (i) having a paid-up share capital of Rs 100 crores or more or (ii) having a turnover of Rs 300 crores or more.

Thus, to fall within the spectrum of the class of companies under Rule 3, the company must be either (i) publicly listed or (ii) publicly unlisted.

(i) Listed company

A company whose stocks are traded on the stock exchange is referred to as a "listed company" in common parlance (Roach, 2019: p. 256). When a company's securities are listed on the stock exchange, it enters a listing agreement with the stock exchange. According to the Companies Act of 2013, a publicly limited company is entitled to issue security to the public. Private companies are prohibited from issuing securities to the public. The moment a private company does, it becomes a public company by Sections 2(68)[vi] and 2(71)[vii]. However, a private company can issue debentures on a private placement basis and list them on a stock exchange. Thus, if a private company lists its privately issued debentures on a stock exchange, it is listed.[viii] Therefore, under such circumstances, private companies must comply with the mandatory provision of appointing at least one female director.

(ii) Specified unlisted public companies

Specific unlisted companies are subject to the mandatory requirement of appointing at least one female director. Every unlisted company with a paid-up capital of 100 crores or more or a turnover of 300 crores or more is under a mandatory obligation to appoint at least one female director on their board. Paid-up share capital and turnover requirements are independent of each other. Thus, if the company fulfils either the paid-up share capital or turnover criterion, the legal requirement of a female director is required to comply.

Like many other democratic countries, India fosters gender diversity by mandating the appointment of women on corporate boards. To become a part of the decision-making body in the companies, the Indian Companies Act of 2013 has provided a mandatory requirement for at least one female member on the board of listed companies and specified public companies. Given India's deeply ingrained, male-dominated business society and corporate boards, a one-director quota for women on corporate boards is a positive move. Once businesses become accustomed to this provision, the quota will likely increase, and the limit will probably rise.

This provision aims to promote gender diversity and inclusivity in the Indian corporate world, ultimately leading to more balanced and effective decision-making. It seeks to create a more equitable environment in the corporate world by providing leadership positions for women. It is a pioneering provision and a crucial step towards women's emancipation in a true sense, as it gives women greater control over their lives and decision-making power. However, its efficiency relies on how well it is practically applied, the degree of its enforcement, and broader societal attitudes towards women and their rights (Afsharipur, 2015).

REAL POSITION OF WOMEN IN CORPORATE IN INDIA

The history of "companies" in India spans over two hundred years. However, the emphasis on making the board more gender-inclusive is limited (Kamalnaath & Peddada, 2012; Afsharipur, 2015). According to this study, women now occupy 19.7% of board positions in India, an increase of 2.8% from 2018 (Menon, 2022). The world might anticipate attaining gender equality on corporate boards by 2045 if things continue at this rate (Menon, 2022). The scenario in India is not encouraging. Women's participation in board positions increased by 9.4 percent to 17.1 per cent in India, but women consist only 3.6 per cent of board positions, down by 0.9 percent since the year 2018, according to a study published by Deloitte (Ali, 2022). Furthermore, only a few women in India hold CEO positions. However, this trend shows a marginal increase from 3.4% in 2018 to 4.7% in 2021 (Ali, 2022). Furthermore, a study using the Prime Database showed 350 female and 10,356 male board directors in listed Indian companies (Kalra, 2022). Considering India's substantial female population, the number of female directors was unsatisfactory and unbalanced.

Although India's constitution emphasizes equality in public employment[ix], corporations hardly follow it. For instance, Ratan Tata, Narayana Murty, and Rahul Bajaj were among the titans of businesses that rejected caste-based reservations in the private industry. However, they pledged to put more significant effort into the causes of social justice and welfare (Chandrachud, 2023). In India, corporations have rarely functioned as symbols of social affirmation and fair opportunities (Economic & Political Weekly, 2015). As a result, laws governing corporations in India rarely provide women with the resources to attain their full potential.

The Securities and Exchange Board of India (SEBI) considered the Kotak Committee's suggestions in 2018. Subsequently, it mandated the appointment of at least one independent female board member for the top 500 listed businesses by April 1, 2019, and the 1000 listed entities by April 1, 2020 (Saraswathy, 2018). However, by April 2019, ten percent of the top 500 listed companies had not complied with the SEBI's directives. By March 2022, 96 of the largest 500 firms and 201 of the top 1,000 listed corporations did not have a female independent director (WID) on their board. Further, nine of the top 30 public sector units (PSUs) did not have a WID from the board. Furthermore, two Nifty 50 corporations (PSUs) did not have WID (Tyagi & Nair, 2022).

A close examination of the fifty companies reveals that the number of female independent directors appears to be quite concentrated (Kalra, 2022). For example, three Women Independent Directors (WID)s have seven board positions in listed companies, which is the highest number permitted by the LODR ("the maximum number of board positions recommended by proxy advisers for IDs is five"), and ten women hold three to four board posts (Kalra, 2022). Furthermore, only in Nifty 50 businesses, four WIDs control three or more board posts (Kalra, 2022). This suggests creating a selected group of favoured women is not the intended outcome. Additionally, certain businesses have designated relatives to comply with legislation (Tyagi & Nair, 2022). Thus, the attitude of companies in India has created conditions in which few women can reach a top business leadership position (Economic & Political Weekly, 2015). Mandates are inserted into legislation to reflect on and combat the lack of equality by utilizing affirmative action for different socioeconomic groups in Indian society. The Standing Committee on Finance suggested regulations for females in boardrooms, hoping that it would "encourage women's participation in decision-making at every level in society." Nevertheless, businesses met the need to designate women as directors by nominating their female relatives and close friends, which is contrary to the legislature's intentions and objectives.

Furthermore, hesitation to designate female directors appears to have been driven mainly by the persistent patriarchal attitude that only a handful of females comprehend finance and business, which may be more profound in India's corporate community. Additionally, most Indian businesses are family-run, and men run the country's economy with little space for women.

The lack of representation of females in decision-making foundation for the deprivation of their rights. Consequently, it results in an unfair allocation of resources, disregard for their goals, passions, and requirements, and a lack of participation in policy-making (Matsa & Miller, 2013). Additionally, it results in a business board's decision-making lacking a feminist perspective (Burke, 1997).

A bias against women is apparent in the names of top executives in the country's companies. Most businesses believe that offering female employees simple responsibilities makes them happy with their comfortable positions (Terejesen *et al*., 2009). However, when women are permitted to hold senior positions, the dark side of business remains evident. Numerous documented cases demonstrate how, although first greeted with splendour, when they actively begin expressing their opinions and engaging in meetings, female directors are eventually made aware that they hold such positions for the governance requirements mandated by the law and that they only have signature authority (Nath, 2000). This reluctant cooperation shows that businesses seek methods to uphold the law's wording while violating their intentions.

In addition, it is asserted that gender quotas for boards of directors in companies are similar to the "backseat driving" that spouses as well as other family members sometimes contest females in panchayat and other regional governing bodies elected within women's quotas in the nation once elected a male practically runs the office. However, research on political representation limits in India shows that they have rendered women visible in areas they previously dared not to be (Thomas, 2004). Additionally, it familiarized them with regulations, practices, and norms that had previously been off-limits. Therefore, the more determined ones have developed a sense of entitlement and, in many instances, have caused collective interest to take precedence over individual rights. Most significantly, this sparked the ambition for these roles among younger women (Thomas, 2004).

It is noted that countries that mandated quotas for the inclusion of women on corporate boards experienced positive outcomes by having a diverse gender representation in many ways. First, female directors contribute diverse outlooks, unique knowledge and skills, and unconventional ways of thinking that lead to novel visions for business (Bilimoria & Wheeler 2000; Campbell & Mínguez-Vera, 2008). Further, the study showed how women interpret and utilise information from external factors. There are differences between how women and men perceive information from external factors, particularly from customers (Abdullah *et al*., 2013). Thus, the decision-making process becomes more thorough as female board members actively and meticulously gauge future approaches (Bart & McQueen, 2013; Chen *et al*., 2016). Therefore, women directors contribute to the effectiveness of investments and the achievement of improved returns. Further, vigilance and monitoring activities are also enhanced in a diversified board. Studies have revealed that female board members prioritise holding management accountable and closely overseeing processes and outcomes (Jizi 2017). According to Abdullah & Ku Ismail (2013), organisations with more female directors tend to be less involved in accounting manipulations and are more transparent in their reporting. Having a diverse range of functional backgrounds among female board members enables businesses to tap into a wide array of networks and resources, which in turn helps them navigate and adapt to complex and ever-changing external situations (Abdullah *et al*. 2013). Thus, it can be inferred that organisations from countries with quota mandates are likely to have superior accounting-based and market-based performance compared to those without such mandates.

LAW ALONE IS NOT ENOUGH

Legislation may not always be sufficient to accomplish this aim as we work to create a more diverse and inclusive business landscape. Corporations in India must take the lead in this regard. Legislation cannot always nudge corporations to achieve gender equality. The will to build a sense of conscious decision-making must come from corporations to achieve gender diversity (Tiwari, 2022). For instance, although many nations now have legislation requiring diversity based on gender on boards of directors, merely adhering to the wording of the law may not be sufficient to enlist women. Instead, businesses must uphold these legal principles to foster a welcoming environment.

Thus, there is a need to aggressively search for suitable female talent for board posts and move beyond symbolic selection. It also entails removing obstacles and underlying prejudices that can prevent women from advancing to leadership positions. Businesses can establish a fairer and more successful workplace for everyone involved by adopting a comprehensive strategy to promote a gender balance at the board level.

Implementing and supporting diverse genders is a morally beneficial and wise business move. For instance, research has demonstrated that businesses with a greater variety of leadership teams typically perform better in economic terms while being prepared to handle challenging obstacles. Additionally, businesses may increase profits and advance equality and social justice by aggressively recruiting females to leadership roles.

Although a few challenges related to women's problems can be overcome through legislation, there is hidden prejudice that neither legislation nor government policy can address. Due to the glass ceiling, women cannot improve production and contribute to the industry. Therefore, along with legislation, government initiatives must concentrate on an even more definitive impact on economic recovery, effective leadership techniques, and significant growth potential by expanding women's participation in decision-making.

CONCLUSION

Undoubtedly, women have had a significant and invaluable impact on the society. Women are significant figures in business trade and commercial activities, and their influence is observed across all industries. To stir them to participate in more critical decisions on the board, the Act of 2013 has opened the doors to reach a company's board and contribute to the company by making better decisions. The influence of this provision will be observed in the future. By forcing business organizations to nominate female directors compulsorily the share of women in the top management of organizations has only slightly increased. However, this has prepared the stage for future generations to lose their preconceptions and promote the recognition of women in leadership positions. Entrance hurdles have disappeared, and females may now join and contribute to the highest levels of company leadership. In this instance, attention should not be restricted to the flimsy symbol of a single female member in corporate India. It is necessary to recognize the unique and valuable viewpoints and skills that women bring to the table, or in this case, the board.

However, until the dominant community's deeply ingrained and age-old attitudes and ways of thinking persist, the enormous work of social engineering will not be complete. To achieve this, it is necessary to raise overall awareness, especially among women, using education, the press, and other methods to convey the idea that rising gender disparity is a serious sign of the degraded position of women in the community. Political will, dedication, and societal awareness are necessary to create institutional circumstances that will tip the scales in favour of more equitable outcomes. Women must be united with this knowledge of their objectives and must struggle to achieve them.

In summary, although legislation requiring women to serve on boards is a crucial step forward, it is insufficient. Businesses must aggressively appoint women on boards and uphold the spirit of Section 143 of the Companies Act to foster a more diverse and conducive environment for women on boards. Consequently, a more equal and prosperous corporate environment can be created. The quota system mandated by law will result in gradual changes in women's attitudes, status, and access to resources, ultimately leading to gender equality and empowerment in the corporate world.

END NOTES

i. [2011] 166 CompCas (Del).

ii. Financial Reporting Council, The UK Coprorate Governance Code, Comply or Exaplain, Section B.2 (June 2010).

iii. (1911) 1 Ch 618.

iv. Section 179 (1) of the Companies Act provides that - The Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do: Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting:Provided further that the Board shall not exercise any power or do any act or thing which is directed or required, whether under this Act or by the memorandum or articles of the company or otherwise, to be exercised or done by the company in general meeting.

v. Air 1961 SC 573

vi. Section 2(68) provides that ―private company means a company having a minimum paid-up share capital as may be prescribed, and which by its articles,—

(i) restricts the right to transfer its shares;

(ii) except in case of One Person Company, limits the number of its members to two hundred:

Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:

Provided further that-

(A) persons who are in the employment of the company; and

(B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, shall not be included in the number of members; and

(iii) prohibits any invitation to the public to subscribe for any securities of the company;

vii. Section 2(71) of the Companies Act provides that public company means a company which

(a) is not a private company;

(b) has a minimum paid-up share capital as may be prescribed:

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles ;

viii. Section 2(52) of the Companies Act 2013 provides that listed company means a company which has any of its securities listed on any recognised stock exchange;

ix. Article 14 of the Constitution of India provides that "The state shall not deny to any person equality before the law or the equal protection of the laws within the territory of India.'; Article 15(1) states that 'The state shall not discriminate on grounds of religion, race, caste, sex or place of birth or any of them.'; Article 15 (3) states 'Nothing in this Article shall prevent the state from making any special provision for women and children."

REFERENCES

Abdullah, S. N. & Ku Ismail, K. N. I. (2013) Gender, ethnic and age diversity of the boards of large malaysian firms and performance, *Jurnal Pengurusan,* 38, pp: 27-40.
DOI:https://doi.org/10.17576/pengurusan-2013-38-03

Afsharipur, A. (2015) *The One Woman Director Mandate: History and Trajectory,* sl.: Oxford University Press.
DOI: https://doi.org/10.1093/acprof:oso/9780199469321.003.0005

Ahern, K. R. & Dittmar, A. k. (2012) The Changing of the Boards: The Impact on Firm Valuation of Mandated Female Board Representation, *The Quarterly Journal of Economics,* 127(1), pp: 137-197.

DOI:https://doi.org/10.1093/qje/qjr049

Ali, S. (2022) *More Women in Indian Boardrooms but diversity progressing at a snail's pace* [Online] Available from: https://www.businesstoday.in/latest/corporate/story/more-women-in-indian-boardrooms-but-diversity-progressing-at-a-snails-pace-321899-2022-02-08 [Accessed: 22nd May 2023].

Aolain, F. N. (2009) Gendering the Declaration, *Maryland Journal of International Law,* 24(1), pp: 335-345.

Arora, U. R. (2012) Gender Inequality, Economic Development, and Globalisation: A State Level Analysis in India, *The Journal of Developing Areas,* 46(1), pp: 147-164.

DOI: https://doi.org/10.1353/jda.2012.0019

Asian and Pacific Ministerial Conference on Women in Development (2nd: 1994: Jakarta: Indonesia), (1994) *Jakarta declaration for the advancement of women in Asia and the Pacific : Second Asian and Pacific Ministerial Conference on Women in Development, Jakarta, 7-14 June 1994.* Jakarta: s.n.

Bart, C. & McQueen, G. (2013) Why women make better directors, *International Journal of Business Governance and Ethics, 8*(1), pp: 93-99.

DOI: https://doi.org/10.1504/IJBGE.2013.052743

Bilimoria, D. & Wheeler, J. V. (2000) Women corporate directors: Current research and future directions, *Women in Management: Current Research Issues, 2*(10), pp: 138-163.

DOI:https://doi.org/10.4135/9781446219775.n10

Black, B. & Kraakman, R. (1996) A Self-enforcing Model of Corporate Law, *Harvard Law Review,* 109(8), pp: 1911-1982.

DOI: https://doi.org/10.2307/1342080

Bureau (2019) Women paid 34% less than men for same tasks, *The Hindu Businessline,* 28 March [Online] Available from: https://www.thehindubusinessline.com/news/variety/women-paid-34-less-than-men-for-same-tasks/article26666213.ece [Accessed: 22nd December 2022].

Burke, R. J. (1997) Women on Corporate Boards of Directors: A Needed Resource, *Journal of Business Ethics,* 16(9), pp: 909-915.

DOI:https://doi.org/10.2307/1342080

Campbell, K. & Mínguez-Vera, A. (2008) Gender diversity in the boardroom and firm financial performance, *Journal of Business Ethics, 83*(3), pp: 435-451.

DOI: https://doi.org/10.2307/1342080

Chandrachud, A. (2023) *These Seats are Reserved- Caste, Quotos and the Constitution of India,* Gurugram: Penguin Randon House.

Chanrasekaran, N. & Purushothaman, R. (2019) *Millions of women absent from India's workforce capable of adding Rs 30 Lakh crore to GDP* [Online] Available from: https://theprint.in/pageturner/excerpt/millions-of-women-absent-from-indias-workforce-capable-of-adding-rs-30-lakh-crore-to-gdp/307287/ [Accessed: 22nd December 2022].

Chen, G., Crossland, C., & Huang, S. (2016) Female board representation and corporate acquisition intensit, *Strategic Management Journal, 37*(2), pp: 303-313.

DOI: https://doi.org/10.1002/smj.2323

Dhingra, A. (2022) Gender Discourses and the Making of the Indian Constitution, *Indian Journal of Gender Studies,* 29(1), pp: 33-54.

DOI: https://doi.org/10.1177/09715215211056794

Drude, D. (2006) *Women, Quotas and Politics,* London: Routledge Publication.

Economic and Political Weekly (2015) Bringing Women on Board: Corporate India is wrong to drag its feet on appointment of Women Directors, *Economic and Political Weekly,* 50(19), pp: 8-8.

European Commission (2012) *Women on Boards: Commission proposes 40% objective* [Online] Available from: https://ec.europa.eu/commission/presscorner/detail/en/IP_12_1205 [Accessed: 12th March 2023].

Huet, N. (2022) *EU strikes deal to impose 40% quota for women on boards of large companies by 2026.* [Online] Available from: https://www.euronews.com/next/2022/06/08/eu-strikes-deal-to-impose-40-per-cent-quota-for-women-on-boards-of-large-companies-by-2026 [Accessed: 12th March 2023].

Jizi, M. (2017) The influence of board composition on sustainable development disclosure, *Business Strategy and the Environment, 26*(5), pp: 640-655.

DOI:https://doi.org/10.1002/bse.1943

Kalra, M. (2022) *Dear India Inc., Why Are Women Missing From Corporate Boards?* [Online] Available from: https://www.bqprime.com/business/dear-india-inc-why-are-women-missing-from-corporate-boards [Accessed: 03rd April 2023].

Kamalnaath, A. & Peddada, Y. (2012) Women in Boardrooms: Formulating a Legal Regime for Corporate India, *Journal of Governance,* 1(6), pp: 675-694.

Kowalewska, H. (2020) Bringing Women on Board? Family Policies, Quotas and Gender Diversity in Top Jobs, *Work, Employment and Society,* 35(4), pp: 735-752.
DOI:https://doi.org/10.1177/0950017020971221

LinkedIn (2021) *LinkedIn Opportunity Index 2021* [Online] Available at: https://news.linkedin.com/content/dam/me/news/en-us/images/Opportunity_Index_Whitepaper_Final_1604.pdf [Accessed: 25th December 2022].

Menon, P. (2022) *Women hold 17.1% of board seats in India: Report* [Online] Available from: https://timesofindia.indiatimes.com/business/india-business/women-hold-17-1-of-board-seats-in-india-report/articleshow/89452464.cms [Accessed: 23rd January 2023].

Ministry of Foreign Affairs and International Cooperation (2019) *Office of the United Nations High Commissioner for Human Rights* [Online] Available from: https://www.ohchr.org/sites/default/files/Documents/Issues/Women/WG/ChangingWorldofWork/MemberStates/Italy/ItalyFINALITALYasofAugust [Accessed: 23rd Feburary 2023].

Murthy, N. N. R. (2012) Corporate Governance and Its relevance to India, *India International Centre Quarterly,* 38(3/4), pp: 280-288.

Nath, D. (2000) Gently Shattering the Glass Ceiling: Experience of Indian Women Managers, *Women in Management Review,* 15(1), pp: 44-52.
DOI: https://doi.org/10.1108/09649420010310191

Pichet, E. (2017) Defining and Selecting Independent Directors, *Journal of Governance and Regulation,* 6(3), pp: 37-45.
DOI: https://doi.org/10.22495/jgr_v6_i3_p4

Radacic, I. (2008) Gender Equality: Jurisprudence of the European Court of Human Rights, *The European Journal of International Law,* 19(4), pp: 841-857.
DOI: https://doi.org/10.1093/ejil/chn044

Roach, L. (2019) *Company Law, 1st Ed.,* New York: Oxford University Press.

Rosenblum, D. (2009) Feminizing Capital: A Corporate Imperative, *Berkeley Business Law Journal,* 6(1), pp: 55-95.

Saraswathy, M. (2018) *SEBI wants one woman independent director in top 500 listed companies. Is it feasible?* [Online] Available from: https://www.moneycontrol.com/news/business/companies/sebi-wants-one-woman-independent-director-in-top-500-listed-companies-is-it-feasible-2539047.html [Accessed: 27th October 2022].

Skard, T. (2008) Getting Our History Right: How were the Equal Rights of Woman and Men Included in the Charter of the United Nations?, *Forum of Developmental Studies,* 35(1), pp: 37-60.
DOI: https://doi.org/10.1080/08039410.2008.9666394

Stewart, E. (2018) *California just passed a law requiring more women on boards. It matters, even if it fails* [Online] Available from: https://www.vox.com/2018/10/3/17924014/california-women-corporate-boards-jerry-brown [Accessed: 25th March 2023].

Suchinmayee, R. (2008) *Gender, Human Rights and Environment,* New Delhi: Atlantic Publication.

Terejesen, S., Sealy, R. & Val, S. (2009) Women Directors on Corporate Boards: A review and research Agenda, *Corporate Governance: An International Review,* 17(3), pp: 320-337.
DOI: https://doi.org/10.1111/j.1467-8683.2009.00742.x

The Ernst & Young Editorial Team (2013) *Ernst & Young's worldwide index of women as public sector leaders* [Online] Available from: https://www.publicfinancefocus.org/news/2013/04/ernst-young%E2%80%99s-worldwide-index-women-public-sector-leaders [Accessed: 22nd December 2022].

Thomas, A. (2004) *Formal and Informal Institutions: Gender and Participation in the Panchayati Raj* [Online] Available from: https://scholarworks.wmich.edu/cgi/viewcontent.cgi?article=2147&context=dissertations [Accessed: 21st January 2023].

Tiwari, K. (2022) *FM Nirmala Sitharaman calls for more women directors on India Inc board* [Online] Available from: https://www.business-standard.com/article/companies/fm-nirmala-sitharaman-bats-for-more-women-directors-on-india-inc-board-122091601177_1.html [Accessed: 04th April 2023].

Tyagi, A. & Nair, C. (2022) *Women directors: Companies not complying with Sebi rules is a worrying sign* [Online] Available from: https://www.business-standard.com/article/opinion/women-directors-companies-not-complying-with-sebi-rules-is-a-worrying-sign-122100601285_1.html [Accessed: 25th October 2022].

Wang, M. & Kelan, E. (2013) The Gender Quota and Female Leadership: Effects of the Norwegian Gender Quota on Board Chairs and CEOs, *Journal of Business Ethics,* 117(3), pp: 449-466.
DOI:https://doi.org/10.1007/s10551-012-1546-5