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"The Role And Inclusion Of Women Directors Under The Companies Acts Of 1956 And 2013"

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ABSTRACT- "The research outlines the shift from a traditionally male-dominated governance structure to a modern, inclusive framework underpinned by legislative mandates, notably in the 2013 Act, which introduced requirements for appointing women directors in certain classes of companies. The paper highlights the rationale for gender diversity in boardrooms, such as enhanced decision-making, increased transparency, and improved corporate governance, while also discussing challenges like tokenism and social bias.

KEYWORDS

- Women directors
- Corporate boards
- Gender diversity
- Boardroom inclusion
- Corporate governance
- Legislative mandates
- Social bias
- Gender equality

INTRODUCTION

Section 2 (34) of the Companies Act, 2013 prescribed that "director" means a director appointed to the Board of a company. A director is a person appointed to perform the duties and functions of director of a company in accordance with the provisions of the Companies Act, 2013.

Independent functioning of Board of Directors is one of the key instrumental to the good corporate governance. The Board is responsible to the shareholders and it is expected to be independent in their decision-making without any intervention whatsoever. The intervention in the decision making and managerial functions of Board is mostly made by persons who are holding more power than the Board like promoters in case of public listed companies,department ministers and secretaries in case of government companies. Kumar Mangalam

Birla who was the Chairman of Birla Committee3 rightly pointed out that it has been the practice in most of the Indian companies the representatives of promoters are playing major role in the Board of those companies, and independent directors if chosen were also handpicked thereby ceasing to be independent. In the recent times, functioning of directors
has increasingly come under examination in the light of corporate scandals which is the outcome of miserable failure on the part of the Board.

Women Director is an outsider, apart from receiving sitting fee as remuneration the outside director, should not have any other material interest over the company including pecuniary interest or transactions which can create interest with the company, its promoters, its management, its subsidiaries or any other connected persons of the company, which could materially affect the independence of the director. The role of Women Director in a company generally includes improving corporate credibility, maintaining balance between the minority shareholders and the management of the company and improving governance standards .

This research paper delves The introduction of the mandate for inclusion of women directors under the Companies act 2013 has led to a statistically significant increase in the representation of women on corporate boards compared to the regulatory framework provided by the Companies Act 1956.
Companies subject to the mandate for inclusion of women directors under the
Companies Act 2013 exhibit improved corporate governance practices, including
enhanced transparency, accountability, and stakeholder engagement, compared to those operating under the Companies Act 1956.

WOMEN DIRECTORS IMPACT ON CORPORATE GOVERNANCE

In the arena of corporate governance, diversity in the boardroom has become a debatable topic. In today's world, there prevails a clear business case for greater gender diversity from the perspective of economics. From the perspective of micro economics, it is in terms of individual companies' performance and from the perspective of macroeconomics it is in terms of higher, sustainable rates of economic growth empowering women to take leadership
position is important for economic growth.

The duties and role of board of directors has been the corporate agenda for years as they are the ones who act as the agents of shareholders. They form the pillar of the robust corporate governance framework. They are expected to collectively devise operational and financial strategies for the company. Women director are the part of the board and same importance is laid upon them as that of board of directors.

Women in Corporate Governance

Women generally by being good listeners may encourage participative decision-making. Besides their positive management style is likely to strengthen company's risk management practices.

The different essential elements of business support that female directorship creates a competitive advantage because this diversity-

- Improves firm performance.
- Leverages talent.
- Reflects the marketplace and builds a reputation, and
- Increases innovation and group performance

The women on board further aid to contribute better decision making by the board as the risk associated with the expert overconfidence that may be found in homogeneous boards is reduced and it also reduces the risk of group-think. Though there are many research which is the evidence supporting nexus between gender diversity and improved performance along with enhancement of governance, there has been very little research activity measuring this correlation specifically in India

Legal Provisions for Women Empowerment

Constitutional Provisions

Indian Legislature permits females' equality as well as allows the State to adopt measures of affirmative discrimination in preference of female in case of societal-economical, higher education and governmental difficulties. Measures should be adopted by state or constitution. Co-equality is maintained by Basic privileges and other regulations. Any way in whicha person is being distinguished with the reference of faith, gender, etc. is strictly forbidden. Equal privilege should be given to everyone in the matter pertaining to employment. Hence the specific Articles those are important in this regard as per the constitution. Equal rights are given to men and women by the makers and the founding members of the Indian constitution. Indian legislature all around the globe is having supreme equality documents. Under the Indian Constitution, there is a provision to get similarity in both ways i.e. ordinary and specially. There are different provisions which are incorporated are safeguarding women's rights without making any discrimination, in fact there are equal rights with men economically, politically and socially The Preamble under the Constitution of India is a concise preliminary statement that provides purpose and principles of the document, and it implies the source from which the document derives its right or power, meaning, the people. Under the preamble ambitions and hopes of the people and ideal also described. The Preamble is recognized as the heart and soul of the constitution. It is considered as preface which highlights the entire constitution.

(I) Political Rights

In spite that in freedom struggle women participated equally and legally and constitutionally. Womankind has same privileges as mankind in politics which help them participate triumphantly in governance of our nation. Under the Constitution of India, 73rd and 74th amendments which provides reservation of seats for women in Gram Panchayats and Municipal bodies.

(ii) Economic Rights

Women are not much aware about their economic rights. It is necessary to enact legal code to modify status in issues relating to maternal earnings, same pay rights regarding plot of land. These laws will give protection in these areas.

(iii) Social Justice

There is biggest challenge is that significant step must be taken for codification of some of the personal laws to provide social justice to women. It is observed that in case of criminal justice, the gender impartiality to the disadvantage of women accused. It is seen that there is a more burden on victims for e.g. in case of sexual violence and dower. The Preamble to the Constitution of India gives guarantee that individual will get fairness, communal, financial and legislative; impartiality of position and opportunity and self-respect. Hence it does not make any discrimination whether male or female.

Fundamental Rights:

Basic Rights are considered as each man and woman rights. Human Rights are justiciable and can be enforced under the Constitution or elementary privilege in India.

The creators of the Constitution were aware that there is unequal treatment and discrimination; therefore, they have included both general and particular conditions to improve the rank of females. Constitution's Part III is considered as the heart of the constitution.

(i) Similar Lawful Privileges for Females

(ii)Similar openings for all persons in government employments

(iii)The Government guides the rule in helping the male and female get same opportunities to earn their living capably and they guarantee no discrimination in the wages or salary of people.

(iv)To encourage justness on the grounds of coequal rights and to render gratis lawful aid by a strategy of law to make sure that chance to ensure justness is not being prohibited to any person on ground of financial weakness or other things.

(v)The government has to make sure that environment of workplace is healthy and has benefits for pregnant women.

Fundamental Duties:

Fundamental Duties were introduced in the Constitution of India by the forty-second Amendment Act, 1976. Fundamental duties are considered as new characteristic which was started in our constitution. It consists of eleven fundamental duties of the citizen of our country. It is observed that a fundamental duty is not characteristics of any democratic country constitution but there is only one exception about Italian Constitution.

Diversity Brought by The Women Directors in The Boardroom

The data will clearly reflect the diversity that women bring to the boardroom. The main component of corporate governance is diversity that is how the people of different age, role, profession etc. improve the performance of the company. It is interesting to note how one single aspect of gender diversity brings along other aspects of diversity thereby giving an impact of overall diversity in the boardroom. The youngest woman director is aged 23 years (MS. DIPIKA DWIVIDI) and the oldest is 91 years (MS. ANNA RAJAN MALHOTRA).

5 individuals are below theage of 25 years and 71 individuals are above 70 years. 8 individuals who are below 25 years hold 5 independent directorship positions. 71 individuals who are above 70 years and hold independent directorship positions.

Women on Board and Performance Analysis

Gender diversity has a significant bearing on corporate performance Research conducted suggests evidence of benefits of gender diversity on boards, including the positive contributions to good corporate governance practices, thereby enhancing balanced decisions, improved responsibility to shareholders and prudent risk management.

1. Times of India commissioned study in 2014 on the relation between companies with women on their boards and profitability. An analysis of return on equity (ROE) data of top 100 Indian companies (BSE 100) by Randstad, a leading HR services provider, says that companies with women on their boards have a positive impact on ROE.

2. Another latest data is that Institute of Company Secretaries of India (ICSI) has conferred its prestigious ‘National Award for Excellence in Corporate Governance 2016’ on L&T for following the highest standards of corporate governance in its business operations.25 The boardof this company has 2 women directors on their board (Naina Kidwani and Sunita Sharma) reflects how the gender diversity creates a difference.

CONCLUSIONS

The inclusion of women directors under the Companies Act 2013 represents a pivotal advancement in promoting gender diversity and equity within India's corporate governance framework. By mandating the presence of at least one woman director in specific categories of companies, the Act not only addresses the historical oversight of the Companies Act 1956, which lacked explicit provisions for gender representation, but also aligns with global standards of inclusive governance. This legislative shift is aimed at harnessing diverse perspectives, enhancing decision-making processes, and fostering a more balanced and fair corporate environment.

The Constitution of India has established in its goals, the standard of fairness and has brought the Indian ladies into different field. It has openly declared the privilege to similarity of male and female in all sectors. The Constitution of India has given equality. As per provisions of the Indian Constitution, females are having the power to vote as well as challenge elections. They have the privilege to contribute in political activities of country and have any workplace from the top to the last.

RECOMMENDATIONS

Enhanced Quota Requirements: To establish a mandatory minimum quota for women directors on the boards of all companies, including public and private companies. Like, a requirement that at least 30% of the board members be women.

Stricter Penalties for Non-Compliance: To impose substantial financial penalties for companies that fail to meet the mandatory quota for women directors.

Transparency and Reporting: To amend the Companies Act to require detailed public disclosure of board composition, specifically highlighting gender diversity. Annual reports should include sections dedicated to gender diversity statistics and efforts.

Nomination and Selection Process: To ensure that the board committees themselves are diverse and have a mandate to prioritize gender diversity in their selections

Enhanced Stakeholder Engagement: To engage with various stakeholders, including industry bodies, women’s organizations, and corporate governance experts, to develop and refine policies related to board diversity.

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