

Mandatory Women Directors in Corporate Governance

A Doctrinal and Comparative Study of Board Gender-Diversity Mandates under Indian Company Law

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Abstract

The board of directors sits at the apex of corporate governance, yet boardrooms have historically been an almost exclusively male preserve. Beginning with Norway in 2003, jurisdictions across the world have responded by legislating gender on to the board—either through hard quotas or softer comply-or-explain disclosure regimes. India joined this movement through the second proviso to Section 149(1) of the Companies Act 2013, read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014, and through Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, later strengthened on the recommendation of the Uday Kotak Committee to require an independent woman director in the largest listed entities.

This dissertation undertakes a doctrinal, analytical and comparative study of these mandates. It locates the Indian requirement within its constitutional foundations (Articles 14, 15 and 39), maps the statutory and regulatory architecture, and tests it against the comparative experience of Norway, the European Union's Women on Boards Directive 2022, the United Kingdom's comply-or-explain model, and the constitutionally contested American experiments in California and on the Nasdaq. The central argument is that while the Indian mandate has produced a fourfold rise in women's board representation—from roughly five per cent in 2013 to about twenty-one per cent in 2025—the design of the rule, a single woman director with no critical-mass or independence floor for most companies, has invited widespread tokenism, including the appointment of promoter relatives and the recycling of a small pool of women across many boards. Drawing on critical-mass theory and the empirical literature on board gender diversity, the study concludes that numerical compliance has outpaced substantive inclusion, and recommends a graduated quota, tighter independence and disclosure norms, restrictions on promoter-relative counting, and stronger, more proportionate enforcement.

Keywords: *women directors; board gender diversity; corporate governance; Companies Act 2013; SEBI LODR; tokenism; gender quota; critical mass.*

Chapter 1: Introduction

1.1 Background of the Study

Corporate governance is, at its core, the system of structures, processes and norms by which companies are directed and controlled and by which the competing claims of shareholders, managers and the wider body of stakeholders are reconciled.¹ At the summit of that system sits the board of directors: the organ entrusted with strategic oversight, the monitoring of management, and the protection of the company's long-term interests. The composition of the board therefore matters not only to the company but to the economy and society in which it operates. For most of corporate history, however, that composition has been strikingly homogeneous. Boardrooms were, almost everywhere, male boardrooms.

From the late twentieth century onwards, two related currents converged to challenge this homogeneity. The first was a normative and constitutional commitment to gender equality and to dismantling the structural barriers that keep women out of economic decision-making. The second was an emerging governance and 'business case' argument that diverse boards, by widening the range of perspectives brought to bear on decisions, improve the quality of monitoring and reduce the risk of groupthink.² Together these currents produced a wave of legal intervention. Norway led in 2003, requiring forty per cent of each gender on the boards of public limited companies;³ a procession of European states followed; and in 2022 the European Union finally adopted a binding directive on gender balance among directors.⁴

India entered this movement through the Companies Act 2013. The second proviso to Section 149(1) empowered the Central Government to prescribe classes of companies that must have at least one woman director, and Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014 duly extended the requirement to every listed company and to larger public companies.⁵ The capital-market regulator reinforced this through Regulation 17(1) of the SEBI (LODR) Regulations 2015, which was later amended, on the recommendation of the Uday Kotak Committee, to require an independent woman director in the largest listed entities.⁶ The reform was hailed as a watershed for women in corporate India. Whether it has delivered substantive change—or merely formal, tokenistic compliance—is the question that animates this study.

1.2 Statement of the Problem

The statutory mandate is, on its face, a success: the proportion of board seats held by women in NSE-listed companies has risen roughly fourfold, from about five per cent in 2013 to around twenty-one per cent in 2025.⁷ Yet a growing body of evidence suggests that this numerical advance masks a qualitative shortfall. A large share of women directors are

¹Committee on the Financial Aspects of Corporate Governance, The Cadbury Report (Gee, 1992) para 2.5.

²R B Adams and D Ferreira, 'Women in the boardroom and their impact on governance and performance' (2009) 94 Journal of Financial Economics 291.

³Allmennakjeloven (Public Limited Liability Companies Act) 2003 (Norway); K R Ahern and A K Dittmar, 'The changing of the boards' (2012) 127 Quarterly Journal of Economics 137.

⁴Directive (EU) 2022/2381 of 23 November 2022 on improving the gender balance among directors of listed companies [2022] OJ L315/44.

⁵Companies Act 2013, s 149(1), second proviso (India).

⁶Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, reg 17(1)(a).

⁷Women's share of board seats at NSE-listed companies rose from roughly 5% (2013) to about 21% (2025): see Economic Times (March 2025) and Financial Express (March 2025).

relatives of the controlling promoters;⁸ a substantial proportion of listed companies appoint exactly one woman, doing the minimum the law requires;⁹ and a small pool of women is recycled across many boards.¹⁰ The problem this dissertation addresses is the gap between formal compliance and substantive inclusion: whether a mandate built around a single woman director, without a critical-mass threshold or a robust independence requirement for most companies, can achieve the governance and equality objectives it was enacted to serve.

1.3 Objectives of the Study

1. To trace the constitutional, statutory and regulatory framework governing the mandatory appointment of women directors in India.
2. To examine the theoretical justifications—agency, resource-dependence, human-capital, stakeholder and critical-mass theories—for board gender-diversity mandates.
3. To undertake a comparative analysis of women-director mandates in Norway, the European Union, the United Kingdom and the United States, and to draw lessons for India.
4. To critically assess the effectiveness of the Indian mandate, with particular attention to tokenism, promoter-relative appointments, independence and enforcement.
5. To analyse concrete company case studies of compliance and non-compliance.
6. To propose reforms that would convert numerical representation into substantive participation.

1.4 Research Questions

1. What is the constitutional and statutory basis of the mandatory women-director requirement in India, and how is it enforced?
2. How does the Indian model compare with the principal foreign models of board gender regulation?
3. Has the mandate achieved substantive gender diversity, or has it largely produced formal, tokenistic compliance?
4. What reforms are required to make the mandate effective?

1.5 Hypothesis

The study proceeds on the hypothesis that the mandatory appointment of a single woman director, in the absence of a critical-mass threshold, an independence floor for most companies, and proportionate enforcement, tends to generate formal compliance and tokenism rather than substantive change in board functioning; and that the effectiveness of such a mandate is contingent upon the proportion of women on the board, their independence from the controlling group, and the rigour of enforcement.

1.6 Research Methodology

This is a doctrinal, analytical and comparative study. It relies on primary legal sources—the Constitution of India, the Companies Act 2013 and its rules, the SEBI LODR Regulations, foreign statutes and directives, and judicial decisions—and on secondary sources comprising committee reports, scholarly books and journal articles, regulatory data and reputable news reporting. The comparative method is used to evaluate the Indian framework against selected foreign regimes. The study is non-empirical; it does not generate original quantitative data but synthesises existing empirical findings to support its analysis. Citation broadly follows a uniform legal citation style suited to academic submission.

⁸Biz Divas Foundation analysis (as reported by Financial Express): close to half the women directors appointed after 2014 were relatives of promoters.

⁹Proxy-advisory analysis (2023) finding that roughly 45% of Nifty-500 companies had exactly one woman director.

¹⁰N Vohra, K Sud and C Bhayana, ‘Gender diversity and inclusion on Indian boards’ (2024) Indian Journal of Corporate Governance, observing symbolic inclusion and multiple-directorship clustering.

1.7 Scope and Limitations

The study is confined to board-level gender mandates for companies and does not extend to gender representation in the wider workforce or in senior management below the board, except where the ‘ripple effect’ of board quotas on executive ranks is directly relevant. The comparative survey is illustrative rather than exhaustive, focusing on jurisdictions that best represent the available regulatory models. As a doctrinal work relying on secondary empirical literature, its conclusions on causal effects are necessarily qualified by the limitations of that literature.

1.8 Review of Literature

The scholarship on board gender diversity divides broadly into the equity case and the business case. On the equity side, Terjesen, Aguilera and Lorenz map the institutional drivers that lead states to legislate a woman’s seat on the board, situating quotas within wider equality regimes.¹¹ On the business side, the empirical literature is contested. Adams and Ferreira find that gender-diverse boards monitor management more intensively but caution that mandating diversity can reduce value in firms that are already well governed.¹² The meta-analysis of Post and Byron reconciles much of the conflicting evidence by showing that the relationship between women directors and financial performance is positive where shareholder protection and gender parity are stronger.¹³ The Norwegian natural experiment, analysed by Ahern and Dittmar, found a negative short-run valuation effect attributable largely to the forced appointment of younger, less experienced directors,¹⁴ while Bertrand and others found that the quota did little to improve outcomes for women below the very top.¹⁵

Indian scholarship has been markedly more sceptical. Srivastava, Das and Pattanayak frame the central question in their title—‘a need or tokenism?’—and document the tendency of group-affiliated firms to satisfy the mandate through promoter relatives.¹⁶ Vohra, Sud and Bhayana, studying the full set of mandated NSE companies, observe symbolic inclusion and a clustering of the same women across multiple boards around compliance deadlines.¹⁷ Empirical work using System GMM on the top Indian firms finds that the mere presence of one woman director makes no measurable difference to performance, whereas a significant proportion of women, actively engaged, does.¹⁸ This study builds on that literature by integrating the doctrinal and comparative dimensions with the empirical critique, and by testing the mandate against concrete company case studies.

¹¹S Terjesen, R V Aguilera and R Lorenz, ‘Legislating a woman’s seat on the board’ (2015) 128 *Journal of Business Ethics* 233.

¹³C Post and K Byron, ‘Women on boards and firm financial performance: a meta-analysis’ (2015) 58 *Academy of Management Journal* 1546.

¹⁵M Bertrand and others, ‘Breaking the glass ceiling? The effect of board quotas on female labour market outcomes in Norway’ (2019) 86 *Review of Economic Studies* 191.

¹⁶V Srivastava, N Das and J K Pattanayak, ‘Women on boards in India: a need or tokenism?’ (2018) 56 *Management Decision* 1769.

¹⁸See empirical findings that the mere presence of one woman director does not affect financial performance, whereas a significant proportion does: study of 364 NSE-listed firms (2017–2021) using System GMM, *International Journal of Disclosure and Governance* (2022).

1.9 Chapterisation

Chapter 2 develops the conceptual and theoretical framework. Chapter 3 sets out the Indian constitutional, statutory and regulatory regime. Chapter 4 undertakes the comparative analysis. Chapter 5 offers a critical evaluation of the Indian mandate. Chapter 6 presents company case studies. Chapter 7 sets out findings, recommendations and conclusions.

Chapter 2: Conceptual and Theoretical Framework

2.1 Corporate Governance and the Board of Directors

The classic definition treats corporate governance as the system by which companies are directed and controlled, the board being responsible to shareholders while management runs the business day to day.¹⁹ The OECD Principles broaden the frame to the relationships among the board, management, shareholders and other stakeholders, and to the structures through which objectives are set and performance monitored.²⁰ On either view, the board is the pivotal institution. Its independence, competence and composition determine how effectively management is monitored and how faithfully the interests of the corporation—and of those affected by it—are served. Questions about who sits on the board are therefore not peripheral to governance; they are central to it.

2.2 Board Diversity and Gender Diversity

Board diversity refers to heterogeneity in the attributes of directors, encompassing both observable characteristics such as gender, age and ethnicity and less visible characteristics such as professional background, expertise and tenure. Gender diversity is the most legislated dimension of board diversity, partly because it is measurable and partly because the exclusion of women from boardrooms is so visible and well documented. The case for gender diversity is advanced on two registers that recur throughout this dissertation: an equity register, which treats the inclusion of women as a matter of justice and equal citizenship, and an instrumental or business register, which treats it as a means to better governance and performance.

2.3 Theoretical Perspectives

Several theoretical lenses explain why gender diversity on boards is thought to matter. Agency theory locates the value of diverse boards in monitoring: a board that is more independent of, and less socially homogeneous with, management is better placed to discipline managerial self-interest and reduce agency costs.²¹ Resource-dependence theory views directors as conduits to critical external resources—capital, legitimacy, information, networks—and holds that women directors widen the firm's access to such resources. Human-capital theory emphasises the distinct skills, experience and education that women directors bring, enlarging the board's collective competence.

Stakeholder theory frames diversity as a response to the firm's responsibility to a plurality of constituencies, of whom women are a substantial part, and links board diversity to corporate social responsibility and sustainability outcomes. The most important lens for the present critique, however, is critical-mass theory. Drawing on Rosabeth Moss Kanter's study of skewed groups, it holds that a lone woman functions as a 'token'—visible, stereotyped and without real influence—whereas it is only when women reach a critical mass, conventionally around three members or thirty per cent of the board, that they shift from symbolic presence to substantive voice.²² Finally, a social-justice or equality rationale

²⁰OECD, G20/OECD Principles of Corporate Governance (OECD Publishing, 2023).

²²R M Kanter, *Men and Women of the Corporation* (Basic Books, 1977); see also the 'critical mass' thesis that three or more women alter board dynamics.

grounds the mandate not in efficiency at all but in the right of women to equal participation in economic power, a rationale that, as Chapter 3 shows, has firm constitutional footing in India.

Table 2.1 — Theoretical Perspectives on Board Gender Diversity

Theory	Core claim about women directors	Primary register
Agency theory	Greater independence and reduced homogeneity improve monitoring of management and lower agency costs.	Business
Resource-dependence	Directors link the firm to external resources; women widen access to capital, networks and legitimacy.	Business
Human-capital	Women bring distinct skills, education and experience, enlarging the board's competence.	Business
Stakeholder	Boards owe duties to a plurality of constituencies; diversity improves responsiveness and sustainability.	Business / Equity
Critical-mass (Kanter)	A lone woman is a token; influence requires a critical mass (≈ 3 or 30%).	Business / Equity
Social-justice / equality	Women have a right to equal participation in economic decision-making, independent of efficiency.	Equity

Source: Author's synthesis of the corporate-governance and board-diversity literature.

These theories are not mutually exclusive; they supply complementary justifications. They also carry a crucial design implication that runs through the rest of this study: if much of the value of women directors flows from critical mass, independence and active engagement, then a legal mandate pitched at a single, possibly promoter-affiliated, woman director risks securing the form of diversity while forfeiting its substance.

Chapter 3: The Indian Legal Framework

3.1 Constitutional Foundations

The mandatory women-director requirement does not float free of the Constitution; it is best understood as a statutory expression of constitutional commitments. Article 14 guarantees equality before the law and the equal protection of the laws, and Article 15(1) prohibits discrimination on the ground of sex.²³ Crucially, Article 15(3) expressly permits the State to make special provisions for women and children, thereby authorising protective and enabling measures that would otherwise be challenged as discriminatory.²⁴ This enabling clause is of decisive comparative significance: as Chapter 4 shows, it is precisely the absence of such a clause that doomed California's women-on-boards statute under a strict-scrutiny equal-protection analysis. The Directive Principles reinforce the point—Article 39(a) and (d) direct the State to secure an adequate means of livelihood and equal pay, and the broader scheme of Part IV contemplates the active inclusion of women in economic life. Read together, these provisions supply both the warrant and the aspiration for a board-gender mandate.

²³Constitution of India, arts 14 and 15(1).

²⁴Constitution of India, art 15(3), which empowers the State to make special provisions for women and children.

3.2 The Pre-2013 Position

The Companies Act 1956 was silent on board gender composition, as was the listing framework for most of its life. Corporate-governance reform in India proceeded first through the voluntary and then mandatory iterations of Clause 49 of the listing agreement, which concentrated on independent directors and audit committees rather than gender. The result was a boardroom that remained overwhelmingly male: in 2013, on the eve of reform, women held only about five per cent of board seats and a clear majority of Nifty-500 companies had no woman on the board at all. It was against this backdrop that Parliament chose, for the first time, to legislate gender directly on to the board.

3.3 The Companies Act 2013: Section 149(1) and Rule 3

Section 149(1) requires every company to have a board of directors, prescribing a minimum of three directors for a public company, two for a private company and one for a One Person Company, with a ceiling of fifteen that may be exceeded by special resolution.²⁵ The reform of present concern is the second proviso to Section 149(1), which provides that such class or classes of companies as may be prescribed shall have at least one woman director.²⁶ The content of the mandate is therefore supplied by delegated legislation.

Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014 prescribes the relevant classes: every listed company, and every other public company having a paid-up share capital of one hundred crore rupees or more, or a turnover of three hundred crore rupees or more, computed as on the last date of the latest audited financial statements.²⁷ Existing companies were given one year to comply and newly incorporated companies six months from incorporation. Private companies are, as a rule, outside the mandate—with the important qualification that a private company which is a subsidiary of a public company is, by the proviso to Section 2(71), deemed a public company and thus drawn into the requirement.²⁸

The Rule also addresses continuity. Its second proviso provides that any intermittent vacancy of a woman director must be filled by the board at the earliest, and in any event not later than the immediate next board meeting or three months from the date of the vacancy, whichever is later.²⁹ The drafting has been criticised for its lack of uniformity with the one-year window allowed for independent directors, but its policy intent—to prevent the seat from lapsing—is clear.

Table 3.1 — Companies Required to Appoint a Woman Director in India

Source	Companies covered	Nature of requirement
CA 2013, s 149(1) 2nd proviso + Rule 3	Every listed company; every other public company with paid-up capital $\geq$ ₹100 cr or turnover $\geq$ ₹300 cr; private companies that are subsidiaries of public companies.	At least one woman director (need not be independent).
SEBI LODR, reg 17(1)(a)	Every listed entity.	At least one woman director on the board.

²⁵Companies Act 2013, s 149(1)(a)–(b) and first proviso.

²⁷Companies (Appointment and Qualification of Directors) Rules 2014, r 3 (paid-up capital of ₹100 crore or turnover of ₹300 crore as per the last audited accounts).

²⁸Companies Act 2013, s 2(71), proviso; a private company that is a subsidiary of a public company is deemed public.

²⁹ibid, second proviso to r 3.

Source	Companies covered	Nature of requirement
SEBI LODR, reg 17(1)(a) proviso	Top 1000 listed entities by market capitalisation (top 500 from 1 Apr 2019; top 1000 from 1 Apr 2020).	At least one independent woman director.

Source: *Companies Act 2013*; *Companies (Appointment and Qualification of Directors) Rules 2014*; *SEBI (LODR) Regulations 2015*.

3.4 The SEBI LODR Regime and the Kotak Committee

For listed entities, the Companies Act mandate is overlaid by Regulation 17(1)(a) of the SEBI (LODR) Regulations 2015, which requires the board to have an optimum combination of executive and non-executive directors with at least one woman director and not less than half the board comprising non-executive directors.³⁰ The decisive strengthening came on the recommendation of the Committee on Corporate Governance chaired by Uday Kotak. The Committee observed that the existing requirement of one woman director—who could be an executive or a promoter relative—was insufficient to secure genuine independence of perspective, and recommended that every listed company have at least one independent woman director.³¹ SEBI accepted the recommendation in phases: an independent woman director became mandatory for the top 500 listed entities by market capitalisation from 1 April 2019, and for the top 1000 from 1 April 2020.³² The same reform package raised the minimum board size for the largest entities to six directors. The independent-woman-director requirement is the single most important qualitative improvement to the Indian mandate, although, as discussed below, it reaches only a fraction of the universe of mandated companies.

3.5 Enforcement and Penalties

The Companies Act enforces the mandate through Section 172, which imposes a residual penalty on the company and every officer in default where any provision of the relevant chapter, including Section 149, is contravened and no specific penalty is otherwise provided.³³ For listed companies, the more active enforcement channel is SEBI's Standard Operating Procedure for non-compliance with the LODR Regulations, under which the stock exchanges levy graduated per-day fines for breaches of board-composition norms and may, in persistent cases, freeze promoter shareholding or suspend trading.³⁴ As Chapter 5 argues and Chapter 6 illustrates, the quantum of these fines has often been modest relative to the size of the companies concerned, which blunts their deterrent force, particularly in the public sector.

Table 3.2 — Evolution of the Indian Women-Director Mandate

Year	Development
2013	Companies Act 2013 enacted; second proviso to s 149(1) empowers prescription of classes requiring a woman director.
2014	Companies (Appointment and Qualification of Directors) Rules 2014, r 3, prescribe listed and large public companies; s 149 effective 1 April 2014.

³¹Report of the Committee on Corporate Governance (SEBI, October 2017) (Uday Kotak Committee) ch IV.

³²Kotak Committee Report (n 4); SEBI accepted the independent-woman-director recommendation in phases—top 500 entities by 1 April 2019 and top 1000 by 1 April 2020.

³³Companies Act 2013, s 172 (penalty for contravention of ss 149–172 where no specific penalty is provided).

³⁴SEBI, 'Standard Operating Procedure for non-compliance with the LODR Regulations', Circular SEBI/HO/CFD/CMD/CIR/P/2020/12 (22 January 2020).

Year	Development
2015	Deadline (extended to 1 April 2015) for appointment; SEBI LODR Regulations 2015 carry forward the requirement in reg 17(1)(a); BSE/NSE levy fines on defaulters.
2017	Uday Kotak Committee recommends at least one independent woman director for listed companies.
2018–20	SEBI amends reg 17(1)(a): independent woman director mandatory for top 500 (1 Apr 2019) and top 1000 (1 Apr 2020) entities; minimum board size raised to six for large entities.
2025–26	Continued enforcement; penalties on PSUs such as MTNL (2025) and IRCTC (2026) for absence of a woman director; women hold ~21% of NSE board seats.

Source: Author's compilation from statutory, regulatory and reported sources.

Chapter 4: Comparative Analysis

India's mandate is one instance of a global regulatory phenomenon. Comparative study is valuable because the foreign regimes differ along three design axes that bear directly on the Indian critique: the strength of the obligation (hard quota versus comply-or-explain), the height of the threshold (a token seat versus a critical mass), and the bite of the sanction. Examining these axes also reveals a constitutional fault-line that explains why some quotas survive and others fall.

4.1 Norway: The Pioneer Hard Quota

Norway was the first country in the world to legislate a board gender quota, enacting in 2003 a requirement that public limited companies have at least forty per cent of each gender on the board, fully effective from 2008.³⁵ What distinguishes the Norwegian model is the severity of its sanction: non-compliance can ultimately lead to the forced dissolution of the company, the same penalty applied to other serious breaches of company law. The result was dramatic—women's share of public-limited-company boards rose from around five per cent to forty per cent within a few years, and the remaining non-compliant firms fell into line under threat of dissolution. Norway has since extended its quota beyond listed companies to large private firms. The Norwegian experience demonstrates that a hard quota with a credible sanction will achieve its numerical target; the more contested question, examined in Chapter 5, is whether the boardroom gains ripple downward into executive ranks, where the evidence is weak.

4.2 The European Union: The Women on Boards Directive 2022

After a decade of deadlock, the European Union adopted Directive (EU) 2022/2381 on improving the gender balance among directors of listed companies.³⁶ The Directive requires that, by 30 June 2026, the under-represented sex hold at least forty per cent of non-executive director positions, or thirty-three per cent of all director positions, in large listed companies (those with at least 250 employees). It mandates transparent, merit-based selection procedures and obliges Member States to provide effective, proportionate and dissuasive sanctions, which may include fines and the annulment of non-compliant appointments. The Directive operates against a backdrop of national quotas already adopted by France (the 2011 Copé–Zimmermann Law, forty per cent),³⁷ Italy (the Golfo–Mosca Law, enforced by CONSOB through escalating fines),³⁸ Spain, the Netherlands and Germany (whose FöPoG legislation combines board quotas with

³⁷Loi n° 2011-103 du 27 janvier 2011 (Copé–Zimmermann Law) (France).

³⁸Legge 120/2011 (Golfo–Mosca Law) (Italy); non-compliance attracts warnings and fines by CONSOB.

management-board minimums).³⁹ The EU model is significant for India because it couples a hard threshold with an emphasis on transparent selection and on annulment as a remedy—features largely absent from the Indian regime.

4.3 The United Kingdom: Comply-or-Explain

The United Kingdom has deliberately avoided hard quotas. Following the Davies and Hampton-Alexander Reviews, which set voluntary targets and relied on disclosure and investor pressure, the Financial Conduct Authority amended its Listing Rules to require listed companies to report, on a comply-or-explain basis, against targets of at least forty per cent women on the board and at least one woman in a senior board position such as chair, chief executive or chief financial officer.⁴⁰ The comply-or-explain model trades the certainty of a quota for flexibility and constitutional uncomplicatedness, betting that mandatory transparency plus institutional-investor stewardship will drive change. Comparative data suggest that binding quotas move the numbers faster than soft measures, but the British model has nonetheless produced substantial gains while sidestepping the equality-law objections that felled the American statutes.

4.4 The United States: Constitutional Friction

The United States has no federal board gender quota, and its sub-federal and exchange-level experiments have foundered on constitutional rocks. California’s Senate Bill 826 (2018) required public companies headquartered in the State to have between one and three women directors depending on board size, on pain of fines. In *Crest v Padilla*, a Los Angeles Superior Court struck the law down on 13 May 2022, holding that it created a gender-based classification that failed strict scrutiny under the Equal Protection Clause of the Californian Constitution: the State could not show a compelling, narrowly tailored interest, and generalised societal discrimination was held insufficient to justify the quota.⁴¹ A companion statute requiring directors from under-represented communities (AB 979) fell on similar grounds weeks earlier. At the exchange level, Nasdaq’s Board Diversity Rule—a comply-or-explain disclosure requirement rather than a quota—was vacated by the Fifth Circuit, sitting en banc, which held that the Securities and Exchange Commission lacked authority to approve it.⁴² The American experience is the comparative mirror-image of India’s: in the United States, the absence of a constitutional clause authorising special provisions for women, combined with strict-scrutiny review of gender classifications, makes hard quotas constitutionally precarious; in India, Article 15(3) supplies exactly the authorisation that California lacked.

Table 4.1 — Comparative Models of Board Gender Regulation

Jurisdiction	Instrument	Threshold	Sanction	Status / remarks
Norway	Statutory quota (2003/2008)	40% each gender (PLCs)	Up to forced dissolution	Target achieved; extended to large private firms
European Union	Directive 2022/2381	40% NEDs or 33% all directors	Effective, proportionate, dissuasive (fines; annulment)	Compliance due by 30 June 2026

³⁹Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen (FüPoG, 2015; FüPoG II, 2021) (Germany).

⁴⁰FCA Listing Rule LR 9.8.6R(9) (comply-or-explain board diversity targets); Hampton-Alexander Review, Improving Gender Balance in FTSE Leadership (Final Report, 2021).

⁴¹California Senate Bill 826 (2018), Corporations Code s 301.3; held unconstitutional in *Crest v Padilla* (No 19STCV27561, Cal Super Ct, 13 May 2022).

⁴²Alliance for Fair Board Recruitment v SEC, 85 F 4th 226 (5th Cir 2023), en banc decision (2024) vacating Nasdaq’s Board Diversity Rule.

Jurisdiction	Instrument	Threshold	Sanction	Status / remarks
France	Copé–Zimmermann Law (2011)	40%	Void appointments; suspended fees	Among the highest board-gender shares in the EU
Italy	Golfo–Mosca Law (2011)	Up to 40%	CONSOB warnings then fines	Strong upward effect on board shares
United Kingdom	FCA Listing Rules (comply-or-explain)	40% board; 1 senior role	Disclosure explanation /	No hard quota; investor-driven
USA (California)	SB 826 (2018)	1–3 women by board size	Fines (\$100k / \$300k)	Struck down (Crest v Padilla, 2022)
USA (Nasdaq)	Board Diversity Rule (disclosure)	Disclose or explain ‘diverse’ directors	Delisting risk	Vacated by 5th Cir (2024)
India	CA 2013 + SEBI LODR	1 woman director; 1 independent woman director (top 1000)	s 172 penalty; LODR per-day fines	Numerically successful; tokenism critique

Source: Author’s compilation. NED = non-executive director; PLC = public limited company.

4.5 Lessons for India

Three lessons emerge. First, thresholds determine substance: the jurisdictions that moved most decisively beyond tokenism—Norway, France, Italy—did so by mandating a critical mass of forty per cent or so, not a single seat. Second, sanctions must bite: the Norwegian dissolution sanction and the EU’s annulment remedy are qualitatively more dissuasive than the modest per-day fines that characterise Indian enforcement. Third, constitutional design matters: India’s Article 15(3) gives it a freedom to legislate ambitious quotas that the United States lacks, and that freedom is, at present, under-used.

Chapter 5: Critical Analysis of the Indian Mandate

5.1 From Numbers to Substance

By the metric the mandate was designed to move—the count of women on boards—it has plainly succeeded. Women’s share of board seats in NSE-listed companies rose from roughly five per cent in 2013 to about twenty-one per cent in 2025, a fourfold increase directly attributable to the statutory and regulatory requirements.⁴³ The critical question is whether this numerical advance has translated into substantive participation. The weight of evidence suggests that it has not, for four interlocking reasons: the tokenism of the single-director floor, the prevalence of promoter-relative appointments, the gap between the woman-director and independent-woman-director requirements, and weak enforcement.

5.2 The Tokenism of the Single-Director Floor

Because the law requires only one woman director, that is what most companies supply. Proxy-advisory analysis has found that roughly forty-five per cent of Nifty-500 companies have exactly one woman on the board, doing no more

than the minimum.⁴⁴ Critical-mass theory predicts precisely this pathology: a lone woman occupies the structurally weak position of the token, conspicuous but without the numerical weight to alter board dynamics or decisions.⁴⁵ The mandate, in other words, was pitched at the level—one—that the theory identifies as least likely to produce substantive change. The contrast with the forty-per-cent thresholds of Norway and the EU is stark.

5.3 Promoter-Relative Appointments

The tokenism problem is compounded by the ownership structure of Indian companies, the large majority of the top listed firms being family- or promoter-controlled. Analysis attributed to the Biz Divas Foundation found that close to half of the women directors appointed after 2014 were relatives of the controlling promoters,⁴⁶ a pattern that allows a firm to satisfy the letter of the mandate while keeping decision-making firmly within the family. Where the woman director is the wife, mother or daughter of the promoter-chairman, the independence of perspective that the reform sought is structurally absent. Former SEBI Chairman M. Damodaran captured the resulting compliance-first mindset in his pointed criticism of tokenistic appointments and of the very phrase ‘independent woman director’ as it was being deployed.⁴⁷

5.4 The Independence Gap

The Kotak Committee’s independent-woman-director requirement is the principal corrective to the promoter-relative problem, since an independent director cannot, by definition, be a promoter relative or otherwise affiliated. But the corrective is partial: it reaches only the top 1000 listed entities by market capitalisation,⁴⁸ leaving the vast majority of mandated companies free to satisfy the requirement with a non-independent—often related—woman director. The independence gap is therefore the most consequential design weakness of the present regime.

5.5 The Empirical Evidence on Effectiveness

The empirical literature confirms that design matters more than headcount. Studies of top Indian firms using System GMM find that the mere presence of one woman director makes no measurable difference to financial performance or value creation, whereas a significant proportion of women, actively engaged in committees and oversight, is positively associated with performance.⁴⁹ This mirrors the international meta-analytic finding that the women-performance relationship is contingent on context and on more than token numbers.⁵⁰ The lesson is not that women directors do not add value—where present in critical mass and genuinely independent, they do—but that a mandate engineered around a single, possibly affiliated, appointee captures little of that value. The ‘ripple effect’ hypothesis, that board quotas would pull more women into executive ranks, also finds weak support: the Norwegian evidence shows the quota did not significantly increase women in top executive positions,⁵¹ underscoring that board mandates must be paired with parallel measures lower down the pipeline.

⁴⁷M Damodaran, former SEBI Chairman, criticising the ‘independent woman director’ formulation as tokenistic: ‘Women directors mandate tokenism’ Economic Times BFSI (January 2022).

5.6 Enforcement Weakness

Finally, enforcement has been too light to deter. When the requirement first took effect, the fines levied on defaulting companies were modest—of the order of a few tens of thousands of rupees—sums that, as market observers noted at the time, would not burn a hole in any company’s pocket.⁵² Persistent non-compliance has been especially pronounced among public-sector undertakings, where board appointments lie with the administrative ministry and are frequently delayed, producing recurring penalties without producing compliant boards (Chapter 6). The mismatch between the size of the regulated entities and the size of the sanction is a structural defect that proportionate, escalating penalties would address.

Table 5.1 — Summary of Critiques of the Indian Mandate

Critique	Evidence	Design root
Tokenism	~45% of Nifty-500 firms have exactly one woman director.	Single-director statutory floor.
Promoter capture	~50% of post-2014 women directors are promoter relatives.	No bar on related appointees (most companies).
Independence gap	Independent-woman-director rule reaches only top 1000 listed entities.	Narrow scope of the Kotak reform.
Limited performance effect	Presence of one WD shows no performance effect; proportion does.	Headcount mandate ignores critical mass.
Weak deterrence	Low fines; recurring PSU non-compliance.	Non-proportionate, non-escalating penalties.

Source: Author’s synthesis of regulatory data and empirical literature; WD = woman director.

Chapter 6: Company Case Studies

The general critiques of Chapter 5 are best tested against concrete corporate experience. The following case studies illustrate, respectively, the original compliance rush and its tokenistic character, two instances of persistent public-sector non-compliance, and the aggregate trajectory toward—and the distance still from—genuine critical mass.

6.1 Case Study I: The 2015 Compliance Rush

As the deadline for appointing women directors approached in 2015, thousands of companies scrambled to comply. The stock exchanges moved to enforce: the Bombay Stock Exchange issued advisory letters levying fines on some 530 listed companies for delay, and the National Stock Exchange notified around 260 firms of its intention to fine, with the regulator reserving the power to take further action against persistent defaulters.⁵³ Yet the manner of compliance exposed the mandate’s weakness. According to contemporaneous reporting and the PRIME Database, a significant number of companies met the requirement by installing the wives and other female relatives of their top executives, and 105 of 1,733 NSE companies still had vacant women-director seats at the deadline. A frequently cited illustration is the appointment by Reliance Industries of the promoter-chairman’s wife as its first woman director in 2014.⁵⁴ The episode

⁵²BSE fines 530 companies for delay in appointing women directors’ Business Today (15 July 2015); PRIME Database reported 105 of 1,733 NSE firms still non-compliant at the deadline.

⁵⁴Reliance Industries Ltd appointed Mrs Nita Ambani, wife of the promoter-chairman, as its first woman director in 2014—frequently cited as illustrative of promoter-relative appointments.

is the paradigm case of formal compliance without substantive inclusion: the seats were filled, but often by appointees structurally aligned with the controlling group.

6.2 Case Study II: Mahanagar Telephone Nigam Ltd (MTNL), 2025

MTNL, a state-owned telecommunications company, was fined approximately ₹6.73 lakh by the NSE and BSE in 2025 for non-compliance with board-composition norms under Regulation 17, including the failure to have a woman director, alongside deficiencies in the constitution of its audit, nomination-and-remuneration, stakeholders'-relationship and risk-management committees.⁵⁵ The company's explanation is instructive: as a public-sector undertaking, all board appointments—including independent and woman directors—are made by the administrative ministry (the Department of Telecommunications), and the company requested a waiver of the fine. MTNL exemplifies the structural non-compliance of PSUs, where the appointing authority sits outside the company and bureaucratic delay translates into recurring regulatory breach. It also exposes the limits of fines as a deterrent against an entity that does not itself control the remedy.

6.3 Case Study III: Indian Railway Catering and Tourism Corporation (IRCTC), 2026

The IRCTC case, arising in 2026, is the MTNL story repeated. Both the NSE and BSE imposed fines of about ₹5.31 lakh each on IRCTC for the quarter ended 31 March 2026 for breach of Regulation 17(1), specifically the absence of the required woman director.⁵⁶ IRCTC, a government company, explained that the power to appoint directors vests in the President of India acting through the Ministry of Railways, that it was following up with the government to fill the vacancy including the woman-independent-director position, and that similar notices had been received and sometimes waived in the past. The recurrence of such penalties—against profitable, high-profile PSUs—demonstrates that the present enforcement architecture neither deters nor cures non-compliance where the appointing power is governmental. It strengthens the case, developed in Chapter 7, for a distinct compliance mechanism for state-controlled companies.

6.4 Case Study IV: The Aggregate Trajectory and the Distance to Critical Mass

Set against these compliance failures is a genuine aggregate advance. The mandate quadrupled women's board representation, from about five per cent in 2013 to roughly twenty-one per cent of NSE board seats by 2025,⁵⁷ and a cohort of large companies in banking, financial services and information technology has moved beyond the single-director minimum toward a critical mass of women directors and, in some cases, women in executive and chair roles. The very fact that proxy-advisory firms and institutional investors now scrutinise diversity, and that a thirty-per-cent 'critical mass' has become the informal benchmark of good practice, shows how the legal floor has reset expectations upward. Yet the distance remains substantial: with roughly forty-five per cent of large companies still at exactly one woman director,⁵⁸ and tokenistic appointments persisting in a large minority of mid-cap boards, the system has reset the floor without yet raising the ceiling. The case studies, taken together, confirm the central hypothesis: the mandate has changed the numbers, but its design has limited its effect on the substance of governance.

⁵⁵'NSE, BSE impose ₹6.73 lakh fine on MTNL for non-compliance' Business Standard (1 September 2025).

⁵⁶'IRCTC fined ₹5.31 lakh each by BSE and NSE for board non-compliance' (May 2026), for breach of reg 17(1) including absence of a woman director.

Chapter 7: Findings, Recommendations and Conclusion

7.1 Findings

1. The mandatory women-director requirement rests on a secure constitutional foundation, Article 15(3) expressly authorising special provisions for women and thereby insulating the mandate from the equal-protection objection that defeated comparable American statutes.
2. The mandate has been numerically successful, raising women's share of NSE board seats roughly fourfold between 2013 and 2025.
3. Its design, however, invites tokenism: a single-director floor, with roughly forty-five per cent of large companies appointing exactly one woman, falls below the critical mass that the theoretical and empirical literature identifies as necessary for substantive influence.
4. Promoter-relative appointments—close to half of post-2014 women directors—dilute the independence the reform sought, a problem only partially cured by the independent-woman-director requirement, which reaches only the top 1000 listed entities.
5. Empirical evidence indicates that the mere presence of one woman director has no measurable effect on performance, whereas a significant proportion, actively engaged, does; headcount compliance therefore captures little of the value of diversity.
6. Enforcement is weak and, in the public sector, structurally ineffective: modest fines and ministerial control of PSU appointments produce recurring non-compliance, as the MTNL and IRCTC penalties show.
7. Comparative experience demonstrates that ambitious thresholds (Norway, the EU, France, Italy) coupled with biting sanctions move boardrooms decisively beyond tokenism, whereas soft or single-seat models do not.

7.2 Recommendations

The following reforms would convert numerical representation into substantive participation:

1. **Move toward a critical-mass threshold.** Replace the single-director floor with a graduated requirement—for instance, at least two women directors, or one-third of the board, for larger listed companies—aligning India with the comparative benchmark of around thirty to forty per cent.
2. **Extend the independent-woman-director requirement.** Widen Regulation 17 so that the independent-woman-director obligation reaches well beyond the top 1000 entities, closing the independence gap that allows most companies to comply through related appointees.
3. **Restrict promoter-relative counting.** Provide that a woman director who is a relative of the promoter does not, by herself, satisfy the mandate for larger companies, or require enhanced disclosure where she does, so that the form of diversity cannot substitute for its substance.
4. **Strengthen and graduate penalties.** Calibrate fines to company size and escalate them for repeat default, and provide a meaningful remedy—on the model of the EU's annulment of non-compliant appointments—rather than relying on flat, easily absorbed fines.
5. **Create a distinct PSU compliance mechanism.** Place a clear, time-bound statutory duty on the administrative ministries that appoint PSU directors, with accountability for delay, so that government control of appointments ceases to be a shield against the mandate.
6. **Build the pipeline.** Develop and publicise board-readiness programmes and a robust independent-director databank of qualified women, reducing the 'we could not find a woman' excuse and breaking the recycling of a small pool across many boards.
7. **Mandate diversity-policy disclosure and targets.** Require companies to disclose a board-diversity policy, measurable targets and progress against them on a comply-or-explain basis, harnessing investor stewardship alongside the hard mandate.

8. **Pair board mandates with executive-pipeline measures.** Because the ripple effect of board quotas on executive ranks is weak, complement the board mandate with measures addressing women's progression into senior management, from which board candidates are ultimately drawn.

7.3 Conclusion

The mandatory appointment of women directors is among the most significant corporate-governance reforms of the Companies Act 2013. It gave statutory form to a constitutional promise of equal participation, and it worked the change it was most directly designed to achieve: women are now present in Indian boardrooms in numbers that would have been unimaginable a decade ago. To that extent the reform deserves the description 'watershed'.

But this study's central finding is that numerical compliance has outpaced substantive inclusion. By pitching the mandate at a single director, by tolerating promoter-relative appointments, by confining the independence requirement to the largest companies, and by enforcing through fines too modest to deter, the law secured the form of board gender diversity while forfeiting much of its substance. Critical-mass theory and the empirical record agree that it is proportion, independence and active engagement—not the bare presence of one woman—that make diversity matter. The comparative experience of Norway and the European Union shows that more ambitious thresholds, backed by sanctions that bite, can move boardrooms decisively beyond tokenism; and India's own Article 15(3) gives it the constitutional freedom to be that ambitious, a freedom the United States conspicuously lacks.

The task for the next phase of reform, therefore, is not to retreat from the mandate but to mature it: from one woman to a critical mass, from related to independent, from token to voice, and from symbolic compliance to genuine accountability. Only then will the seat in the boardroom become a seat at the table.

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