

# India Inc's Boardrooms Have Wisdom in Plenty, But Much Less of Young Blood

Kiran.Somvanshi  
@timesgroup.com

## A Wide Age Gap

### Proportion of Young Directors on Boards of Listed Companies

Listed Companies on NSE	2,034
Total number of directors	15,920
Directors aged 40 or below	1,234
Directors aged 40 or below who are promoter-director	417
Average age of the board of directors (in years)	59.1

Source: Primeinfobase.com

(Data as on Feb 6, 2023)



**ET Intelligence Group:** What does a typical board member of a listed Indian company look like? Most likely the individual is a grey-haired man in his 50s.

While the younger generation becoming directors of family-owned companies is not new, an instance like the young Birla siblings, Ananya and Aryaman Birla, joining the boards of Grasim and Aditya Birla Fashion is still a relatively exceptional development in India Inc. The siblings join 1,234 other young individuals — under 40 years of age — that form a small proportion of the total directors appointed on the boards of listed companies in India.

In fact, data from Prime Database show that individuals under 40 years form only about 8% of the total 15,920 directors on the boards of the 2,034 companies listed on the NSE. Incidentally, among the 1,234 young direc-

tors, 417, or a third of them, are appointed as promoter-directors, being a promoter or a relative of the promoter or the majority shareholder.

For a country that has half of its population under the age of 25 years, an 8% representation of young members on the boards may seem dismal. However, the age diversity of Indian boards is better than the international trend where studies and surveys have pegged the number of directors under 40 years of age on the boards of S&P 500 companies to be less than two dozen.

“There is no across-the-board reluctance to get younger members,” said former Sebi chairman M Damodaran. “It must be remembered that the board is the seat of wisdom, as distinct from management which is the seat of knowledge. Wisdom comes with experience which is a function of age,” he said. Damodaran pointed out that he had seen people in the age group of 75-80 years performing admirably as directors.

Age diversity is seen as an important aspect of effective board governance. To be sure, the average age of Indian boards is lower than that of companies in the US and UK. Accord-

ing to Prime Database, the average age of directors on Indian boards is 59 years, compared with 63 in the US.

What will prompt companies to onboard younger directors? The boards of startups do tend to have a younger age profile.

“Startups getting listed could see younger directors on boards,” Damodaran said. “Such companies will also be reaching out to older, more experienced persons to join their boards as independent directors” he added.

“The vocation of directorship needs to be made more remunerative so that it is not seen as a post-retirement activity with low-income potential,” said Milind Sarwate, CEO of Increate Value Advisors and an independent director on several boards. “This will encourage younger professionals to take it up more than today.”

Also, according to Sarwate, as new technologies, especially digital ones, take the centre stage, boards would want younger members. “In balance, we might end up having larger boards to accommodate the incumbent oldies and yet have fresh blood around the table,” he added.

**ET ANALYSIS**