

IN OVERSUPPLY Increased visibility, responsibility and remuneration have led to more execs aspiring for the strategic role. Training programmes run by B-schools, consulting firms and institutions are also contributing to supply of candidates overtaking demand

Independent Directors are Jostling at the Boarding Gate

How Does The Demand & Supply Stack Up?

CURRENT POSITIONS	
Companies listed on NSE	2,396
No. of Independent Directors on those companies	9,603
INDEPENDENT DIRECTOR'S DATABANK STATISTICS	
Independent Directors Registered	31,151
Searches made by the companies	15,236
Women Independent Directors	8,892
Companies registered	3,451



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ET Analysis

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ET INTELLIGENCE GROUP: There are more candidates wanting to join corporate India boards as independent directors than the seats available for them. According to data sourced from Prime Database, there are currently 9,603 independent director positions occupied across the boards of 2,394 companies listed on NSE. In contrast, there are 31,151 independent directors registered in the independent director data bank maintained by the Indian Institute of Corporate Affairs.

Of course, certain unlisted companies or those listed on exchanges other than NSE as well as those gearing up for listing also need to appoint independent directors, but that number will be relatively small.

The increased visibility, responsibility and remuneration of independent directors has led to rising awareness of this strategic role in corporate India. Besides, several factors have spurred more aspirants to sign up to be independent directors. The big 'board refresh' this year—involving stepping down of independent directors who were completing 10 years (two terms) on a company's board—was expected to make way for new faces on the boards. Secondly, the need for women independent directors on boards increased.

Consequently, there has been a surge in training programmes for those seeking to be independent directors provided by private institutions, B-schools and consulting firms. Training programmes costing anywhere from ₹10,000 to a couple of lakhs are available to make aspiring executives become 'board-ready'.

"There is definitely an oversupply," said

Vikesh Wallia, managing director, boardstewardship.com — a board community platform.

"There is an over-sell of training programmes. Besides, there is no data coming from IICA and MCA about the number of independent directors required and the number of new directors appointed every year. In the absence of this data, many people sign up and join promising training programmes for independent directors without due diligence on the demand scenario."

The independent directors' data bank is a real-time repository of both existing independent directors as well as those eligible and aspiring to become one. As on August 21, the data bank has 31,151 independent directors registered—8,892 among them being women. There are 3,451 companies registered to access the data bank with 15,236 searches being made by companies. To increase the search of the database, there are plans to open the data bank to executive search firms.

However, the high numbers do not necessarily ensure increased supply of independent directors. "Certification and qualification alone don't guarantee suitability or experience for serving as an independent director," said Shweta Rao, head

of Vahura OnBoard, which specialises in non-executive directors' search practice. "Most companies seek independent board members with prior board experience and no conflicting roles, typically favouring ex-bureaucrats, former CXOs and industry experts. Consequently, there remains a shortfall in the supply of independent directors who meet these standards."

Incidentally, the anticipated demand for new independent directors due to 'board refresh' this year has not materialised as expected by executive search firms. "Significant reshuffling at the board level has seen many independent directors rotate within subsidiaries of the same group, minimising the need to induct new or first-time board members," Rao explained.

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