Move over, boomers: More Gen Z power for company boardrooms

ET Online

A parliamentary committee has recommended to lower the minimum age for managing directors and whole-time directors from 21 to 18 years. On the face of it, the proposal looks like a simple alignment exercise. Most major economies do not impose a special age threshold of 21 for top corporate executives. An 18-year-old in India can already incorporate a company, own shares, sit on a board and run a business. The committee's view is that the law should reflect that reality. But the recommendation also reveals something else. There is a growing belief among policymakers and within corporate India that boards need more younger people and younger voices deserve a larger role in the boardrooms.

A legal anomaly

The immediate trigger for the proposal is straightforward. Under the Companies Act, an 18-year-old can become a director of a company but the same individual cannot be appointed managing director or whole-time director until turning 21 because Section 196 prescribes a higher minimum age for these executive positions.

The parliamentary committee noted that similar suggestions had been received from the High-Level Committee on Regulatory Reforms and NITI Aayog. The Ministry of Corporate Affairs informed the committee that the objective was partly to encourage greater representation of young people on boards. The committee also pointed to practices in countries such as the US, Singapore, Germany and Australia, where there is generally no equivalent age barrier for executive leadership positions.

Seen from that perspective, the proposal is less about creating opportunities for teenage MDs and directors and more about eliminating an inconsistency. If Indian law recognises an 18-year-old as an adult capable of serving on a board, policymakers appear to be asking why the same person should be automatically disqualified from becoming a managing director.

The boardroom is getting younger, but only slowly

The recommendation comes at a time when Indian boardrooms are already becoming younger, though the shift remains modest. Data compiled by Prime Database and reported by ET two years ago showed that the number of directors under 40 years in NSE-listed companies rose to 1,618 by

March 2024, up from 687 a decade earlier. The increase among independent directors was even sharper. Yet younger directors still accounted for only 8.2% of all directors across NSE-listed firms.

More recent Prime Database data suggests that youth representation remains extremely limited at the lower end of the age spectrum. The youngest director in the NSE-listed universe is currently 21 years old and only 15 directors are below the age of 25. That means India's listed-company boardrooms are not exactly overflowing with Gen Z talent. Even after years of discussion around age diversity, directors in their twenties remain a rarity.

This is important because it suggests that the government's proposal is not responding to a widespread trend. Rather, it is trying to nudge a trend that has only just begun.

Why companies increasingly want younger directors

The strongest argument in favour of younger board members has less to do with age and more to do with skills. Over the past few years, board-search firms, independent directors and corporate leaders have expressed that companies are looking for expertise in areas such as artificial intelligence, cybersecurity, data analytics, digital commerce and sustainability. These are domains where knowledge often resides with professionals who are considerably younger than the traditional board candidate.

Arun Duggal, chairman of ICRA and an independent director at several companies, told ET in 2024 that digital, AI and technology-related skills have become an important board requirement. Search firms reported that companies replacing retiring directors were increasingly seeking candidates with contemporary expertise rather than the conventional profile of retired CEOs and senior industrialists.

The result is that boards are beginning to recruit people who are still in active executive careers. These professionals are often younger and closer to technological change than traditional board appointees.

For policymakers, lowering the age threshold for executive directors may be seen as an extension of this broader evolution. If companies increasingly value technological fluency and digital-native perspectives, then age-based restrictions may appear outdated.

The customer is getting younger too

Another factor is demographics. India is one of the world's youngest major economies. Many companies now have a significant number of customers who are in their twenties and thirties. Their employees are often even younger. Several governance experts interviewed by ET in recent past argued that boards risk becoming disconnected if everyone around the table belongs to a vastly different generation from the workforce and customer base.

Pankaj Arora of Russell Reynolds Associates told ET in 2024 that if a company's employees and customers are largely aged between 25 and 30, a board with no one who can relate to that demographic may struggle to understand issues on the ground.

This argument has become particularly relevant in sectors such as consumer technology, fintech, wealthtech, gaming, digital media and online retail, where consumer preferences evolve rapidly. Companies in these sectors increasingly want directors who understand emerging behaviours rather than merely analysing them from a distance.

The parliamentary committee's reference to increasing representation of young people appears to fit within this wider push for demographic diversity.

The startup influence

The proposal also reflects the growing influence of India's startup ecosystem on policymaking. Many startup founders build businesses at a much younger age than executives in traditional industries. In venture-backed companies, it is not unusual for founders in their twenties to hold significant operational authority and board positions. While very few are below 21, policymakers may view the current restriction as an unnecessary obstacle for exceptional cases.

The change could be particularly relevant for founder-led businesses and family-owned enterprises where the next generation begins participating in management early. India has already seen promoter-family successors such as the Ambani and Birla siblings enter listed-company boards in their twenties. Although none were close to the current legal minimum, the broader trend has normalised the idea of younger board representation.

The government may be anticipating a future in which entrepreneurial careers begin earlier and leadership pathways become less dependent on age and tenure.

Safeguards are already in place

One reason the proposal won't raise any alarm is that corporate governance systems already impose checks beyond statutory age limits. Institutional investors, proxy advisory firms, independent directors and shareholders regularly scrutinise board appointments. The opposition by proxy advisers to Anant Ambani's appointment to the Reliance Industries board in 2023 illustrates the point. The criticism was not based on legal eligibility but on questions of experience, preparedness and governance. That episode is revealing because it involved a candidate who was 28 years old, well above any statutory minimum. Investors were effectively applying their own standards regarding suitability for board service.

This suggests that even if the age threshold falls to 18, market participants are unlikely to stop evaluating candidates on merit. The real filter is often experience, capability and governance credibility rather than age alone.

A symbolic reform with a wider message

The practical impact of the amendment may be limited. There is little evidence that large listed companies are waiting to appoint 18-year-old managing directors. The number of directors under 25 in listed companies remains tiny and the youngest director in the NSE universe is already 21.

But the move is symbolic and forward-looking. By proposing the change, policymakers are signalling that age should not automatically be treated as a proxy for competence. They are also acknowledging that corporate leadership is evolving. Boards increasingly need expertise in technology, digital business models and changing consumer behaviour. Those capabilities are often found among younger professionals.

In that sense, the proposal is not really about three years of difference. It is about whether Indian corporate governance should continue to be organised around traditional assumptions about age and experience or adapt to an economy where innovation often comes from people much earlier in their careers.