ISTOCKPHOTO

Teenagers on company boards: let's not rush it

Good corporate governance calls for well-informed boards. India should weigh the rewards of lowering the eligibility age for key board positions against its risks before taking a call

A Parliamentary panel examining India's Companies (Amendment) Bill has recommended reducing the minimum age for appointment as a managing director (MD) or whole-time director (WTD) from 21 years to 18. The committee reportedly had a consensus on this proposal. Perhaps the rationale is to widen the pool of eligible candidates for senior management roles, especially in family-owned businesses and promoter-led companies that often groom the young early for leadership. It would also align India's rules more closely with those in countries like the US, Germany and Australia.

The age recommendation, part of an over 1,100-page report tabled in Parliament by the joint committee on the above-mentioned bill, deserves careful thought. Yes, lowering the bar would let youngsters be appointed to company boards. But if one accepts that the *raison d'etre* of board-led companies is to ensure better corporate governance, it is not clear how lowering the age of eligibility would help. After all, the board of directors is responsible for holding the company's management accountable and putting in place policies, processes and control mechanisms that can act as a system of checks and balances. In other words, a board position cannot be taken lightly. It pre-supposes a knowledge base that includes familiarity with issues of company governance, law, finance, risk exposure and more, apart from a grasp of the prevailing macro-economic scenario in the country and abroad. In today's context, the latter would include a sound understanding of geopolitics and geo-economics. This is not to say that 18-year-olds are incapable of possessing such knowledge. Or showing maturity. Note how the voting age for national elections has been steadily lowered in most countries across the world. India reduced its age of eligibility from 21 to 18 years back in 1988. And nobody can deny the importance of electing leaders.

That, however, is not an apt comparison. As a series of high-profile corporate scandals in the advanced world (Enron, BP) and closer home (Satyam, IL&FS) has shown, a key differentiator between successful and unsuccessful companies is often the quality of their boards. At present, the Companies Act of 2013 does not prescribe a minimum age for directorship in general, though Section 196 of the Act lays down that a firm's MD and WTDs should not be aged below 21. The Securities and Exchange Board of India's Listing Obligations and Disclosure Requirements specify 21 years as the limit for independent directors of listed firms. At one level, this might seem to work against young blood on company boards. But a sharp rise in the number of listed companies over the past few years, with many of them led by young promoters venturing into new spaces, has already brought down the overall average age of boards in India. Data compiled by *Primeinfobase.com* shows that the average age of directors across NSE-listed companies has declined to 56.5 years, as of August 2026, from 58.9 years in March 2017, while the number of board seats held by those under 40 has more than tripled. Indian company boards are steadily getting younger. Yet, some cognitive studies suggest that advanced skills like risk judgement often take a few years past a person's teens to mature. Given the criticality of boards in business success, the risk-versus-reward trade-off involved in lowering the bar for board membership would argue for deferring this decision.