

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 2828
ANSWERED ON FRIDAY, THE 2nd DECEMBER, 2016
[AGRAHAYANA 11, 1938 (SAKA)]**

SALARY OF CEO

QUESTION

2828. SHRI NAGAR RODMAL:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether the Government has laid down any maximum limit for the salary of the Chief Executive Officer (CEO) of companies under the Companies Act, 1956 and if so, the details thereof;
- (a) whether the Government has taken note of some companies paying more salary to their Chief Executive Officer more than the prescribed maximum salary limit; and
- (b) if so, the details thereof and the action taken by the Government in this regard?

ANSWER

THE MINISTER OF STATE

IN THE MINISTRY OF CORPORATE AFFAIRS

(SHRI ARJUN RAM MEGHWAL)

कारपोरेट कार्य मंत्रालय में राज्य मंत्री

(श्री अर्जुन राम मेघवाल)

(a) to (c): The total managerial remuneration payable by a public company, to its managerial personnel including Board level Chief Executive Officer, is regulated under sections 197 to 200 read with Schedule V of the Companies Act, 2013 and the rules made thereunder. In respect of any financial year, the overall remuneration payable by a company to all its directors, shall not exceed eleven per cent of the net profits of the company for that financial year. In case of losses or inadequacy of profits, the remuneration may be paid, without approval of Central Government, provided it is within the limits prescribed, and subject to conditions specified in the Act and the rules thereunder. If the company is not able to comply with such provisions, then remuneration may be paid only with the approval of the Central Government.
