

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
STARRED QUESTION NO. 98
ANSWERED ON FRIDAY, THE 8TH FEBRUARY, 2019/
MAGHA 19, 1940 (SAKA)**

REMUNERATION OF CEOs

QUESTION

***98. SHRI RADHESHYAM BISWAS:**

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

be pleased to state:

- (a) **whether the Companies Act, 1956 has prescribed any ceiling on the remuneration of Chief Executive Officers (CEOs) of companies;**
- (b) **if so, the details of the upper limit of the remuneration of CEOs;**
- (c) **whether some companies are paying more than the prescribed ceiling to their CEOs; and**
- (d) **if so, the details thereof and the action taken by the Government against such companies?**

ANSWER

THE MINISTER OF CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

(SHRI PIYUSH GOYAL)

(श्री पीयूष गोयल)

(a) to (d) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN ANSWER TO LOK SABHA STARRED QUESTION NO. 98 FOR 08.02.2019 REGARDING REMUNERATION OF CEOs

(a) to (d): The total managerial remuneration payable by a public company to its managerial personnel, including Board level Chief Executive Officers (CEOs), is regulated under sections 197 to 200 and Schedule V of the Companies Act, 2013. The section 197 provides that the limit of managerial remuneration shall not exceed 11% of the net profits of that company for that financial year computed in the manner laid down in section 198 except that the remuneration of the directors shall not be deducted from the gross profits. However, the company in general meeting may authorise the payment of remuneration exceeding eleven per cent of the net profits of the company, subject to the provisions of Schedule V. Further, in case a company has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, the prior approval of the entity concerned or said creditor shall be obtained by the company before obtaining the approval in the general meeting.
