

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:3718  
ANSWERED ON:25.08.2011  
SALARIES OF CHIEF EXECUTIVES  
Pakirappa Shri S.

**Will the Minister of CORPORATE AFFAIRS 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 its CEOs;
- (d) if so, the details thereof; and
- (e) the action taken against such companies?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH)

- (a) Yes, Madam.
- (b) The total managerial remuneration to be paid to a Board level CEO of a company having only one Whole Time Director or a Manager is 5% of the net profit of the company and the total remuneration to be paid to all the Board level Directors together of a company, having more than one Whole Time Director or Manager, is 10% of the net profit of the company under Section 198 of the Companies Act, 1956. In case of companies having inadequate profit or making losses the remuneration is determined in accordance with the directions under Schedule XIII of the Companies Act, 1956.
- (c) to (e) The companies may pay more than the prescribed ceiling to their CEOs who are holding Board level positions with the approval of the Central Government as per provisions of the Companies Act, 1956.