

Ceiling on remuneration of CEOs

2463. SHRI D. RAJA:

SHRI M.P. ACHUTHAN:

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 executives of companies;
- (b) if so, what is the upper limit of remuneration of CEOs;
- (c) whether it is a fact that the companies are paying more than the prescribed ceiling to its CEOs; and
- (d) if so, the details thereof and what action has been taken against such companies?

THE MINISTER OF STATE OF THE MINISTRY OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHEED) : (a) Yes, Sir.

(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 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 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) and (d) 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.

Corporate Social Responsibility

2464. SHRI BHAGAT SINGH KOSHYARI: Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government is planning for the schemes to encourage the corporate social responsibility of foreign companies operating in the country;
- (b) if so, whether there is any plan to encourage companies to work in health and education in the hilly regions of the country;
- (c) if so, the details thereof; and