

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
STARRED QUESTION NO. 166
ANSWERED ON TUESDAY, THE 15th DECEMBER, 2015**

REGULATION OF SALARIES OF DIRECTORS/MDs OF LISTED COMPANIES

QUESTION

*166. DR. K.V.P. RAMACHANDRA RAO:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether Government's attention has been drawn to reports that a number of publicly listed companies are not paying dividend to their shareholders while offering very high salaries to the promoter Directors and MDs even though the balance sheet is in the red;
- (b) if so, whether Government will consider regulating the salaries of the promoter Directors/MDs by putting a cap on such outgo, and by limiting salary revision to the years in profit; and
- (c) whether Government will consider making the companies pay minimum dividend to small shareholders for whom the dividend is main source of income?

ANSWER

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)

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

**STATEMENT REFERRED TO IN ANSWER TO RAJYA SABHA STARRED QUESTION
NO. 166 FOR 15.12.2015 REGARDING REGULATION OF SALARIES OF
DIRECTORS/MDs OF LISTED COMPANIES**

(a) & (b): The total managerial remuneration payable by a public company, including a public listed company, to its directors, including managing director and whole time director, and its manager, is regulated under sections 197 to 200 read with Schedule V of the Companies Act, 2013 (the Act) 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 it may be paid only with the previous approval of the Central Government.

(c) : No such proposal is under consideration of Government.
