BLOGS

Sectional Test on Oppression and Mismanagement under Company Law for CLAT PG

Adtiya Aryan · 07 Apr 2026

1. Which of the following authorities has the exclusive jurisdiction on matters of oppression and mismanagement under the CA, 2013?

a. NCLT

b. NCLAT

c. High Courts

d. Supreme Court

2. Under Section 241 of the CA, 2013, what constitutes oppression?

a. If the affairs of the company have been or are being conducted in a manner prejudicial to public interest or the interests of the company

b. If the affairs of the company have been or are being conducted in a manner oppressive to any member or members

c. Both A and B

d. None of the above

3. Which of the following statements are true regarding an application under Section 241 of CA, 2013?

a. Only members of a company can file an application

b. Any person in the public interest can file an application

c. Either a member or any person interested in the affairs of the company can file an application

d. A creditor and director of a company can also file an application other than as a member.

4. In which of the following cases was it held that there must be continuous acts on the part of the majority shareholders and the conduct must be burdensome, harsh, and wrongful to file an application under Section 241 of the CA, 2013?

a. Dale and Carrington Invt. P. Ltd. & another v. P.K. Prathapan & others

b. Shanti Prasad Jain vs Kalinga Tubes Limited

c. Needle Industries (India) Limited vs Needle Industries Newey (India) Holding Limited

d. Chatterjee Petrochem (I) Private Limited vs Haldia Petrochemicals Limited

5. Which of the following Sections of the CA, 2013, encompasses relief for mismanagement within a company?

a. Section 241

b. Section 242

c. Section 243

d. Section 244

6. Which of the following statements are correct with respect to the decision of the Supreme Court in Tata Consultancy Services Limited vs Cyrus Investment Private Limited?

I. Winding up a company due to findings of oppression and mismanagement is opted for only when there is a justifiable lack of confidence in the management of the affairs of the company.

II. A mere lack of confidence between the majority and minority members is not sufficient to trigger an action of winding up.

III. The standard of the just and equitable clause should be met for the winding up of the company.

a. I and II only

b. II and III only

c. I and III only

d. All of the above

7. Which of the following statements are true regarding the provisions relating to oppression and mismanagement?

I. Under Section 241, an ineligible member can avail remedies by waiver.

II. Even though the eligibility to file an application under Section 241 can be waived, the person must be a member of the company.

III. The eligibility criteria under Section 241 cannot be waived at all.

a. I and II only

b. I only

c. II and III only

d. III only

8. Which of the following statements are correct regarding the power of the NCLT to waive requirements in an application under Section 241 of the Companies Act?

a. Power to waive the requirements is discretionary

b. It should be considered whether a case is made out relating to oppression and mismanagement of the affairs of the company

c. The interest of the applicant in the company need not be considered.

d. Both A and B

9. Assertion (A): Relief under Section 241 can be granted even if there is no illegality. Reason (R): Oppression focuses on the lack of probity and fairness rather than strict legality.

a. Both A and R are true, and R is the correct explanation

b. Both A and R are true, but R is not the correct explanation

c. A is true, R is false

d. A is false, R is true

10. In which of the following cases was it held that the power of the Tribunal to waive the requirements under Section 241 is discretionary?

a. Brookefield Technologies Private Limited vs Shylaja Iyer & others

b. Shanti Prasad Jain vs Kalinga Tubes Limited

c. Needle Industries (India) Limited vs Needle Industries Newey (India) Holding Limited

d. Chatterjee Petrochem (I) Private Limited vs Haldia Petrochemicals Limited

11. An appeal to an order of the NCLT for an application under Section 241 lies to ________

a. High Court

b. Supreme Court

c. NCLAT

d. No appeal

12. The concept of “just and equitable winding up” is closely associated with:

a. Section 210

b. Section 271

c. Section 244

d. Section 186

13. An application under Section 241 of the Companies Act can be lodged by _______

a. Only shareholders

b. Members and Central Government

c. Only directors

d. Creditors only

14. Which of the following statements are incorrect with respect to the oppression and mismanagement under the Companies Act, 2013?

a. NCLT has the power to waive any requirements upon application.

b. The requirement of having a share capital cannot be waived

c. The members can file an application even if all the criteria under Section 244 are not met

d. Minority shareholders can also seek redressal for oppressive and prejudicial acts committed by the management.

15. An application under Section 241 can be filed by a member for:

a. Oppression

b. Prejudice

c. Mismanagement

d. All of the above

Answers

1. (A) The CA, 2013, has provided exclusive jurisdiction to the National Company Law Tribunal ("NCLT") and appellate jurisdiction to the National Company Law Appellate Tribunal ("NCLAT").
2. (C)As per Section 241 of CA, 2013, if the affairs of the company have been or are being conducted in a manner prejudicial to public interest or interests of the company or in a manner oppressive to any member or members and amounts to 'oppression', Section 241(1)(a) of CA, 2013 gives right to the members to move an application to NCLT.
3. (A) Section 241 entitles only the member of the company to seek redressal and any unfair treatment in a capacity other than a member, such as a creditor or director, is outside the purview of Section 241 of CA, 2013.

4. (B) Shanti Prasad Jain vs Kalinga Tubes Limited had held that in the case of ‘oppression’, the majority shareholders must be oppressing the minority as members, and the events have to be considered not in isolation but as part of a consecutive story. Hence, there must be continuous acts on the part of the majority shareholders, and the conduct must be burdensome, harsh, and wrongful. Mere lack of confidence between the majority shareholders and minority shareholders would not be enough unless the lack of confidence springs from oppression of a minority by a majority in the management of the affairs of the company.
5. (A) Section 241 of CA, 2013, encompasses both reliefs under Sections 397 and 398 of CA, 1956, for oppression and mismanagement, and Section 242 of CA, 2013, which deals with the powers of the Tribunal while passing orders in matters of oppression and mismanagement.
6. (D)
7. (B) The waiver under the proviso is an extraordinary statutory exemption which allows an ineligible member or members to avail the remedies under Section 241 read with Section 242 of the Act. The NCLAT in Cyrus Investments Private Limited & another vs Tata Sons Limited & others, held that the Tribunal is required to take into consideration the relevant facts and evidence as pleaded in the application for waiver and proposed application under Section 241, and is required to record reasons reflecting its satisfaction.
8. (D)
9. (A)
10. (A) In the case of Brookefield Technologies Private Limited vs Shylaja Iyer & others, it was held that the exercise of power by the Tribunal to waive the requirements to file a petition under Section 241 of the CA, 2013, is discretionary.
11. (C)
12. (B)
13. (B)
14. (B)
15. (D)