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NCLT and NCLAT: India’s Company Law Tribunals

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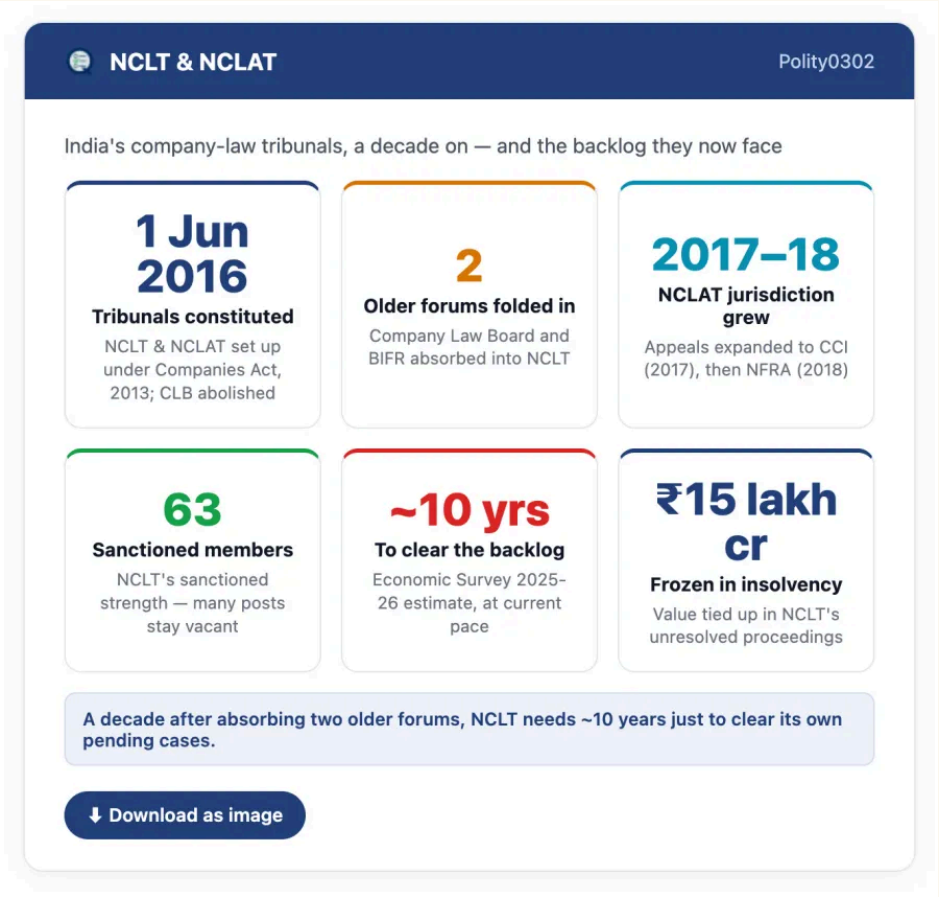
NCLT and NCLAT: India’s Company Law Tribunals

When a company collapses or a merger goes wrong, who decides? India does not leave these fights to a crowded civil court. It built a specialist tribunal, with a second tribunal above it to hear appeals.

1 Why Two Tribunals?

Why did India create the NCLT?



NCLT and NCLAT at a glance.

Company disputes once went to several different forums. Each had its own rules. The Justice Eradi Committee asked for one unified forum instead. The **National Company Law Tribunal** was formally set up on **1 June 2016**.

It took over three older bodies. First, the **Company Law Board**. Second, the **Board for Industrial and Financial Reconstruction (BIFR)**. Third, the **Appellate Authority for Industrial and Financial Reconstruction (AAIFR)**. Some High Court company matters moved to it too.

> **Quick check 1.** The NCLT replaced only one older forum, the Company Law Board. *(True or False?)* See answer ↓

What is the NCLAT?

The **National Company Law Appellate Tribunal** was constituted under **Section 410** of the Companies Act, 2013. It hears appeals against NCLT orders. It has worked since **1 June 2016**.

Sources: nclt.gov.in; nclat.nic.in

2 Who Sits on NCLT?

How is the NCLT organised?

The Central Government constituted it under **Section 408** of the Companies Act. A **President** heads it and sits at the Principal Bench in New Delhi.

The sanctioned strength is **62 Members**. Half are Judicial Members and half are Technical Members. That is 31 of each.

The Tribunal works through the **Principal Bench at New Delhi** and **fifteen Regional Benches**. They sit in places such as Mumbai, Chennai, Kolkata, Hyderabad and Bengaluru.

The first phase opened **eleven benches**. More came later:

- **Jaipur:** from 1 July 2018.

- **Cuttack:** from 15 July 2018.
- **Kochi:** from 1 August 2018.
- **Amravati** and **Indore:** from 8 March 2019.

Each bench has a territorial area set by Gazette notification. For example, the Chennai Bench covers **Tamil Nadu** and **Puducherry**. The Ahmedabad Bench covers **Gujarat**.

> **Quick check 2.** A normal NCLT bench has two Judicial Members. *(True or False?)* See answer ↓

Why mix judges and experts?

Under **Section 419(3)**, a bench normally has **two Members**. One is a **Judicial Member**. The other is a **Technical Member**. Company cases need both law and finance, so the pairing helps.

Sources: nclt.gov.in; indiankanoon.org

3 What NCLT Decides

Which cases go to the NCLT?

The NCLT handles many Companies Act matters:

- **Oppression and mismanagement** of minority shareholders.
- **Class action** suits.
- **Reduction of share capital.**
- **Mergers and amalgamations.**
- **Winding up** and restoring a company's name.

It is also the **Adjudicating Authority** under the **Insolvency and Bankruptcy Code (IBC), 2016**. It has exclusive power to start and decide the **Corporate Insolvency Resolution Process (CIRP)**. It also handles insolvency of **personal guarantors** to corporate debtors.

The NCLT's own stated mission is fair and timely justice in company and insolvency matters. It also aims to protect shareholders, creditors and employees. It supports revival of distressed companies, so that asset value is not lost.

> **Quick check 3.** The NCLT is the Adjudicating Authority for corporate insolvency under the IBC. *(True or False?)* See answer ↓

Sources: nclt.gov.in

4 The Appeal Route

Where does an NCLT order go on appeal?

Under **Section 421**, any person aggrieved by an NCLT order may appeal to the **NCLAT**. For IBC orders, the NCLAT hears appeals under **Section 61** of the Code, from **1 December 2016**.

Over time, its reach grew. It now also hears appeals against:

- orders of the **Insolvency and Bankruptcy Board of India**, under Sections 202 and 211 of the IBC;
- orders of the **Competition Commission of India (CCI)**, from **26 May 2017**;
- orders of the **National Financial Reporting Authority (NFRA)**, from **7 May 2018**.

The NCLAT itself sits at a **Principal Bench in New Delhi**. It also has a **Chennai Bench**.

> **Quick check 4.** Appeals against Competition Commission of India orders now go to the NCLAT. *(True or False?)* See answer ↓

Can the case go further?

Yes. Under **Section 423**, a party may appeal from the NCLAT to the **Supreme Court**. The appeal must be on a **question of law**. It does not go to a High Court.

> **Quick check 5.** An NCLAT order is appealed to the High Court. *(True or False?)* See answer ↓

Sources: nclat.nic.in; indiankanoon.org

5 Time Limits to Know

What are the deadlines?

Two numbers help in exams.

- A Companies Act appeal to the NCLAT under section 421 must be filed within **45 days** from the date a copy of the NCLT order is made available to the aggrieved person, not from the order date. The NCLAT may allow a further **45 days** for sufficient cause. IBC appeals follow their own rules. See the Companies Act, 2013.
- An appeal to the Supreme Court must be filed within **60 days**. A further **60 days** may be allowed.

Section 422 also asks both tribunals to try to decide each case within **three months**. Reality is far slower, as the next card shows.

> **Quick check 6.** An appeal from the NCLAT to the Supreme Court must be filed within 60 days. *(True or False?)* See answer ↓

Sources: indiankanoon.org

6 The Backlog Problem

How big is the backlog?

The **Economic Survey 2025-26** warned that NCLTs would need nearly **10 years** to clear about **30,600** pending cases at present speed. It blamed limited capacity and a shortage of benches and professionals.

A slow tribunal hurts the whole system. Creditors wait for money. Good businesses stay stuck. The Code expects a quick resolution, but real cases take far longer.

> **Quick check 7.** The Economic Survey 2025-26 saw no delay problem at the NCLT. *(True or False?)* See answer ↓

Sources: moneylife.in

7 Single-Member Benches

What changed on 27 April 2026?

On **27 April 2026**, the NCLT issued an order allowing **Single Judicial Member Benches** for specified matters. It used the proviso to **Section 419(3)**. The aim is to cut pendency and speed up routine orders.

One judge can now take procedural and uncontested matters. Complex or contested matters still need a two-member bench.

> **Quick check 8.** From 27 April 2026, every NCLT case goes to a single judge. *(True or False?)* See answer ↓

Sources: scconline.com; indiankanoon.org

8 Exam Recall

What should I remember?

- **1 June 2016:** NCLT and NCLAT start work.
- **Section 408:** constitutes the NCLT.
- **Section 410:** constitutes the NCLAT.
- **Section 419(3):** two-member bench, with a single-member proviso.
- **Section 421:** appeal to the NCLAT, within 45 days of the order copy being made available.
- **Section 423:** appeal to the Supreme Court, within 60 days.
- **1 December 2016:** IBC cases begin before the NCLT.

A common trap is the final appeal. The Supreme Court hears it, not a High Court.

Practice MCQs

1. On what date were the National Company Law Tribunal (NCLT) and its Appellate Tribunal (NCLAT) constituted?

A. 1 April 2014

B. 1 June 2016

C. 1 December 2016

D. 26 January 2013

See answer ↓

2. NCLT's creation effectively folded which two older forums into one?

A. The Central Vigilance Commission and the Lokpal

B. The Election Commission and the Finance Commission

C. The Company Law Board and the Board for Industrial and Financial Reconstruction (BIFR)

D. The Reserve Bank of India and SEBI

See answer ↓

3. Since 1 December 2016, what role has NCLT played under the Insolvency and Bankruptcy Code (IBC)?

A. NCLT has no role in insolvency matters; a separate tribunal handles the IBC

B. NCLT is India's adjudicating authority under the IBC, for companies and LLPs

C. NCLT reviews IBC cases only after the Supreme Court has ruled on them

D. NCLT only advises the RBI on bank insolvency, without adjudicating powers

See answer ↓

4. Besides NCLT orders, NCLAT's appellate jurisdiction was later expanded to also cover orders from which two bodies?

A. The Supreme Court, and the various High Courts

B. SEBI, and the Reserve Bank of India

C. The Election Commission of India, and the UPSC

D. The Competition Commission of India (CCI), and the National Financial Reporting Authority (NFRA)

See answer ↓

5. On 27 April 2026, NCLT authorised what measure to address its case backlog, flagged by the Economic Survey 2025-26 as a nearly 10-year clearance problem?

A. Abolition of NCLT, reverting powers to the Company Law Board

B. Transfer of all pending cases to the Supreme Court directly

C. Single Judicial Member Benches, to hear and dispose of specified matters

D. A complete freeze on new case filings, until the backlog clears

See answer ↓

Answer Key

1. **B.** NCLT and NCLAT were both constituted on 1 June 2016, under Sections 408 and 410 of the Companies Act, 2013, replacing the Company Law Board. ↑ Q1
2. **C.** NCLT replaced the Company Law Board directly. The BIFR and AAIFR cases did not move over automatically. Pending BIFR and AAIFR proceedings abated from 1 December 2016. Affected companies could make a fresh reference or application before NCLT under the IBC within 180 days. ↑ Q2
3. **B.** From 1 December 2016, NCLT became India's adjudicating authority under the newly enacted Insolvency and Bankruptcy Code, for companies and limited liability partnerships. ↑ Q3
4. **D.** NCLAT's appellate jurisdiction expanded to cover CCI orders from May 2017, and NFRA orders from May 2018, well beyond its original mandate of hearing appeals against NCLT decisions. ↑ Q4
5. **C.** On 27 April 2026, NCLT authorised Single Judicial Member Benches to hear and dispose of specified classes of matters under the Companies Act and the IBC, aiming to reduce its mounting pendency. ↑ Q5

Quick-check answers

1. **False.** It folded in the CLB, BIFR and AAIFR. ↑ 1
2. **False.** One is Judicial and one is Technical. ↑ 2
3. **True.** It decides CIRP cases. ↑ 3
4. **True.** This came from 26 May 2017. ↑ 4
5. **False.** The appeal lies to the Supreme Court. ↑ 5
6. **True.** A further 60 days may be allowed. ↑ 6
7. **False.** It warned of a near 10-year clearance time. ↑ 7
8. **False.** Only specified matters do. ↑ 8

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