

The Insolvency and Bankruptcy Code, 2016

Liquidation Process

Q67.

Orders for liquidation cannot be passed by the adjudicating authority if:

- (a) An acceptable Resolution plan is presented for approval within time limits as specified
- (b) The resolution plan is rejected
- (c) There is a contravention of the Resolution plan
- (d) Intimation by RP that committee of creditors has decided to liquidate

Answer: (a)

Q68.

The Resolution professional shall continue as the liquidator unless replaced by

- (a) DRT
- (b) NCLT
- (c) Official Liquidator of the MCA
- (d) Insolvency Board

Answer: (b)

Q69.

In case of the Resolution professional not being appointed as the liquidator, can a liquidator of a Corporate Debtor be proposed by the Board:

- (a) No, the appointment is purely internal, the Board has no role to play
- (b) Yes, the liquidator can be finalised by the Board and communicated to the Corporate debtor
- (c) Yes, the liquidator can be proposed by the Board only based on a request from the Adjudicating Authority
- (d) No, the Adjudicating Authority can identify a liquidator from the panel

Answer: (c)

Q70.

As requested by the adjudicating authority the Board shall propose the name of Insolvency professional to be appointed as liquidator within:

- (a) 15 days
- (b) 7days
- (c)10 days
- (d) 21 days

Answer:(c)

Q71.

According to the Code, for the purpose of liquidation, what shall not be included as Liquidation Estate:

- (a) Assets that may or may not be in possession of the corporate debtor including but not limited to encumbered assets.

- (b) Assets held in trust for any third party
- (c) Assets subject to the determination of ownership by the court or authority
- (d) Tangible assets, whether movable or immovable

Answer: (b)

Q72.

During Liquidation process, a liquidator can access the information for the purpose of admission and identification of liquidation estate assets relating to corporate debtor from which source:

- (a) Database maintained by the Board
- (b) Information utility
- (c) Registration authority
- (d) All of the above

Answer: (d)

Q73.

Claims of creditors during the commencement of the liquidation process can be received or collected within:

- (a) 45days
- (b) 30dys
- (c) 15days
- (d) 21 days

Answer: (b)

Q74

The Liquidator consults certain key creditors in relation to certain decisions. The views of the stakeholders are

- (a) Binding on the liquidator
- (b) Never binding on the liquidator
- (c) Not Binding on the liquidator subject to certain specific provisions
- (d) He must not consult any stakeholder

Answer: (c)

Q75

A claim made by a creditor at the time of commencement of the liquidation process

- (a) Can be varied or withdrawn within 14 days
- (b) Can be varied or withdrawn within 21 days
- (c) Can be varied but not withdrawn
- (d) Can be withdrawn but not varied

Answer: a)

Q76.

A preference shall be deemed to be given at a relevant time under section 43 of the Insolvency and Bankruptcy Code, 2016 if it is given to a _____ during the period of _____ years preceding the insolvency commencement date.

- (a) related party, two years

- (b) unrelated party, two years
- (c) related party, three years
- (d) unrelated party, two years

Answer:(a)

Q77.

Under the Insolvency and Bankruptcy Code, 2016, who is eligible to make application for avoidance of transactions if the terms of such transaction required exorbitant payments to be made by the corporate debtor?

- (a) A financial creditor
- (b) The committee of creditors
- (c) The corporate debtor
- (d) The resolution professional

Answer:(d)

Q78.

Which of the following is an excluded asset for the purposes of Part III of the Insolvency and Bankruptcy Code, 2016 dealing with insolvency resolution and bankruptcy for individuals?

- (a) Unencumbered tools necessary for personal use of the debtor
- (b) Money received from provident fund after retirement
- (c) Ornaments used by self and the spouse irrespective of their usage
- (d) One pucca house irrespective of its value

Answer:(a)

FAST TRACK CORPORATE INSOLVENCY RESOLUTION PROCESS

Q79.

An application for fast track corporate insolvency resolution process shall be filed by

- (a) Creditor with evidence of debt with no additional proofs
- (b) Creditor and corporate debtor with no additional proofs
- (c) Creditor with proof of evidence of default
- (d) Creditor or corporate debtor with proof of evidence of default

Answer:(d)

Q80.

The fast track corporate insolvency resolution process cannot be commenced in respect of specified corporate debtors based on which criteria

- (a) Assets and Income
- (b) Class of Creditors
- (c) Amount of debts
- (d) Share capital and Net-worth

Answer:(c)

Q81.

What is the Time period for completing fast track corporate insolvency resolution process:

- (a) 45 Days
- (b)90 Days
- (c) 30 Days
- (d) 60 Days

Answer: (b)

Q82.

To pass a resolution in the meeting of committee of creditors for extending the period of the fast track corporate insolvency resolution, the percentage for voting share shall be:

- (a) 33 %
- (b) 40%
- (c)75%
- (d) 50%

Answer:(c)

Q83.

For how many days the process of fast track insolvency resolution may be extended beyond the period of ninety days:

- (a) 60days
- (b)90 days

- (c) 45days
- (d) 30days

Answer: c)

VOLUNTARY LIQUIDATION OF CORPORATE PERSONS

Q84.

Voluntary Liquidation can be initiated:

- (a) Only when corporate debtor has committed the default
- (b) Only when corporate debtor has not committed the default
- (c) Only after a period of 5 years from the commencement of corporate person
- (d) Only after a period of 10 years from the commencement of corporate person

Answer: (b)

Q85.

For initiation of Voluntary liquidation, a declaration of solvency (no debts or assets are sufficient to discharge liabilities) should be given by

- (a) Two directors
- (b) Two directors and 80% shareholders
- (c) Two directors and 80% shareholders and statutory auditors
- (d) Majority of the directors

Answer: (d)

Q86.

The declaration given under voluntary liquidation shall not be accompanied with :

- (a) Audited financial statements
- (b) Records of business operations
- (c) Report of valuation of assets
- (d) Records of invoices

Answer: (d)

Q87.

A special resolution of the members of the Company in a general meeting requiring the company to be liquidated voluntarily and appointing an insolvency professional to act as a liquidator shall pass within:

- (a) Four weeks of declaration given by the directors
- (b) Two weeks of declaration given by the directors
- (c) six weeks of declaration given by the directors
- (d) Eight weeks of declsration given by the directors

Answer: (a)

Q88.

What is the date of commencement of voluntary liquidation proceedings:

Date of filing application to the authority

Date of passing the resolution in general meeting

Date of notifying registrar of Companies
Date of receiving approval of the creditors

Answer: (b)

Q89.

Where the company has debts owed to any person, the special resolution passed by the members to liquidate the company shall be approved by Creditors representing in value

- (a) Half of the debts of the company
- (b) Two third of the debts of the company
- (c) One fourth of the debts of the company
- (d) Creditors approval is not needed for voluntary liquidation

Answer: (b)

Q90.

After the completion of voluntary liquidation the company needs file an application for dissolution to:

- (a) ROC
- (b) Adjudicating authority
- (c) Board
- (d) All of above

Answer:(b)

Fresh start process

Q91.

What is the eligibility of a person for making an application for fresh start process:

- (a) Person who is able to discharge his debts
- (b) Person who is not able to discharge his debts
- (c) Both a and b
- (d) None of the above

Answer:(b)

Q92.

What is the condition of an individual to apply for fresh start process:

- (a) Annual income does not exceed Rs.100,000
- (b) Aggregate value of assets does not exceed Rs 20000
- (c) Aggregate value of qualifying debts does not exceed Rs 35000
- (d) does not own a dwelling unit

Answer: (b)

Q93.

The application for a Fresh Start Order may be made by the

- (a) Person themselves
- (b) By a Resolution professional
- (c) Person themselves or By a Resolution professional

(d) By the creditor

Answer: (c)

Q94.

During the Fresh Start process, in the moratorium period

- (a) The debtor can act as a director of a Company and perform the relevant acts
- (b) Suits and legal proceedings against the debtor are stayed
- (c) Creditors cannot initiate actions for any debt
- (d) The debtor shall inform his business partners that he is undergoing a fresh start process

Answer: (a)

Q95.

The moratorium period under the Fresh Start Order process lasts for:

- (a) 45 Days
- (b) 60 days
- (c) 180 days
- (d) 120 days

Answer: (c)

Q96.

For which of the following debts a debtor cannot be discharged from the debts after passing the discharge order from adjudicating authority :

- (a) Interest
- (b) Penalties
- (c) Other sums owed under contract
- (d) Interest, Penalties and Other sums owed under contract

Answer: (d)

Q97.

The Resolution Personnel shall prepare a final list of qualifying debts and submit such list to Adjudicating at least -----days before the end of moratorium period.

- (a) 10
- (b) 7
- (c) 30
- (d) 14

Answer: (b)

Q98.

Which of the following is true with respect to discharge order?

- (a) It shall discharge the dependent parent and the person from any liability in respect of the qualifying debts
- (b) It shall discharge the spouse and the person from any liability in respect of the qualifying debts
- (c) It shall discharge the dependent child and the person from any liability in respect of the qualifying debts

(d) It shall not discharge any other person from any liability in respect of the qualifying debts

Answer: (d)

Q99.

The discharge order shall be forwarded to whom for the purpose of recording an entry in the register?

- (a) IBBI
- (b) Adjudicating Authority
- (c) IPA in which he is a member
- (d) Appellate Authority

Answer: (a)

Q100.

The application for Fresh Start Process shall not contain which of the following information?

- (a) the interest payable on the debts and the rate thereof as stipulated in the contract
- (b) a list of security held in respect of any of the debts
- (c) financial information of his brothers and sisters to two years prior to the date of the application
- (d) the reasons for making the application

Answer: (c)

Q101.

The board shall nominate a resolution professional for the insolvency resolution process within _____ of receiving the direction issued by the adjudicating authority

- (a) 15 days
- (b) 10 days
- (c) 7 days
- (d) 3 days

Answer: (b)

Q102.

Within how many days does a resolution professional examine the application made under fresh start process?

- (a) 10 days of his appointment
- (b) 15 days of his appointment
- (c) 5 days of his appointment
- (d) 18 days of his appointment

Answer: (a)

Q103.

Under a fresh start process a creditor can file application for an objection on incorrect details of qualifying debt to:

- (a) IBBI
- (b) Adjudicating authority
- (c) Resolution professional

(d) Information utility

Answer:(c)

Q104.

A Resolution Professional in a Fresh Start Order process cannot seek directions from the Adjudicating Authority for the following acts of the debtor

- (a) Alienation of assets by the debtor
- (b) Non-disclosure of material information since the application date by the debtor
- (c) Travel outside India undertaken by the debtor
- (d) Review of objections filed by creditors

Answer: (d)

PRACTICAL

INSOLVENCY RESOLUTION PROCESS

Q105.

A debtor is entitled to make an application if he is:

- (a) Undergoing a fresh start process
- (b) A discharged bankrupt
- (c) Undergoing an insolvency resolution process
- (d) Undergoing a bankruptcy process

Answer: (b)

Q106.

A debtor shall not be eligible to apply either personally or through a resolution professional if an application has been admitted in respect of debtor during the period of _____preceding the date of submission of the application :

- (a) 15 months
- (b) 18 months
- (c) 12 months
- (d) 6 months

Answer : (c)

Q107.

A debtor who is a partner of a firm, may make an application for a resolution process:

- (a) if all partners or a majority apply jointly
- (b) Only if all partners consent by an affidavit
- (c) By the person singly
- (d) Only if all partners witness the application

Answer: (a)

Q108.

A creditor can apply under a resolution process in relation to any partnership debt owned to him against:

- (a) Only single partner of a firm
- (b) Only against a partner and not a firm
- (c) Jointly with other creditors against any of the partners or the firm
- (d) Jointly with other creditors against any of the partners

Answer: (c)

Q109.

Interim – moratorium under resolution process:

- (a) Is valid for 180 days
- (b) Is valid for 90 days
- (c) Commences on date of application and ceases on date of admission
- (d) Commences on date of application and ceases on 90 days therefrom

Answer:(c)

Q110.

IBBI shall communicate to NCLT regarding the confirmation or rejection of the appointment of the resolution professional within:

- (a) 10 days of receipt of directions from NCLT
- (b) 15 days of receipt of directions from NCLT
- (c) 7 days of receipt of directions from NCLT
- (d) 5 days of receipt of directions from NCLT

Answer: (c)

Q111.

Debtor or creditor for the replacement of resolution professional may apply to :

- (a) IBBI
- (b) NCLT
- (c) IPA
- (d) None of the above

Answer: (b)

Q112.

For the appointment of the nominated resolution professional under Insolvency resolution process the Board shall communicate the confirmation or rejection of the same within:

- (a) 10 days of receipt of directions from NCLT
- (b) 15 days of receipt of directions from NCLT
- (c) 7 days of receipt of directions from NCLT
- (d) 5 days of receipt of directions from NCLT

Answer: (a)

Q113.

Where the debt for which an application has been filed by a creditor is registered with Information utility, the debtor shall:

- (a) Entitled to dispute the validity of such debt
- (b) Not be entitled to dispute the validity of such debt
- (c) Intimate the same to the NCLT
- (d) None of the above

Answer: (b)

Q114.

The person from whom information is sought for the examination of an application by the resolution professional, may furnish the same within:

- (a) 10 days of receipt of request
- (b) 15 days of receipt of request
- (c) 5 days of receipt of request
- (d) 7 days of receipt of request

Answer: (d)

Q115.

Resolution professional shall examine the application by the debtor or creditor, within _____ and submit a report for the approval or rejection of the application to NCLT:

- (a) 15 days of his appointment
- (b) 10 days of his appointment
- (c) 5 days of his appointment
- (d) 12 days of his appointment

Answer: (b)

Q116.

After approval from the resolution professional the report is submitted to the Adjudicating authority for the approval or rejection of the application and such order by adjudicating authority is passed within how many days from the submission of the report?

- (a) 10 days
- (b) 15 days
- (c) 7 days
- (d) 14 days

Answer: (d)

Q117.

NCLT shall within seven days of admitting the application:

- (a) Communicated to the creditors only on a standalone basis
- (b) Communicated to both debtors and creditors only on a standalone basis
- (c) Communicated to the creditors along with the report of the Resolution Professional
- (d) Communicated to the debtor only on a standalone basis

Answer: (a)

Q118.

If an application has been preferred by a non corporate debtor for insolvency resolution with an intent to defraud creditors, the Adjudicating Authority may

- (a) Reject the application and Order bankruptcy
- (b) Reject the application and File a criminal complaint
- (c) Simply reject the application with no further actions
- (d) Reject the application and pass orders for creditors to proceed with Chapter IV bankruptcy

Answer: (d)

Q119.

Under Insolvency resolution process, the moratorium shall have effect from the date of admission of application till:

- (a) A compulsory period of 90 days
- (b) A period of 180 days or the date of passing of an order on the Repayment Plan
- (c) the date of passing of an order on the Repayment Plan
- (d) A period of 180 days

Answer: (b)

Q120.

The public announcement for claims under the Individuals and Partnerships Insolvency resolution process shall call for claims in Within a time line of days

- (a) English newspaper in circulation in the state, 21 days
- (b) English and vernacular newspaper in circulation in the state, 21 days
- (c) English and vernacular newspaper in circulation in the state , 15 days
- (d) English newspaper in circulation in the state, 15 days

Answer: (b)

Q121.

The Public notice issued by adjudicating authority for inviting the claims from all creditors shall not include:

- (a) Last date of submission of claims
- (b) Particulars of resolution professional
- (c) Details of the order admitting the application
- (d) Total debts due by the debtors

Answer: (d)

Q122.

Resolution professional is required to prepare list of creditors from the date of notice till:

- (a) 14 days
- (b) 30 days
- (c) 60 days
- (d) 45 days

Answer: (b)

Q123.

The repayment plan that require the resolution professional to realise the asset of the debtor shall not include:

- (a) Reasons on the basis of which creditors may agree upon the plan
- (b) Provisions for payment of fees to resolution professional
- (c) Proof of existence of default
- (d) Justification for preparation of such repayment plan

Answer: (c)

Q124.

The report of repayment plan being approved and implemented shall be sent to NCLT from the last date of submission of claims till:

- (a) 21 days
- (b) 12 days
- (c) 7 days
- (d) 15 days

Answer: (a)

Q125.

Who shall prepare the repayment plan?

- (a) Resolution professional himself
- (b) Debtors and creditors
- (c) Debtor in consultation with the Resolution professional
- (d) Debtor and creditor in consultation with the resolution professional

Answer: (c)

Q126.

The report on premature end of a repayment plan submitted by a resolution professional to the Adjudicating Authority need not contain _____

- (a) receipts and payments made in pursuance of the repayment plan.
- (b) reason for premature end of the repayment plan.
- (c) details of the creditors whose claims have not been fully satisfied.
- (d) an application for initiation of bankruptcy

Answer:(d)

Q127.

In non corporate insolvency resolution process, the meeting of creditors is :

- (a) Compulsory
- (b) Not required to be convened
- (c) Compulsory as the report of the resolution professional needs to be discussed
- (d) Can be relaxed provided the reasons for the same are indicated in the report of the Resolution professional submitted with the Repayment plan

Answer: (d)

Q128.

In what time does a resolution profession shall issue a notice calling the meeting of the creditors?

- (a) 7 days prior to the meeting
- (b) 14 days prior to the meeting
- (c) 21 days prior to the meeting
- (d) 10 days prior to the meeting

Answer: (b)

Q129.

The noticed issued by the resolution professional shall be sent to:

- (a) Operational creditors
- (b) Creditors having maximum claims to be recovered
- (c) Creditors present in the list made by the Resolution Professional
- (d) Both financial creditors and operational creditors

Answer: (c)

Q130.

What are the supporting documents for the notice calling the meeting of the creditors at least _____ before the date fixed for the meeting?

- (a) Forms of proxy voting
- (b) Statement affairs of the debtor
- (c) Both (a) and (b)

(d) None of the above

Answer:(c)

Q131.

Which of the following is true in respect of repayment plan?

- (a) Creditors can only accept or reject the repayment plan
- (b) Debtors consent shall be obtained for the modifications
- (c) Resolution professional is only entitled to make modifications
- (d) Creditors consent shall be obtained for the modifications

Answer:(b)

Q132.

Creditors shall not :

- (a) Be entitled to vote for unliquidated amount of debt
- (b) Be entitled to vote in a meeting if he is an associate of the debtor
- (c) Both (a) and (b)
- (d) None of the above

Answer:(c)

Q133.

A Secured Creditor participating in a meeting of creditors in relation to a secured debt:

- (a) Shall not be entitled to participate and vote in the meetings of the creditors
- (b) Shall forfeit his right to enforce the security during the repayment plan without submitting the affidavit
- (c) Shall forfeit his right to enforce the security during the repayment plan
- (d) Shall not be entitled to forfeit his right to enforce the security during the repayment plan

Answer:(c)

Q134.

By what percentage of votes a repayment plan is approved in the meetings of the creditor?

- (a) More than 33%
- (b) More than 75%
- (c) More than 50%
- (d) More than 80%

Answer:(b)

Q135.

Resolution professional shall prepare a report of the meeting of the creditors on repayment plan which shall not include:

- (a) List of creditors present in the meeting
- (b) Resolution proposed in the meeting
- (c) List of modifications made in repayment plan if any
- (d) Copy of statement of affairs of resolution professional

Answer:(d)

Q136.

Resolution professional shall provide a copy of the report of the meeting of creditors to:

- (a) All debtors and creditors
- (b) Adjudicating authority and creditors present in the meeting
- (c) Adjudicating authority , all debtors and all creditors
- (d) Adjudicating authority and all debtors

Answer:(c)

Q137.

The Resolution Plan submitted to the Adjudicating Authority

- (a) Is final and cannot be amended by the authority
- (b) Can be rejected or modified by the Adjudicating authority with further directions for implementation
- (c) Can be modified by the Adjudicating authority but no further directions
- (d) Cannot be rejected at all

Answer:(b)

Q138.

Order of adjudicating authority on repayment plan shall be binded on:

- (a) All debtors and all creditors mentioned in the repayment plan
- (b) Only on creditors mentioned in the repayment plan
- (c) Only on resolution professional who has prepared the repayment plan
- (d) None of the above

Answer:(a)

Q139.

When can a Bankruptcy order not be issued by the Adjudicating authority:

- (a) Application preferred by debtor to defraud creditors
- (b) When repayment plan has been accomplished fully
- (c) When repayment plan has a premature closure and some creditors have not been paid
- (d) When Repayment plan is rejected by the Adjudicating authority

Answer:(b)

Q140.

A notice that the repayment plan has been fully implemented shall be forwarded to the persons who are bound by the repayment plan within:

- (a) 7 days of the completion of the repayment plan
- (b) 14 days of repayment plan
- (c) 21 days of repayment plan
- (d) 10 days of repayment plan

Answer:(b)

Q141.

Which of the following is not included in the report sent by resolution profession to NCLT based on premature repayment plan :

- (a) Financial information of debtors associated with the repayment plan
- (b) Details of the creditors whose claims have not been fully satisfied
- (c) Receipts and payments made in pursuance of the repayment plan
- (d) Reason for premature end of the repayment plan

Answer:(a)

Q142.

The process in the non corporate insolvency resolution process acquires conclusion by the adjudicating authority on the issuance of:

- (a) A discharge order or order to apply for bankruptcy
- (b) A resolution order
- (c) A discharge order or a full and final settlement order
- (d) Orders for bankruptcy and a release order

Answer:(a)

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