

The Insolvency and Bankruptcy Code, 2016

BANKRUPTCY ORDER FOR INDIVIDUALS AND PARTNERSHIP FIRMS

Q143.

Who among the following can make an application for Bankruptcy of a debtor:

- (a) Only by a debtor
- (b) Only by a single creditor
- (c) By creditors individually or jointly or by a debtor
- (d) Only by creditors

Answer:(c)

Q144.

After the order passed by Adjudicating authority within how much time an application for bankruptcy can be filed?

- (a) Within a period of 6 months
- (b) Within a period of 12 months
- (c) Within a period of 30 days
- (d) Within a period of 3 months

Answer:(d)

Q145.

An application for bankruptcy of a debtor by a creditor shall include

- (a) Details of debts only
- (b) Records of insolvency resolution and its inconclusiveness
- (c) Records of insolvency resolution and Copy of order permitting the creditor to apply for bankruptcy only
- (d) Records of insolvency resolution and Copy of order permitting the creditor to apply for bankruptcy and Details of debts

Answer:(d)

Q146.

An application for bankruptcy of a debtor by a Secured creditor shall be made for

- (a) All debts
- (b) Only unsecured portion of the debt along with the estimated value of the unsecured portion
- (c) Only secured debts
- (d) Only unsecured portion of the debt

Answer:(b)

Q147.

The Insolvency Professional appointed as the trustee in case of bankruptcy is called as

- (a) Liquidator

- (b) Insolvency Trustee
- (c) Bankruptcy Trustee
- (d) Interim Trustee

Answer:(c)

Q148.

The application for bankruptcy by the creditor shall have supporting documents:

- (a) Records of insolvency process
- (b) Copy of the order passed by the adjudicating authority
- (c) Details of the debt owned by the debtor to the creditors
- (d) All of the above

Answer:(d)

Q149.

The bankruptcy order by adjudicating authority shall be passed after receiving the confirmation or nomination of the bankruptcy trustee within:

- (a) 14 days
- (b) 7 days
- (c) 15 days
- (d) 21 days

Answer:(a)

Q150.

Copy of bankruptcy order shall not be given by adjudicating authority to:

- (a) Bankrupt
- (b) Creditors
- (c) Bankruptcy trustee
- (d) Board

Answer:(d)

Q151.

A copy of the bankruptcy order by adjudicating authority shall be provided after the order passed within:

- (a) 3 days of the order
- (b) 7 days of the order
- (c) 14 days of the order
- (d) 21 days of the order

Answer:(b)

Q152.

After the Bankruptcy order is passed, the assets of the non corporate person shall vest in

- (a) Liquidation estate
- (b) Bankruptcy estate
- (c) Resolution Estate
- (d) Creditors estate

Answer:(b)

Q153.

After commencement date of bankruptcy, the bankrupt shall submit the statement of his financial position to bankrupt trustee within:

- (a) 7 days
- (b) 3 days
- (c) 5 days
- (d) 10 days

Answer:(a)

Q154.

The statement of financial position under bankruptcy shall be submitted by bankrupt:

- (a) Of his own
- (b) Of his own and the partners if bankrupt is a firm
- (c) Of his own and of the firm if bankrupt is a firm
- (d) All of the above

Answer:(d)

Q155.

In a bankruptcy process, unsecured creditors rank _____.

- (a) in ascending order of the amount of debt due to them
- (b) in descending order of the amount of debt due to them
- (c) equally amongst themselves
- (d) in ascending order of the period of default of the debt

Q156.

Public notice under bankruptcy shall be given for inviting claims from creditors by:

- (a) IBBI
- (b) Bankrupt
- (c) NCLT
- (d) Bankruptcy trustee

Answer: (c)

Q157.

Public notice for inviting claims from creditors shall be sent from the commencement date of bankruptcy to creditors within:

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

Answer:(b)

Q158.

The public notice under the bankruptcy process shall be:

- (a) Published in leading newspapers, Placed on website of the Adjudicating authority, Affixed on the premises of the Adjudicating authority
- (b) Published in leading newspapers, Placed on website of the Adjudicating authority,

- (c) Published in leading newspapers, Placed on website of the Adjudicating authority, Affixed on the premises of the debtor
- (d) Placed on website of the Adjudicating authority, Affixed on the premises of the Adjudicating authority

Answer:(c)

Q159.

The creditors after the publication of the public notice under bankruptcy process shall register details of claims with the bankruptcy trustee in:

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

Answer:(d)

Q160.

On the basis of claims received by the bankruptcy trustee shall prepare the list of creditors after commencement date of bankruptcy in:

- (a) 7 days
- (b) 14 days
- (c) 15 days
- (d) 30 days

Answer:(b)

Q161.

The Bankruptcy Trustee shall, after receipt of claims, call a meeting of the creditors specifying

- (a) There is no obligation to call a meeting
- (b) Date, Time and Place only
- (c) Date, Proxy forms only
- (d) Date, Proxy forms and mode of proxy voting

Answer:(d)

Q162.

The resolution of the meeting of creditors convened by the Bankruptcy trustee shall be passed on that:

- (a) Committee of creditors is not at all relevant in the bankruptcy process
- (b) The establishment of a committee of creditors that is relevant in the bankruptcy process
- (c) Committee of creditors need not be constituted in the meeting but by the trustee himself
- (d) None of the above

Answer:(b)

Q163.

Which of the following creditors shall not be entitled to vote in the meeting of the creditors under bankruptcy process:

- (a) Creditors not associated of the bankrupt
- (b) Creditors mentioned in the list of creditors for liquidated amount of debt
- (c) Creditors not mentioned in the list of creditors
- (d) Creditors who have received the notice by the bankruptcy trustee

Answer:(c)

Q164.

The admission and distribution of estate of bankrupt shall be conducted by:

- (a) Bankrupt itself
- (b) Bankrupt trustee
- (c) The members of the committee of the creditors
- (d) All of the above

Answer:(b)

Q165.

The committee of creditors shall approve the report submitted by the bankruptcy trustee within:

- (a) Seven days of the receipt of the report
- (b) Ten days of the receipt of the report
- (c) Fifteen days of the receipt of the report
- (d) Fourteen days of the receipt of the report

Answer:(a)

Q166.

The Bankruptcy Trustee can approach the Adjudicating Authority for a Discharge order

- (a) On a suo moto basis
- (b) Only After completion of one year from the bankruptcy commencement date
- (c) After completion of one year from the bankruptcy commencement date or 7 days After the approval of the Report of the Administration of the estate is approved by the Committee of Creditors whichever is earlier
- (d) After the approval of the Report of the Administration of the estate is approved by the Committee of Creditors

Answer:(c)

Q167.

The discharge order shall release the bankrupt

- (a) From All bankruptcy debts
- (b) From 75% of all debts
- (c) From unsecured debts
- (d) From All debts except debts incurred by means of fraud or breach of trust to which he was a party

Answer:(a)

Q168.

Under bankruptcy process a bankrupt shall not be disqualified:

- (a) Being appointed as a public servant
- (b) Being elected as a member of a local authority

- (c) Being appointed as a trustee in respect of any trust
- (d) None of the above

Answer:(d)

Q169.

Restrictions on bankrupt shall :

- (a) Be permitted to travel overseas
- (b) Be incompetent to maintain any legal actions in relation to the bankruptcy debt
- (c) Not be required to inform his business partners that he is undergoing a bankruptcy process
- (d) Not act as a director of any company, or directly or indirectly take part in or be concerned in the promotion, formation or management of a company

Answer:(d)

Q170.

If there exist an error apparent on the face of bankruptcy order then bankruptcy order:

- (a) Can be modified only never recalled
- (b) Can be recalled never modified
- (c) Can be modified or recalled subject to the provisions of the law
- (d) Can never be modified or withdrawn

Answer:(c)

Q171.

By what percentage of voting share in the meeting of committee of creditors can a bankruptcy trustee be replaced?

- (a) 77%
- (b) 75%
- (c) 76%
- (d) 70%

Answer:(b)

Q172.

The fee charged by the Bankruptcy trustee shall be

- (a) Slab rates based on share capital
- (b) Slab rates based on Net asset Value
- (c) Success + Flat fee
- (d) Proportion based on value of the estate of the bankrupt

Answer:(d)

Q173.

After the resignation by bankruptcy trustee:

- (a) The new trustee shall be appointed by the largest creditor
- (b) The process can be continued without a trustee
- (c) The new trustee shall be appointed by the debtor
- (d) The new trustee shall be recommended by the Board on a reference made by the Adjudicating Authority who shall appoint the person

Answer:(d)

Q174.

The new bankruptcy trustee appointed shall give a notice of his appointment to:

- (a) Board and adjudicating authority
- (b) Adjudicating authority and committee of creditors
- (c) Adjudicating authority and bankrupt
- (d) Bankrupt and committee of creditors

Answer:(d)

Q175.

The notice given by new bankruptcy trustee shall be given after his appointment in:

- (a) 10 days
- (b) 7 days
- (c) 21 days
- (d) 5 days

Answer:(b)

Q176.

In the event of occurrence of vacancy in the office of bankruptcy trustee for the reason other than his replacement or resignation then adjudicating authority shall direct the board for the replacement after receiving the directions within :

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

Answer:(a)

Q177.

A bankruptcy trustee shall be released from his office with effect from:

- (a) Date on which adjudicating authority passes an order appointing a new bankruptcy trustee
- (b) Date on which the committee of creditors approves the report of the bankruptcy trustee
- (c) Both (a) and (b)
- (d) None of the above

Answer:(c)

Q178.

The functions performed by bankruptcy trustee as per the provisions of the code shall include:

- (a) investigate the affairs of the bankrupt
- (b) realise the estate of the bankrupt
- (c) distribute the estate of the bankrupt
- (d) investigate the affairs of the bankrupt, realise the estate of the bankrupt; and distribute the estate of the bankrupt

Answer:(d)

Q179.

The bankrupt shall assist the bankruptcy trustee in carrying out his function :

- (a) Increase in income only
- (b) In further employing person to assist him
- (c) Acquisition and devolution of assets
- (d) Increase in income and Acquisition and devolution of assets

Answer:(d)

Q180.

The bankruptcy Trustee shall employ persons to assist him, hold property, make contracts, execute any power of attorney in:

- (a) His personal capacity
- (b) In his official name
- (c) Both in his personal capacity and in his official name
- (d) The Trustee cannot do the above acts

Answer:(b)

Q181.

The bankruptcy trustee is not entitled while discharging his function to:

- (a) Deal with any estate property but not to sell any part of the estate of the bankrupt
- (b) Give receipts for any money received by him
- (c) To draw a dividend in respect of such debts
- (d) None of the above

Answer:(a)

Q182.

The bankruptcy trustee shall need approval for which of the following act:

- (a) Carry on any business of the bankrupt for winding it up
- (b) Bring, institute any legal action relating to the property comprised in the state of the bankrupt
- (c) Appoint the bankrupt to carry on his business for the benefit of his creditors
- (d) All of the above

Answer:(d)

Q183.

The estate of the bankrupt shall vest in the bankruptcy trustee from the date of his appointment in:

- (a) 3 days
- (b) 5 days
- (c) 7 days
- (d) Immediately

Answer:(d)

Q184.

The estate of the bankrupt shall not include

- (a) Moveable and immoveable property

- (b) all sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund
- (c) Tangible and intangible assets
- (d) Assets of the bankrupt held in India or abroad

Answer: (b)

Q185.

Any disposition of property made by the debtor, during the period between the date of filing of the application for bankruptcy and the bankruptcy commencement date shall be

- (a) Void, except in case of a person who has received in good faith and for value
- (b) Voidable at the option of Bankruptcy Trustee
- (c) Voidable at the option of Committee of Creditors
- (d) Valid action

Answer: (a)

Q186.

Any disposition of property made by the debtor, during the period between the date of filing of the application for bankruptcy and the bankruptcy commencement date shall not be void if:

- (a) It is in good faith
- (b) It is for value
- (c) It is in good faith and may or may not be for value
- (d) It is in good faith and for value

Answer: (d)

Q187.

Bankruptcy trustee shall give notice for the acquisition or devolution of the after-acquired property from the date of such acquisition in:

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

Answer: (a)

Q188.

Onerous property includes

- (a) Large land banks in excess of 15 acres
- (b) Any profitable contract
- (c) Any other property comprised in the estate of the bankrupt which is unsaleable or not readily saleable
- (d) Property subject to litigation

Answer: (c)

Q189.

For undervalued transaction between a bankrupt and any person the bankruptcy trustee may apply to:

- (a) The board
- (b) NCLT
- (c) IPA
- (d) DRAT

Answer:(b)

Q190.

What is the time period for an undervalued transaction which needs to be entered for evaluation after ending on the filing of the application for bankruptcy?

- (a) 3 years
- (b) 2 years
- (c) 4 years
- (d) 5 years

Answer:(b)

Q191.

A bankrupt enters into an undervalued transaction with any person if:

- (a) He does not make a gift to that person
- (b) It is not in consideration of marriage
- (c) No consideration has been received by that person from the bankrupt
- (d) None of the above

Answer:(c)

Q192.

What is the time limit for a preferential transaction which needs to be entered for evaluation after ending on the filing of the application for bankruptcy:

- (a) 1 year with associate, 6 months with others
- (b) 2 years with associates, 6 months with others
- (c) 1 year with associate, 4 months with others
- (d) 1 year with associate, 9 months with others

Answer:(b)

Q193.

If a bankrupt dies, then the proceedings shall

- (a) Stand abated
- (b) Stand terminated
- (c) continue after modification by Adjudicating Authority
- (d) continue as if he were alive

Answer:(d)

Q194.

The notice of proof of debt shall be given by bankruptcy trustee to each of the creditors within:

- (a) 14 days
- (b) 21 days
- (c) 7 days
- (d) 10 days

Answer:(a)

Q195.

A bankruptcy trustee may with leave of the adjudicating authority, sell or dispose of any property that was subject to the security, free of that security if after serving a notice a person does not file a proof of security in:

- (a) 21 days
- (b) 15 days
- (c) 7 days
- (d) 30 days

Answer:(d)

Q196.

The following is the order of priority for distribution of final dividend :

- (a) (Costs and Expenses for Bankruptcy Process), (Workmen 24 month dues & secured creditors), (Employees 12 months dues), (Government Dues) , (Unsecured creditors)
- (b) (Workmen 24 month dues & secured creditors), (Government Dues) , (Unsecured creditors), (Insolvency Process and Liquidation costs)
- (c) (Workmen 24 month dues & secured creditors), (Government Dues), (Insolvency Process and Liquidation costs), , (Unsecured creditors)
- (d) (Government Dues) ,(Insolvency Process and Liquidation costs), (Workmen 24 month dues & secured creditors), (Unsecured creditors)

Answer:(a)

Q197.

In relation to insolvency matters of individual and firms, the adjudicating authority shall vest to:

- (a) NCLT
- (b) DRT
- (c) AAR
- (d) Civil court

Answer:(b)

Q198.

An appeal from an order of debt recovery appellate tribunal shall be filed within _____ before the Debt Recovery Appellate Tribunal

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

Answer:(b)

Q199.

If a debtor or creditor provides false information to resolution professional he shall be punishable with:

- (a) Imprisonment for a term which may extend to 1 year with fine which may extend to 5 lakhs rupees, or with both

- (b) Imprisonment for a term which may extend to 2 year with fine which may extend to 5 lakhs rupees, or with both
- (c) Imprisonment for a term which may extend to 1 year with fine which may extend to 10 lakhs rupees, or with both
- (d) Imprisonment for a term which may extend to 1 year with fine which may extend to 1 lakhs rupees, or with both

Answer:(a)

Q200.

If a bankruptcy trustee has fraudulently misapplied, retained or accounted for any money or property comprised in the estate of the bankrupt he shall be punishable with:

- (a) Imprisonment for a term which may extend to 3 year with fine which shall not be less than three times the amount of the loss caused to the person concerned on account of such contravention
- (b) Imprisonment for a term which may extend to 2 year with fine which shall not be less than three times the amount of the loss caused to the person concerned on account of such contravention
- (c) Imprisonment for a term which may extend to 3 year with fine which shall not be less than twice the amount of the loss caused to the person concerned on account of such contravention
- (d) Imprisonment for a term which may extend to 1 year with fine which shall not be less than three times the amount of the loss caused to the person concerned on account of such contravention

Answer:(a)

Q201.

Application made to the Board for registration of information utility shall be acknowledged within :

- (a) 7 days of its receipt
- (b) 14 days of its receipt
- (c) 3 days of its receipt
- (d) 5 days of its receipt

Answer:(a)

Q202.

The Resolution Professional or Liquidator can apply to for issuance of a request, relating to property of the Corporate debtor which is held abroad in a country with which the government has reciprocal arrangements for enforcing the provisions of the Code

- (a) Adjudicating Authority
- (b) NCLAT
- (c) Supreme Court
- (d) Ministry of External Affairs

Answer:(a)

Q203.

The rules and regulations made under the Code shall be placed before

- (a) Both houses of parliament

- (b) NCLT
- (c) NCLAT
- (d) Only Rules need to be placed before Both houses of parliament

Answer:(a)

Q204.

The Insolvency and Bankruptcy Board governs the functioning of

- (a) Insolvency professionals
- (b) Insolvency professionals, Agencies and Information utilities
- (c) Information utilities
- (d) Insolvency professionals, Agencies and Information utilities and NCLT

Answer:(b)

Q205.

Any person aggrieved by the functioning of an Insolvency Professional, Insolvency professional agency or Information utility may apply to

- (a) The IBBI
- (b) NCLT
- (c) NCLAT
- (d) Supreme Court

Answer:(a)

Q206.

The Insolvency and Bankruptcy Board of India is appointed by –

- (a) RBI
- (b) Central Government
- (c) National Company Law Tribunal
- (d) Supreme Court

Answer:(b)

Q207.

The regulations relating to the form and manner in which demand notice may be made and the manner of delivery thereof to the corporate debtor shall be made by

- (a) Central Government
- (b) IBBI
- (c) NCLT
- (d) NCLAT

Answer:(a)

Q208.

Provisions of which legislation would be applicable for the proceedings before a special court under the Insolvency and Bankruptcy Code, 2016?

- (a) The Code of Criminal Procedure, 1973
- (b) The Indian Penal Code, 1860
- (c) The Indian Financial Code, 2013
- (d) Summary Trial of Offences Act, 1999

Answer:(a)

Q209.

In the Corporate Insolvency Resolution Process, if there are dues to numerous workmen of the Corporate Debtor, _____.

- (a) all such workmen have to submit their dues individually.
- (b) an authorized representative may submit one proof of claim on behalf of all such dues.
- (c) the resolution professional shall hire a professional agency to consolidate all such claims.
- (d) the resolution professional shall announce dues as per Corporate Debtors' records and invited application for disputes if any

Answer:(b)

Q210.

Where all financial creditors are related parties of the corporate debtor, the committee of creditors shall comprise_____

- (a) all of the debenture holders.
- (b) all of the operational creditors.
- (c) insolvency resolution professional and operational creditors.
- (d) 18 largest operational creditors by value and one representative each of workmen and of employees.

Answer:(d)

Q211.

In case the resolution professional receives more than one resolution plan, _____,

- (a) he shall select the best plan for approval by the Committee of Creditors.
- (b) he shall select all such plans that meet the requirements of the Insolvency and Bankruptcy Code and present them before Committee of Creditors.
- (c) he shall forward the plan submitted by the creditor having highest voting share.
- (d) he shall refer the matter to adjudicating authority for directions.

Answer :(b)

Q212.

The option to sell the assets of a corporate debtor by means of private sale under the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 is not available to a liquidator if the asset is_____

- (a) Perishable.
- (b) Sold at a price lower than the reserve price of a failed auction.
- (c) Likely to deteriorate in value if not sold immediately.
- (d) Sold at a price higher than the reserve price of a failed auction.

Answer :(b)

Q213.

The Annual Status Report indicating progress of the voluntary liquidation is not required to include the_____

- (a) Details of assets that are yet to be sold.
- (b) Distribution made to stakeholders.

- (c) Cost of realization of the assets.
- (d) Developments in any material litigation.

Answer :(c)

Q214.

An order of the Insolvency and Bankruptcy Board of India directing an inspecting authority to conduct an inspection of records of a service provider may not contain_____

- (a) Scope of inspection
- (b) Privileges of service provider
- (c) Composition of inspecting authority
- (d) Timelines for conducting the inspection

Answer :(b)

Q215.

During a fast track process, existence of dues can be proved in case of workmen-

- (a) Individually or collectively
- (b) individually only
- (c) Collectively only
- (d) By resolution professional

Answer :(a)