

MODEL QUESTION PAPER FOR LIMITED INSOLVENCY EXAMINATION

1. The resolution plan can be implemented after
- (a) Approval by the Resolution professional
 - (b) Approval of committee of creditors
 - (c) Approval of Adjudicating authority
 - (d) Approval of committee of creditors and Approval of Adjudicating authority

Ans. (d)

2. Which of the following is not entitled to receive notice of the meeting of the Committee of Creditors
- (a) All Financial Creditors of the Corporate debtor
 - (b) Members of the suspended Board of Directors
 - (c) Partners of the LLP
 - (d) Operational creditors whose dues are less than 10% of the total debt

Ans. (d)

3. The duties of the Interim resolution professional include compilation of business and financial operations for
- (a) 2 years
 - (b) 3 years
 - (c) 4 years
 - (d) 5 years

Ans. (a)

4. The liquidation fee charged by the liquidator shall be
- (a) Paid upfront by the Corporate debtor
 - (b) Paid from the proceeds of the liquidation estate
 - (c) Funded by the Financial Creditors
 - (d) Funded by the Committee of Creditors

Ans. (b)

5. The Adjudicating Authority under the Corporate Insolvency resolution process shall appoint an interim resolution professional within days from the insolvency commencement date
- (a) 7
 - (b) 14
 - (c) 21
 - (d) 28

Ans. (b)

6. 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

Ans. (d)

7. 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

Ans. (d)

8. 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

Ans. (a)

9. Which of the following Union Ministry Officer is not a Member of the Insolvency and Bankruptcy Board of India –

- (a) Ministry of Industries
- (b) Ministry of Finance
- (c) Ministry of Corporate Affairs
- (d) Ministry of Law

Ans. (a)

10. 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

Ans. (b)

11. Which of the following Acts have not been amended by the Insolvency and Bankruptcy Code, 2016?

- a) The Transfer of Property Act, 1882

- b) The Companies Act, 2013
- c) The Limited Liability Partnership Act, 2008
- d) The Income Tax Act, 1961

Ans. (a)

12. A person proposed to be registered as an insolvency professional agency must have a minimum net worth of

- a) Rs.5 crore.
- b) Rs.10 crore.
- c) Rs.2 crore.
- d) Rs.1 crore.

Ans. (b)

13. Remuneration charged by an insolvency professional need not be

- a) transparent.
- b) reasonable.
- c) lowest.
- d) disclosed to stakeholders.

Ans. (c)

14. The resolution plan shall be binding on

- (a) Shareholders
- (b) Corporate debtor, shareholders and employees and creditors
- (c) Corporate debtor and shareholders
- (d) Corporate debtor, shareholders and employees

Ans. (b)

15. Which of the following is not included as a Creditor in the Code?

- (a) Financial creditor
- (b) Secured creditor
- (c) Operational creditor
- (d) None of the above.

Ans. (d)

16. Insolvency Commencement date means

- (a) Date of supply of goods or services
- (b) Due date for payment which has not been met by the debtor
- (c) Date on which an application is made to the adjudicating authority
- (d) Date of admission of an application for initiating corporate insolvency resolution process by the Adjudicating Authority

Ans. (d)

17. Resolution Professional proposed by the Financial Creditor under the Corporate Insolvency resolution process at the time of making application can act as

- (a) Interim Resolution Professional
- (b) Final Resolution Professional
- (c) Both of the above
- (d) None of the above

Ans. (a)

18. 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

Ans. (d)

19. An Individual shall not be eligible to be registered as an Insolvency professional if he is a

-
- (a) Person resident in India
 - (b) Minor
 - (c) Fit and proper person as determined by the Board
 - (d) Not a Professionally qualified person

Ans. (b)

20. Which of the following entity is not eligible to be an Insolvency Professional Entity?

- (a) Unregistered Partnership Firms
- (b) Company
- (c) LLP
- (d) None of the above.

Ans. (a)

21. What Reports are to be prepared and submitted by the Liquidator?

- (a) Preliminary Report;
- (b) Annual Status Report;
- (c) Final Report
- (d) All of the above

Ans. (d)

22. Which one of the following is a pre-requisite for preparation of a resolution plan?

- a) Formation of Committee of Creditors.
- b) Valuation of liquidation estate by at least three registered valuers.
- c) Vetting of default from at least one information utility.

d) Receipt of resolution plan(s) from financial creditors of the corporate debtor.

Ans. (a)

23. Who cannot initiate a fast track corporate insolvency resolution process?

- a) financial creditor
- b) operational creditor
- c) corporate debtor
- d) insolvency professional

Ans. (d)

24. The moratorium period under the Fresh Start Order process lasts for... days

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

Ans. (c)

25. The Repayment Plan shall be prepared by

- (a) Debtor
- (b) Debtors and creditors
- (c) Debtor in consultation with the Resolution Professional
- (d) Resolution Plan by himself

Ans. (c)

Q. 26 The Agency may refuse to accept the surrender of membership by any professional member, if-

- (a) there is any grievance against the professional member
- (b) there is any disciplinary proceeding pending against the professional member
- (c) the professional member has been appointed as a resolution professional, liquidation or bankruptcy trustee for a process under the Code, and the appointment of another professional may be detrimental to such process.
- (d) Any of the above

Ans. (d)

Q.27 An Individual shall not be eligible to be registered as an Insolvency professional if he is

- a _____
- (a) Person resident in India
 - (b) Minor
 - (c) Fit and proper person as determined by the Board
 - (d) Not a Professionally qualified person

Ans. (c)

Q. 28 If an individual has been convicted by any competent court, he shall:

(a) not be considered eligible to be registered as an Insolvency Professional for a term of three years

(b) not be considered eligible to be registered as an Insolvency Professional for an offence involving moral turpitude and a period of three years has not elapsed from the date of expiry of the sentence.

(c) not be considered eligible to be registered as an Insolvency Professional, if punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence.

(d) not be considered eligible to be registered as an Insolvency Professional, if punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude and a period of two years has not elapsed from the date of expiry of the sentence.

Ans. (b)

Q.29 The Criteria for determining whether an Individual is fit and proper under the regulations of the Board includes _____.

(a) Integrity and reputation only

(b) Absence of Conviction and restraint orders

(c) Competence, including Financial Solvency and Net worth

(d) Integrity, reputation, absence of Conviction and restraint orders and competence, including Financial Solvency and Net worth

Ans. (d)

Q.30 One of the Eligibility Criteria for an Individual for registration as an Insolvency Professional is _____.

(a) Post graduate in Finance

(b) A Company Secretary only

(c) A Graduate and also passed the Limited Insolvency Examination

(d) A Chartered Accountant only

Ans. (c)

31. In case of a contravention of the resolution plan, an application for liquidation can be made by

(a) Only the original applicant

(b) Only by the corporate debtor

(c) By any person other than the corporate debtor whose rights have been prejudicially affected

(d) By the financial creditors only

Ans. (c)

32. An undervalued transaction includes

- (a) Gifts by the corporate debtor or Transfer of assets of a corporate debtor for a consideration significantly less than the value of consideration provided by the corporate debtor
- (b) Preferential transactions
- (c) Extortionate transactions
- (d) Gifts, Preferential and extortionate transactions

Ans. (a)

33. Which of the followings is false. 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

Ans. (a)

34. The application for a Resolution Process by an individual or a partnership may be made by the

- (a) Person themselves
- (b) By a Resolution professional
- (c) Person themselves or By a Resolution professional or by a Creditor
- (d) By the creditor

Ans. (c)

35. 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

Ans. (b)

36. No person shall carry on its business as information utility under this Code without a certificate of registration issued by

- (a) Insolvency professional Agency
- (b) Insolvency and Bankruptcy Board of India
- (c) Reserve Bank of India
- (d) NCLT

Ans. (b)

37. Where the application has been made in relation to a firm under the Bankruptcy process for a partnership firm, it shall apply only to

- (a) The Managing partner
- (b) To the majority partner
- (c) To all partners
- (d) To partners resident in India

Ans. (c)

38. Which of the following Authorities has power to grant injunction against the Action taken by DRT or DRAT?

- (a) National Company Law Tribunal
- (b) Insolvency and Bankruptcy Board of India
- (c) High Court
- (d) No court, tribunal or authority

Ans. (d)

39. An insolvency professional can play which of the following roles under the Code

- (a) Interim resolution professional, Resolution Professional,
- (b) Interim resolution professional, Resolution Professional, Liquidator
- (c) Interim resolution professional, Resolution Professional, Liquidator
- (d) Interim resolution professional, Resolution Professional, Liquidator, Bankruptcy Trustee

Ans. (d)

40. An application for corporate insolvency resolution process before AA by applicant shall be

- (a) With written Consent of proposed IRP in a letter
- (b) Does not require any consent from the IRP
- (c) Requires consent of IRP in Form 2
- (d) Consent can be provided after admission of the application

Ans. (c)

41. Shifting of Agency by Insolvency Professional to another can be done by _____

- (a) Intimation to both the concerned Insolvency Professional Agencies
- (b) Intimation to the concerned Insolvency Professional Agency where he has been registered
- (c) Taking prior permission from the Insolvency Professional Agency where he will be shifted
- (d) After receiving no objection from both the concerned Insolvency Professional Agencies and approval by the Board

Ans. (d)

42. The IRP shall not appoint a registered valuer who is.

- (a) Chartered accountant.
- (b) His relative
- (c) Cost accountant
- (d) Company secretary

Ans. (b)

43. The Directors shall elect an independent director as the _____ of the governing board

- (a) Member
- (b) Secretary
- (c) President
- (d) Chairperson

Ans. (d)

44. The provisional financial statements of the corporate debtor are required to be furnished when application for insolvency resolution is made by.

- (a) Any creditor
- (b) Corporate Applicant
- (c) Financial Creditor
- (d) Operational Creditor

Ans. (b)

45. The resolution professional shall call a meeting of the committee of creditors by giving not less than ___ days notice.

- (a) 14 days.
- (b) 21 days.
- (c) 7 days.
- (d) 28 days.

Ans. (c)

46. An insolvency professional will be considered independent if he

- (a) If it is debtor to a corporate debtor
- (b) He is eligible to be appointed as an Independent Director
- (c) Employee of Statutory Auditor
- (d) Cost Auditor Firm

Ans. (b)

47. Who is considered as a Service Provider under the Insolvency and Bankruptcy Code?

- (a) Information Utility

- (b) Banks
- (c) Telecommunication Companies
- (d) None of the above

Ans. (a)

48. How many members may require the Chairperson to convene a meeting of the Governing Board at any time?

- (a) Three members
- (b) Two members
- (c) Two or three members
- (d) Four members

Ans. (a)

49. The Liquidator's fee shall be decided by -

- (a) Himself
- (b) Committee of Creditors
- (c) Board of Directors
- (d) Insolvency and Bankruptcy Board of India.

Ans. (b)

50. Limited liability partnerships were introduced by which Act of Parliament?

- (a) Limited Partnership Act 1907.
- (b) Limited Liability Partnership Act 2008.
- (c) Partnership Act 2000.
- (d) None of the above

Ans. (b)

51. An information utility shall-

- (a) provide services to a user based on its explicit consent;
- (b) guarantee protection of the rights of users;
- (c) adopt secure systems for information flows
- (d) All of the above

Ans. (d)

52. In the event of settling the accounts of a firm after dissolution, the losses shall be first paid out in the following order

- (a) Profits, Capital, Personal property of partners
- (b) Capital, Profits, Personal property of partners
- (c) Personal property of partners, Profits , Capital
- (d) None of the above

Ans. (a)

53. What are the modes for issuance of securities by a public company?

- (a) Public offer
- (b) Private Placement
- (c) Rights Issue or Bonus Issue
- (d) Any of the above

Ans. (d)

54. A company cannot issue –

- (a) Redeemable preference shares
- (b) Irredeemable preference shares
- (c) Commutative preference shares
- (d) Participative preference shares

Ans. (b)

55. Which of the following companies are not prohibited to accept deposits from the public?

- (a) Banking Company
- (b) Non Banking Financial Company
- (c) All of the above
- (d) None of the above.

Ans. (c)

56. The Financial Statements of a company shall be in accordance with _____

- (a) Accounting Standards
- (b) Auditing Standards
- (c) Secretarial Standards
- (d) All the above

Ans. (a)

57. Striking off implies _____.

- (a) Removal
- (b) Revoke
- (c) Rescind
- (d) Defunct

Ans. (a)

58. What are the modes of Winding Up?

- (a) by Tribunal
- (b) Voluntary Winding up
- (c) Both A and B

(d) None of the above.

Ans. (c)

59. Satisfaction of charge has to be filed with the Registrar within –

- (a) 15 days
- (b) 30 days
- (c) 45 days
- (d) 60 days

Ans. (b)

60. Which of the following item shall not be treated as Special Business at an Annual General meeting

- (a) Consideration of Financial statements, Boards Report & Auditors Report
- (b) Declaration of Dividend
- (c) Appointment of Auditors
- (d) All of the above.

Ans. (d)

61. What is Corporate Debt Restructuring?

- (a) scheme that restructures or varies the debt obligations of a company towards its creditors
- (b) scheme that restructures or varies the debt obligations of a company towards its debtors
- (c) scheme that restructures or varies the equity obligations of a company towards its creditors
- (d) None of the above

Ans. (a)

62. As per the Negotiable Instrument Act, 1881, until the contrary is proved, it shall be presumed that a lost instrument was _____

- (a) expired
- (b) stolen
- (c) duly stamped
- (d) misplaced

Ans. (c)

63. As per section 147 of the Negotiable Instruments Act, 1881, every offence punishable under the Act shall be

- (a) compoundable
- (b) non-compoundable
- (c) cognizable
- (d) may or may not be compoundable

Ans. (a)

64. Who appoints a registered valuer to value any property, stocks, shares or any other assets of a company?

- (a) Audit Committee
- (b) Nomination Committee
- (c) Disciplinary Committee
- (d) Grievance Committee

Ans. (a)

65. Qualification which is not required for the appointment as a Judicial Member of NCLT:-

- (a) Is, or has been a District Judge for at least five Years
- (b) Is, or has been a judge of a High Court
- (c) Has, or for atleast Ten Years been an Advocate of a Court
- (d) Any person who has been held judicial office for at least Ten Years

Ans. (d)

66. Transfer of property can be made between____

- (a) Any two persons
- (b) One or more persons
- (c) One or more Living Persons
- (d) Both (a) & (b)

Ans. (c)

67. All agreements are contracts but all contracts are not agreement.

- (a) The statement is correct
- (b) The statement is partly correct
- (c) The statement is false
- (d) None of above

Ans. (c)

67. Is there any Bar of Jurisdiction under the RDDBFI Act?

- (a) Yes, there is a bar of jurisdiction except the Supreme Court.
- (b) Yes, there is a bar of Jurisdiction except the High Courts.
- (c) Yes, there is a bar of Jurisdiction except the Supreme Court and High Courts.
- (d) Yes, there is a bar of Jurisdiction except the Supreme Court, and a High Court exercising jurisdiction under articles 226 and 227 of the Constitution.

Ans. (d)

68. In the “contract of guarantee”, the person to whom the guarantee is given is called -

- (a) Principal debtor
- (b) Creditor
- (c) Surety
- (d) Secondary debtor

Ans. (b)

69. What is doctrine of lis pendis?

- (a) The property cannot be transferred during the pendency of any suit or proceedings in any court
- (b) The property can be transferred during the pendency of any suit or proceedings in any court
- (c) The property transferred during the pendency of any suit or proceedings in any court shall be valid
- (d) None of the Above

Ans. (a)

70. Any asset reconstruction company registered under section 3 may-

- (a) Act as an agent for any bank or financial institution for the purpose of recovering their dues.
- (b) Act as a receiver, if appointed by any Court or Tribunal.
- (c) Not act as an agent/receiver for any bank or financial institution for the purpose of recovering their dues.
- (d) A & B

Ans. (d)

72. The Sale of Goods Act deals only with goods which are _____ in nature.

- (a) Immovable
- (b) Specific
- (c) Movable
- (d) All of the above

Ans. (c)

73. Under the Sale of Goods Act the seller has a duty to deliver the goods to the buyer. What is the legal meaning of 'delivery'?

- (a) Where the seller physically transports the goods to the buyer.
- (b) The voluntary transfer of ownership from one person to another.
- (c) The voluntary transfer of possession from one person to another.
- (d) The voluntary transfer of ownership and possession from one person to another.

Ans. (c)

74. When a Specific relief to be granted?
- (a) for enforcing individual civil and other rights
 - (b) only for enforcing individual civil rights
 - (c) for enforcing a penal law.
 - (d) for enforcing individual civil rights and penal laws

Ans. (b)

75. What is the relief available against any order or decree under section 6 of the Specific Relief Act?
- (a) neither appeal can be filed nor review is allowed
 - (b) Appeal can be filed
 - (c) Review will be allowed
 - (d) both (a) and (b)

Ans. (a)

76. The Limitation Act, 1963 is the legislation that governs the:
- (a) period within which suits are to be filed
 - (b) relevant provisions for delay in filing the suit
 - (c) condonation for filing suits
 - (d) All of the above

Ans. (d)

77. No asset reconstruction company shall commence or carry on the business of securitisation or asset reconstruction without-
- (a) Having the owned fund of not less than two crore rupees
 - (b) Such other amount not exceeding fifteen per cent. of total financial assets acquired or to be acquired by the securitisation company or reconstruction company
 - (c) Only A
 - (d) A & B Both

Ans. (c)

78. The Code proposed by the Bankruptcy Law Reforms Committee provides for a for creditors and debtors to negotiate in an orderly and non-conflicted manner.
- a) forum
 - b) calm period
 - c) committee
 - d) negotiation period

Ans. (b)

79. As per report of the Bankruptcy Law Reforms Committee, which of the following is not an objective of an insolvency and bankruptcy regime?

- a) Low time to resolution
- b) Low time loss in recovery
- c) Higher levels of debt financing
- d) Lower levels of equity financing

Ans. (d)

80. Reserve Bank of India introduced CDR Scheme in the year ___

- (a) 2001
- (b) 2002
- (c) 2004
- (d) 2006

Ans. (a)

81. Law of Limitation is applicable to

- (a) Only to Courts
- (b) Tribunals
- (c) Courts and Tribunals
- (d) None of the above

Ans. (a)

82. In “international commercial arbitration” at least one of the parties is:

- (a) an individual who is a national of, or habitually resident in, any country other than India
- (b) a body corporate which is incorporated in any country other than India or an association or a body of individuals whose central management and control is exercised in any country other than India
- (c) the Government of a foreign country
- (d) Any of the above

Ans. (d)

83. What is the period of limitation for suits relating to possession of immovable property?

- (a) 3 years
- (b) 7 years
- (c) 12 years
- (d) 30 years

Ans. (c)

84. The Arbitration and Conciliation Act of 1996 is based on:

- (a) Constitution of India
- (b) Guidelines of Supreme Court of India
- (c) Russian Arbitration Law

(d) UNCITRAL, Model Law and Rules

Ans. (d)

85. Government of India may borrow upon the security of the

- a) Consolidated Fund of India
- b) Public Account of India
- c) Contingency Fund of India
- d) Fiscal Fund of India

Ans. (a)

86. Securities and Exchange Board of India does not regulate

- a) securities
- b) commodity derivatives
- c) mutual funds
- d) ULIPs

Ans. (d)

87. The appeal against an order of the Insolvency and Bankruptcy Board of India suspending the registration granted to an insolvency professional agency may be preferred to

- a) National Company Law Tribunal
- b) National Company Law Appellate Tribunal
- c) High Court having jurisdiction
- d) Supreme Court

Ans. (b)

88. Which of these is not a mandatory committee to be formed by the governing board of an insolvency professional agency under the model bye-laws?

- a) Risk management committee
- b) advisory committee
- c) grievance redressal committee
- d) monitoring committee

Ans. (a)

89. A----- is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of, a certain person or to the bearer of the instrument.

- (a) Promissory note
- (b) Bill of Exchange
- (c) Cheque

(d) Bill of Order

Ans. (b)

Q.90 If an Insolvency Professional Agency is applying for a renewal of its registration to the Board, what is the non-refundable application fee it needs to pay?

- (a) One lakh rupees
- (b) Five lakh rupees
- (c) Ten lakh rupees
- (d) Two lakhs rupees

Ans. (b)