

MODEL QUESTION PAPER FOR LIMITED INSOLVENCY EXAMINATION

1. The public notice calling claims from creditors under the bankruptcy process shall be given by
- (a) IBBI
 - (b) Adjudicating Authority
 - (c) Bankruptcy Trustee
 - (d) Bankrupt person

Ans. (b)

2. 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)

3. When was the Insolvency and Bankruptcy Code 2016 enacted?
- (a) 28.05.2016
 - (b) 28.06.2016
 - (c) 28.07.2016
 - (d) 28.12. 2016

Ans. (a)

4. 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)

5. The Resolution Professional shall consolidate claims under the Individuals and Partnerships Insolvency resolution process within Days of public announcement
- (a) 21
 - (b) 30
 - (c) 45
 - (d) 60

Ans. (b)

6. An insolvency professional should allow the to inspect his records and submit record of proceedings to the
- (a) Insolvency professional Agency, Insolvency Professional Agency
 - (b) Insolvency professional Agency, Adjudicating Authority
 - (c) Insolvency professional Agency, IBBI
 - (d) IBBI, Adjudicating Authority

Ans. (c)

7. An appeal from an order of the Debt Recovery Appellate Tribunal on a question of law under this Code shall be before –
- (a) High Court
 - (b) National Company Law Tribunal
 - (c) Insolvency and Bankruptcy Board of India
 - (d) Supreme Court

Ans. (d)

8. An IRP shall make a public announcement within _____ days of his appointment.
- (a) 5 days
 - (b) 3 days
 - (c) 7 days
 - (d) 14 days

Ans. (b)

9. Insolvency professional shall make a public announcement in the prescribed Form –
- (a) Form A
 - (b) Form B
 - (c) Form C
 - (d) Form D

Ans. (a)

10. The provisions of the Insolvency and Bankruptcy Code 2016 shall apply to—
- (a) any company incorporated under the Companies Act, 2013 or under any previous company law
 - (b) any Limited Liability Partnership incorporated under the Limited Liability Partnership Act, 2008
 - (c) partnership firms and individuals
 - (d) All of the above

Ans. (d)

11. 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)

12. 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)

13. 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)

14. 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)

15. 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)

16. Registered valuer is appointed by ____ or the board

- (a) Audit Committee
- (b) Members
- (c) NCLT
- (d) Central Government

Ans. (a)

17. 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)

18. Valuation can be done by _____ methods

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

Ans. (a)

19. Within ____ days Company has to file records with ROC, of private placement offer from circulation of offer

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

Ans. (a)

20. Law of Limitation is applicable to

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

Ans. (a)

21. Allotment of offered securities should be made within ____ days

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

Ans. (b)

22. 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)

23. A company can issue sweat equity shares if authorized –

- (a) Company in general meeting by ordinary resolution
- (b) Company in general meeting by special resolution
- (c) Board of Directors
- (d) Audit committee

Ans. (b)

24. 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)

25. All public companies either issue a prospectus or file a statement _____.

- (a) In lieu of prospectus
- (b) Information memorandum
- (c) Red herring prospectus
- (d) None of the above

Ans. (a)

26. 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)

27. 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)

28. Repayment plan has to be approved by

- (a) a majority of creditors.
- (b) 3/4th in value of the creditors present in person or by proxy.
- (c) 3/4th in value of the creditors.
- (d) 3/4th of the creditors present in person or by proxy.

Ans. (b)

29. 2. A committee of creditors comprises of

- (a) financial and operational creditors.
- (b) secured creditors only.
- (c) all financial creditors.
- (d) independent financial creditors only.

Ans. (d)

30. Who shall prepare the list of creditors after the passing of the bankruptcy order?

- (a) Bankruptcy trustee
- (b) Adjudicating Authority
- (c) Insolvency Professional Entity
- (d) Information Utility

Ans. (a)

31. Where a professional member has committed an offence involving moral turpitude, the disciplinary committee of the insolvency professional agency may

- (a) suspend the member.
- (b) expel the member.
- (c) Impose a monetary penalty.
- (d) refer the matter to the Insolvency and Bankruptcy Board of India.

Ans. (b)

32. Which of the following is not eligible to be registered as an insolvency professional entity?

- (a) a company where majority of whole time directors are insolvency professionals
- (b) a partnership firm where majority of partners are insolvency professionals
- (c) a trust where majority of trustees are insolvency professionals
- (d) a limited liability partnership firm where majority of partners are insolvency professionals

Ans. (c)

33. In case of application for enrollment of a professional member has some deficiency, the insolvency professional agency may

- (a) reject the application and ask for fresh application.

- (b) give an opportunity to the applicant to remove the deficiency.
- (c) refer the application to the National Company Law Tribunal.
- (d) refer the application with its recommendation to the Insolvency and Bankruptcy Board of India.

Ans. (b)

34. Who cannot initiate a fast track corporate insolvency resolution process?
- (a) financial creditor
 - (b) operational creditor
 - (c) corporate debtor
 - (d) insolvency professional

Ans. (d)

35. A debtor may make an application for a fresh start for discharge of
- (a) all debts.
 - (b) bankruptcy debts.
 - (c) qualifying debts.
 - (d) operational debts.

Ans. (c)

36. A debtor is eligible to apply for insolvency resolution process if he
- (a) is undergoing a fresh start process.
 - (b) is undergoing a bankruptcy process.
 - (c) is an undischarged bankrupt.
 - (d) has not faced a previous insolvency resolution process during the period of twelve months preceding the date of submission of the application.

Ans. (d)

37. Repayment plan has to be approved by
- (a) a majority of creditors.
 - (b) 3/4th in value of the creditors present in person or by proxy.
 - (c) 3/4th in value of the creditors.
 - (d) 3/4th of the creditors present in person or by proxy.

Ans. (b)

38. 2. A committee of creditors comprises of
- (a) financial and operational creditors.
 - (b) secured creditors only.
 - (c) all financial creditors.
 - (d) independent financial creditors only.

Ans. (d)

39. Who shall prepare the list of creditors after the passing of the bankruptcy order?

- (a) Bankruptcy trustee
- (b) Adjudicating Authority
- (c) Insolvency Professional Entity
- (d) Information Utility

Ans. (a)

40. Can an interim resolution professional act as the resolution professional?

- (a) No, as it involves conflict of interest.
- (b) Yes, if appointed by the committee of creditors with not less than 75% of the voting share of the creditors.
- (c) Yes, if appointed by the committee of creditors with votes of not less than 75% of the creditors.
- (d) Yes, if appointed at a meeting of the committee of creditors with a majority of the creditors present and voting.

Ans. (b)

41. When can a bank initiate a corporate insolvency resolution process in relation to a corporate debtor?

- (a) On determination of default by National Company Law Tribunal.
- (b) Occurrence of default.
- (c) On net-worth of the debtor becoming negative.
- (d) On the bank classified the account as Non-Performing Asset.

Ans. (b)

42. 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)

43. A Limited Liability Partnership firm shall have at least partners.

- (a) 2
- (b) 3
- (c) 5
- (d) 7

Ans. (a)

44. A limited liability partnership firm shall, within a period of six months from the end of each financial year, prepare for the said financial year as at the last day of the said financial year.

- (a) statements of accounts
- (b) statements of assets and liabilities of partners
- (c) statements of accounts and solvency

(d) statements of financial accounts

Ans. (c)

45. The President of the National Company Law Tribunal shall be a person who is or has been:

- (a) a judge of a High Court for five years
- (b) a judge of a High Court for three years
- (c) a judge of a District Court for ten years
- (d) a senior advocate

Ans (a)

46. Which of the following agreements is not void?

- (a) agreement in restraint of marriage
- (b) agreement in restraint of trade
- (c) agreement in restraint of legal proceedings
- (d) agreement caused by undue influence

Ans. (d)

47. A contract in which one person promises to compensate the other for the loss suffered by him, due to the conduct of the promisor or of any other person, is known as:

- (a) Contract of indemnity
- (b) Contract of guarantee
- (c) Quasi-contract
- (d) Contingent contract

Ans. (a)

48. Under the Transfer of Property Act, 1882, the expression 'registered' pertains to

- (a) registration of property
- (b) registration of documents
- (c) registration of parties
- (d) registration of charges

Ans. (b)

49. Which of the following is not a requirement of a contract?

- (a) free consent of the parties
- (b) lawful consideration
- (c) lawful object
- (d) a written agreement

Ans. (d)

50. Which of the following decides applications from the banks and financial institutions for recovery of debts due to them?

- (a) Debt Recovery Tribunals
- (b) Debt Recovery Appellate Tribunals
- (c) Securities Appellate Tribunals
- (d) Central Board for Direct Taxes

Ans. (a)

51. 'Wages' under the Minimum Wages Act, 1948 includes

- (a) house rent allowance
- (b) value of house accommodation
- (c) contribution by employer to any pension fund
- (d) travelling allowance

Ans. (a)

52. A contract for present sale of future goods under the Sale of Goods Act, 1930 operates as a/an

- (a) contract of sale
- (b) agreement to sell
- (c) estoppel
- (d) quasi contract of sale

Ans. (b)

53. Balance sheet of a company does not show

- (a) what the company owns and what the company owes
- (b) assets and liabilities of the company
- (c) financial health of the company
- (d) income and expenditure of the company

Ans. (d)

54. Basic Earnings per Share (EPS) is calculated by

- (a) net profit / total number of shares
- (b) (net profit – preferred dividend) / weighted average number of shares outstanding
- (c) (net Profit - preference share capital) / Average number of shares outstanding
- (d) (net Profit - dividend) / Total shares outstanding

Ans. (b)

55. Which among the following is not an essential feature of IFRS converged IND ASs (Indian Accounting Standard)?

- (a) Applicable to separate as well as consolidated financial statement
- (b) Give more importance to concept of substance over form
- (c) measurement not based on time value of money
- (d) disclosure of all relevant information and assumptions used

Ans. (c)

56. A firm can enhance its value by
- (a) increasing working capital.
 - (b) increasing capital expenditure.
 - (c) decreasing cost of capital.
 - (d) Increasing debt.

Ans. (c)

57. Banks can freely provide Loans / Advances against
- (a) partly paid equity share of the companies
 - (b) fixed deposits of other Banks
 - (c) certificates of deposit
 - (d) minted gold coins weight up to 50 gms per customer

Ans. (d)

58. Which of the following is not true?
- (a) An insolvency professional must not engage in any employment.
 - (b) An insolvency professional must refrain from accepting too many assignments.
 - (c) An insolvency professional must not accept gifts which undermines his independence.
 - (d) An insolvency professional must not accept more than one assignment from the same corporate applicant in a year.

Ans. (d)

59. 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)

60. Securities and Exchange Board of India does not regulate
- (a) securities
 - (b) commodity derivatives
 - (c) mutual funds
 - (d) ULIPs

Ans. (d)

61. "S4A" scheme of RBI stands for
- (a) Scheme for Sustainable Structuring of Stressed Assets
 - (b) Scheme for Schematic Structuring of Stressed Assets
 - (c) Scheme for Sustainable Structuring of Systemic Assets
 - (d) Scheme for Schematic Structuring of Systemic Assets

Ans. (a)

62. The Policy Repo Rate is ---- the Reverse Repo rate.

- (a) higher than
- (b) lower than
- (c) equal to
- (d) 75% of

Ans. (a)

63. Which of the following is not true?

- (a) An insolvency professional must not engage in any employment.
- (b) An insolvency professional must refrain from accepting too many assignments.
- (c) An insolvency professional must not accept gifts which undermines his independence.
- (d) An insolvency professional must not accept more than one assignment from the same corporate applicant in a year.

Ans. (d)

64. 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)

65. 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)

66. 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)

67. Basic Earnings per Share (EPS) is calculated as _____.

- (a) Net profit /total number of shares
- (b) (Net profit - preferred dividend)/weighted average number of outstanding shares
- (c) (Net Profit - Preference Share Capital) /Average shares outstanding
- (d) (Net Profit - Dividend) /Total shares outstanding

Ans.(b)

68. A person resident in India has the meaning assigned to it as per the

- (a) FEMA Act, 1999
- (b) Companies Act
- (c) RBI Act, 1934
- (d) SEBI Act, 1992

Ans. (a)

69. 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)

70. 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)

71. 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)

72. 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)

73. 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)

74. 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)

75. Basic Earnings per Share (EPS) is calculated as _____.

- (a) Net profit /total number of shares
- (b) (Net profit - preferred dividend)/weighted average number of outstanding shares
- (c) (Net Profit - Preference Share Capital) /Average shares outstanding
- (d) (Net Profit - Dividend) /Total shares outstanding

Ans.(b)

76. Exchange markets and Over the Counter Markets are considered as two types of - _____.

- (a) Inter market
- (b) Primary market
- (c) Secondary market
- (d) Risky market

Ans. (c)

77. Who among the following need not be given notice for the general meeting of a company?

- (a) a member of the company

- (b) an assignee of an insolvent member of the company
- (c) the auditor of the company
- (d) a debenture holder of the company

Ans. (d)

78. When shall an Interim Order made in response to Interim Inspection Report expire?

- (a) 30 days
- (b) 60 days
- (c) 90 days
- (d) 120 days

Ans. (c)

79. 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)

80. 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)

81. A company cannot issue –

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

Ans. (b)

82. 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)

83. The Investigating Authority may requisition the services of _____ to assist him in search and seizure under the order.

- (a) Police Officer
- (b) Body guards
- (c) Officers of State Government
- (d) None of the above

Ans. (a)

84. The Governing Board may relax any of the regulations in case of _____ .

- (a) exigencies warranting such relaxation.
- (b) At its will
- (c) Will of the members
- (d) None of the above

Ans. (a)

85. What shall be termed as Essential Services?

- (a) electricity
- (b) water
- (c) telecommunication services
- (d) all of the above.

Ans. (d)

86. In case one of the secured creditors realises its security interest and such realization is not sufficient to pay its outstanding debts, can he recover the balance amount?

- a) The balance amount will be ignored.
- b) The balance amount will be paid at par with dues to the Central Government and the State Government.
- c) The balance amount will be paid at par with other secured creditors.
- d) The Balance amount will be paid at par with unsecured creditors.

Ans. (b)

87. 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)

88. 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)

89. A company cannot issue –
- (a) Redeemable preference shares
 - (b) Irredeemable preference shares
 - (c) Commutative preference shares
 - (d) Participative preference shares

Ans. (b)

90. 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)

91. 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)

92. 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)

93. 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)

Ans. (b)

94. The Secretary to the Advisory Committee shall not have the following rights in the meetings of the Advisory Committee.

- (a) Right to attend
- (b) Right to speak
- (c) Right to vote
- (d) None of the Above

Ans. (c)

95. Can a Tribunal issue summons to the borrower to show cause as to why the relief should not be granted?

- (a) Yes
- (b) No
- (c) On specific permission by Central Government.
- (d) Only C

Ans. (a)

96. Against the Chairperson of the Appellate Tribunal, disciplinary enquiry shall be made by

- (a) District Judge
- (b) Metropolitan Judge
- (c) High Court Judge
- (d) Supreme Court Judge

Ans. (d)

97. Record date means the date agreed upon by the secured creditors representing

- (a) Less than three-fourth in value of the amount outstanding on such date.
- (b) Not less than three-fourth in value of the amount outstanding on such date.
- (c) Not less than sixty percent in value of the amount outstanding on such date.
- (d) Less than one-fourth in value of the amount outstanding on such date.

Ans. (c)

98. 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

99. 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)

100. 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)