

Insolvency Professional Agency of Institute of Cost Accountants of India

Mock Test 2 – Limited Insolvency Examination

1. What is the purpose of enactment of the Insolvency and Bankruptcy Code, 2016?
 - (a) To consolidate and amend the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals
 - (b) To maximize the value of assets of interested persons
 - (c) To increase availability of credit and balance the interest of all the stakeholders
 - (d) All of the above

2. 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

3. The key recommendations of the Code were made by the
 - (a) Narasimhan committee
 - (b) Raja Chelliah Committee
 - (c)) Bankruptcy Law Reforms Committee
 - (d) Tiwari Committee

4. When will the provisions of insolvency of corporate persons be applicable on a corporate person?
 - (a) When the amount of the default is one lakh rupees or more
 - (b) When the amount of the default is ten lakh rupees or more
 - (c) When the amount of the default is two lakh rupees or more
 - (d) Amount of default is immaterial

5. What constitutes default under IBC
 - (a) Non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not paid by the debtor or the corporate debtor.
 - (b) Non-payment of debt when whole or part of the payment is demanded by the financial or operational creditor.
 - (c) Non-payment of any amount, whether in full or in part, is demanded by the creditors or concerned authorities.
 - (d) Any payment of the creditor that is subsisting.

6. Who shall be termed as Corporate Debtor (CD) as per the Code?
 - (a) Company who owes a debt to any person
 - (b) Corporate person who owes a debt to any person
 - (c) Company who borrows from any company

(d) Corporate person who owes a debt to any company

7. Which amongst the following is not an operational debt?

- (a) a claim in respect of the provision of goods or services
- (b) debt in respect of the payment of dues arising under any law for the time being in force and payable to the Central Government
- (c) receivables sold or discounted other than any receivables sold on non-recourse basis
- (d) a claim in respect of the provision of employment

8. What is insolvency commencement date:

- a) The date on which a financial creditor, corporate applicant or operational creditor makes an application to the Adjudicating Authority for initiating corporate insolvency resolution process.
- b) The date of admission of an application by a financial creditor, corporate applicant or operational creditor for initiating corporate insolvency resolution process by the Adjudicating Authority.
- c) The date on which a financial creditor, corporate applicant or operational creditor realises the insolvent status of the corporate debtor.
- d) The date on which the corporate debtor is unable to pay its debts to the creditors.

9. 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

10. When shall the Adjudicating Authority appoint an Interim Resolution Professional?

- a) 7 days from the Insolvency Commencement date
- b) 14 days from the Insolvency commencement date
- c) on the Insolvency Commencement date
- d) 28 days from the Commencement date

11. Who shall declare a moratorium:

- a) Insolvency Professional
- b) Insolvency Professional Agency
- c) Adjudicating Authority
- d) Insolvency and Bankruptcy Board of India

12. 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

13. The Interim Resolution Professional under the Corporate Insolvency Resolution process can raise interim finance provided that no security interest shall be created over any encumbered property of the corporate debtor without the prior consent of the creditors whose debt is secured over such encumbered property. The law mandates prior creditor consent which is not required to be obtained where the value of such encumbered property

- (a) is not less than the amount equivalent to twice the amount of the debt
- (b) is not less than the amount equivalent to the amount of the debt
- (c) is not less than the amount equivalent to thrice the amount of the debt
- (d) No the creditors prior consent is always required

14. Who is a resolution professional:

- a) Independent person appointed by the High Court to conduct corporate insolvency resolution process.
- b) Insolvency professional appointed to conduct corporate insolvency resolution process.
- c) Independent person appointed by the applicant to conduct corporate insolvency resolution process.
- d) any person qualified to be appointed as a resolution professional and who has submitted an application to the Board to undertake corporate insolvency resolution process.

15. Duties of a resolution professional do not include

- (a) Maintenance of updated list of claims
- (b) Prepare Information memorandum
- (c) Present Resolution plans to creditors
- (d) Raising interim finance on a Suo moto basis without consent of Committee of Creditors

16 The public announcement regarding initiation of corporate insolvency resolution process may not be made

- a) in newspapers.
- b) on the website of the corporate debtor.
- c) on the website designated by the Insolvency and Bankruptcy Board of India.
- d) on the website of the Insolvency Professional Agency.

17. In which form is the public announcement by the interim resolution professional required to be made:

- A Form A of Schedule of the IBBI (CIRP) Regulations 2016.
- B Form B of Schedule of the IBBI (CIRP) Regulations 2016.
- C Form C of Schedule of the IBBI (CIRP) Regulations 2016.
- D Form D of Schedule of the IBBI (CIRP) Regulations 2016.

18. What can a creditor do if he failed to submit proof of claim within the time stipulated in the public announcement:

- a) He may submit such proof to the Interim resolution Professional or the resolution professional on or before ninetieth day of the Insolvency Commencement date

- b) He may submit such proof with the previous permission of the other creditors who have already submitted their claims.
- c) He may submit such proof to the resolution professional with the prior approval of the resolution professional.
- d) He shall forego his claim.

19. What is the time frame for verifying claims of creditors by the resolution professional?

- a) Within 5 days from the last date of receipt of claims.
- b) Within 10 days from the last date of receipt of claims.
- c) Within 7 days from the last date of receipt of claims.
- d) Within 14 days from the last date of receipt of claims.

20. Up to what duration can the notice period for calling the meeting of the committee of creditors be reduced?

- a) Not less than 48 hours.
- b) Not less than 24 hours.
- c) Not less than 12 hours.
- d) Not less than 36 hours.

21. What is quorum in case of meeting of committee of creditors?

- a) Members of the Committee representing at least 33% of the voting rights present either in person or video conference or other audio-visual means.
- b) Members of the Committee representing at least 50% of the voting rights are present either in person or proxy.
- c) Members of the Committee representing at least 50% of the voting rights are present either in person or video conference or other audio-visual means or proxy.
- d) Members of the Committee representing at least 66% of the committee present in person or proxy.

22. Which of the following does not constitute "Insolvency resolution process costs"?

- a) Amounts due to suppliers of essential goods and services.
- b) Amounts due to a person whose rights are prejudicially affected on account of the moratorium imposed
- c) Expenses incurred on or by the interim resolution professional to the extent ratified
- d) Expenses on the public announcement.

23. Which of the following is not an essential supply?

- a) Telecommunication services.
- b) Information technology services.
- c) Electricity.
- d) Transportation.

24. While approving a resolution plan or deciding to liquidate the corporate debtor under, the committee may, in consultation with fix the fee payable to the liquidator?

- a) IBBI
- b) Adjudicating Authority
- c) Resolution Professional
- d) NCLT

25. What is the nature of liquidation order:

- a) Deemed to be a notice of discharge to the officers of the corporate debtor
- b) Deemed to be a notice of discharge to the financial creditor

- c) Deemed to be a notice of discharge to the officers and workmen of the corporate debtor
- d) Deemed to be a notice of discharge to the officers, employees and workmen of the corporate debtor

26. Upon appointment of liquidator in a company, whose power shall be vested in the hands of the liquidator:

- a) Power of Executive Directors of the corporate debtor
- b) Power of Executive Directors and Independent Directors of the corporate debtor
- c) Power of Board of directors, Key Managerial Personnel and the partners of the corporate debtor
- d) Power of only Board of Directors of the corporate debtor

27. Who can be appointed as a liquidator under IBC, 2016?

- a) Law Firm
- b) An Individual who is a registered Insolvency Professional
- c) An Insolvency Professional Entity
- d) Registered Valuers

28. Which of the following assets are included in the liquidation estate:

- a) assets held in trust for any third party
- b) bailment contracts
- c) tangible assets, whether movable or immovable
- d) sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund

29. Which of the following transaction shall be deemed to be a preferential transaction:

- a) Transfer made in the ordinary course of the business or financial affairs of the corporate debtor or the transferee
- b) Transfer creating a security interest in property acquired by the corporate debtor to the extent that such security interest secures new value and was given at the time of or after signing of a security agreement that contains a description of such property as security interest and was used by corporate debtor to acquire such property
- c) Transfer creating a security interest in property acquired by the corporate debtor to the extent that such transfer was registered with an information utility on or before thirty days after the corporate debtor receives possession of such property
- d) Transfer of property or an interest thereof of the corporate debtor for the benefit of a creditor or a surety or a guarantor for or on account of an antecedent financial debt or operational debt or other liabilities owed by the corporate debtor

30. In which of the following cases can the liquidator make an application for avoidance of transaction to the Adjudicating Authority if the terms of such transaction require exorbitant payments to be made by the corporate debtor:

- a) An Extortionate credit transaction in which corporate debtor has been a party to transaction involving the receipt of financial or operational debt during the period within 1 year preceding the insolvency commencement date
- b) Extortionate credit transaction in which corporate debtor has been a party to transaction involving the receipt of financial or operational debt during the period within 2 years preceding the insolvency commencement date
- c) Extortionate credit transaction in which corporate debtor has been a party to transaction involving the receipt of financial or operational debt during the period within 3 years preceding the insolvency commencement date
- d) Extortionate credit transaction in which corporate debtor has been a party to transaction involving the receipt of financial or operational debt during the period within 4 years preceding the insolvency commencement date

31. Under which Section of the Code can a secured creditor realise his security interest:

- a) Section 50
- b) Section 51
- c) Section 52
- d) Section 53

32. To whom shall the dissolution order of the corporate debtor be forwarded:

- a) To Insolvency and Bankruptcy Board of India
- b) To Insolvency Professionals Agency with whom the liquidator is registered
- c) To the authority with which corporate debtor is registered
- d) To the concerned Regional Director

33. Within how many days does the dissolution order have to be forwarded to the authority with which the corporate debtor is registered:

- a) Within 7 days from the date of order
- b) Within 10 days from the date of order
- c) Within 15 days from the date of order
- d) Within 30 days from the date of order

34. The Fast Track CIRP completion period can be extended by a resolution passed at a meeting of the committee of creditors and supported by-----

- a) 75% of the voting share
- b) 66% of the voting share
- c) 50% of the voting share
- d) Majority share

35. The Extension of fast track CIRP shall not be granted more than.....

- a) Once
- b) Twice
- c) Thrice
- d) None

36. Any person aggrieved by the order of the National Company Law Appellate Tribunal may file an appeal to-----

- a) High Court
- b) Supreme Court
- c) IBBI
- d) National Company Law Tribunal

37. What is the Penalty for initiation of the Insolvency Resolution Process or Liquidation proceedings fraudulently or with malicious intent?

- a) 1 lakh extendable to Rs. 1 crore
- b) Rs. 5 lakhs extendable to Rs. 5 crores
- c) Rs. 7 lakhs extendable to Rs. 7 crores
- d) Rs. 10 lakhs extendable to Rs. 10 crores

38. Which of the following does not constitute a valid ground against which an appeal can be made?

- a) there has been material irregularity in exercise of the powers by the resolution professional during the corporate insolvency resolution period
- b) the resolution plan does not comply with any other criteria specified by the Board
- c) proof of claims was not submitted by one or more of the creditors during the insolvency resolution process
- d) the insolvency resolution process costs have not been provided for repayment in priority to all other debts

39. What is the punishment for falsification of books of corporate debtor?

- a) Imprisonment for a term not less than 3 years, extendable to 5 years or fine of minimum Rs. 1 lakh, extendable to Rs. 1 crore or both.
- b) Imprisonment for a term not less than 2 years, extendable to 4 years or fine of minimum Rs. 2 lakhs, extendable to Rs. 2 crore or both.
- c) Imprisonment for a term not less than 8 months, extendable to 4 years or fine of minimum Rs. 2 lakhs, extendable to Rs. 2 crore or both.
- d) Imprisonment for a term not less than 1 year, extendable to 4 years or fine of minimum Rs. 3 lakhs, extendable to Rs. 3 crore or both.

40. What is the punishment for contravention of moratorium provisions by the Corporate debtor or any of its officers?

- a) Imprisonment for a term not less than 3 years, extendable to 5 years or fine of minimum Rs. 1 lakh, extendable to Rs. 3 lakhs or both.
- b) Imprisonment for a term not less than 2 years, extendable to 4 years or fine of minimum Rs. 2 lakhs, extendable to Rs. 2 crore or both.
- c) Imprisonment for a term not less than 8 months, extendable to 4 years or fine of minimum Rs. 2 lakhs, extendable to Rs. 2 crore or both.
- d) Imprisonment for a term not less than 1 year, extendable to 4 years or fine of minimum Rs. 3 lakhs, extendable to Rs. 3 crore or both.

41. What is the main eligibility to be a liquidator of a corporate debtor?

- a) Insolvency Professional who shall be independent of corporate debtor
- b) Insolvency Professional who shall be independent of creditors of corporate debtor
- c) Any advocate who shall be independent of corporate debtor
- d) Insolvency Professional who shall be a related party to corporate debtor

42. Under which of the following condition, an Insolvency Professional shall not be considered to be independent of corporate debtor?

- a) Is eligible to be appointed as an independent director on the board of the corporate debtor under section 149 of the Companies Act, 2013 (18 of 2013), where the corporate debtor is a company
- b) Is a related party of the corporate debtor
- c) Has not been an employee or proprietor or a partner of a firm of auditors of the corporate debtor
- d) Has not been an employee or proprietor or a partner of a company secretaries or cost auditors of the corporate debtor.

43. To whom shall the liquidator submit the report prepared by him/her in the course of liquidation of corporate debtor?

- a) Adjudicating Authority
- b) Insolvency and Bankruptcy Board of India
- c) Insolvency Professional Agency with whom the liquidator is registered
- d) Authority with which the corporate debtor is registered

44. In what manner shall the liquidator preserve the copy of reports prepared by him in the course of liquidation of corporate debtor?

- a) Physical Manner
- b) Physical Manner and Electronic Manner
- c) Physical Manner or Electronic Manner
- d) Electronic Manner

45. Within how many days shall the liquidator make the public announcement?

- a) 3 days from the date of his appointment

- b) 4 days from the date of his appointment
- c) 5 days from the date of his appointment
- d) 7 days from the date of his appointment

46. The public announcement shall provide for the last date for submission of claims which shall be from the liquidation commencement date?

- a) 7 days
- b) 14 days
- c) 21 days
- d) 30 days

47. What shall be a Progress Report provide for?

- a) Appointment, tenure and cessation of professionals
- b) Statement indicating progress in liquidation
- c) Fees to liquidator
- d) Developments in material litigation by or against creditors

48. Which of the following Annexure will form part of the Progress Report of the last quarter of the financial year?

- a) Audited Accounts of the liquidator's receipts and payments for the financial year
- b) Accounts of the liquidator's receipts and payments for the financial year
- c) Audited Accounts of the corporate debtor's receipts and payments for the financial year
- d) Audited Accounts of the liquidator's receipts for the financial year

49. The Composition of the consultation committee does not include

- a) Secured financial creditors, who have relinquished their security interests
- b) Corporate Debtor
- c) Workmen and employees
- d) Governments

50. The consultation committee shall advise the liquidator, by a vote of not less than of the representatives of the consultation committee?

- a) Fifty percent
- b) Sixty Six Percent
- c) Seventy percent
- d) Ninety Percent

51. Can Asset Memorandum be made accessible to the creditors of corporate debtor during the course of liquidation?

- a) Yes, Asset Memorandum can be made accessible to the creditors of corporate debtor during the course of liquidation
- b) No, Asset Memorandum cannot be made accessible to the creditors of corporate debtor during the course of liquidation, unless permitted by the Adjudicating Authority
- c) Yes, Asset Memorandum can be made accessible only to financial creditors during the course of liquidation
- d) No, Asset Memorandum cannot be made accessible to the creditors of corporate debtor during the course of liquidation, unless permitted by the Committee of Creditors

52. Which of the following report shall be prepared by the liquidator pursuant to the sale of assets of corporate debtor?

- a) Asset Memorandum
- b) Asset Report
- c) Asset Sale Report
- d) Asset Sale Memorandum

53. In which form the compliance certificate shall be submitted to the Adjudicating Authority

- a) Form B
- b) Form D
- c) Form E
- d) Form H

54. A stakeholder, who claims to be entitled to any amount deposited into the Corporate Liquidation Account, may apply to the Board in which form for an order for withdrawal of the amount?

- a) Form J
- b) Form H
- c) Form I
- d) Form C

55. An operational creditor desirous of initiating a corporate insolvency resolution process needs to deliver to the corporate debtor a demand notice in Form appended to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016?

- a) Form 2
- b) Form 3
- c) Form 1
- d) Form 6

56. An Insolvency Professional shall make a public announcement.....

- a) Not later than two days from the date of his appointment
- b) Not later than three days from the date of his appointment
- c) Not later than Four days from the date of his appointment
- d) Not later than 7 days from the date of his appointment

57. The Public announcement shall be made in which form

- a) Form A
- b) Form B
- c) Form C
- d) Form D

58. In which form, the authorised representative can submit one proof of claim for dues of numerous workmen or employees?

- a) Form B
- b) Form C
- c) Form D
- d) Form E

59. The existence of dues to workmen or employees may be proved on the basis of

- a) A proof of employment such as contract of employment for the period for which such workman or employee is claiming dues
- b) Financial Accounts
- c) Financial contract supported by financial statements as evidence of debt
- d) Bank statement

60. Who shall act as the chairperson the committee meetings?

- a) Resolution Professional
- b) Insolvency Professional
- c) IBBI
- d) Adjudicating Authority

61. The resolution Professional shall circulate the minutes of the meetings by electronic means

- a) Within 24 hours of the said meeting
- b) Within 48 hours of the said meeting
- c) Within 30 days of the said meeting
- d) Within 1 month

62. when shall an invitation to submit the Resolution plan be issued by the Resolution professional to prospective resolution applicants

- a) At least fifteen days before the last date of submission of resolution plan
- b) At least 30 days before the submission of resolution plan
- c) At least 2 months before the Resolution plan
- d) Six months before the last date of submission of resolution plan

63. The brief particulars of the invitation shall be published in which form?

- a) Form B
- b) Form D
- c) Form G
- d) Form F

64. A resolution plan under Fast track Process shall not provide

- a) The term of the plan and its implementation schedule
- b) The Management and control of the business of the corporate debtor during its term
- c) Adequate means for supervising its implementation
- d) Time constraints

65. What is the time limit for completion of Fast Track process?

- a) 90 days
- b) 180 days
- c) 270 days
- d) 360 days

66. No prospectus shall be valid if it is issued more than after the date on which a copy thereof is delivered to the Registrar?

- a) 90 days
- b) 45 days
- c) 30 days
- d) 14 days

67. The Securities premium account may not be applied by the company—

(a) towards the issue of unissued shares of the company to the members of the company as partly paid bonus shares;

(b) in writing off the preliminary expenses of the company;

(c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company;

(d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the company

68. Any share issued by a company at a discount price shall be

- a) valid
- b) Void
- c) Not valid
- d) Void-ab-inito

69. A prospectus which does not include complete particulars of the quantum or price of the securities included therein.

- a) Shelf Prospectus
- b) Deemed Prospectus
- c) Red-herring Prospectus
- d) Abridged Prospectus

70. Qualifying Debt does not include

- a) An excluded debt
- b) A debt to the extent it is secured
- c) Any debt which has been incurred three months prior to the date of the application for fresh start
- d) Any amount due in respect of the amount owed under any contract by debtor for a liquidated sum

71. The estate of the bankrupt shall not include

- a) Excluded assets
- b) Property held by the bankrupt on trust for any other person
- c) All property belonging to or vested in the bankrupt at the bankruptcy commencement date
- d) All sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund

72. The Board shall perform the following functions

- a) Register insolvency Professionals, Information utilities, insolvency Professional Agencies
- b) Specify standards for functioning of insolvency Professional Agencies
- c) Carrying out inspection and investigations of information utilities
- d) Not specifying the mechanism for redressal of grievances

73. Within how many days the Board shall acknowledge the application made for registration as information utility?

- a) 7 days of its receipt
- b) 10 days of its receipt
- c) 14 days of its receipt
- d) 21 days of its receipt

74. What is the minimum number of Independent Directors required to be present during the meeting of the Governing Board of an Information Utility

- a) At least one Independent Director
- b) At least two Independent Directors
- c) At least three Independent Directors
- d) One fourth of the total number of Independent Directors

75. The Information Utility shall remind the debtor at least for confirmation of information of default

- a) Two Times
- b) Three Times
- c) Four Times
- d) Five Times

76. What is the age limit for an individual at the time of joining as managing director in case of an Insolvency Professional agency?

- a) Shall not be above the age of fifty-five years
- b) Sixty years
- c) Sixty-Five years
- d) Fifty years

77. To whom shall the Grievance Redressal Committee refer the matter, wherever the grievance warrants disciplinary action?

- a) Disciplinary committee
- b) Monitoring Committee
- c) Advisory committee
- d) Membership committee

78. What is the fee for Insolvency Professional Agency for obtaining in-principal approval:

- a) Rs. 5 Lakhs
- b) Rs. 10 Lakhs
- c) Rs. 15 Lakhs
- d) Rs. 20 Lakhs

79. Application for Certificate of Registration by an Insolvency Professional enrolled with an Insolvency Professional Agency shall be made to _____

- a) NCLT Insolvency Professional Regulations
- b) Insolvency Professional Agency
- c) DRT
- d) IBBI

80. Limited Period registration is valid for _____ months.

- a) 9
- b) 3
- c) 6
- d) 15

81. How much sitting fee a member of advisory committee is entitled to?

- a) Rs 5000 per meeting
- b) Rs 10000 per meeting

- c) Rs 25000 per meeting
- d) Rs 35000 per meeting

82. How long an employee shall be on probation on initial appointment in the grade

- a) Two years
- b) One year
- c) Three years
- d) Five years

83. 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

84. B. K. Educational Services Private Limited Vs. Parag Gupta and Associates case law pertains to

- a) Withdrawal of application
- b) Dispute
- c) Limitation Act
- d) Timelines

85. Mr. Nirav Modi had defaulted in payment of dues amounting to Rs 8500 Crore to Punjab National Bank and some other Financial Creditors. With respect to the Insolvency and Bankruptcy code answer the following Questions - Under the IBC default is said to be occurred on the fulfilment of condition/s-

- a) Debts becoming due and payable.
- b) Non- payment of the debt.
- c) Liability /obligation in respect of a claim which is due.
- d) Both (a) & (b)

86-90 (Case Study)

A Ltd. is a corporate debtor who has availed a loan of Rs. 100 crores from consortium lending in which the lead bank is ABC Bank Ltd. The other banks are PQR Bank Ltd., LMN Bank Ltd. and XYZ Bank Ltd.

Due to financial crunch and slowdown in the economic conditions, the corporate debtor is finding it difficult to finance the loan.

H, I, and J have supplied material to A Ltd. for which their outstanding amounts are Rs. 12,00,000, Rs. 19,78,000, and Rs. 89,750 respectively. Their amounts have been long outstanding. They want to recover their dues.

As far as the banks are concerned, and RBI directive has asked them to expedite recovery proceeding regarding the NPA accounts.

The operational creditors are contemplating filing a common application jointly as their dues are against the supply of material. The banks too have decided to file a joint application.

86. The Operational Creditors H, I and J are contemplating filing a joint application before the Adjudicating Authority. Can they do so

- a) Yes, they can file a joint application as Form 5 doesn't prohibit filing a joint application
- b) No, filing of joint application is permitted only in case of Financial creditors
- c) Yes, though nothing in the Code and the Rules thereto prohibit a joint application, a joint Operational Creditor application will become very clumsy and messy, hence must be avoided.
- d) None of the above.

87. The Financial Creditors ABC Bank Ltd., PQR Bank Ltd., LMN Bank Ltd. and XYZ Bank Ltd. want to file a joint application for initiating an Insolvency Resolution Process. Is it maintainable before the Adjudicating Authority?

- a) Yes, the Code provides for a joint application in case of Financial Creditors, hence it is maintainable.
- b) No, as the Code provides for nomination by the Financial Creditors, their application is not maintainable as they want to file a joint application.
- c) Yes, though nothing in the Code and the rules thereto prohibit a joint application, a joint Financial Creditor application will become very clumsy and messy, hence must be avoided.
- d) None of the above.

88. Form for Application by the Financial Creditors for insolvency proceedings is prescribed in the _____ and application should be in _____.

- a) Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016; Form 1
- b) Insolvency and Bankruptcy (Application to Adjudicating Authority for initiating CIRP) Rules, 2016; Form 2
- c) Insolvency and Bankruptcy Code, 2016; Form 5
- d) Insolvency and Bankruptcy (Application to Adjudicating Authority for Financial Creditors) Rules, 2016; Form 6

89. Form 3 & 4 sent by J for recovery of his dues is not acted upon by A Ltd. because

- a) The minimum amount of default specified by the Code is Rs. One lakh.
- b) The objective of the Code is not recovery but resolution of the stressed assets.
- c) A Ltd. is of the opinion that the material supplied by J is not as per his requirement and hence he is neither obligated to pay the amount nor respond to his notice.
- d) The demand made by J is incorrect.

90. ABC Bank Ltd. wants to file an application for initiating insolvency proceeding before the Adjudicating Authority. Will it be maintainable when A Ltd. has not committed any default till date though the payments are deferred a bit

- a. A Ltd. being a Corporate Debtor can file for insolvency proceedings only if it has not committed a default.
- b. The financial creditor can file an application for initiating insolvency proceedings as A Ltd. is delaying making the payment and hence has committed a default.
- c. The operational creditor can initiate insolvency proceedings as their payments are long overdue.
- d. As a cautionary measure, if A Ltd. wants to file for insolvency proceedings, it will be maintainable before the Adjudicating Authority.

Answers Mock Test 2

- | | | |
|---------|---------|---------|
| 1. (d) | 31. (c) | 61. (b) |
| 2. (d) | 32. (c) | 62. (a) |
| 3. (a) | 33. (a) | 63. (c) |
| 4. (a) | 34. (a) | 64. (d) |
| 5. (a) | 35. (a) | 65. (a) |
| 6. (b) | 36. (b) | 66. (a) |
| 7. (a) | 37. (a) | 67. (a) |
| 8. (b) | 38. (c) | 68. (b) |
| 9. (b) | 39. (a) | 69. (c) |
| 10. (b) | 40. (a) | 70. (d) |
| 11. (c) | 41. (a) | 71. (c) |
| 12. (a) | 42. (b) | 72. (a) |
| 13. (a) | 43. (a) | 73. (a) |
| 14. (b) | 44. (b) | 74. (a) |
| 15. (d) | 45. (c) | 75. (b) |
| 16. (d) | 46. (d) | 76. (a) |
| 17. (a) | 47. (d) | 77. (a) |
| 18. (a) | 48. (a) | 78. (b) |
| 19. (c) | 49. (b) | 79. (d) |
| 20. (b) | 50. (b) | 80. (b) |
| 21. (a) | 51. (b) | 81. (b) |
| 22. (d) | 52. (c) | 82. (a) |
| 23. (d) | 53. (d) | 83. (b) |
| 24. (c) | 54. | 84. (c) |
| 25. (d) | 55. (a) | 85. (d) |
| 26. (c) | 56. (b) | 86. (b) |
| 27. (b) | 57. (a) | 87. (a) |
| 28. (c) | 58. (d) | 88. (a) |
| 29. (d) | 59. (a) | 89. (a) |
| 30. (b) | 60. (a) | 90. (b) |