

Insolvency Professional Agency of Institute of Cost Accountants of India

Mock Test 3 – Limited Insolvency Examination

1. Which Legislations are getting repealed on enforcement of IBC?

- a) The Presidency Towns Insolvency Act 1909, Provincial Insolvency Act 1920 and Sick Industrial Companies (Special Provisions) Act 1985.
- b) Sick Industrial Companies (Special Provisions) Act 1985, The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 and The Payment and Settlement Systems Act 2007.
- c) Provincial Insolvency Act 1920, The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 and Recovery of Debts due to Banks and Financial Institutions Act, 1993.
- d) Sick Industrial Companies (Special Provisions) Act 1985 and some provisions of Negotiable Instruments Act, 1881.

2. What is Debt under the IBC?

- (a) Debt means a liability or obligation in respect of a claim which is due from any person
- (b) It includes a financial debt and operational debt
- (c) Both (a) & (b)
- (d) None of the above

3. Who is an 'Operational Creditor' under IBC:

- (a) A creditor whose liability subsists up to 6 months and is listed in the balance sheet.
- (b) A person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned or transferred.
- (c) Any creditor listed in the balance sheet of the corporate debtor.
- (d) Any person that has advanced loan to another party.

4. Which of the following is not included as a Creditor under IBC?

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

5. Which of the following is not a Financial service under the Code:

- (a) Accepting of Deposits
- (b) Maintaining or Transferring records of Ownership of a Financial Product
- (c) Effecting contracts of Insurance
- (d) None of the Above

6. Whether IBC is applicable to person resident outside India:

- a) No, IBC is not applicable to a person resident outside India.
- b) Yes, IBC is applicable to a person resident outside India.
- c) IBC is applicable to a person outside India with the prior approval of the Board.
- d) IBC is applicable to person resident outside India as well as to foreign persons.

7. 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.

8. Who is an applicant under Section 7 of IBC:

- a) Corporate Debtor.
- b) Financial Creditor.
- c) Operational Creditor.
- d) Adjudicating Authority.

9. Once the application is received, the adjudicating authority shall confirm the existence of default within

- (a) 7 days
- (b) 14 days
- (c) 21 days
- (d) None of the above

10. Which of the following activities shall not be prohibited or terminated during the moratorium period:

- a) Transferring, encumbering, alienating or disposing of any assets by the corporate debtor.
- b) The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.
- c) any action to foreclose, recover or enforce any security interest created by the corporate debtor.
- d) The supply of essential goods or services to the corporate debtor.

11. The duties of the Interim resolution professional under the Corporate Insolvency resolution process include to take control and custody of any asset over which the corporate debtor has ownership rights but not the following

- (a) Assets in India and Assets abroad
- (b) Tangible and intangible assets
- (c) Assets in possession and not in possession of the corporate debtor
- (d) Assets of the Indian or foreign subsidiary of the corporate debtor

12. What is the time limit within which the first meeting of committee of creditors should be held:

- a) Within 14 days of constitution of committee.
- b) Within 7 days of constitution of committee.
- c) Within 10 days of constitution of committee.
- d) As per the discretion of the committee.

13. Which of the following agenda items should be taken up in the first meeting of committee of creditors:

- a) Appointment of interim resolution professional as insolvency professional or to replacement of the interim resolution professional by another resolution professional.
- b) Preparation of draft resolution plan.
- c) Discussion of the status of the corporate debtor as on the present date and the road map ahead.
- d) Collection of information on corporate debtor from independent sources

14. Financial Creditors can be represented in the meeting of the Committee of Creditors by an Insolvency professional. In this case, the fee of the professional for attending such meetings will be

- (a) Borne by the Corporate debtor
- (b) Recoverable from the corporate debtor
- (c) Borne by the Creditor concerned
- (d) Fixed by the Committee of creditors

15. What is resolution plan:

- a) A plan proposed by the financial or operational creditor for insolvency resolution of the corporate debtor as a going concern.
- b) A plan proposed by the Adjudicating Authority creditor for insolvency resolution of the corporate debtor as a going concern.
- c) A plan proposed by resolution applicant for insolvency resolution of the corporate debtor as a going concern.
- d) A plan proposed by the corporate debtor themselves for insolvency resolution of the corporate debtor as a going concern.

16. Who approves the resolution plan:

- a) Committee of creditors.
- b) Insolvency Professional.
- c) Adjudicating Authority.
- d) Insolvency and Bankruptcy Board of India.

17. When is the public announcement required to be made?

- a) Within 3 days of appointment of interim resolution professional.
- b) Within 3 days of initiating a corporate insolvency case.
- c) Within 3 days of admission order given by the Adjudicating Authority.

- d) Within 3 days of confirmation of interim resolution professional as insolvency professional.

18. What is the last date for submission of proof of claims?

- a) Within 14 days of admission of the case by the Adjudicating Authority.
- b) Within 14 days of appointment of the interim resolution professional.
- c) Within 14 days of initiating a corporate insolvency case.
- d) Within 14 days of non-payment of debt of the particular creditor.

19. Who shall determine the amount of claim due to a creditor?

- a) Committee of creditors.
- b) Resolution professional.
- c) Adjudicating Authority.
- d) Corporate debtor.

20. What shall be the date of valuation in case of debt in foreign currency?

- a) Exchange rate as on the insolvency commencement date.
- b) Exchange rate as on the date of formation of committee of creditors.
- c) Exchange rate as on the date of public announcement.
- d) Exchange rate as on the date of acceptance of claims.

21. Which of the following statements relating to video conferencing with regard to due and reasonable care to be taken by the resolution professional is not correct?

- a) to safeguard the integrity of the meeting by ensuring sufficient security and identification procedures.
- b) to ensure that participants attending the meeting are able to hear and see, if applicable, clearly during the course of the meeting
- c) to ensure that every person including the intended participants has access to the proceedings of the meeting through video conferencing or other audio and visual means.
- d) to store for safekeeping and marking the physical recording(s) or other electronic recording mechanism as part of the records of the corporate debtor.

22. Who shall act as the Chairperson of the meeting of committee?

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

23. If the estimate of liquidation value of two registered valuers are different, then the resolution professional shall?

- a) Appoint another registered valuer who shall submit an estimate computed in the same manner.
- b) The average of the two closest estimates shall be considered.
- c) Forward the values to the committee of creditors for adoption of a single value.
- d) Reject the values and ask for fresh valuation figure.

24. Which of the following is true about sale of assets by a resolution professional during corporate insolvency resolution process?

- a) The resolution professional can sell any asset with the approval of the committee of creditors.
- b) The resolution professional can sell only unencumbered assets with the approval of the committee of creditors.
- c) The resolution professional can sell unencumbered assets, not exceeding 10% of the claims admitted, with the approval of committee of creditors.
- d) The resolution professional cannot sell any asset.

25. What is the timelines for submission of information memorandum by Resolution Professional to each member of the committee?

- a) Within 2 weeks of his appointment
- b) Not later than fifty-fourth day from the Insolvency commencement date
- c) Within 2 weeks of his appointment, but not later than fifty-fourth day from the Insolvency commencement date, whichever is earlier
- d) Within 3 weeks of his appointment, but not later than fifty-fourth day from the Insolvency

26. Which of the following details are not contained in the Information Memorandum?

- a) Assets and liabilities with such description, as on the insolvency commencement date, which are generally necessary for ascertaining their values.
- b) Latest annual Financial statements
- c) Particulars of a debt due from or to the corporate debtor with respect to related parties
- d) Names and addresses of the members or partners holding less than 1% stake in the corporate debtor

27. Can an Adjudicating Authority order the liquidation of a corporate debtor before the expiry of insolvency resolution process period?

- a) No, an Adjudicating Authority cannot order the liquidation of a corporate debtor before the expiry of insolvency resolution process period.
- b) As per the discretion of the Adjudicating Authority
- c) Yes, if the Adjudicating Authority reject the resolution plan
- d) Yes, if the interim resolution professional does not constitute Committee of Creditors

28. Within how many days from the date of commencement of liquidation, the Liquidator shall consolidate the claims

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

29. Within how many days of submission, a creditor can withdraw or vary his claim?

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

d) 30days

30. Who is the Adjudicating Authority for dealing with the liquidation matter of a Limited Liability partnership?

- a) Insolvency and Bankruptcy Board of India
- b) National Company Law Tribunal
- c) Delhi High Court
- d) Company Law Board

31. Can an Adjudicating Authority order the liquidation of a corporate debtor even after approving the resolution plan?

- a) Yes, if the resolution plan is contravened
- b) The Adjudicating Authority may order the liquidation of a corporate debtor even after approving the resolution plan on receiving an application from a third party who is unaffected by such liquidation
- c) Yes, the Adjudicating Authority may order for the liquidation of a corporate debtor if the committee of creditor does not approve the resolution plan after its approval by the Adjudicating Authority
- d) No, the Adjudicating Authority cannot order the liquidation of a corporate debtor after approving the resolution plan

32. Under which situation can an Adjudicating Authority replace the resolution professional from getting appointed as liquidator:

- a) When resolution plan has failed to meet the requirements and has been rejected by the Adjudicating Authority
- b) When resolution plan is not approved by the committee of creditors of corporate debtor
- c) When Board of the corporate debtor recommends the replacement after approval of resolution plan by Adjudicating Authority
- d) When IBBI recommends replacement without any reason to be recorded in writing

33. Can IBBI recommend the replacement of a liquidator in a liquidation process of corporate debtor:

- a) No, IBBI cannot recommend the replacement of a liquidator in a liquidation process of corporate debtor
- b) Only in those cases which are transferred from BIFR
- c) Only in cases where the Board has appointed the Interim Resolution Professional
- d) Yes, IBBI can recommend the replacement of a liquidator by recording the reasons in writing and intimating to Adjudicating Authority

34. Which of the following assets are not included in the liquidation estate:

- a) assets subject to the determination of ownership by the court or authority
- b) any asset of the corporate debtor in respect of which a secured creditor has relinquished security interest
- c) Intangible assets including but not limited to intellectual property, securities and financial instruments, insurance policies, contractual rights
- d) assets in security collateral held by financial service providers and are subject to netting and set-off in multi-lateral trading or clearing transactions.

35. Which of the following assets are not included in the liquidation estate:

- a) tangible assets, whether movable or immovable
- b) contractual arrangements which do not stipulate transfer of title but only use of the assets
- c) assets that may or may not be in possession of the corporate debtor including but not limited to encumbered assets
- d) assets subject to the determination of ownership by the court or authority

36. Which of the following transaction shall not be deemed to be a preferential transaction:

- a) 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 other liabilities owed by the corporate debtor
- b) 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 operational debt or other liabilities owed by the corporate debtor
- c) 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 having the effect of putting such creditor or a surety or a guarantor in a beneficial position than it would have been in the event of a distribution of assets being made in accordance with section 53.
- d) transfer made in the ordinary course of the business or financial affairs of the corporate debtor or the transferee

37. A Declaration from Majority of Directors in Voluntary Liquidation shall not be accompanied by

- a) Audited Financial Statements
- b) A report on valuation of assets prepared by registered valuer
- c) Special resolution
- d) Records of business operations of the Company for previous 2 years or since incorporation, whichever is later

38. The Fast Track CIRP shall be completed within a period of ----- days from the Insolvency commencement date?

- a) 45
- b) 75
- c) 90
- d) 120

39. What is the territorial jurisdiction in relation to insolvency resolution and liquidation of corporate persons?

- a) Place where the principal place of business of the corporate person is situated
- b) Place where more than 50% of the activities of the corporate person is carried out.
- c) Place where the applicant resides
- d) Place where the registered office of the corporate person is situated

40. What is the time limit within which the Adjudicating Authority has to accept or reject the application:

- a) 20 days from the date of receipt of the application
- b) 7 days from the date of receipt of the application
- c) 14 days from the date of receipt of the application
- d) 30 days from the date of receipt of the application

41. What is the punishment for non-disclosure of dispute or repayment of debt by operational creditor?

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

42. Which of the following activities does not amount to concealment of property?

- a) Where the officer of the corporate debtor fraudulently removed any part of the property of the corporate debtor of the value of ten thousand rupees or more.
- b) Where the officer of the corporate debtor wilfully concealed, destroyed, mutilated or falsified any book or paper.
- c) Where the officer of the corporate debtor wilfully made any false entry in any book or paper.
- d) Where the officer of the corporate debtor concealed a gift made to the corporate debtor.

43. To whom shall the liquidator disclose the existence of any pecuniary or personal ships with the corporate debtor?

- a) IBBI
- b) Adjudicating authority
- c) Board and Adjudicating authority
- d) National Company law Tribunal

44. Can an insolvency professional continue as a liquidator of a corporate debtor if professional entity of which he is a partner is also representing interest of any stakeholders of the corporate debtor in same liquidation process?

- a) Yes, an insolvency professional can continue as a liquidator of a corporate debtor in such case without prior approval from any authority
- b) No, an insolvency professional cannot continue as a liquidator of a corporate debtor in such case.
- c) Yes, an insolvency professional can continue as a liquidator of a corporate debtor in such case subject to prior approval from Insolvency and Bankruptcy Board of India
- d) Yes, an insolvency professional can continue as a liquidator of a corporate debtor in such case

45. In what manner shall the liquidator make available the copy of reports prepared by him in the course of liquidation of corporate debtor to the stakeholders?

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

d) Physical Manner or Electronic Manner

46. For how long shall the liquidator preserve the reports and minutes in the course of liquidation of corporate debtor?

- a) 5 years from the date of dissolution
- b) 8 years from the date of dissolution.
- c) On permanent basis.
- d) 15 years from the date of dissolution

47. Within what time frame does the liquidator have to make an application to the Adjudicating Authority with respect to onerous property of corporate debtor?

- a) Within 1 month from liquidation commencement date
- b) Within 3 months from liquidation commencement date
- c) Within 6 months from liquidation commencement date
- d) Within 9 months from liquidation commencement date

48. Liquidation cost does not include

- a) costs incurred by the liquidator for preserving and protecting the assets, properties, effects and actionable claims, including secured assets, of the corporate debtor
- b) costs incurred by the liquidator in carrying on the business of the corporate debtor as a going concern
- c) interest on interim finance for a period of Eighteen months or for the period from the liquidation commencement date till repayment of interim finance, whichever is lower;
- d) any other cost incurred by the liquidator which is essential for completing the liquidation process

49. Where shall the public announcement made by the liquidator be published?

- a) Only in one English and one regional language newspaper
- b) Only the website of the corporate debtor
- c) One English and one regional language newspaper, on the website, if any, of the corporate debtor and on website, if any designated by the board
- d) On any website, if any, designated by National Company Law Tribunal

50. Within what time frame shall the liquidator submit Preliminary Report to the Adjudicating Authority?

- a) Within 25 days from the liquidation commencement date
- b) Within 30 days from the liquidation commencement date
- c) Within 60 days from the liquidation commencement date
- d) Within 75 days from the liquidation commencement date

51. A person, who claims to be a stakeholder, shall submit its claim, or update its claim submitted during the corporate insolvency resolution process on or before

- a) the last date mentioned in the public announcement.
- b) Liquidation commencement date
- c) Date of submission of claim
- d) Approval date by NCLT

52. In which form shall the Operational Creditor other than a workman or employee submit his proof of claim to the liquidator under the liquidation process?

- a) Form A of Schedule II
- b) Form B of Schedule II
- c) Form C of Schedule II
- d) Form D of Schedule II

53. In which form a secured creditor shall inform the liquidator of its decision to relinquish its security interest to the liquidation estate or realise its security interest?

- a) Form C or Form D of Schedule II
- b) Form A of Schedule II
- c) Form B of Schedule II
- d) Form E of Schedule II

54. Within how many days of liquidation commencement date a liquidator shall constitute consultation committee?

- a) Sixty days
- b) Thirty days
- c) Ninety days
- d) One hundred twenty days

55. Who shall bear the cost of proving the claims under the liquidation process?

- a) Claimant
- b) Liquidator
- c) Corporate Debtor
- d) Creditors

56. What is the available time period with the liquidator for verification of claims?

- a) within 7 days from the last date for receipt of claims
- b) within 15 days from the last date for receipt of claims
- c) within 30 days from the last date for receipt of claims
- d) within 60 days from the last date for receipt of claims

57. Within what time period shall the liquidator intimate the creditors about the sale of his secured assets?

- a) within 7 days of receipt of intimation from the secured creditor
- b) within 21 days of receipt of intimation from the secured creditor
- c) within 30 days of receipt of intimation from the secured creditor
- d) within 75 days of receipt of intimation from the secured creditor

58. In which bank shall the liquidator open a bank account of the corporate debtor under the liquidation process?

- a) Any Bank
- b) Any Commercial Bank
- c) Any Scheduled Bank
- d) Any Nationalized Bank

59. An Operational creditor needs to file an application for initiation of corporate insolvency resolution process in Form appended to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

- a) Form 5
- b) Form 3
- c) Form 1
- d) Form 6

60. An operational creditor shall pay a fee Rs.... along with an application for initiation of corporate insolvency resolution process.

- a) 25,000
- b) 15,000
- c) 5,000
- d) 2,000

61. A Financial creditor shall pay a fee Rs.... along with an application for initiation of corporate insolvency resolution process.

- a) 25,000
- b) 15,000
- c) 5,000
- d) 2,000

62. 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

63. The Existence of debt due to the operational creditor under IBBI (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017 may not be proved on the basis of

- a) The records available with an Information Utility
- b) A challan for supply of goods and services with corporate debtor
- c) An invoice demanding payment for the goods and services supplied to the corporate debtor
- d) Financial accounts

64. The existence of debt due to the financial creditor may not be proved on the basis of

- a) Records available with an information utility

- b) A Financial contract supported by financial statements as evidence of debt
- c) Financial accounts
- d) An order of a court or tribunal that has adjudicated upon the non-payment of a debt, if any

65. A creditor shall submit the proof of his claim

- a) on date of public announcement
- b) on or before the last date mentioned in public announcement
- c) before the approval of resolution plan
- d) before the date of admission of such claim

66. The verification of claims as on the fast track commencement date shall be done by the IRP or RP within

- a) seven days from the last date of the receipt of claims
- b) ten days from the last date of the receipt of claims
- c) immediately on receipt of claims
- d) Fourteen days from the last date of the receipt of claims

67. When shall the registered valuers be appointed for conduct of Fast Track Process?

- a) In the committee meeting
- b) On the date of appointment of resolution Professional
- c) Within seven days of appointment of Resolution Professional
- d) Within Fourteen days of appointment of Resolution Professional

68. Who among the followings shall be appointed as registered valuers

- a) Relative of resolution professional
- b) A party not related to corporate Debtor
- c) An auditor of the corporate debtor at any time during the five years preceding the insolvency commencement date
- d) A partner or director of the Insolvency professional entity of which the resolution professional is a partner or director

69. The resolution professional may sell unencumbered assets of the corporate debtor, other than in the ordinary course of business, if

- a) It is fair
- b) It is profitable
- c) It is necessary for maintaining the corporate health
- d) He is of the opinion that such sale is necessary for a better realisation of value under the facts and circumstances of the case.

70. If the Fast track process cannot complete within the Prescribed time limit, then whom shall the application be made by the Resolution professional for extension of time?

- a) Committee meeting
- b) IBBI
- c) Adjudicating authority
- d) All the above

71. A company shall at any time, vary the terms of a contract referred to in the prospectus byin general meeting?

- a) Ordinary resolution
- b) Special Resolution
- c) Approval of Board of Directors
- d) None

72. What is the validity period of shelf prospectus?

- a) 1year
- b) 2years
- c) 3years
- d) 4years

73. For a charge to be duly considered by the liquidator or any other creditor, it

- a) has to be duly registered.
- b) must have a certificate of registration.
- c) must be duly registered and have a certificate of registration.
- d) need not be registered.

74. Within how many days of his appointment, the resolution professional shall examine the application made under section 80

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

75. On which date the moratorium period shall start in case of a fresh start process?

- a) Date of admission of application
- b) Date of Commencement
- c) Date of appointment of Resolution Professional
- d) Date of submission of application

76. Which of the following is not a valid ground to suspend or cancel the certificate of registration granted to an Information Utility?

- a) If it has obtained registration by making a false statement.
- b) If it has failed to comply with the requirements of the regulations made by the Board.
- c) If it has contravened any of the provisions of the Act or the rules or the regulations.
- d) If it was unable to provide the required information to the resolution professional in stipulated time.

77. IBBI may grant or renew a certificate of registration to the applicant as an information utility in which form?

- a) Form A

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

78. How much fees are charged by Information Utility to provide an annual statement of all information pertaining to the user

- a) A Rs. 1000/- per annum
- b) Free of cost
- c) Rs. 2 per page
- d) Rs. 5000/- per annum

79. Who has the authority to amend bye-laws of an Insolvency Professional Agency:

- a) Insolvency Professional
- b) Governing Board of Insolvency Professional Agency
- c) Advisory Board of Insolvency Professional Agency
- d) Shareholder of Insolvency Professional Agency

80. The Governing board of Insolvency Professional agencies shall have minimum directors

- a) Three
- b) Four
- c) Five
- d) Seven

81. No person shall be eligible for registration as an Insolvency Professional Agency unless is a

- a) Company Registered under section 8 of the Companies Act, 2013
- b) Private company
- c) Public Company
- d) Government Company

82. Board shall within _____ days, after due process as it deems fit grant certificate of Registration to the Insolvency Professional

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

83. The Disciplinary Committee shall endeavour to dispose of the show-cause notice on an Insolvency Professional within a period of _____ months of the assignments.

- a) 3
- b) 9
- c) 6
- d) 12

84.PNB initiated Corporate Insolvency Resolution Process against Nirav Modi Pvt Ltd for the default in the capacity of-

- a) Corporate debtor
- b) Operational debtor
- c) Financial creditor
- d) Resolution applicant

85.PNB through an agreement, assigned here the debt to the X trust. X trust filed the petition for initiation of corporate Insolvency resolution process (CIRP) against Nirav Modi Pvt Ltd. State the correct statement with respect to the competency of the X trust in the filing of the petition in the above situation-

- a) X Trust is not a competent applicant as per section 6 of the IBC.
- b) X Trust is being authorized by the PNB to file an application.
- c) X Trust in the capacity of financial creditor can file a valid petition.
- d) None of the above.

86-90 (Case Study)

(a) A Ltd. (Company) is engaged in the manufacturing of Sponge Iron, TMT bars and Galvanized wires. It has availed various credit facilities from a total of 19 secured creditors with an outstanding debt of Rs.1500 crore. Due to adverse market conditions, its financial position took a downturn and hence it filed a reference with the Board for Industrial and Financial Reconstruction (BIFR). The reference was duly registered. During the proceedings before BIFR, one of the secured creditors, after taking consent of the other creditors of the company, filed an application for abatement of the reference before BIFR.

(b) Meanwhile, one of the unsecured creditors filed an application before BIFR for the impleadment in the proceedings. The BIFR dismissed the said application due to non-prosecution.

(c) Subsequently, upon coming into force of the Insolvency and Bankruptcy Code (IBC), 2016, the company filed an application for initiation of Corporate Insolvency Resolution Process (CIRP) before National Company Law Tribunal (NCLT) on 09.12.2016. However, in the first meeting of the Committee of Creditors held on 05.01.2017, the financial creditors of the company decided to liquidate the company. Immediately after this decision, but before intimating the decision to the NCLT, one of the financial creditors of the company applied to Resolution Professional (RP) giving proof of his claim and seeking his inclusion in the Committee of Creditors.

86. Can the creditors initiate SARFAESI action against the company?

- a) Yes, if they constitute more than 75% of the total financial debt.
- b) Yes, with the consent of the Liquidator.

c) Yes, with the consent of the National Company Law Tribunal (NCLT).

d) No, they cannot.

87. 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.

88. In case the liquidation process is initiated, the unsecured creditor who filed an application before BIFR for impleadment shall be paid -----.

a) as per claim accepted by the liquidator in accordance with priorities specified in the Insolvency and Bankruptcy Code, 2016.

b) as per the amount of its claim before BIFR.

c) as per the amount of its claim made before the liquidator.

d) as per the order of Debt Recovery Tribunal.

89. In case the secured creditor faces resistance from company for enforcement of security interest, such secured creditor may apply to:

a) Adjudicating Authority

b) Debt Recovery Tribunal

c) Liquidator

d) High Court

90. What is the priority of payment to workmen dues in case of liquidation?

a) Pari passu with secured creditors and employees

b) Pari passu with secured creditors and insolvency costs

c) Pari passu with secured creditors

d) Pari passu with financial creditors

Answers Mock Test 3

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