

Insolvency Professional Agency of Institute of Cost Accountants of India

Mock Test 8- Limited Insolvency Examination

1. An Information Utility is not obliged to
- a) create and store financial information.
 - b) accept electronic submissions of financial information.
 - c) publish statistical information.
 - d) register entities who can access its database.

Ans. (d)

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)

3. 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)

4. 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)

5. An application against the decision of the liquidator rejecting the claim of a creditor may be made to –
- a. the Insolvency and Bankruptcy Board of India.
 - b. the National Company Law Tribunal.
 - c. the committee of creditors.
 - d. the Debt Recovery Tribunal.

Ans. (b)

6. The Adjudicating Authority shall appoint an Interim Resolution Professional within days of the insolvency commencement date.
- a) 07

- b) 14
- c) 21
- d) 28

Ans. (b)

7. 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)

8. 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)

9. 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)

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

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

Ans. (d)

11. 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)

12. Under which of the following circumstances, liquidation may not commence under the Insolvency and Bankruptcy Code, 2016?

- a. Non-receipt of a resolution plan during the insolvency resolution period.

- b. The resolution plan approved by the adjudicating authority is contravened by a financial creditor.
- c. The resolution plan approved by the adjudicating authority is contravened by the corporate debtor.
- d. The committee of creditors decides to liquidate the corporate debtor before confirmation of a resolution plan.

Ans. (b)

13. The corporate debtor shall not be deemed to have given a preference if –
- a. the transfer of property is for the benefit of a surety.
 - b. the transfer of property is on account of an antecedent financial debt.
 - c. the transfer creates a security interest in a property to the extent that such security interest secures new value.
 - d. the transfer has the effect of putting the transferee in a position better than what would have been in the event of distribution of assets under section 53.

Ans. (c)

14. Debts owed to a secured creditor in the event such secured creditor has relinquished security ranks equally with – a)
- Insolvency resolution process costs.
 - b) Workmen's dues for a period of 24 months prior to liquidation commencement date
 - c) Wages and any unpaid dues owed to employees other than workmen for the period of twelve months preceding the liquidation commencement date
 - d) Dues to Central Government.

Ans. (b)

15. Which of the following is not a requirement of voluntary liquidation of a company under the Insolvency and Bankruptcy Code, 2016?
- a) Declaration of solvency by the members of the company.
 - b) Declaration from majority of Directors of the company to the effect that the company has no debt or it will be able to pay its debts in full.
 - c) The company has not committed any default.
 - d) Declaration from majority of Directors of the company to the effect that the company is not being liquidated to defraud any person.

Ans. (a)

16. 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)

17. An application for bankruptcy by the debtor can be withdrawn with the leave of the
- a) Insolvency and Bankruptcy Board of India.
 - b) Adjudicating Authority.
 - c) National Company Law Appellate Tribunal.
 - d) Committee of Creditors.

Ans. (b)

18. The estate of the bankrupt shall vest in the bankruptcy trustee from the date of

- a) acceptance of the bankruptcy application.
- b) passing of the bankruptcy order.
- c) appointment of bankruptcy trustee.
- d) issuance of public notice.

Ans. (c)

19. Under the code of conduct, an insolvency professional is not obliged to

- a) take reasonable care and diligence while performing his duties.
- b) comply with all requirements and terms and conditions of his admission to the insolvency professional entity.
- c) comply with all requirements and terms and conditions of his admission to the insolvency professional agency.
- d) submit a copy of the records of every proceeding before the Adjudicating Authority to the Insolvency and bankruptcy Board of India.

Ans. (b)

20. The Insolvency and Bankruptcy Board of India may order any person to act as investigating authority to conduct an investigation of

- a) Committee of Creditors.
- b) Resolution Applicant.
- c) Insolvency Professional Agency.
- d) Insolvency Professional Entity.

Ans. (c)

21. An appeal from an order of the Debt Recovery Tribunal may be filed before

- a) High Court having jurisdiction.
- b) Supreme Court.
- c) Debt Recovery Appellate Tribunal.
- d) Insolvency and Bankruptcy Board of India.

Ans. (c)

22. What is the minimum punishment that may be imposed on a director of the corporate debtor who has undertaken a transaction after the insolvency commencement date to defraud the creditors?

- a) Imprisonment for three years or fine of Rs.1 lakh or both.
- b) Imprisonment for one year or fine of Rs.1 lakh or both.
- c) Imprisonment for three years or fine of Rs.5 lakh or both.
- d) Imprisonment for three years or fine of Rs.1 lakh.

Ans. (b)

23. The term of the office of Chairperson of the Insolvency and Bankruptcy Board of India is

- a) 5 years or till he attains the age of 65 years, whichever is earlier.
- b) 5 years or till he attains the age of 60 years, whichever is earlier.

- c) 5 years
- d) 3 years

Ans. (a)

24. Who makes model bye-laws to be adopted by Insolvency Professional Agencies?

- a) Insolvency and Bankruptcy Board of India
- b) National Company Law Tribunal
- c) Ministry of Corporate Affairs
- d) Governing Board of the Insolvency Professional Agency

Ans. (a)

25. A debtor / creditor who provides false information in insolvency resolution process of an individual invites a maximum punishment of

- a) imprisonment for one year or fine of Rs.5 lakh or both.
- b) imprisonment for three years or fine of Rs.1 lakh or both.
- c) imprisonment for one year or fine of Rs.1 lakh or both.
- d) imprisonment for three years or fine of Rs.1 lakh.

Ans. (a)

26. The provisions of which of the following apply to the proceedings before a special court under the Insolvency and Bankruptcy Code, 2016?

- a) the Code of Criminal Procedure, 1973
- b) the Indian Penal Code, 1860
- c) the Insolvency and Bankruptcy Code, 2016
- d) the Civil Procedure Code, 1908

Ans. (a)

27. A financial 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 2
- b) Form 1
- c) Form 3
- d) Form 4

Ans. (b)

28. A corporate applicant shall send a copy of the application in Form 6 appended to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 to the registered office of the Corporate debtor by

- a) Speed post
- b) Courier
- c) E-mail
- d) By hand

Ans. (a)

29. Any person aggrieved by the order of the National Company Law Tribunal may make an appeal to

- a) Debt Recovery Tribunal.

- b) High Court.
- c) Supreme Court.
- d) National Company Law Appellate Tribunal.

Ans. (d)

30. 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

Ans. (b)

31. 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.

Ans. (d)

32. Which of the following cannot be used by a financial creditor to prove existence of a debt under corporate insolvency resolution process?

- a) an order of a court or tribunal that has adjudicated upon the non-payment of a debt.
- b) a contract for the supply of goods and services with corporate debtor.
- c) a financial contract supported by financial statements as evidence of the debt.
- d) the records available with an information utility.

Ans. (b)

33. 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.

Ans. (c)

34. 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

Ans. (d)

35. A corporate applicant is required to obtain a written communication in Form 2 appended to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 from the proposed interim resolution professional stating that he

- a) agrees to accept the appointment.
- b) refuses to accept the appointment.
- c) agrees to accept the appointment subject to certain conditions.
- d) agrees to accept the appointment jointly with another insolvency professional.

Ans. (a)

36. The Registered Valuers appointed by the Resolution Professional are required to estimate the liquidation value on the basis of

- a) physical verification of assets of the corporate debtor.
- b) records of the corporate debtor.
- c) records of the information utilities.
- d) records with Depositories.

Ans. (a)

37. Who convenes the meeting of committee of creditors?

- a) the financial creditor with the largest amount of claim
- b) the Managing Director of the Corporate Debtor
- c) the resolution professional
- d) the applicant

Ans. (c)

38. 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)

39. In case the application for registration of an insolvency professional agency is having some defect, the Insolvency and Bankruptcy Board of India may:

- a) reject the application.
- b) give additional time to the applicant to remove such defects.
- c) refer the application to National Company Law Tribunal.
- d) Grant a provisional registration subject to correcting such defects.

Ans. (b)

40. A resolution applicant shall endeavor to submit the resolution plan

- a) within 30 days before the expiry of the maximum period permitted for corporate insolvency resolution process.
- b) within 30 days of the first meeting of committee of creditors.
- c) by the time line set by the committee of creditors.

d) by the timeline set by the resolution professional.

Ans. (a)

41. 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)

42. 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)

43. 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)

44. Which among the following is not eligible for registration as an insolvency professional under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016?

- a) Pass in National Insolvency Examination
- b) Pass in Limited Insolvency Examination and Experience of 10 years in management after receiving bachelor's degree
- c) Pass in Limited Insolvency Examination and Experience of 10 years as a Chartered Accountant
- d) Pass in Limited Insolvency Examination and Experience of 10 years as a Company Secretary

Ans. (b)

43 The governing board of an insolvency professional agency may amend its bye-laws by a resolution passed by votes being not less than ... times the number of votes, if any, cast against the resolution.

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

Ans. (b)

46. The limited period registration granted to an insolvency professional is valid for months.
- a) 3
 - b) 6
 - c) 9
 - d) 12

Ans. (b)

47. 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)

48. 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)

49. The notice of receipt of an application for surrender of registration by an insolvency professional agency shall be published by the Insolvency and Bankruptcy Board of India on its website within -- days of its receipt.
- a) 2
 - b) 5
 - c) 7
 - d) 10

Ans. (c)

50. The Financial Sector Legislative Reforms Commission has proposed awhich will intervene in the working of financial firms when they are distressed but still solvent.
- a) Financial resolution corporation
 - b) Resolution corporation
 - c) Insolvency resolution corporation
 - d) Business resolution corporation

Ans. (b)

- 51 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)

52. Which of the following Acts does not deal with recovery of dues, either by financial or non-financial creditors?

- a) the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- b) Recovery of Debts Due to Bank and Financial institutions Act, 1993
- c) The Contract Act, 1872
- d) Provincial Insolvency Act, 1920

Ans. (d)

53. Which of the following regulates issue of securities and the non-payment of dividend by listed companies?

- a) Securities and Exchange Board of India
- b) Central Government
- c) Tribunal
- d) Registrar

Ans. (a)

54. 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)

55. 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)

56. Remuneration charged by an insolvency professional need not be

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

Ans. (c)

57. The Corporate Social Responsibility Committee must have at least Independent directors.

- a) One
- b) Two
- c) 1/3
- d) 2/3

Ans. (a)

58. Which of the following matters requires a special resolution by a company?

- a) Reducing share capital
- b) Removal of a director
- c) Acceptance of deposits
- d) Appointment of a director

Ans. (a)

59. Who ordinarily appoints registered valuers under the Companies Act, 2013?

- a) Audit committee of the Board
- b) Board of Directors of the company
- c) Registrar of the Companies
- d) Valuation committee of the Board

Ans. (a)

60. 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.

Ans. (c)

61. In the absence of any specific contract between the partners, a partner making, for the purposes of the business, any payment or advance beyond the amount of capital he has agreed to subscribe, is entitled to interest thereon at the rate of% per annum.

- a) 5.0
- b) 6.0
- c) 4.5
- d) 4.0

Ans. (b)

62. Under section 48 of the Partnership Act, 1932, the losses of the firm after dissolution shall be settled in the following manner subject to any agreement by the partners:

- a) The losses, including deficiency of capital, shall be borne equally by the partners.
- b) Loss, including deficiency of capital, shall be paid first out of profits, next out of capital and lastly, if necessary, by partners individually in proportions in which they are entitled to share profits.
- c) Losses, including deficiency of capital, are paid by the partners individually in proportions in which they are entitled to share profits and profits and capital are to be distributed equally amongst the partners.
- d) Losses, including deficiency of capital, are paid by the partners individually in proportions in which they are entitled to share profits and profits and capital are to be distributed in the proportion in which they are entitled to share profits.

Ans. (b)

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

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

Ans. (a)

64. 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)

65. 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)

66. 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)

67. 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)

68. 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)

69. 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)

70. 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)

71. M Ltd. has taken a loan from A Ltd. M Ltd. will not be considered as a 'borrower' under of the SARFAESI Act, 2002 in the event

- a) M Ltd. is a non-financial company
- b) A Ltd. is a financial company
- c) A Ltd. and B Ltd. are financial companies
- d) A Ltd. and B Ltd. are non-financial companies

Ans. (d)

72. 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)

73. The Hon'ble Supreme Court, through its order in the matter of Mardia Chemicals Ltd. Vs. Union of India, reduced the mandatory pre-deposit for filing securitization applications from 75% to%.

- a) 60
- b) 50
- c) 40
- d) 25

Ans. (d)

74. 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)

75. Securities and Exchange Board of India does not regulate

- a) securities

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

Ans. (d)

76. "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)

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

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

Ans. (a)

78. '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)

79. 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)

80 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)

82 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) $(\text{net Profit} - \text{dividend}) / \text{Total shares outstanding}$

Ans. (b)

82. 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)

83. 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)

84. 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)

85. 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)

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. 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.

Ans. (a)

87. 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.

Ans. (d)

88. 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

Ans. (c)

89. 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)

90. 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

Ans. (a)