

Indicative MCQs for Limited Insolvency Examination

SERIES - 1

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THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Part I and Part II (Chapter I, II, VI and VII) of IBC

SECTION - I

Corporate Insolvency Resolution Process (CIRP)

Q.1. When did the Insolvency and Bankruptcy Code 2016 receive the President's assent:

- A 5 August 2016
 - B 28 May 2016
 - C 5 May 2016
 - D 15 June 2016
-

Q.2. What is the applicability of IBC:

- A Companies incorporated under the Companies Act, 2013 or under any previous company law, Limited Liability Partnerships incorporated under Limited Liability Partnership Act, 2008, Partnership firms and Individuals.
 - B Companies incorporated under the Companies Act, 2013 or under any previous company law, Hindu Undivided Family, Partnership firms and Individuals.
 - C Companies incorporated under the Companies Act, 2013 or under any previous company law, Limited Liability Partnerships incorporated under Limited Liability Partnership Act, 2008 and Co-operative Societies registered under Co-operative Societies Act, 1972.
 - D Companies incorporated under the Companies Act, 2013 or under any previous company law, Trusts under the Indian Trusts Act, 1882, Co-operative Societies registered under Co-operative Societies Act, 1972, Individuals.
-

Q.3. What is the impact of IBC on other legislation:

- A IBC does not have any effect on other legislations.

- B Other legislations shall have an overriding effect on IBC.
- C IBC has an overriding effect on other legislations.
- D IBC is an independent code.

Q.4. Which Legislations are getting repealed on enforcement of IBC: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.

Q.5. Who can initiate Corporate Insolvency Resolution Process (CIRP):

- A Only Corporate Debtor
- B Financial Creditor and Operational Creditor.
- C Financial Creditor, Operational Creditor and Corporate Debtor.
- D Corporate Debtor and Financial Creditor.

Q.6. When can CIRP be initiated:

- A The minimum amount of default is Rupees Five Lakh or such higher amount which shall not exceed Rupees Two Crore.
- B The minimum amount of default is Rupees One Lakh or such higher amount which shall not exceed Rupees One Crore.
- C The minimum amount of default is Rupees Ten Lakh or such higher amount which shall not exceed Rupees Three Crore.

- D** The minimum amount of default is Rupees Eight Lakh or such higher amount which shall not exceed Rupees Three Crore.
-

Q.7. 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 repaid 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, on demand by the creditors or concerned authorities.
- D** Any payment of the creditor that is subsisting.
-

Q.8. What is debt under IBC:

- A** Any amount of money that is owed or due to any party.
- B** A liability or obligation in respect of a claim which is due from any person and includes a financial debt and operational debt.
- C** Any liability arising in respect of money advanced by a creditor to the debtor.
- D** Debts arising out of loans advanced by a financial institution.
-

Q.9. Who is a Financial Creditor under IBC:

- A** Any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to.
- B** Any person that has a claim on the services of a second party.
- C** Any person to whom a financial debt is owed.
- D** Any person who owes financial debt to another.
-

Q.10. Which of the following is not a financial debt:

- A** Any amount raised by acceptance under any acceptance credit facility or its dematerialised equivalent.
-

- B** Receivables sold or discounted other than any receivables sold on non-recourse basis.
 - C** Contract to pay rent for the use of plant, property or equipment.
 - D** Any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument.
-

Q.11. Who is an 'Operational Creditor' under IBC:

- A** A creditor whose liability subsists upto 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.
-

Q.12. Which of the following is not an operational debt:

- A** Deferred income tax
 - B** Payment to be made to the supplier of the Company.
 - C** Retirement benefits payable under pension plan
 - D** Any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing.
-

Q.13. Whether an operational creditor can assign or legally transfer any operational debt to a financial creditor:

- A** Yes. However, the transferee shall be considered as an operational creditor to such extent of transfer.
 - B** Yes but the transferee shall be considered as a financial creditor in relation to such transfer.
 - C** No. An operational creditor cannot assign or legally transfer any operational debt to a financial creditor.
 - D** No. An operational creditor can assign or legally transfer an operational debt only to an operational creditor.
-

Q.14. Does a financial creditor include a secured creditor:

- A No, a financial creditor does not include a secured creditor.
 - B Yes, a financial creditor includes a secured creditor.
 - C Yes, a financial creditor includes a secured creditor but he shall not exercise the rights of a secured creditor.
 - D No, a financial creditor does not include a secured creditor but he is entrusted with the rights of a secured creditor.
-

Q.15. Which of the following statement relating to operational creditors is true:

- A All unsecured creditors are operational creditors but all operational creditors are not unsecured creditors.
 - B All unsecured creditors are not operational creditors but all operational creditors are unsecured creditors.
 - C Unsecured creditors have no relation with operational creditors.
 - D Unsecured creditors and operational creditors are the same in this Code.
-

Q.16. Which of the following statement relating to workmen/employees is true:

- A Workmen and employees whose past payments are due come under the definition of operational creditor.
 - B Workmen and employees whose past payments are due do not come under the definition of operational creditor.
 - C Workmen and employees whose past payments are due are independent and do not have any relationship with operational creditor.
 - D Workmen and employees whose past payments are due will come under the definition of operational creditor, only if the operational creditors give prior approval of the same.
-

Q.17. Who is a corporate debtor under IBC:

- A Any person that owes debt to a company.

- B A company that owes debt to any person.
 - C A corporate person who owes a debt to any person.
 - D An entity that owes money to a financial institution.
-

Q.18. Who are considered corporate persons under the provisions of IBC:

- A Companies and Limited Liability Partnerships.
 - B Companies and Unlimited Liability Partnership firms.
 - C Companies, Limited Liability Partnerships and Trusts.
 - D Companies, Unlimited Liability Partnership firms and Societies.
-

Q.19. Who is 'financial service provider' in IBC:

- A A person engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator.
 - B A person engaged in the business of providing all kinds of financial services.
 - C A person engaged in any kind of business where the authorisation is issued or registration is granted by a financial sector regulator.
 - D A person engaged in the business of providing all kinds of financial as well as operational services.
-

Q.20. Which of the following is not a financial service:

- A Accepting of deposits
 - B Effecting contracts of insurance
 - C Payment of wages to employees
 - D Establishing or operating an investment scheme
-

Q.21. Which of the following statement relating to financial service provider is correct:

- A Financial service provider cannot initiate CIRP nor can any CIRP be initiated against it.
 - B Financial service provider can initiate CIRP and also CIRP can be initiated against it.
-

- C Financial service provider cannot initiate CIRP but CIRP can be initiated against it.
- D Financial service provider can initiate CIRP but CIRP cannot be initiated against it.

Q.22. 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.

Q.23. Who is the Regulator under IBC:

- A Reserve Bank of India.
- B INSOL India.
- C Insolvency and Bankruptcy Board of India.
- D Indian Board for Insolvency and Bankruptcy.

Q.24. Which among the following is not entitled to initiate CIRP:

- A A corporate debtor in respect of whom a liquidation order has been made.
- B A corporate debtor that has not gone through a corporate insolvency resolution process.
- C A financial creditor.
- D An operational creditor.

Q.25. Which statement regarding Information Utility is correct:

- A Information Utility shall collect, collate and disseminate financial information to facilitate insolvency resolution.
- B Information Utility shall register the debtors and creditors as insolvency professionals and act as a storehouse of their information.
- C Information Utility shall accept applications of corporate insolvency.

D Information utility shall store information of all insolvency and bankruptcy cases.

Q.26. From whom does Information Utility get information of assets in which security interest is created:

- A** Financial Creditor and Operational Creditor
 - B** Corporate Debtor may provide information.
 - C** Insolvency Professionals
 - D** Insolvency Professionals Agencies
-

Q.27. What is initiation date in CIRP:

- 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.
-

Q.28. 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.
-

Q.29. 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 any person 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.
-

Q.30. Who approves the resolution plan:

- A** Committee of creditors.
 - B** Insolvency Professional.
 - C** Adjudicating Authority.
 - D** Insolvency and Bankruptcy Board of India.
-

Q.31. What is the voting requirement for approval of resolution plan by creditors:

- A** 85 percent of voting shares
 - B** 60 percent of voting shares
 - C** 75 percent of voting shares
 - D** 90 percent of voting shares
-

Q.32. Which of the following does not form the content of resolution plan:

- A** Provides for the management of the affairs of the Corporate debtor after approval of the resolution plan.
 - B** Provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the repayment of other debts of the corporate debtor
 - C** The implementation and supervision of the resolution plan
-

- D Provisions that are in contravention of any of the provisions of the law for the time being in force.
-

Q.33. Who constitutes the committee of creditors:

- A Insolvency professional.
B Financial or operational creditor.
C Interim resolution professional.
D Adjudicating Authority.
-

Q.34. Who shall receive the notice of meeting of committee of creditors:

- A Only the members of committee of creditors.
B Members of committee of creditors, members of suspended Board of Directors and operational creditors in case their aggregate dues is not less than ten percent of debt.
C Members of the committee of creditors, operational creditors in case their aggregate dues is not less than ten percent of debt and special invitees.
D Members of the committee of creditors and special invitees.
-

Q.35. When is it required to send a notice to operational creditor:

- A all operational creditors.
B when their aggregate due is not less than twenty percent of the paid up share capital of the corporate debtor.
C when their aggregate due is not less than ten percent of the debt.
D Notice is not sent to operational creditors at all.
-

Q.36. 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.

Q.37. 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.
-

Q.38. 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.
-

Q.39. What is the term of appointment of interim resolution professional:

- A 30 days from the date of his appointment.
 - B 14 days from the date of his appointment.
 - C 20 days from the date of his appointment.
 - D 10 days from the date of his appointment.
-

Q.40. Which of the following activities cannot be undertaken by an interim resolution professional:

- A To appoint accountants, legal or other professionals.
- B To issue instructions to personnel of the corporate debtor for keeping the corporate debtor as a going concern.
- C To enter into contracts on behalf of the corporate debtor.
- D To undertake liquidation proceedings of the corporate debtor.

Q.41. Which of the following statement regarding appointment of insolvency professional is true:

- A Any creditor who is a member of the committee of creditors may appoint an insolvency professional other than the resolution professional to represent such creditor in a meeting of the committee of creditors.
- B Any creditor who is a member of the committee of creditors may appoint an insolvency professional other than the resolution professional to represent such creditor provided 75% of the members of committee of creditors agree to it.
- C No creditor who is a member of the committee of creditors can appoint an insolvency professional other than the resolution professional to represent such creditor.
- D Any creditor who is a member of the committee of creditors may appoint an insolvency professional other than the resolution professional to represent such creditor with the previous permission of the Insolvency and Bankruptcy Board of India.

Q.42. Which of the following statements regarding operational creditors is correct:

- A Operational creditors can attend and vote at meetings of committee of creditors.
- B Operational creditors can neither attend nor vote at meetings of committee of creditors.
- C Operational creditors can attend but cannot vote at meetings of committee of creditors.
- D Operational creditors can attend but can vote only with prior approval of the committee of creditors.

Q.43. Which of the following statements relating to a director or KMP of corporate debtor who has given loan to corporate debtor is correct:

- A Such a director shall have right of representation, participation and voting in a meeting of committee of creditors.

- B** Such a director shall not have the right of representation but can participate and vote in a meeting of committee of creditors.
- C** Such a director shall not have any right of representation, participation and voting in a meeting of committee of creditors.
- D** Such a director shall have the right of representation and participation but cannot vote in a meeting of committee of creditors.

Q.44. When the financial creditor is related to corporate debtor is there any restriction with respect to his representation at the meeting of committee of creditors or voting:

- A** The related financial creditor shall be restricted with respect to his participation, voting and representation at the meeting of committee of creditors and voting.
- B** The related financial creditor shall not be restricted with respect to his representation at the meeting of committee of creditors and voting.
- C** The related financial creditor can participate and vote at the meeting of committee of creditors but without any representation.
- D** The related financial creditor can participate but not vote at the meeting of committee of creditors by representation.

Q.45. Which of the following is not a related party in relation to corporate debtor:

- A** A director or partner of the corporate debtor.
- B** A key managerial personnel of the corporate debtor.
- C** Any person or entity that is materially related to the company .
- D** Relatives of a director or partner or key managerial personnel of the corporate debtor.

Q.46. What is the time limit for an operational creditor to initiate insolvency resolution process from the date of delivering of notice or invoice demanding payment:

- A** 7 days
- B** 10 days
- C** 14 days
- D** 12 days

Q.47. Which of the following does not constitute as evidence of default by the operational creditors:

- A copy of invoice or demand notice.
 - B a contract for the supply of goods and services with corporate debtor.
 - C bank statement.
 - D financial accounts.
-

Q.48. What is the time limit for completion of insolvency resolution process:

- A 180 days from the date of appointment of resolution professional.
 - B 180 days from the date of default by the corporate debtor.
 - C 180 days from the date of submission of application for insolvency.
 - D 180 days from the date of admission of the application.
-

Q.49. How much is the extension period for completion of insolvency resolution process:

- A 90 days.
 - B 180 days.
 - C 120 days.
 - D 150 days.
-

Q.50. Who shall declare a moratorium:

- A Insolvency Professional
 - B Insolvency Professional Agency
 - C Adjudicating Authority
 - D Insolvency and Bankruptcy Board of India
-

Q.51. 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.
-

Q.52. Which of the following actions does not require the prior approval of the committee of creditors:

- A Appoint accountants, legal or other professionals for the corporate debtor.
 - B Create any security interest over the assets of the corporate debtor.
 - C Record any change in the ownership interest of the corporate debtor.
 - D Make any change in the management of the corporate debtor or its subsidiary.
-

Q.53. Who is an applicant under Section 7 of IBC:

- A Corporate Debtor.
- B Financial Creditor.
- C Operational Creditor.
- D Adjudicating Authority.

THE INSOLVENCY AND BANKRUPTCY CODE, 2016

SECTION-II

IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

Q.1. What is the eligibility for the resolution professional:

- A Resolution professional should be above 30 years of age.
 - B Resolution professional should possess sound knowledge and judgement.
 - C Resolution professional and all partners and directors of the insolvency professional entity of which he is a partner or director should be independent of the corporate debtor.
 - D Resolution professional should carry out his tasks fairly and diligently.
-

Q.2. 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.
-

Q.3. 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.

Q.4. 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.
-

Q.5. Who shall originally bear the expenses of the public announcement:

- A Insolvency Professional.
 - B Corporate Debtor.
 - C Applicant.
 - D Insolvency Professional Agency.
-

Q.6. In which form shall an operational creditor submit proof of claim to the interim resolution professional:

- 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.
-

Q.7. In which form shall a financial creditor submit proof of claim to the interim resolution professional:

- 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.
-

Q.8. In which form shall an authorised representative submit the dues to numerous workmen or employees:

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

Q.9. 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 resolution professional till the approval of a resolution plan by the committee.
- 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.

Q.10. 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.

Q.11. Who shall determine the amount of claim due to a creditor:

- A Committee of creditors.
- B Resolution professional.
- C Adjudicating Authority.
- D Corporate debtor.

Q.12. 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.

Q.13. In case of committee with only operational creditors, the committee shall consist of:

- A First fifteen operational creditors by date of claim.
- B Operational creditors having claim over 20% of the total claim of debt.
- C Operational creditors having claim over 15% of the total claim of debt.
- D Eighteen largest operational creditors by value.

Q.14. When shall the interim resolution professional file a report certifying the constitution of the committee of creditors to the Adjudicating Authority:

- A Within 21 days of appointment of interim resolution professional.
- B Within 30 days of appointment of interim resolution professional.
- C Within 14 days of appointment of interim resolution professional.
- D Within 10 days of appointment of interim resolution professional.

Q.15. What is the time limit within which the first meeting of the committee of creditors is to be held:

- A Within 7 days of filing report of constitution of committee of creditors with the Adjudicating Authority.
- B Within 7 days of appointment of resolution professional.
- C Within 7 days of admission of the insolvency case.
- D Within 7 days of formation of committee of creditors.

Q.16. Who can make a request to convene a meeting of the committee of creditors:

- A Members of the Committee representing 50% of the voting rights.

-
- B Members of the Committee representing 75% of the voting rights.
 - C Members of the Committee representing 33% of the voting rights.
 - D Members of the Committee representing 85% of the voting rights.
-

Q.17. Upto 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.
-

Q.18. 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.
-

Q.19. 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 record proceedings and prepare the minutes 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.
-

Q.20. When shall the resolution professional circulate the minutes of the meeting to all participants:

- A Within twenty four hours of the said meeting by electronic means.
- B Within 15 days of the said meeting by electronic or postal means.
- C Within 20 days of the said meeting by electronic or postal means.
- D Within forty eight hours of the said meeting by electronic means.

Q.21. Which of the following persons can be appointed as registered valuers:

- A A relative of the suspended director of the corporate debtor.
- B A relative of the interim resolution professional.
- C A related party of the corporate debtor.
- D A partner or director of the insolvency professional entity.

Q.22. When shall the resolution professional notify the participants and the Adjudicating Authority of any resultant change in the committee due to transfer of debt:

- A Within 5 days of such change.
- B Within 2 days of such change.
- C Within 7 days of such change.
- D Within 4 days of such change.

Q.23. 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.

Q.24. Which of the following is not an essential supply:

- A Telecommunication services.

- B Information technology services.
- C Electricity.
- D Transportation.

Q.25. 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.

Q.26. A resolution plan 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 The time limit for completion of the insolvency resolution process.

THE INSOLVENCY AND BANKRUPTCY CODE, 2016

SECTION-III

Adjudicating Authority for Corporate Persons

Q.1. Who is the Adjudicating Authority for Corporate Insolvency Resolution Process (CIRP):

- A Debt Recovery Tribunal (DRT)
 - B National Company Law Tribunal (NCLT)
 - C High Court
 - D Board for Industrial and Financial Reconstruction (BIFR)
-

Q.2. 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
-

Q.3. 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
-

Q.4. The Adjudicating Authority does not exercise jurisdiction to carry out which function amongst these:

- A any application or proceeding by or against the corporate debtor or corporate person

- B any claim made by or against the corporate debtor or corporate person
 - C any question of priorities or any question of law or facts, arising out of or in relation to the insolvency resolution or liquidation proceedings under this Code
 - D any action requiring the constitution of committee of creditors
-

Q.5. Which is the Appellate Authority under this Code:

- A National Company Law Appellate Tribunal
 - B High Court
 - C Debt Recovery Appellate Tribunal
 - D Special Courts
-

Q.6. What is the time limit for appeal to NCLAT under this Code:

- A 15 days from the date of receipt of order of Adjudicating Authority
 - B 30 days from the date of receipt of order of Adjudicating Authority
 - C 40 days from the date of receipt of order of Adjudicating Authority
 - D 60 days from the date of receipt of order of Adjudicating Authority
-

Q.7. 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
-

Q.8. Which is the highest appellate authority in case of IBC:

- A High Court
- B Supreme Court

- C National Company Law Appellate Tribunal
- D Insolvency Court

Q.9. What is the time limit to appeal to the Supreme Court:

- A 30 days from the date of receipt of order of Adjudicating Authority
- B 90 days from the date of receipt of order of Adjudicating Authority
- C 45 days from the date of receipt of order of Adjudicating Authority
- D 60 days from the date of receipt of order of Adjudicating Authority

Q.10. What is the amount of fine imposed on a person who initiates fraudulent or malicious proceedings:

- A Rs. 1 lakh extendable to Rs. 1 crore
- B Rs. 5 lakh extendable to Rs. 5 crore
- C Rs. 7 lakh extendable to Rs. 7 crore
- D Rs. 2 lakh extendable to Rs. 2 crore

THE INSOLVENCY AND BANKRUPTCY CODE, 2016

SECTION-IV

Offences and Penalties

Q.1. What is the punishment for undertaking transactions to defraud creditors:

- A** Imprisonment for a term not less than 2 years, extendable to 4 years or fine of minimum Rs. 3 lakh, extendable to Rs. 3 crore or both.
- B** Imprisonment for a term not less than 6 months, extendable to 3 years or fine of minimum Rs. 2 lakh, extendable to Rs. 2 crore or both.
- C** 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.
- D** Imprisonment for a term not less than 8 months, extendable to 2 years or fine of minimum Rs. 1 lakh, extendable to Rs. 1 crore or both.

Q.2. Which of the following grounds is not covered under misconduct in course of corporate insolvency resolution process:

- A** Where an officer of the corporate debtor does not deliver to the resolution professional all or part of the property of the corporate debtor in his control or custody.
- B** Where an officer of the corporate debtor prevents the production of any book or paper affecting or relating to the property or affairs of the corporate debtor.
- C** Where an officer of the corporate debtor does not disclose to the resolution professional all the details of property of the corporate debtor.
- D** Where an officer of the corporate debtor does not assist the resolution professional in the preparation of information memorandum.

Q.3. 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 lakh, 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 lakh, 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 lakh, extendable to Rs. 3 crore or both.

Q.4. 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 lakh, 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 lakh, 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 lakh, extendable to Rs. 4 crore or both.

Q.5. 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.

Q.6. Under which Section of IBC is an Insolvency Professional criminally liable:

- A Secion 75.
- B Section 77.
- C Section 76.
- D Section 74.

ANSWER SHEET

**INSOLVENCY AND BANKRUPTCY CODE, 2016
Part I and II (Chapter I, II, VI and VII)**

SECTION - I

Corporate Insolvency Resolution Process

<u>Q.</u>	<u>Ans.</u>	<u>Q.</u>	<u>Ans.</u>
1.	(B)	27.	(A)
2.	(A)	28.	(B)
3.	(C)	29.	(C)
4.	(A)	30.	(A)
5.	(C)	31.	(C)
6.	(B)	32.	(D)
7.	(A)	33.	(C)
8.	(B)	34.	(B)
9.	(A)	35.	(C)
10.	(C)	36.	(B)
11.	(B)	37.	(A)
12.	(D)	38.	(B)
13.	(A)	39.	(A)
14.	(B)	40.	(D)
15.	(B)	41.	(A)
16.	(A)	42.	(C)
17.	(C)	43.	(C)
18.	(A)	44.	(A)
19.	(A)	45.	(C)
20.	(C)	46.	(B)
21.	(A)	47.	(C)
22.	(B)	48.	(D)
23.	(C)	49.	(A)
24.	(A)	50.	(C)
25.	(A)	51.	(D)
26.	(A)	52.	(A)
		53.	(B)

SECTION - II
IBBI (Insolvency Resolution Process for Corporate Persons)
Regulations, 2016

<u>Q.</u>	<u>Ans.</u>	<u>Q.</u>	<u>Ans.</u>
1.	(C)	14.	(B)
2.	(A)	15.	(A)
3.	(A)	16.	(C)
4.	(B)	17.	(B)
5.	(C)	18.	(A)
6.	(B)	19.	(C)
7.	(C)	20.	(D)
8.	(D)	21.	(A)
9.	(A)	22.	(B)
10.	(C)	23.	(D)
11.	(B)	24.	(D)
12.	(A)	25.	(A)
13.	(D)	26.	(D)

SECTION - III
Adjudicating Authority for Corporate Persons

<u>Q.</u>	<u>Ans.</u>	<u>Q.</u>	<u>Ans.</u>
1.	(B)	6.	(B)
2.	(D)	7.	(C)
3.	(C)	8.	(B)
4.	(D)	9.	(C)
5.	(A)	10.	(A)

SECTION - IV
Offences and Penalties

<u>Q.</u>	<u>Ans.</u>	<u>Q.</u>	<u>Ans.</u>
1.	(C)	4.	(B)
2.	(D)	5.	(D)
3.	(A)	6.	(B)

