

**B.A., LL.B. (HONS.) DEGREE SEVENTH SEMESTER EXAMINATIONS,
NOVEMBER 2019
LAW OF BANKRUPTCY AND INSOLVENCY**

Time: 3 Hours

Maximum Marks: 50

**Answer required number of questions from Parts A, B and C.
*The Insolvency and Bankruptcy Code, 2016 is referred to as IBC in this question paper.***

PART A

I. Answer ANY FIVE questions. All questions carry EQUAL marks.

- (a) Distinguish between bankruptcy and insolvency. Explain the scheme envisaged for these two concepts under the IBC.
- (b) Define 'financial creditor' and explain the rights granted to such creditors under IBC.
- (c) Explain the constitution and powers of the committee of creditors.
- (d) Explain initiation of corporate insolvency resolution process by operational creditors of the company.
- (e) Explain the process for realisation of assets by the liquidator.
- (f) Comment on the powers of the IBBI for regulating the qualifications and conduct of resolution professionals.
- (g) Explain the legal provisions for verification and valuation of claims by the liquidator.

(4 X 5 = 20)

PART B

Answer ANY TWO questions. All questions carry EQUAL marks.

II. There is nothing left to pay the creditors after the cost of liquidation including the liquidation fee is claimed by the liquidator. The creditors challenge the appropriation of these costs and claims that their dues must be proportionately paid from the liquidated assets before payment of any other dues. Decide.

III. The insolvency resolution professional in a corporate insolvency resolution received the only resolution plan a day after the period allowed for the same. The committee of creditors unanimously wants to approve this resolution plan. Decide whether the resolution plan is valid in law.

IV. The sole operational creditor, which is the parent company of the corporate debtor, is owed ninety-nine percent of the debts of the corporate debtor. The sole financial creditor initiates insolvency resolution process. The operational creditor submits a resolution plan to revive the company. No other resolution plans are received within the stipulated time. The financial creditor rejects the resolution plan put forward by the operational creditor terming it as illegal. If the financial creditor refuses to assign or sell its claim to the operational creditor and wants the corporate debtor to be sold in liquidation, can the NCLT allow the operational creditor to pay off the financial creditor under its supervision? Decide.

(6 X 2 = 12)

PART C

Answer ANY TWO questions. All questions carry EQUAL marks.

V. Elucidate the concept of "Fresh Start Process" and the conditions for the applicability of the same.

VI. Explain the rights and obligations of an insolvency resolution professional in the conduct of insolvency resolution.

VII. Critically comment on the change in law in relation to revival of sick companies.

(9 X 2 = 18)