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### MCQ PRACTICE SERIES - 1

#### 1

#### Appointment and Qualifications of Directors

#### Multiple Choice Questions (Answers given at the end of this Chapter)

1. The definition of 'director' is contained in -

(a) Clause (10) of Sec. 2	(b) Clause (34) of Sec. 2	(c) Clause (33) of Sec. 2	(d) Clause (32) of Sec. 2
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2 A person who is below the age of ..... years is disqualified to be appointed as a director.

(a) 70 years	(b) 25 years	(c) 65 years	(d) None of these
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3. Mr. X holds 100 shares of A Ltd. He failed to pay a call of Rs. 3 per share on such shares. The last day for the payment of the calls was 3rd December, 2018. Mr. X shall be disqualified for appointment as a director if the default in payment of call continues till -

- (a) 2nd June, 2019
- (b) 3rd June, 2019
- (c) 3rd December, 2018
- (d) 3rd March, 2019

4. The articles of ABC Ltd. contain a provision that any person who is not a Chartered Accountant shall not be eligible to be appointed as a director. Whether Mr. Z, who is not a Chartered Accountant, is disqualified for appointment as a director?

(a) No	(b) Yes	(c) No, if a special resolution is passed in general meeting for his appointment	(d) No, if an ordinary resolution is passed in general meeting for his appointment
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5. A person who is convicted by a Court of any offence (whether involving moral turpitude or otherwise) and sentenced to imprisonment for ..... or more shall be disqualified for a period of ..... from the date of

(a) 3 months; 5 years; expiry of the sentence	(b) 6 months; 5 years; expiry of the sentence	(c) 6 months; 7 years; expiry of the sentence	(d) 6 months; 7 years; the sentence
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6. During the period 15.12.2017 to 31.12.2018, PQR Ltd. held Board meetings on 15.12.2017, 10.3.2018, 12.6.2018, 11.9.2018 and 17.12.2018. Mr. Busy, a director of PQR Ltd. was not present in any of the aforesaid Board meetings. The office of director of Mr. Busy in PQR Ltd. shall become vacant on -

(a) 31.12.2018	(b) 17.12.2018	(c) 14.12.2018	(d) None of these
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7. Mr. Chaitanya, a director of Chetan Ltd., fails to disclose his interest in a contract or arrangement in

which he was interested. The consequences of such default shall be -			
(a) His office of director in Chetan Ltd. shall become vacant	(b) His office of director in Chetan Ltd. shall become vacant, if so decided by the Board	(c) His office of director in all the companies in which he is a director, shall become vacant	(d) His office of director shall not be vacated

8. A company may have more than 15 directors -

(a) by passing an ordinary resolution	(b) by passing a special resolution	(c) with the approval of the Central Government	(d) with the approval of the Tribunal
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9. A person can be a director in 20 companies excluding -

(a) Dormant companies	(b) Companies licenced u/s 8	(c) Both (a) and (b)	(d) None of these
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10. A person can be a director in 10 companies excluding -

(a) Dormant companies	(b) Companies licenced u/s 8	(c) Both (a) and (b)	(d) None of these
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11. Statement (1): When a director resigns from his office, it is his duty to forward to the Registrar, a copy of his resignation and detailed reasons for resignation by filing Form No. D1R-11. Statement (2): When a company receives notice of resignation from a director, it is the duty of the company to intimate such fact to the Registrar by filing Form No. DIR-12.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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12. Mr. Harry resigns from directorship of Hurry Hurry Ltd. by sending a notice of resignation on 5th December, 2018. The said notice is received by the company on 8th December, 2018. Mr. Harry files Form No. DIR-11 with the Registrar on 12th December, 2018. Hurry Huriy Ltd. files Form No. DIR-12 with the Registrar on 15th December, 2018. The resignation of Mr. Harry shall take effect from -

(a) 5th December, 2018	(b) 8th December, 2018	(c) 12th December, 2018	(d) 15th December, 2018
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13. In a Board meeting of a company, Mr. A and Mr. B are appointed as additional directors by passing a single resolution.

The appointments of Mr. A and Mr. B shall be valid if -

(a) the company is a public company	(b) the company is a private company	(c) if the company is a private company, which has not made any default in filing with the Registrar its financial statements u/s 137 or annual return u/s 92	(d) All of these
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14. ABC Ltd. is incorporated on 7th November, 2018. The articles of A Ltd. provide that Mr. A, Mr. B and Mr. C shall be the first directors. The subscribers to memorandum of A Ltd. are Mr. P, Mr. Q, Mr. R, S Ltd., T Ltd., U Pvt. Ltd and V Pvt. Ltd. The first directors of A Ltd. shall be -

(a) Mr. A, Mr. B and Mr. C	(b) Mr. P, Mr. Q, Mr. R, S Ltd., T Ltd., U Pvt. Ltd and V Pvt. Ltd.	(c) Mr. P, Mr. Q and Mr. R	(d) Such persons as may be determined in writing by the majority of subscribers
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15. Every person proposed to be appointed as a director shall furnish to the company a declaration that he is not disqualified to become a director -

(a) within 15 days of his appointment as a director	(b) within 30 days of his appointment as a director	(c) within 60 day of the appointment as a director	(d) At any time before his appointment as a director
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16. A rotational director may be appointed -

(a) In AGM	(b) In EGM	(c) In AGM as well as in EGM	(d) In AGM or in EGM or in Board meeting
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17. Statement (1): Independent directors shall not retire by rotation. Statement (2): Independent directors shall not be counted in total number of directors for the purpose of computing rotational directors.

(a) Only Statement (1) is correct (b) Only Statement (2) is correct (c) Both the Statement are correct (d) None of the Statements is correct

18. Where a company does not hold AGM upto the last due date, the directors liable to retire at the AGM shall have to vacate their offices on the last day AGM ought to have been held. It was held in -

(a) B.R. Kundra v Motion Pictures Association	(b) Shailesh Harilal Shah and Others v Matushree Textiles Ltd. and Other	(c) LIC v Escorts Ltd.	(d) Oriental Metal Pressing Pvt. Ltd. v B.K. Thakoor
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19. A person, who is not a retiring director, can stand for directorship -

	(a) by giving a special notice	(b) by giving a notice at least 14 days before the general meeting	(c) by giving a notice at least 7 days before the general meeting	(d) by giving a notice at least 14 days before the Board meeting
20.	A person, who is not a retiring director, can give a notice of his own candidature -			
	(a) if he is a member of the company	(b) if he is not a member of the company	(c) Both (a) and (b)	(d) None of these

21. A company which has adopted proportional representation shall appoint not less than ..... of the total number of directors by proportional representation, and such appointments shall be made once in every ..... re correct

(a) 1 / 3rd; 3 years	(b) 2/3rd; 5 years	1 (c) 2/3rd;3 years	(d) 1/3rd; 5 years
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22. Consider the following 3 Conditions:

Condition (1): A Ltd. is a listed company. Condition (2): The paid up capital of A Ltd. is Rs. 100 crore or more. Condition (3): The turnover of A Ltd. is Rs. 300 crore or more.

It shall be mandatory for A Ltd. to appoint a woman director, if-

(a) Any one of the 3 Conditions is satisfied	(b) Condition (1) as well as Condition (2) is satisfied	(c) Condition (1) as well as Condition (3) is satisfied	(d) All the 3 conditions are satisfied

23. A vacancy in the office of woman director arises on 5th December, 2018. After 5th December, the next Board meeting was held on 20th February, 2019. The vacancy in the office of woman director shall have to be filled on or before -

(a) 5th March, 2019	(b) 5th June, 2019	(c) 20th February, 2019	(d) 30th June, 2019
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24. Every company shall have at least 1 director who stays in India for a total period of not less than ..... days during the

(a) 180; calendar year	(b) 180; financial year	(c) 182; calendar year	(d) 182; financial year
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25. Every listed public company shall have at least ..... as independent directors.

(a) 1/3rd of the total number of directors	(b) 2/3rd of the total number of directors	(c) 3/4th of the total number of directors	(d) 2 directors
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26. X Ltd. is an unlisted public company. Consider the following 3 Conditions:

Condition (1): The paid up capital of X Ltd. is Rs. 10 crore or more. Condition (2): The turnover of X Ltd. is Rs. 100 crore or more. Condition (3): The aggregate of outstanding loans, debentures and deposits of X Ltd. exceeds Rs. 50 crore.

It shall be mandatory for X Ltd. to appoint at least 2 independent directors, if-

(a) Any one of the 3 Conditions is satisfied	(b) Condition (1) as well as Condition (2) is satisfied	(c) Condition (1) as well as Condition (3) is satisfied	(d) All the 3 conditions are satisfied
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27. Mr. Prakash is a promoter of Purushottam Ltd. But, he is not a director of Purushottam Ltd. Puru Ltd. is a subsidiary of Purushottam Ltd. Mr. Satya is related to Mr. Prakash. Consider the following statements:

Statement (1): Mr Prakash cannot be appointed as an independent director in Purushottam Ltd.

Statement (2): Mr. Satya cannot be appointed as an independent director in Puru Ltd.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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28. Mr. Sachin had pecuniary relationship exceeding 10% but not exceeding 20% of his total income with Sultan Ltd. during the financial year 2016-2017. Mr. Sachin cannot be appointed as an independent director in Sultan Ltd. during financial year .....

(a) 2017-2018 and 2018-2019	(b) 2016-2017, 2017-2018 and 2018-2019	(c) 2016-2017, 2017-2018, 2018-2019 and	(d) None of these
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		2019-2020	
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29. Mr. M and Mr. W are relatives. Mr. M holds equity share capital of Rs. 2 crore in Avinash Ltd. The paid up equity share capital of Avinash Ltd. is Rs. 10 crore divided into 1 crore equity shares of Rs. 10 each, full paid up. Sarvnash Ltd. holds equity share capital of Rs. 1 crore in Avinash Ltd. Consider the following statements:

Statement (1): Mr. W cannot be appointed as an independent director in Avinash Ltd.

Statement (2): Mr. W cannot be appointed as an independent director in Sarvnash Ltd.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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30. Mr. Needy has taken a loan of Rs. 25 lakhs from Surplus Funds Ltd. Consider the following statements:

Statement (1): The wife of Mr. Needy cannot be appointed as an independent director in Surplus Funds Ltd.

Statement (2): The father-in-law of Mr. Needy cannot be appointed as an independent director in Surplus Funds Ltd.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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31. Mr. Vipin is the brother of Mr. Vipul. Mr. Vipul was the Company Secretary of Green Ltd. during financial year 2015- 2016. Red Limited is the holding company of Green Ltd. Consider the following statements:

Statement (1): During financial year 2018-2019, Mr. Vipin cannot be appointed as independent director in Green Ltd.

Statement (2): During financial year 2018-2019, Mr. Vipul cannot be appointed as independent director in Red Ltd.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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32. Shilpi is the sister of Shilpa. During the financial year 2015-2016, Shilpa Sunil and Associates (a partnership firm having Shilpa and Sunil as partners and Sneha as an employee) were the Auditors of SAM Ltd. During the financial year 2018-2019, cannot be appointed as independent director in SAM Ltd.

(a) Shilpa and Sunil	(b) Shilpa. Sunil and Shilpi	(c) Shilpa. Sunil and Sneha	(d) Shilpa, Sunil. Sneha and Shilpi
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33. Mohan and Sohan are relatives. The paid up equity share capital of Greenlam Ltd. is Rs. 1 crore. Mohan acquired 10% paid up equity share capital in Greenlam Ltd. on 1.4.2016 and disposed of all the shares of Greenlam Ltd. on 31.3.2017. During the financial year 2018-2019, ..... cannot be appointed as independent director in Greenlam Ltd.

	(a) Mohan	(b) Sohan	(c) Mohan as well as Sohan	(d) None of these
34.	An independent director shall hold office for -			

	(a) Maximum term of 5 consecutive years	(b) Maximum term of 3 consecutive years	(c) 2 terms of 5 years	(d) None of these
35.	An independent director shall be eligible for reappointment -			
	(a) On passing of an ordinary resolution	(b) On passing of a special resolution	(c) If approval of the Central Government is obtained	(d) If approval of the Tribunal is obtained

36. The provisions relating to appointment of a "Small Shareholders' Director" apply to -

(a) All listed companies	(b) All public companies having 1,000 or more small shareholders	(c) All public companies having a paid up share capital of Rs. 100 crore or more	(d) Any of the companies covered in (a) or (b) or (c)
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37. A 'Small Shareholders' Director' may be removed -

- (a) by passing an ordinary resolution in a class meeting of small shareholders
- (b) by passing a special resolution in a class meeting of small shareholders
- (c) by passing a special resolution in the general meeting
- (d) by passing an ordinary resolution in the general meeting

38. The nominal value of shares held by Mr. A, Mr. B, Mr. C and Mr. D in X Ltd. is Rs. Nil, Rs. 15,000, Rs. 20,000 and Rs. 25,000 respectively. The persons who are eligible for becoming a 'Small Shareholders' Director' are -

(a) Mr. A	(b) Mr. B and Mr. C	(c) Mr. D	(d) Mr. A, Mr. B, Mr. C and Mr. D
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39. P Ltd. has 11 directors including one 'Small Shareholders' Director' and one additional director. For the purposes of section 152(6) and (7), the "total number of directors", number of rotational directors and number of retiring directors shall be -

- (a) 9, 6 and 2 respectively
- (b) 10, 7 and 2 respectively
- (c) 11, 8 and 3 respectively
- (d) 11, 6 and 2 respectively

40. The Board may appoint an additional director, if -

(a) The company in general meeting has authorised the Board to make such appointment	(b) The articles of the company authorise the Board to make such appointment	(c) Both (a) and (b) are satisfied	(d) Either (a) or (b) is satisfied
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41. Mr. D, a director of D Ltd. died in an accident. The Board can fill such vacancy, if -

(a) Mr. D was appointed as an additional director by the Board	(b) Mr. D was appointed as a director in general meeting	(c) Mr. D was appointed to fill a casual vacancy in the office of Mr. C	(d) None of these
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42. Mr. Potter is a director in Harry Ltd. He is going to USA from from which an alternate director can act for 12.1.2019 to 13.4.2019. Which is the earliest possible date Mr. Potter?			
(a) 11.1.2019	(b) 12.1.2019	(c) 13.1.2019	(d) None of these

43. Who can appoint an alternate director?

- (a) Original director
- (b) Members of the company
- (c) Board of directors
- (d) The Central Government

44. A company has 5 directors, viz. P, Q, R, S and T. On 15th November, 2018, T goes to USA so as to establish and operate a branch office of the company. T gets back to India for the first time on 20th November, 2019. Mr. A was appointed as an alternate director for T on 18th November, 2018. During the period 15th November, 2018 to 20th November, 2019, 5 Board meetings of the company were held, but none of these Board meetings were attended by Mr. T or Mr. A. Non- attending the Board meetings shall result in vacation of office of -

(a) Mr. T	(b) Mr. A	(c) Mr. T and Mr. A	(d) None of these
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45. Which of the following directors cannot be appointed by passing a resolution by circulation?

(a) An Additional director	(b) An alternate director	(c) A director filling a casual vacancy	(d) None of these
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46. A company shall intimate the DIN of all its directors to the Registrar or any other officer or authority as may be specified by the Central Government in Form No. .... within ..... of receipt of intimation of DIN by it from the directors.

(a) DIR-3B; 7 days	(b) DIR-3C; 15 days	(c) DIR-3B; 30 days	(d) DIR-3C; 30 days
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47. Mr. Amrit submits Form ..... on MCA portal and an application number is automatically generated. On examination, the Central Government finds that application made by Mr. Amrit is defective. The Central Government gives intimation of such defect to Mr. Amrit directing him to rectify such defects. Mr. Amrit shall have ..... to resubmit the application.

(a) DIR-3B; 7 days	(b) DIR-3B; 15 days	(c) DIR-3; 7 days	(d) DIR-3; 15 days
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48. After allotment of DIN to Ms. Aarti, some changes took place in her particulars as stated in Form No. DIR-3. Ms. Aarti shall have to intimate such changes to the Central Government in Form No. .... within a period of .....

(a) DIR-3C; 30 days	(b) DIR-6; 15 days	(c) DIR-6; 30 days	(d) DIR-3C; 60 days
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49. Mr. Abhishek holds DIN as on 31st March, 2019. It is the ..... of Mr. Abhishek to submit Form No. DIR-3-KYC to the Central Government on or before -

(a) Duty; 30th April, 2019	(b) Option: 30th April. 2019	(c) Duty; 30th June, 2019	(d) Option; 30th June, 2019
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50. Troubles Ltd. makes a default in redemption of debentures and such default has continued for 1 year resulting in disqualification of all its directors under section 164(2). Troubles Ltd. is required to intimate such default by filing Form No. .... with the Registrar within ..... from the date of the default.

(a) DIR-9; 15 days	(b) DIR-9; 30 days	(c) DIR-10; 30 days	(d) DIR-10; 60 days
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51. Mr. Sparsh, a director of Saptrishi Ltd., becomes disqualified by an order of a Court passed on 13th December, 2017. Mr. Sparsh files an appeal against the order of the Court on 27th December, 2017. The appellate Court upholds the order of the lower court by passing an order on 18th September, 2018. No further appeal is filed by Mr. Sparsh. The office of director of Mr. Sparsh shall become vacant on expiry of -

(a) 13th December, 2017	(b) 18th September, 2018	(c) 25th September, 2018	(d) 18th October, 2018
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52. Mr. Sanjay, a director of Sooraj Ltd., resigns from office of director by sending a notice of resignation on 14th February, 2018. The said notice is received by Sooraj Ltd. on 17th February, 2018. The company shall file Form No. DIR-12 with the Registrar on or before -

(a) 1st March, 2018	(b) 4th March, 2018	(c) 16th March, 2018	(d) 19th March, 2018
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53. Ms. Yamini is proposed to appointed as a director in Yamraj Ltd. She files her written consent in Form No. DIR-2 with Yamraj Ltd. on 5th March, 2018. Ms. Yamini gets appointed as a director of Yamraj Ltd. on 15th March, 2018. Yamraj Ltd. shall have to file with the Registrar, the consent filed by Ms. Yamini, on or before .....

(a) 20th March, 2018	(b) 30th March, 2018	(c) 14th April, 2018	(d) 15th April, 2018
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54. Ms. Aditi intends to get appointed as a director in Tata Motors Ltd. She deposits a notice with Tata Motors Ltd. proposing herself for the post of director in the general meeting scheduled to be held on 18th December, 2018. The notice deposited by Ms. Aditi shall be valid only if it is received by Tata Motors Ltd. on or before ..... along with a deposit of Rs.

(a) )	3rd December, 2018,  Rs. 1 lakh	(b) )	4th December. 2018;  Rs. 1 lakh	(c) )	5th December 2018.  Rs. 1 lakh	(d)	5th December. 2018.  Rs 1.000
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55. On 1st November, 2018, Tata Motors Ltd. receives a notice from Ms. Aditi proposing herself for the post of director in the general meeting to be held on 18th December, 2018. Tata Motors Ltd. shall have to inform its members about the candidature of Ms. Aditi on or before -

(a) 3rd December, 2018	(b) 10th December, 2018	(c) 11th December, 2018	(d) 13th December, 2018
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56. The name of Mr. Siddharth appears in the data bank maintained under section 150. On 12th June, 2018, some changes take place in the particulars of Mr. Siddharth which are required to be intimated to the agency. Mr. Siddharth shall intimate such changes on or before -

(a) 25th June, 2018	(b) 26th June, 2018	(c) 27th June, 2018	(d) None of these
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57. Some small shareholders of Micro Ltd. wish to appoint Mr. Tiny as a Small Shareholders' Director in the meeting to be held on 18th July, 2018. For this purpose, a written notice proposing the appointment of Mr. Tiny shall be given to Micro Ltd. at least ..... before 18th July, 2018.

(a) 7 days	(b) 14 days	(c) 15 days	(d) 30 days
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58. Some members of Aggressive Ltd. intend to remove Mr. Suspicious from the office of director, in the general meeting to be held on 25th September, 2018. For this purpose, the members send a special notice to Suspicious Ltd. The special notice shall be valid only if it is received by Aggressive Ltd. on or before .....

(a) 9th September, 2018	(b) 10th September, 2018	(c) 11th September, 2018	(d) None of these
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59. Some members of Aggressive Ltd. intend to remove Mr. Suspicious from the office of director, in the general meeting to be held on 25th September, 2018. For this purpose, the members send a special notice to Suspicious Ltd. The special notice shall be valid only if the notice is signed by members holding -

(a) .. of total voting power	(b) Paid up share capital of Rs. 1 lakh	(c) 10% of total voting power or Paid up share capital of Rs. 1 lakh, whichever is less	(d) None of these
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60. Some members of Aggressive Ltd. intend to remove Mr. Suspicious from the office of director, in the general meeting to be held on 25th September, 2018. For this purpose, the members send a special notice to Suspicious Ltd. which is received by Aggressive Ltd. on 5th September, 2018. Aggressive Ltd. shall have to give a notice of the intention to move such resolution, to all its members on or before .....

(a) 19th September, 2018	(b) 18th September, 2018	(c) 17th September, 2018	(d) 10th September, 2018
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61. A company is required to file with the Registrar a return in Form No. DIR-12, within ..... of appointment of every director and key managerial personnel and any change taking place in their particulars.

(a) 7 days	(b) 14 days	(c) 15 days	(d) 30 days
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62. Mohan, a member of Moksh Ltd., requests the company to furnish to him a copy of the register of directors and key managerial personnel. Moksh Ltd. shall have to provide the copy to Mr. Mohan within

(a) free of cost; 30 days	(b) free of cost; 7 days	(c) On payment of Rs. 10; 30 days	(d) On payment of Rs. 10; 7 days
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63. Mohan, a member of Moksh Ltd., requests the company to furnish to him a copy of the register of directors and key managerial personnel. Moksh Ltd. fails to furnish the copy to Mr. Mohan. The ..... shall, on an application made to him, order the company to immediately furnish the copy to Mr. Mohan.

(a) The Central Government	(b) The Tribunal	(c) The Registrar	(d) None of these
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64. If a company contravenes any of the provisions contained in sections 149 to 172, for which no specific punishment is provided, the company and every officer of the company who is in default shall be punishable with fine which shall not be less than ..... but which may extend to .....

(a) Rs. 25,000; Rs. 5 lakh	(b) Rs. 50,000; Rs. 5 lakh	(c) Rs. 50,000; Rs. 10 lakh	(d) Rs. 1 lakh; Rs. 5 lakh
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65. On an application made by any person for allotment of DIN, the Central Government shall allot DIN to the applicant, within 1 month of receipt of such application.

(a) 7 days	(b) 14 days	(c) 15 days	(d) 1 month
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66. A person who is already a director, shall intimate his DIN to the company in which he is already a director, within ..... of receipt of DIN. ....

(a) 7 days	(b) 14 days	(c) 15 days	(d) 1 month
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67. Ms. Jalebi is convicted by a Court of an offence involving moral turpitude and is sentenced to imprisonment for a period of 7 years. Ms. Jalebi shall be disqualified for .....

(a) 5 years from the date of the sentence	(b) 5 years from the date of expiry of the sentence	(c) Life	(d) Such period as may be specified in the order of the Court
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68. Ms. Swann is convicted by a Court of an offence under Indian Penal Code, 1860 and is sentenced to imprisonment for a period of 2 years. However, the Court, in its order, does not specify that the offence involves moral turpitude. What will be the consequences of such conviction?

(a) Ms. Swann shall be disqualified for a period of 5 years from the expiry of the sentence	(b) Ms. Swann shall be disqualified for life	(c) Ms. Swann shall not be disqualified	(d) None of these
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69. Mr. Y held 100 shares of B Ltd. B Ltd. made a call of Rs. 2 per share. The last day for the payment of the calls was 20th June, 2017. Mr. Y failed to pay the call and the default continued till 15th March, 2018, when the shares of Mr. Y were forfeited by B Ltd. What will be the consequences in this case?

(a) Mr Y shall be disqualified for appointment as a director in B Ltd. The disqualification shall	(b) Mr Y shall be disqualified for appointment as a director in B Ltd. The disqualification shall	(c) Mr. Y shall be disqualified for appointment as a director in B Ltd. from 21st June, 2017 to	(d) Mr Y shall be disqualified for appointment as a director in B Ltd. from 21st December, 2017
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start on 21 <sup>st</sup> June, 2017 and shall continue for life	start on 21 <sup>st</sup> December, 2017 and shall continue for life	15th March, 2018	to 15th March, 2018
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70. Mr. Z held 100 shares of C Ltd. C Ltd. made a call of Rs. 4 per share. The last day for the payment of the calls was 14th September, 2017. Mr. Z paid the call on 25th May, 2018. What will be the consequences in this case?

(a) Mr. Z shall not be disqualified for appointment as a director in C Ltd from 14th September, 2017 to 25th May, 2018	(b) Mr. Z shall be disqualified for appointment as a director in C Ltd. The disqualification shall start on 15th September, 2017 and shall continue for life	(c) Mr. Z shall be disqualified for appointment as a director In C Ltd The disqualification shall start on 15th March, 2018 and shall continue for life	(d) Mr. Z shall be disqualified for appointment as a director in C Ltd. The disqualification shall start on 15th March, 2018 and shall continue till 25th May, 2018
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71. On 10th November, 2018, Deep Troubles Ltd. committed the default specified under section 164(2). On 18th December, 2018, Mr. Hope is appointed as a director of Deep Troubles Ltd. Mr. Hope shall be disqualified for directorship with effect from -

(a) 11th May, 2019	(b) 9th March, 2019	(c) 19th June, 2019	(d) 19th December, 2019
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72 A vacancy in the office of independent director arises on 13th August, 2018. After 13th August, 2018, the next Board meeting was held on 3rd December, 2018. The vacancy in the office of independent director shall have to be filled on or before -

(a) 13th November, 2018	(b) 13th February, 2019	(c) 3rd December, 2018	(d) 30th November, 2018
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73. On 7th August, 2018, Mr. Orange, a director of PQR Ltd., leaves for USA due to some personal reasons. He plans to return back to India in the month of December, 2018. On 12th August, 2018, the Board appoints Ms. Kiwi as an alternate director to act for Mr. Orange during the absence of Mr. Orange. Due to some changes in plans of Mr. Orange, he comes back to India on 15th September, 2018. The consequences in such case will be -

(a) The appointment of Ms. Kiwi as alternate director shall be null and void	(b) The appointment of Ms. Kiwi as alternate director shall come to an end on 15th September, 2018	(c) Ms. Kiwi shall continue as alternate director for 3 months	(d) None of the above
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74. The Board is entitled to appoint an alternate director in place of a director (termed as original director) during the absence of the original director from ..... for a period of ..... or more.

(a) India. 3 months	(b) India; 6 months	(c) The State in which	(d) The State in which
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		Board meetings are ordinarily held; 3 months	Board meetings are ordinarily held; 6 months
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75. In order to remove a director before the expiry of his term of office, a special notice is given to the company not earlier than ..... before the date of the general meeting but at least ..... before the general meeting -

(a) 1 month; 14 days	(b) 1 month; 30 days	(c) 3 months, 14 days	(d) 3 months, 30 days
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76. Mr. Alok is not a director in any company. He becomes disqualified for appointment as a director by an order of a Court passed on 20th October, 2018. Mr. Alok files an appeal against the order of the Court on 26th October, 2018. On, 15th July, 2019, the appellate Court upholds that Mr. Alok was not guilty and consequently sets aside the order of the lower court. On 18th December, 2018, Mr. Alok intended to become a director in Confusion Ltd. As on 18th December, 2018, Mr. Alok was -

(a) Disqualified for appointment as a director	(b) Not disqualified for appointment as a director	(c) Eligible to become a director, if a special resolution is passed	(d) Eligible to become a director, if approval of the Central Government is obtained
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77. On 12th February, 2018, Mr. Fork is convicted of an offence dealing with related party transactions and is sentenced to imprisonment for a period of 1 year. Consequently, Mr. Fork is imprisoned from 12th February, 2018 till 11th February, 2019. On 15th April, 2023, Risky Ltd. intends to appoint Mr. Fork as its director. Mr. Fork is -

(a) Disqualified for appointment as a director	(b) Not disqualified for appointment as a director	(c) Eligible to become a director, if a special resolution is passed	(d) Eligible to become a director, if approval of the Central Government is obtained
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78. As on 30th November, 2018, Disaster Ltd. has made default in filing financial statements for the financial year 2015-16 and 2016-17. The directors of Disaster Ltd. shall be disqualified under section 164(2), if, for the financial year 2017-18, Disaster Ltd. makes a default in filing

(a) Financial statements	(b) Annual return	(c) Either financial statements or annual return	(d) None of these
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79. A, B and C are the three directors of Disaster Ltd. A, B and C are also the directors in Complete Compliances Ltd. As on 30th November, 2018, Disaster Ltd. has made a default in filing financial statements for the financial year 2015-16, 2016-17 and 2017-18. Consider the following statements:

Statement (1): A, B and C shall be disqualified from being appointed or reappointed as directors for a period of 5 years. Statement (2): The office of director of A, B and C in Disaster Ltd. shall become vacant.

Statement (3): The office of director of A, B and C in Complete Compliances Ltd. shall become vacant.

(a) All the statements (1), (2) and (3) are correct	(b) Only statements (1) and (2) are correct	(c) Only statements (2) and (3) are correct	(d) Only statements (1) and (3) are correct
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80. X Ltd. committed the following defaults:

- (1) Default in repayment of deposits from 1.1.2018 till 31.5.2018.
- (2) Default in redemption of debentures from 1.5.2018 till 31.10.2018.
- (3) Default in payment of dividend from 1.9.2018 till 31.1.2019.
- (4) A. B and C are the directors of X Ltd. The consequences of defaults made by X Ltd. shall lie -

(a) A. B and C shall be disqualified for directorship for a period of 5 years with effect from 1.1.2019	(b) A. B and C shall be disqualified for directorship for a period of 5 year* with effect from 1.2.2019	(c) A. B and C shall be disqualified for directorship for a period of 5 years with effect from 1.1.2018	(d) A. B and C shall not be disqualified
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81. P, Q, R, S and T are the 5 directors of W Ltd. W Ltd. committed a default in repayment of deposits on 13th March, 2017. The default in repayment of deposits is made good by W Ltd. by making repayment of deposits on 15th April, 2018. Mr. S had resigned from directorship of W Ltd. on 6th February, 2018, and Mr. T resigned from directorship of W Ltd. on 6th April, 2018. Mr. U was appointed as a director on 6th February, 2018 and Mr. V was appointed as a director on 22nd March, 2018. As on 16th April, 2018, the persons who are disqualified for appointment or reappointment as directors are

(a) P, Q, R, S, T, U and V	(b) P, Q, R, S, T and V	(c) P, Q, R, T and U	(d) P, Q, R, T, U and V
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82. Difficult Times Ltd. made a default in repayment of loans taken from public financial institutions on 21st May, 2017 and such default is continuing till 1st July. A, B, C and D were the 4 directors of Difficult Times Ltd. as on 21st May, 2017. Mr. A resigned from directorship on 15th March, 2018, Mr. B resigned from directorship on 25th May, 2018, Mr. E was appointed as director on 15th April, 2018 and Mr. F was appointed as director on 15th June, 2018. As on 1st July, 2018, the persons who shall be disqualified for appointment or reappointment as a director shall be -

(a) B, C, D and E	(b) B, C, D, E and F	(c) A, B, C, D, E and F	(d) No director shall be disqualified
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83. On 30th September, 2017, ST Ltd. declared a dividend of 10% on equity shares for the financial year 2016-17. However, the declared dividend was not paid and such default continues till date, viz. 1st December, 2018. A, B and C were the directors of ST Ltd. as on 30th September, 2017 and there has been no change in directors till 1st December, 2018. A, B and C shall be disqualified for appointment or reappointment as a director for 5 years with effect from -

(a) 31st October, 2018	(b) 1st November, 2018	(c) 31st October, 2017	(d) 1st November, 2017
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84. ABC Pvt. Ltd. has 5 directors. Consider the following statements:

Statement (1): There shall be no contravention of the Companies Act, 2013, if all the 5 directors of ABC Pvt. Ltd. were appointed in the AGM held on 30th September, 2018 for a fixed term of 20 years, without any requirement to retire by rotation.

Statement (2): It is possible to remove any of these 5 directors before the expiry of their term in accordance with the provisions contained in the Companies Act, 2013.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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85. The independent directors of a company shall hold at least ..... in n financial year, without the attendance of non-independent directors and members of management.

(a) Two meetings	(b) Three meetings	(c) Four meetings	(d) None of these
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86. A company may appoint a 'Small Shareholders' Director' for a maximum period of -

(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years
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87. Mr. Chotu is appointed as a 'Small Shareholders' Director' in Superb Ltd. After completion of his tenure, Mr. Chotu shall not, for a period of , be appointed in or be associated with Superb Ltd. in any other capacity.

(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years
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88. The provisions relating to woman director shall apply to a company if it is a ..... , or a public company having paid up share capital of ..... or more or a public company having turnover of ..... or more as per the latest audited .financial statements.

(a) Listed public company; Rs. 10 crore; Rs. 100 crorc	(b) Listed company; Rs. 100 crorc; Rs. 300 crorc	(c) Listed public company; Rs. 100 crorc, Rs. 300 crorc	(d) None of these
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89. Fid A company which is not a listed public company, shall have to appoint at least 2 independent directors if it is a public company having paid up capital of ..... or more or turnover of ..... or more or the aggregate of its outstanding loans, debentures and deposits exceeds .....

(a) Rs. 100 crorc. Rs. 300 crorc; Rs. 50 crorc	(b) Rs. 10 crorc; Rs. 100 crorc; Rs. 250 crore	(c) Rs. 10 crorc; Rs. 100 crorc; Ks. 50 crorc	(d) None of these
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90. An unlisted public company shall not be required to have any independent director, if it is -

- (a) A joint venture
- (b) A wholly owned subsidiary
- (c) A dormant company
- (d) Any of (a) or (b) or (c)

91. S Ltd. is an unlisted public company having a paid up share capital of Rs. 80 crore. The audit committee of S Ltd. has 7 directors. S Ltd. is required to appoint ..... independent directors.



(a) 2	(b) 3	(c) 4	(d) 5
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92. Manav Ltd. is a listed company. Some small shareholders of Manav Ltd. serve a notice on the company to appoint Mr. Saadhya as a Small Shareholders' Director. The notice shall be valid if it is given by -

(a) 1,000 small shareholders	(b) 1/10th of the total number of small shareholders	(c) Lower of (a) and (b)	(d) Higher of (a) and (b)
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93. Mr. A was appointed as a director for life by the articles of Z Pvt. Ltd. The articles also empowered Mr. A to appoint a successor. Mr. A appointed, by will, Mr. B to succeed him after his death. After the death of Mr. A, Mr. B ..... succeed Mr. A as a director as was held in

(a) Cannot; Parmeshwari Prasad Gupta v Union of India	(b) Cannot; LIC v Escorts Ltd.	(c) Can; B.R. Kundra v Motion Pictures Association	(d) Can; Oriental Metal Pressing Pvt. Ltd. v B.K. Thakoor
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94. On 15th November, 2018, some creditors of Mr. Imran make an application to the appropriate authority seeking an order that Mr. Imran is insolvent. On 10th December, 2018, Mr. Imran is declared an insolvent. Mr. Imran held the directorship in A Ltd. as on 15th November, 2018. On 3rd December, 2018, B Ltd. proposes to appoint Mr. Imran as a director. The office of director of Mr. Imran in A Ltd. shall become vacant on ..... , and Mr. Ram is ..... to be appointed as a director in B Ltd. on 3rd December, 2018.

(a) 15th November, 2018; Not disqualified	(b) 10th December, 2018; Disqualified	(c) 15th November, 2018; Disqualified	(d) 10th December, 2018; Not disqualified
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95. Disqualification specified under section 164(2) shall not apply to -

(a) Directors of Government companies	(b) Nominee directors appointed by Public Financial Institutions	(c) Directors of private companies	(d) Both (a) and (b)
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96. The articles of a company provide that a person shall be disqualified for appointment as a director if he holds less than 100 shares in the company. Mr. Innocent holds 30 shares in the company. Mr. Innocent shall be disqualified for appointment as a director in the company, if the company is -

(a) A public company	(b) A private company	(c) A Government company	(d) A company licenced under section 8
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97. A company may have more than 15 directors, without passing a special resolution, if the company is -

(a) A Government company	(b) A company licenced under section 8	(c) Both (a) and (b)	(d) A private company
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98. Mr. Prashant is a director in 3 public companies and 11 private companies. Out of these 11 private companies, 3 private companies are subsidiaries of public companies, 2 private companies are subsidiaries of private companies and 1 private company is a holding company of a public company. Mr. Prashant can become a director in ..... public companies.

(a) 7	(b) 1	(c) 2	(d) 3
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99. Mr. Gajender is a rotational director in 2 public companies, a non-rotational director in 2 public companies, a Small Shareholders' Director in 1 public company, an additional director in 2 public companies and an alternate director in 1 public company. Additionally, he is an additional director in 4 private companies (out of which 1 private company is a subsidiary of a public company), and an alternate director in 3 private companies (out of which 1 private company is a holding company of a public company). Mr. Gajender can become a director in ..... public companies. -

(a) 0	(b) 1	(c) 2	(d) 3
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100. .... specify any lesser number of companies in which a director of the company may act as director.

(a) The members may, by passing a special 1 resolution	(b) The members may, by passing an ordinary resolution	(c) Central Government	(d) Tribunal
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101. Statement (1): The resignation of a director shall be valid only if it is addressed to the company.

Statement (2): The resignation of a director shall not be valid if it is not forwarded by the director to the Registrar.

Statement (3): The resignation of a director shall not be valid if it is not filed by the company with the Registrar.

102.	(a) Statement (1) is correct	(b) Statements (1) and (2) are correct	(c) Statements (1) and (3) are correct	(d) All the Statements (1), (2) and (3) are correct
	Resignation submitted by a director to the company shall become effective -			
	(a) When it is accepted by the Board	(b) When it is received by the company	(c) From the date specified by the director in the notice of resignation	(d) Later of (b) and (c)

103. In the AGM held on 28th September, 2018, a company proposed the appointment of Mr. A and Mr. B as directors by passing a single resolution. Out of 40 members present in the AGM, 30 members supported such proposal, and remaining 10 members did not vote. When single resolution for appointment of Mr. A and Mr. B was put to vote, 14 members voted in favour, 10 members voted against it and remaining 16 members did not vote. The appointments of Mr. A and Mr. B shall be /alid if the company is -

(a) A Government company	(b) A private company	(c) A company licenced under section S	(d) Any company
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#### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(b)	(d)	(b)	(a)	(b)	(c)

Reason	Sec. 2(34)	Sec. 164	Sec. 164	Sec. 164	Sec. 164	Sec. 167
Q. No.	7	8	9	10	11	12
Answer	(a)	(b)	(c)	(b)	(b)	(b)
Reason	Sec. 167	Sec. 149	Sec. 165	Sec. 165	Sec. 168	Sec. 168
Q. No.	13	14	15	16	17	18
Answer	(d)	(a)	(d)	(c)	(c)	(a)
Reason	Sec. 162	Sec. 152(1)	Sec. 152(4)	Sec. 152(6)	Sec. 152(6)	Sec. 152(7) and B.R. Kundra v Motion Pictures Association
Q. No.	19 (b)  Sec. 160  25 (a)  Sec. 149(4)	20	21	22	23	24
Answer		(c)	(c)	(a)	(a)	(d)
Reason		Sec. 160	Sec. 163	Sec. 149	Sec. 149	Sec. 149(3)
Q. No.		26	27	28	29	30
Answer		(a)	(c)	(b)	(a)	(a)
Reason		Sec. 149(4) read with Rule 4	Sec. 149(6)(b)	Sec. 149(6)(c)	Sec. 149(6)(d)(i)	Sec. 149(6)(d)(ii) and Sec. 2(77)
Q. No.	31	32	33	34	35	36
Answer	(c)	(d)	(b)	(a)	(b)	(a)
Reason	Sec. 149(6)(e)	Sec. 149(6)(e)	Sec. 149(6)(d) and (e)	Sec. 149(10)	Sec. 149(10)	Sec. 151
Q. No.	37	38	39	40	41	42
Answer	(d)	(d)	(c)	(b)	(b)	(b)
Reason	Sec. 151	Sec. 151	Sec. 152(6) and (7), Sec. 161(1) and 151	Sec. 161(1)	Sec. 161(4)	Sec. 161(2)

Q. No.	43	44	45	46	47	48
Answer	(c)	(c)	(c)	(b)	(d)	(c)
Reason	Sec. 161(2)	Sec. 161(2)	Sec. 161	Sec. 157 and Rule 10A	Rule 10	Rule 12
Q. No.	49	50	51	52	53	54
Answer	(a)	(b)	(c)	(d)	(b)	(a)
Reason	Rule 12A	Rule 14	Sec. 167	Sec. 168	Sec. 152(5) read with Rule 8	Sec. 160
Q. No.	55	56	57	58	59	60
Answer	(b)	(c)	(b)	(b)	(d)	(c)
Reason	Sec. 160	Sec. 150 read with Rule 6	Sec. 151	Sec. 169 read with Sec. 115	Sec. 169 read with Sec. 115	Sec. 169 read with Sec. 115
Q. No.	61	62	63	64	65	66
Answer	(d)	(a)	(c)	(b)	(d)	(d)
Reason	Sec. 170	Sec. 171	Sec. 171	Sec. 172	Sec. 154	Sec. 156
Q. No.	67	68	69	70	71	72
Answer	(c)	(c)	(c)	(d)	(c)	(c)
Reason	Sec. 164	Sec. 164 read with Rule 2(1)(k)	Sec. 164	Sec. 164	Sec. 164(2)	Sec. 149
Q. No.	73	74	75	76	77	78
Answer	(b)	(a)	(c)	(a)	(b)	(c)
Reason	Sec. 161(2)	Sec. 161(2)	Sec. 169 read with Sec. 115	Sec. 164	Sec. 164	Sec. 164(2)
Q. No.	79	80	81	82	83	84
Answer	(d)	(d)	(c)	(d)	(a)	(c)
Reason	Sec. 164(2)	Sec. 164(2)	Sec. 164(2)	Sec. 164(2)	Sec. 164(2)	Sec. 152(6) and 169

Q. No.	85	86	87	88	89	90
Answer	(d)	(c)	(c)	(b)	(c)	(d)
Reason	Sec. 149 and Schedule IV	Sec. 151	Sec. 151	Sec. 149 read with Rule 3	Sec. 149(4) read with Rule 4	Sec. 149(4) read with Rule 4

Q. No.	91	92	93	94	95	96
Answer	(c)	(c)	(d)	(d)	(a)	(b)
Reason	Sec. 149(4) read with Rule 4	Sec. 151	Sec. 166	Sec. 164	Sec. 164(2)	Sec. 164

Q. No.	97	98	99	100	101	102
Answer	(c)	(d)	(a)	(a)	(a)	(d)
Reason	Sec. 149	Sec. 165	Sec. 165	Sec. 165	Sec. 168	Sec. 168

Q. No.	103
Answer	(d)
Reason	Sec. 162

## Meetings of Board and its Powers

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1. The gap between two consecutive Board meetings of a company shall not exceed ..... days.

- (a) 90
- (b) 120
- (c) 150
- (d) 180

2. During the calendar year 2018, a company licenced under section 8 held only 2 Board meetings; first Board meeting on 25th June, 2018 and second Board meeting on 25th July, 2018. The company has

(a) Complied with the provision* ol Sec 173	(b) Complied with the provisions of Sec. 173, if has been granted approval by the Central Government	(c) Complied with the provisions of Sec. 173, if has been granted permission by the Tribunal	(d) Contravened the provisions of Sec. 173
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3. Zara Si Pvt. Ltd. is a small company. It held only 2 Board meetings in the calendar year 2018. There shall be no I contravention of section 173, if these Board meetings were held on -

- (a) 10th January , 2018      (b) 10th January, 2018      (c) 10th June, 2018 and      (d) Both (b) and (c)
- and 10th June, 2018      and 10th December, 2018      10th August, 2018

4. A company shall not hold more than Board meetings in a calendar year.

- (a) 4                                      (b) 6                                      (c) 10                                      (d) None of these

5. No Board meeting is required to be held by -

- (a) Small companies, dormant companies and companies licenced under section 8
- (b) All One Person Companies
- (c) A One Person Company in which there is only 1 director
- (d) All of these

6. The Centra] Government is empowered to grant exemption from the provisions relating to holding of Board meetings. Such exemption may be granted to

(a) Any class of companies	(b) Any company	(c) Small companies	(d) Dormant companies
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7. Infant Ltd. is incorporated on 20th January, 2018. It is required to hold its first Board meeting on or before

- (a) 27th January, 2018      (b) 18th February, 2018                                      (c) 19th February, 2018      (d) 20th February. 2018

8. On 10th October, 2018, Vishwas Ltd. conducted its Board meeting through video conferencing. The draft minutes of this meeting shall be circulated among all the directors within ..... of the meeting either in writing or in electronic mode as may be decided by the Board.

(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days
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9. On 10th October, 2018, Vishwas Ltd. conducted its Board meeting through video conferencing. The draft minutes of this meeting were circulated among all the directors on 15th October, 2018 by electronic mode. Mr. Hari who had attended this meeting is entitled to send to the company his comments in writing, about the accuracy of the draft minutes, within or some reasonable time as decided by the Board, after receipt of the draft minutes.

(a) 7 days      (b) 15 days      (c) 30 days      (d) 60 days

10. Muskurahat Ltd. intends to hold a Board meeting on 17th February, 2018. The notice of such Board shall be given on or before -

(a) 2nd February, 2018	(b) 7th February, 2018	(c) 9th February, 2018	(d) 10th February, 2018
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11. Notice of every Board meeting shall be sent to every director of the company at -

(a) His Indian address	(b) His address registered with the company	(c) His residential address	(d) His office address
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12. In case a company has appointed an alternate director to act for the original director, the notice of Board meeting shall be given -

(a) To the original director	(b) To the alternate director	(c) Either to the original director or to the alternate director, at the option of the company	(d) To the original director as well as the alternate director
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13. The notice of a Board meeting shall be sent by -

(a) Hand delivery      (b) Post      (c) Electronic means      (d) Any of these

14. EQA company called a Board meeting by giving 3 day's notice to transact some urgent business. Consider the following conditions:

Condition (1): One independent director was present at such Board meeting.

Condition (2): The decisions taken at such Board meeting were circulated to all the directors, and such decisions were ratified by 2 independent directors out of 3 independent directors.

The notice shall be valid if -

(a) Only Condition (1) is satisfied	(b) Only Condition (2) is satisfied	(c) Both the Conditions are satisfied	(d) Either Condition (1) or Condition (2) is satisfied
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15. Any director who intends to participate in the meeting through electronic mode may intimate about such participation at the beginning of the year and such declaration shall be valid for:-

(a) Calendar year; 6 months	(b) Calendar year; 1 year	(c) Financial year; 1 year	(d) Financial year; 6 months
16. In case of a Board meeting, the quorum is required to be present -			
(a) Only at the commencement of	(b) At the time of passing each and every	(c) Only if the Board meeting is held by video conferencing and other	(d) None of these

	Board meeting	resolution	audio-visual means	
17. The number of directors of Short Ltd. is reduced below the quorum fixed by the Act. The continuing directors can act only for the purpose of -				
	(a) Increasing the number of directors to that fixed for the quorum	(b) Summoning a general meeting	(c) Both (a) and (b)	(d) None of these

18. The Board meeting of Indifferent Ltd. due to be held on Saturday, 17th November, 2018 at 4 pm at the registered office of the company could not be held for want of quorum. The articles of the company provide that in case quorum is not present at a Board meeting, it shall adjourn to the next day at the same time and at the same place. What will be the consequences in this case?

(a) The Board meeting shall stand adjourned till Saturday, 24th November, 2018 at the registered office of the company	(b) The Board meeting shall stand adjourned till Sunday, 24th November, 2018 at the registered office of the company	(c) The Board meeting shall stand cancelled	(d) The directors present shall be deemed to be the quorum
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19. In the Board meeting of Devil Ltd. 9 directors are present out of total 12 directors. Suppose, 3 directors vote against the resolution, and 1 director abstains from voting. The resolution shall be passed by majority, if ..... or more directors vote in favour of the resolution.

(a) 7	(b) 5	(c) 4	(d) 3
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20. The Board meeting of Footprints Ltd. was held on 14th November, 2018. Out of total of 5 resolutions proposed, only 3 resolutions were discussed and passed in the Board meeting held on 14th November, 2018, and then the meeting adjourned till 5th December, 2018. In the adjourned Board meeting held on 5th December, 2018, remaining 2 resolutions were passed. The effective date of 3 resolutions passed on 14th November, 2018 shall be ..... and the effective date of 2 resolutions passed on 5th December, 2018 shall be.....

(a) 14th November, 2018; 5th December, 2018	(b) 14th November, 2018; 14th November, 2018	(c) 5th December, 2018; 5th December, 2018	(d) None of these
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21. In the Board meeting of Footsteps Ltd. held on 14th November, 2018, 3 resolutions were passed, and then it adjourned till 5th December, 2018. In the adjourned Board meeting held on 5th December, 2018, 2 resolutions were passed. The 3 resolutions passed on 14th November, 2018 shall be recorded in the minutes and the minutes shall be signed on or before ..... and the 2 resolutions passed on 5th December, 2018 shall be recorded in the minutes and the minutes shall be signed on or before .....

(a) 14th December, 2018; 4th January, 2019	(b) 4th January, 2019; 4th January, 2019	(c) 14th December, 2018; 5th January, 2019	(d) None of these
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22. A member of the company is entitled to inspect -

(a) Minutes of general meeting	(b) Minutes of Board meeting	(c) Minutes of general meeting as well as minutes of Board meeting	(d) None of these
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23. If a company fails to furnish to any member a copy of the minutes of general meeting, within ..... of request made by such member..... may direct the company to forthwith furnish the copy of minutes book.

(a) 7 days; Tribunal	(b) 10 days; Tribunal	(c) 30 days; Registrar	(d) 14 days; Central Government
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24. Mr. Manas, a member of Manasvi Ltd., requests Manasvi Ltd. to furnish to him a soft copy of the minutes of the Annual General Meeting held 21 months back. Within ..... the company is bound to furnish to Mr. Manas a copy of such minutes .....

(a) 7 working days, on payment of Rs. 10 per page or part of a page	(b) 30 working days; on payment of Rs. 10 per page or part of a page	(c) 7 working days; free of cost	(d) 7 working days; free of cost
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25. A company cannot hold an original Board meeting; on -

- (a) Sunday
- (b) Public holiday
- (c) National holiday
- (d) None of these

26. Fruits and Flowers Ltd. circulated to all its directors a draft resolution along with necessary papers for passing a resolution by circulation. One-fourth of the total number of directors required the company to pass such resolution in a Board meeting, instead of passing it by circulation. The consequences in this case shall be -

(a) The chairperson shall put the resolution to be decided at a Board meeting	(b) If the resolution is passed by circulation, it shall be invalid	(c) If the resolution is passed by circulation, it shall be valid	(d) Both (a) and (b)
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27. Fruits and Vegetables Ltd. circulated to all its directors a draft resolution along with necessary papers for passing a resolution by circulation. One-third of the directors who were entitled to vote on the resolution approved the resolution. The consequences in this case shall be -

(a) The chairperson shall put the resolution to be decided at a Board meeting	(b) The resolution has been passed by circulation	(c) The resolution has not been passed by circulation	(d) None of these
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28. Acts done by a person as a director shall be deemed to be valid even if it was subsequently noticed that -

(a) His appointment was invalid by reason of any	(b) His appointment was terminated by virtue of	(c) Either (a) or (b)	(d) None of these
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defect or disqualification	any provision contained in the Act or in the articles		
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29. Mr. A was appointed as a director of Adarsh Ltd. on 1.12.2018. However, on 15.12.2018, it is noticed by the company that his appointment was invalid as he was disqualified to become a director. However, Mr. A continued to act as a director of Adarsh Ltd., and exercised certain powers and performed certain functions till 31.12.2018. The acts done by Mr. A as a director during shall not be invalid.

(a) 1.12.2018 to 15.12.2018	(b) 16. 12.2018 to 31.12.2018	© Both (a) and (b)	(d) None of these
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30. X Ltd. is an unlisted public company. Consider the following 3 Conditions:

Condition (1): The paid up capital of X Ltd. is Rs. 10 crore or more. Condition (2): The turnover of X Ltd. is Rs. 100 crore or more. Condition (3): The aggregate of outstanding loans, debentures and deposits of X Ltd. exceeds Rs. 50 crore.

It shall be mandatory for X Ltd. 1. to constitute the audit committee, if-

(a) Any one of the 3 Conditions is satisfied	(b) Condition (1) as well as Condition (2) is satisfied	(c) Condition (1) as well as Condition (3) is satisfied	(d) All the 3 conditions are satisfied
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31. Establishment of vigil mechanism is mandatory for a company if..... or ..... or it has borrowed money from banks and public financial institutions in excess of .....

(a) It is a public company; It has accepted deposits from the public; Rs. 100 crore	(b) It is a public company; It has accepted deposits from the public; Rs. 50 crore	(c) It is a listed company; It has accepted deposits from the public; Rs. 50 crore	(d) It is a listed company; It has more than 1,000 security-holders; Rs. 100 crore
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32. Omnibus approval granted by the Audit Committee shall be valid for a period not exceeding

(a) 12 months	(b) 6 months	(c) 3 months	(d) None of these
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33. If any transaction not exceeding ..... is entered into by a director without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within ..... from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee.

(a) Rs. 1 crore; 3 months	(b) Rs. 10 crore; 3 months	(c) Rs. 10 crore; 6 months	(d) Rs. 1 crore; 6 months
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34. The Nomination and Remuneration Committee shall consist of

(a) Minimum of 3 directors, with independent directors forming a majority	(b) 3 or more non-executive directors with at least 50% independent directors	(c) 3 or more independent directors	(d) 3 or more directors with at least 50% independent directors
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35. Consider the following Statements:

Statement (1): The Chairperson of the company cannot be appointed as a member of the Nomination and Remuneration Committee.

Statement (2): The Chairperson of the company may chair the Nomination and Remuneration Committee.

(a) Only Statement (1) is HB correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the 1 Statements is correct I
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36. The Nomination and Remuneration Committee shall effective evaluation of .....

(a) Specify the manner for. performance of Board, its committees and individual directors	(b) Carry out; performance of Board, its committees and individual directors	(c) Specify the manner for; every director's performance	(d) Carry out; every director's performance
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37. The Nomination and Remuneration Committee shall recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. Consider the following statements:

Statement (1): Such policy shall he disclosed in the Board's report.

Statement (2): Such policy shall be placed on the website of the company, if any.

Statement (3): The salient features of such policy and changes therein, if any, shall be disclosed in the Board's report, Statement (4): The web address where such policy is placed, if any, shall be disclosed in the Board's report.

(a) Statements (1) and (2) £ are correct	(b) Statements (2) and (3) are correct	(c) Statements (3) and (4) are correct	(d) Statements (2), (3) and 1 (4) are correct 1
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38. Consider the following Statements:

Statement (1): The Chairperson of the company may be appointed as a member of the Stakeholders Relationship Committee.

Statement (2): The Chairperson of the company cannot chair the Stakeholders Relationship Committee.

Statement (3): The Chairperson of the Stakeholders Relationship Committee shall be a non-executive director.

1 (a) Statements (1) and (2) are correct	(b) Statements (1) and (3) are correct	(c) Statements (2) and (3) are correct	(d) All the Statements are 1 correct 1
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39. When a resolution exercising any of powers specified in section 179(3) is passed in a Board meeting, the company shall file with the Registrar Form No. within 30 days.

(a) MBP-1	lb) MBP 2 I	(c) MBP-3 i	(d) MGT-14 IJ
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40. Any Regulation made in a general meeting shall not any prior act of Board, which was otherwise valid.

	(a) Override	(b) Invalidate	(c) Validate	(d) Be subject to §
41. The is the supreme body having the management of the company.				
	(a) board	(b) Board	(c) Manager	(d) Managing director
42. An act which is ultra vires the Companies Act, 2013 may be ratified by -				
	(a) The Board	(b) The members in general meeting	(c) The Central Government	(d) None of these
43. The Board may delegate -				
1 (a) Power to borrow	(b) Power to invest the funds of the company	(c) Power to grant loans or give guarantee or provide security in respect of loans	(d) All of these	

44 Consider the following Conditions: Condition (1): The buy-back is upto 10% of aggregate of paid up equity share capital and free reserves. Condition (2): The buy-back is authorised by a resolution passed in a Board meeting. A company may buy-back its own securities without being authorised by a special resolution, if -				
	(a) Condition (1) is satisfied	(b) Condition (2) is satisfied	(c) Both the conditions are satisfied	(d) None of these j
45. Consider the following conditions: Condition (1): It is repayable on demand. Condition (2): It is repayable within 6 months. Condition (3): It is not a loan raised for financing capital expenditure. For the purposes of section 180(l)(c), a loan shall be temporary loan, if-				
	(a) Conditions (1) and (2) are satisfied	(b) Conditions (1) and (3) are satisfied	(c) Conditions (2) and (3) are satisfied	(d) Both (b) and (c)
46. The consent of the company by a is required for borrowing of money, if money already borrowed, together with moneys to be borrowed will exceed the aggregate of				
	(a) Ordinary resolution; paid up share capital, free reserves and securities premium B account	(b) Special resolution; paid up share capital, free reserves and securities premium account	(c) Ordinary resolution; paid up share capital and free reserves	(d) Special resolution; paid up share capital and free reserves
47. A company may sell the whole of any of one or more of its undertakings, if it is so authorised by -				

(a) A special resolution passed in general meeting	(b) An ordinary resolution passed in general meeting	(c) The Central Government	(d) A resolution passed in Board meeting with the consent of all the directors present
<p>48. In December, 2018, Shubham Ltd. intends to sell its 'Garments Division' to Dreams Ltd. for a sum of Rs. 25 crore. As per the audited Balance Sheet as at 31st March, 2018, Shubham Ltd. has invested Rs. 15 crore in "Garments Division" and its net worth was Rs. 110 crore. As per the audited Profit and Loss Account for the year ended 31st March, 2018, the income of Shubham Ltd. from 'Garments Division' was Rs. 4 crore and the total income of the company was Rs. 38 crore. The sale of 'Garments Division' requires -</p>			
(a) The approval of the members by way of an ordinary resolution	(b) The approval of members by way of a special resolution	(c) Unanimous approval of the Board	(d) None of these
<p>49. The Board of directors of Big Heart Ltd. intends to contribute Rs. 50 lakhs to a charitable fund. Such charitable contribution exceeds the limit prescribed under section 181. Such contribution -</p>			
(a) Cannot be made	(b) Can be made, if an ordinary resolution is passed in general meeting	(c) Can be made, if a special resolution is passed in general meeting	(d) Can be made, if approval of the Central Government is obtained
<p>50. A company intends to contribute to a charitable fund a sum of Rs. 1 crore. Such contribution can be made . if the total charitable contribution made by the company during the financial year does not exceed</p>			
(a) With the prior permission of the company in general meeting; 5% of average net profits during immediately preceding 3 financial years	(b) With the prior permission of the company in general meeting; 7.5% of average net profits during immediately preceding 3 financial years	(c) By the Board; 5% of average net profits during immediately preceding 3 financial years	(d) By the Board; 7.5% of average net profits during immediately preceding 3 financial years
<p>51 Positive Outlook Pvt. Ltd. is a non-Government company incorporated in the year 2010. It intends to make political contribution exceeding 7.5% of the average net profits during immediately preceding 3 financial years. Such political contribution -</p>			
(a) Cannot be made	(b) Can be made by passing a resolution in Board meeting	(c) If approval of the Central Government is obtained	(d) If approval of the members is obtained
<p>52. Consider the following conditions: Condition (1): It is not a Government company.</p>			

Condition (2): It has been in existence for 3 or more financial years. A company may make political contribution if -				
	(a) Only Condition (1) is satisfied	(b) Only condition (2) is satisfied	(c) Both the Conditions are satisfied	(d) Either Condition (1) or Condition (2) is satisfied
53.	A company which makes any political contribution shall disclose in its profit and loss account, -			
	(a) The amount contributed by it to any political party	(b) The name of the political party to which political contribution is made	(c) Both (a) and (b)	(d) Either (a) or (b)
54.	A company may make any political contribution if approval of the Board is obtained -			
	(a) By passing a resolution by circulation	(b) By passing a resolution in a Board meeting	(c) Either (a) or (b)	(d) By passing a resolution in a Board meeting with the consent of all the directors present
55.	A company is empowered to contribute..... to the National Defence Fund or any other fund approved by the Central Government for the purpose of National Defence.			
	(a) Such amount as it thinks fit	(b) Maximum 5% of the average net profits during immediately preceding 3 financial years	(c) Maximum 7.5% of the average net profits during immediately preceding 3 financial years	(d) Maximum Rs. 50,000
56.	A company is prohibited by its memorandum and articles to contribute any sum to the National Defence Fund or any other fund. The Board of directors of the company decides to contribute to the National Defence Fund a sum equal to 10% of the average net profits during immediately preceding 3 financial years. The Board -			
	(a) Cannot make such contribution	(b) Can make such contribution	(c) Can make such contribution, with the approval of the Central Government	(d) Can make such contribution, with the approval of the members in general meeting
57.	Every director shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals at -			
	(a) The first Board meeting in which he participates as a	(b) The first Board meeting in every financial year	(c) The first Board meeting after any change takes place in the disclosures already	(d) All of these

	director		made by the director	
58. A notice of disclosure of interest by a director under section 184(1) shall be given in Form No. and it shall be preserved by the company				
	(a) MBP-1; for a period of 8 years from the end of the financial year to which the notice relates	(b) MBP-2; for a period of 8 years from the end of the financial year to which the notices relate	(c) MBP-1; permanently	(d) MBP-2; permanently
59. A director is required to make a disclosure of his interest if he is, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into with a body corporate in which he, in association with any other director, holds of that body corporate.				
	(a) More than 10% shareholding	(b) More than 2% shareholding	(c) More than 1% shareholding	(d) Any shares
60. If an interested director does not disclose his interest in a contract or arrangement, such contract or arrangement shall be				
	(a) Voidable at the option of the company		(c) Void	(d) Illegal
61. Where a director is interested in any contract or arrangement				
	(a) He shall not participate in discussion on such contract or arrangement	(b) He shall not vote on such contract or arrangement	(c) His presence shall not be counted for determining quorum with respect to such contract or arrangement	(d) All of these
62. XSBC Housing Finance Ltd. is a company engaged in the business of making loans. It intends to make a loan of Rs. 10 crore to one of its directors. The loan shall be repaid by the director in 6 years. The rate of interest chargeable on such loan shall be -				
	(a) Such, as may be decided by the Board	(b) Equal to or more than the bank rate	(c) Equal to or more than the rate of prevailing yield of 5 years Government security	(d) Equal to or more than the rate of prevailing yield of 6 years Government security
63. Surplus Funds Ltd., a public company carrying on publication business, intends to advance a loan of Rs. 20 lakhs to one of its non-executive directors. Such loan is -				
	(a) Prohibited	(b) Permitted, if it forms part of the conditions of service	(c) Permitted, if it is given pursuant to any scheme approved by	(d) Permitted, if it is approved by the members by passing a

		extended by the company to all its employees	the members by a special resolution	special resolution
64. Huge Ltd. is a company engaged in rubber business. It intends to make a loan of Rs. 10 crore to Small Ltd. Mr. Amit is a director in Huge Ltd. as well as in Small Ltd. As per section 185, such loan -				
(a) Is prohibited	(b) Can be made, if a special resolution is passed by Huge Ltd.	(c) Can be made, without attracting the provisions of section 185	(d) Can be made, with the approval of the Central Government	
65. Manorma 6Ltd. intends to make a loan of Rs. 25 crore to Ms. Manorma who is the managing director of the company. Consider the following statements: Statement (1): The loan is given to Ms. Manorma in pursuance of conditions of service extended by Manorma Ltd. to all its employees. Statement (2): The loan is given to Ms. Manorma pursuant to any scheme approved by the members by a special resolution. Manorma Ltd. can give the loan to Ms. Manorma -				
(a) If Statement (1) is satisfied	(b) If Statement (2) is satisfied	(c) If either Statement (1) is satisfied or Statement (2) is satisfied	(d) Even if neither Statement (1) is satisfied nor Statement (2) is satisfied	
66. A special resolution shall be required for making any loan, investment, guarantee or security if the aggregate of loan, investment, guarantee or security already made together with loan, investment, guarantee, or security proposed to be made exceeds -				
(i) ..... of the aggregate of paid up share capital, free reserves and securities premium account:				
(ii)..... of free reserves and securities premium account, whichever is				
(a) 100%; 60%; lower	(b) 100%; 60%; higher	(c) 60%; 100%; lower	(d) 60%; 100%; higher	1

67. Where a company makes any loan, investment, guarantee or security, it shall, within enter the required particulars in the register maintained in Form No. ....

(a) 7 days; MBP-4	(b) 7 oavs; MBP-2	(c) 30 days; MBP-4	(d) 30 days: MBP-2
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68. Saptrishi Ltd. holds 60% share capital in Rishi Ltd. Saptrishi Ltd. intends to make a loan of Rs. 10 crore to Rishi Ltd. Such loan would exceed the limit specified in section 186(2). For making such loan - Statement (1): Approval of the Board shall be required. Statement (2): Approval of the members by way of a special resolution shall be required.			
(a) Only Statement (1) is	(b) Only Statement (2)	(c) Both the Statements	(d) None of the

is correct	is correct	are correct	Statements is correct
<p>69. Shera Ltd. is a company engaged in the business of manufacturing rubber. It intends to make a loan of Rs. 2 crore to Mr. X, who is not a related party. The loan shall be repaid by Mr. X after 14 years. The rate of interest chargeable on such loan shall be -</p>			
(a) Such, as may be decided by the Board	(b) Equal to or more than the rate of prevailing yield of 10 years Government security	(c) Equal to or more than the rate of prevailing yield of 14 years Government security	(d) Equal to or more than the rate of prevailing yield of 15 years Government security
<p>70. [Where any investment in securities is beneficially held by the company but such investments are not held in its own name, the company shall include the particulars of such investment in the Register maintain by it in Form No. .... and such register shall be preserved .....</p>			
(a) MBP-2; for 8 years	(b) MBP-2; permanently	(c) MBP-3; for 8 years	(d) MBP-3; permanently
<p>71. It is permitted for a company to hold the shares in its subsidiary company in the name of of the company, if it is necessary to do so, to ensure that the number of members of the subsidiary company is not reduced below the statutory limit.</p>			
1 (a) Any nominee(s) ]	(b) Any memDer	(c) Any director	(d) Managing director j
<p>72. Stanley Ltd. intends to deposit the securities held by it in other companies with a Bank in order to facilitate the transfer of such securities. Such bank can be -or a scheduled bank, being the bankers of the company shares or securities.</p>			
(a) The State Bank of India	(b) Any Schedule Bank	(c) Either (a) or (b)	(d) The Reserve Bank of India
<p>73. On 15th November, 2018, Percy Ltd. intends to enter into a contract with a relative of one of its directors. As per the contract, the relative of director shall sell an immovable property to the company for a sum of Rs. 6 crore. As per the audited financial statement of the preceding financial year, the turnover of Percy Ltd. was Rs. 90 crore and its net worth was Rs. 150 crore. On 13th June, 2018, Percy Ltd. had purchased an immovable property from another relative of the same director for a sum of Rs. 7 crore. Percy Ltd. can enter into such a contract if -</p>			
(a) Consent of the Board is obtained	(b) An ordinary resolution is passed in general meeting	(c) Both (a) and (b)	(d) None of these
<p>74. Jackson Pvt. Ltd. intends to enter into a contract with Superstar Hotels Pvt. Ltd. Mr. Chintan is a director in Jackson Pvt. Ltd. as well as in Superstar Hotels Pvt. Ltd. As per the contract, the Jackson Ltd. shall maintain all the Hotels of Superstar Hotels Pvt. Ltd. for a period of 6 months and Superstar Hotels Pvt. Ltd. shall pay a sum of Rs. 60 crore to Jackson Pvt. Ltd. As per the audited financial statement of the preceding financial year, the turnover of Jackson Pvt. Ltd. was Rs. 800 crore and its net worth was Rs. 900</p>			



crore. Jackson Pvt. Ltd. can enter into such a contract if-

(a) Consent of the Board is obtained	(b) An ordinary resolution is passed in general meeting	(c) Both (a) and (b)	(d) None of these
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75. Mr. Bhola, a relative of a director, is proposed to be appointed as Marketing Manager in the company at a monthly remuneration of Rs. 3 lakh. Such appointment can be made if - Statement (1): Consent of the Board is obtained.

Statement (2): Approval of the members is obtained by passing an ordinary resolution.

Statement (3): Approval of the members is obtained by passing a special resolution.

Statement (4): When voting on the ordinary resolution or special resolution (as applicable), a member who is a related party, shall not vote.

1 (a) Statements (1), (3) and I (4) are correct	(b) Statements (1), (2) and (4) are correct	(c) Statements (1) and (2) are correct	(d) Statements (1) and (3) are correct
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76. Utkarsh Ltd. has 40 members. It intends to appoint Mr. Ujjawal, a relative of a director, as Accounts Manager at a monthly remuneration of Rs. 4 lakh. With the exception of Mr. Mohan and Mr. Sohan, all other members are related parties. Mr. Mohan and Mr. Sohan together hold 11% share capital in the company. In a general meeting called for obtaining approval of the members, the members who shall be entitled to vote are -

(a) All the 40 members	(b) All the members except Mr. Mohan and Mr. Sohan	(c) Mr. Mohan and Mr. Sohan	(d) None of these
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77. For the purpose of section 188, a transaction between two related parties shall be termed as 'arm's length transaction' if it is conducted -

Condition (1): As if the parties were unrelated.

Condition (2): In such a manner that there is no conflict of interest.

(a) Only Condition (1) is to be satisfied	(b) Only Condition (2) is to be satisfied	(c) Both the Conditions are to be satisfied	(d) Any one of the 2 Conditions is to be satisfied
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78. Every contract or arrangement to which section 188 applies, shall be disclosed in..... in Form No.....

a) The Board's report; [AOC-2.	(b) The Annual Return; MBP-2	(c) The Board's Report; MBP-2	(d) The Financial Statements; AOC-2
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79. Ignorant Ltd. enters into a contract with a director which amounts to a related party transaction. However, the consent of the Board was not obtained before entering into such contract. If the said contract is not ratified by the Board within from the date on which such contract was entered into, it shall be at the option of the Board.

	1 (a) 1 month; voidable	(b) 1 month; void	(c) 3 months, void	(d) 3 months; voidable
80. Doubtful Ltd. intends to enter into a contract with a relative of one of its directors. As per the contract, the relative of director shall supply certain goods to the company amounting to Rs. 12 crore. As per the audited financial statement of the preceding financial year, the turnover of Doubtful Ltd. was Rs. 80 crore and its net worth was Rs. 125 crore. Doubtful Ltd. can enter into such a contract if -	(a) Consent of the Board is obtained	(b) An ordinary resolution is passed in general meeting	(c) Both (a) and (b)	(d) None of these
81. A contract or arrangement shall not be required to be included in the register of contracts or arrangements in which directors are interested, if it relates to the sale, purchase or supply of any goods, materials or services and the value of such goods and materials or the cost of such services does not exceed in the aggregate in any year.	(a) Rs. 1 lakh	(b) Rs. 5 lakh	(c) Rs. 10 lakh	(d) Rs. 25 lakh
82. Mr. Ramesh is a director in Courteous Ltd. He discloses to Courteous Ltd. his concern or interest in the companies in which he is interested. The company shall include the disclosure made by Mr. Ramesh in the Register maintained in Form No. . and such register shall be maintained.....	(a) MBP-2; permanently	(b) MBP-4; for 8 years	(c) MBP-2; for 8 years	(d) MBP-4; permanently
83. Every company is required to keep at its registered office..... a copy of the contract of service entered into by it with -	(a) Managing director	(b) Whole-time director	(c) Both (a) and (b)	(d) Every director
84. Every contract of service entered into by a company with its managing director and whole-time director shall be open to inspection by-	(a) Any member of the company	(b) Any director of the company	(c) Both (a) and (b)	(d) Any creditor of the company
85. The whole of the undertaking of Coins Ltd. is to be transferred to Notes Ltd. which would result in loss of office of Mr. Rupay, the managing director of Coins Ltd. A general meeting is called for granting approval for payment of compensation to Mr. Rupay. However, due to lack of quorum, the general meeting is adjourned. In the adjourned meeting also, there is no quorum. The proposal to pay compensation to Mr. Rupay .....	(a) Shall be deemed to have been approved	(b) Shall be deemed to have been rejected	(c) Shall not be deemed to have been approved	(d) None of these
86. The whole of the undertaking of Coins Ltd. is to be transferred to Notes Ltd. which would result in loss of office of Mr. Rupay, the managing director of Coins Ltd. A general meeting is called for granting approval for payment of compensation to Mr. Rupay. Such approval can be granted by passing -	(a) An ordinary	(b) A special resolution	(c) A resolution, without	(d) A resolution with

resolution		any vote being cast against the resolution	the consent of all the members present
87.			
A company intends to acquire an old car from one of its directors in return and in return, the company shall deliver some old furniture to the director concerned. Such arrangement requires prior approval of the members by passing -			
(a) An ordinary resolution	(b) A special resolution	(c) A resolution, without any vote being cast against the resolution	(d) A resolution with the consent of all the members present
88. Small Ltd. intends to acquire an old car from Mr. Harish and in return, Small Ltd. shall deliver some old furniture to Mr. Harish. Mr. Harish is not a director in Small Ltd., but is a director in Huge Ltd., which is the holding company of Small Ltd. Such arrangement requires prior approval of the members -			
(a) Of Small Ltd.	(B) Of Huge Ltd.	(c) Both (a) and (b)	(d) Either (a) or (b)
89. Where a One Person Company enters into a contract which is required to be recorded in the minutes of Board meeting, the company shall inform the..... about such contract within..... of the date of approval by the Board of Directors.			
(a) Central Government; 7 days	(b) Registrar; 7 days	(c) Registrar; 15 days	(d) Central Government; 30 days
90. Section 193 applies if -			
Condition (1): The company is a One Person Company.			
Condition (2): The company enters into a contract with its sole member. Condition (3): The sole member is also the director of the company.			
(a) Condition (1) is satisfied	(b) Condition (2) is satisfied	(c) Condition (3) is satisfied	(d) All the 3 Conditions are satisfied

#### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(b)	(5)	(b)	(d)	(c)	(a)
Reason	Sec. 173	Sec. 173	Sec. 173	Sec. 173	Sec. 173	Sec. 173
Q. No.	7	8	9	10	11	12
Answer	(b)	(b)	(a)	(c)	(b)	(d)
Reason	Sec. 173	Sec. 173 and Rule 3	Sec. 173 and Rule 3	Sec. 173	Sec. 173	Sec. 173
Q. No.	13	14	15	16	17	18

Answer	(d)	(d)	(b)	(b)	(c)	(b)
Reason	Sec. 173	Sec. 173	Sec. 173 read with Rule 3	Sec. 174	Sec. 174	Sec. 174
Q. No.	19	20	21	22	23	24
Answer	(c)	(a)	(b)	(a)	(a)	(c)
Reason	Regulation 68 of Table F	Sec. 116	Sec. 118	Sec. 119	Sec. 119	Sec. 119
Q. No.	25	26	27	28	29	30
Answer	(d)	(c)	(b)	(c)	(d)	(a)
Reason	No prohibition under the Act	Sec. 175	Sec. 175	Sec. 176	Sec. 176	Sec. 177 read with Rule 6
Q. No.	31	32	33	34	35	36
Answer	(c)	(d)	(a)	(b)	(d)	(a)
Reason	Sec. 177	Sec. 177 read with Rule 6A	Sec. 177	Sec. 178	Sec. 178	Sec. 178
Q. No.	37	38	39	40	41	42
Answer	(d)	(b)	(d)	(b)	(b)	(d)
Reason	Sec. 178	Sec. 178	Sec. 179(3) and Sec. 117	Sec. 179	Sec. 179	Sec. 179
Q. No.	43	44	45	46	47	48
Answer	(d)	(C)	(d)	(b)	(a)	(d)
Reason	Sec. 179	Sec. 179	Sec. 180(l)(c)	Sec. 180(l)(c)	Sec. 180	Sec. 180
Q. No.	49	50	51	52	53	54
Answer	(b)	(c)	(b)	(c)	(a)	(b)
Reason	Sec. 181	Sec. 181	Sec. 182	Sec. 182	Sec. 182	Sec. 182
Q. No.	55	56	57	58	59	60
Answer	(a)	(b)	(d)	(a)	(b)	(a)

Reason	Sec. 183	Sec. 183	Sec. 184(1)	Sec. 184(1) read with Rule 9	Sec. 184(2)	Sec. 184
Q. No.	61	62	63	64	65	66
Answer	(d)	(c)	(a)	(c)	(c)	(d)
Reason	Sec. 184	Sec. 185	Sec. 185	Sec. 185	Sec. 185	Sec. 186
Q. No.	67	68	69	70	71	72
Answer	(b)	(c)	(b)	(d)	(a)	(c)
Reason	Sec. 186 and Rule 12	Sec. 186	Sec. 186	Sec. 187 read with Rule 14	Sec. 187	Sec. 187
Q. No.	73	74	75	76	77	78
Answer	(a)	(c)	(b)	(a)	(c)	(a)
Reason	Sec. 188	Sec. 188	Sec. 188	Sec. 188	Sec. 188	Sec. 188
Q. No.	79	80	81	82	83	84
Answer	(d)	(c)	(b)	(d)	(c)	(a)
Reason	Sec. 188	Sec. 188	Sec. 189	Sec. 189 and Rule 16	Sec. 190	Sec. 190
Q. No.	85	86	87	88	89	90
Answer	(c)	(a)	(a)	(c)	(c)	(d)
Reason	Sec. 191	Sec. 191	Sec. 192	Sec. 192	Sec. 193	Sec. 193

## Appointment and Remuneration of Managerial Personnel

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1.	A person may be appointed as a managing director.....			
	(a) Whether or not he is already a director of the company	(b) Only if he is already a director of the company	(c) Only if he has been a director of the company for at least 5 years	(d) None of these
2.	A person may be appointed as a manager.....			
	(a) Whether or not he is already a director of the company	(b) Only if he is already a director of the company	(c) Only if he has been a director of the company for at least 5 years	(d) None of these
3.	Whole-time director' includes a director who is of the company.-			
	(a) In the whole-time employment	(b) In the part-time employment	(c) Either (a) or (b)	(d) None of these
4.	Re-appointment of managing director, whole-time director or manager shall not be made earlier than..... before the expiry of his term.			
	(a) 3 months	(b) 6 months	(c) 1 year	(d) 2 years
5.	A person, cannot be appointed as a managing director, whole-time director or manager if he is below the age of.....			
	(b) 18 years	(b) 19 years	(c) 20 years	(d) 21 years
6.	A person cannot be appointed as a managing director, whole-time director or manager if he has attained the age of..... by.....			
	(b) 70 years; ordinary resolution	(b) 70 years; special resolution	(c) 65 years; special resolution	(d) 65 years; Central Government
7.	Within..... of appointment of the managing director, whole time director or manager. the company shall file with the Registrar a return of appointment in Form No.....			
	(a) 15 days; MR-1	(b) 30 days; MR-1	(c) 60 days; MR-1	(d) 90 days; MR-2
8.	Mr. A is convicted of an offence under the Income-tax Act, 1961. He shall not be eligible to be appointed as a managing director, whole time director or manager, without obtaining the approval of the Central Government, if in respect of such conviction, he has been sentenced to imprisonment for..... , or to a fine.....			
	(a) 3 months; Rs. 1	(b) 6 months; Rs. 1 lakh	(c) 1 year; Rs. 1,000	(d) Any period;

	lakh			exceeding Rs. 1,000
9.	<p>For the purpose of Schedule V, the term 'resident in India; includes a person who has been staying in India for.....</p> <p>immediately preceding the date of his appointment as a managerial person.</p>			
	(a) More than 182 days	(b) 182 days or more	(c) A continuous period of not less than 12 months	(d) A continuous period of not less than 6 months
10.	<p>For the financial year 2017-18, A Ltd. has incurred a loss of Rs. 3 crore. The effective capital of A Ltd. is Rs. 151 crore. A Ltd. may pay yearly remuneration to its managerial director not exceeding.....</p>			
	(a) Rs. 60 lakh	(b) Rs. 84 lakh	(c) Rs. 120 lakh	(d) 120 Lakhs plus 0.01% of the effective capital in excess of Rs. 150 crores
11.	<p>In case of loss, a newly incorporated company may, without the approval of the Central Government, pay remuneration to a managerial person in excess of the (amounts provided in Section 11 of Part 11 of Schedule V for.....</p>			
	(b) 3 years	(b) 5 years	(c) 7 years	(d) 10 years
12.	<p>In case of loss, a company for which a resolution plan has been approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, may pay remuneration to a managerial person..... for a period of..... from the date of such approval.</p>			
	(a) upto 2 times the amount permissible under Section II of Part II of Schedule V; 7 years.	(b) upto 2 times the amount permissible under Section II of Part II of Schedule V; 5 years	(c) upto 3 times the amount permissible under Section II of Part II of Schedule V; 7 years	(d) without any limit; 5 years
13.	<p>Where a person is a managerial perspn in 2 companies, he shall draw remuneration from one or both companies, provided that the total remuneration drawn from the companies does not exceed the..... maximum limit admissible from any one of the companies of which he is a managerial person.</p>			
	(a) Lower	(b) Higher	(c) Average	(d) None of these
14.	<p>The total managerial remuneration payable to the directors and manager in respect of any financial year shall not exceed of "net profits" of the company for .....</p>			
	(a) 10%; the preceding financial year	(b) 11%; preceding 3 financial years	(c) 11%; the preceding financial year	(d) 11%; that financial year

15.	X Ltd. has employed one managing director and 5 non-executive directors. X Ltd. has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor. The remuneration exceeding 5% of net profits may be paid to the managing director with the approval of.....			
	(a) The members obtained by passing an ordinary resolution	(b) the members obtained by passing a special resolution	(c) The Central Government	(d) Both (a) and (c)
16.	The total managerial remuneration of 11% of net profits payable to the directors and manager is ..... of sitting fees,			
	(a) Inclusive	(b) Exclusive	(c) Inclusive or exclusive, depending upon the articles	(d) None of these
17.	The remuneration payable to the directors and manager of a company shall be determined -			
	(a) By the articles of the company	(b) By an ordinary resolution	(c) By a special resolution, where the articles so require	(d) Either (a) or (b) or (c)
18.	The remuneration paid to a director for services rendered by him in any other capacity shall not be included in the remuneration payable to him, if -			
	(a) the services rendered are of professional nature	(b) The director possesses the requisite qualification for the practice of the profession	(c) Either (a) or (b)	(d) Both (a) and (b)
19.	The amount of sitting fees shall be such as may be decided by ..... , and it shall not exceed..... per meeting of the Board or any committee of the Board.			
	(a) The members by passing an ordinary resolution ; Rs. 1 lakh	(b) The members by passing a special resolution; Rs. 1 lakh	(c) The Board of directors; Rs. 1 lakh;	(d) The Board of directors; Rs. 10,000
20.	Independent directors are not entitled to			
	(a) Reimbursement of expenses of the Board and other	(b) Any stock option	(c) Any profit related commission, even if approved by the members	(d) Sitting fees
21.	If any director draws or receives any excess remuneration, he shall refund such sums to the company within..... or such lesser period as may be allowed by the company, and the company shall not waive the recovery of any excess remuneration drawn or received by a director,			



	unless..... within.....			
	(a) 1 year; approved by the company by passing an ordinary	(b) 2 years; approved by the company by passing a special resolution; 2 years	(c) 1 year; permitted by the Central Government; 1 year	(d) 2 years; permitted by the Central Government; 2 years
22.	The compensation for loss of office cannot be paid to -			
	(A) An ordinary director	(b) Managing director	(c) Whole time director	(d) Manager
23.	No compensation can be paid to a managing director or whole time director or manager in case - Mr. Mohan was appointed as the managing director of X Ltd. for a period of 5 years. However, his services were terminated after he had completed service for 15 months. Mr. Mohan is entitled to receive compensation for a period of calculated on the basis of			
	(a) He resigns voluntarily	(b) 3 years; Average remuneration which he would have earned during 3 years after the date of cessation of office, had his office not ceased	(c) 3 years and 9 months; Average remuneration actually earned by him during 15 months preceding the date of cessation of his office	(d) 3 years and 9 months; Average remuneration actually earned by him during 12 months preceding the date of cessation of his office
25.	A company shall have a whole-time key managerial personnel, if-			
	(a) It is a private company	(b) If it is an unlisted public company and its paid-up share capital is Rs. 10 crore or more.	(c) Either (a) or (b)	(d) None of these
26.	A company shall have a whole-time company secretary, if -			
	(a) It is a parivate Company	(b) It is a public company	(c) Its paid up share capital is Rs. 2 crore or more	(d) None of these
27.	If the office of any whole-time key managerial personnel is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within .....			
	(a) 3 months	(b) 6 months	(c) 3 months or in the first Board meeting held after creation of such vacancy, whichever is later	(d) 6 months or in the first Board meeting held after creation of such vacancy, whichever is later
28.	Secretarial audit is mandatory if the company is -			

	(a) A listed company	(b) A public company having a paid-up share capital of Rs. 50 crore or more	(c) A public company having a turnover of Rs. 250 crore or more	(d) Either (a) or (b) or (c)
29.	! It is the function of the Company Secretary to ensure that the company complies with the applicable .....			
	(a) Secretarial standares	(b) Auditing standards	(c) Accounting standards	(d) All of these

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(b)	(a)	(a)	(c)	(d)	(b)
Reason	Sec. 2(54)	Sec. 2(53)	Sec. 2(94)	Sec. 196	Sec. 196	Sec. 196
Q. No.	7	8	9	10	11	12
Answer	(c)	(d)	(c)	(c)	(c)	(d)
Reason	Sec. 196	Schedule V	Schedule V	Schedule V	Schedule V	Schedule V
Q. No.	13	14	15	16	17	18
Answer	(b)	(d)	(b)	(b)	(d)	(d)
Reason	Schedule V	Sec. 197	Sec. 197	Sec. 197	Sec. 197	Sec. 197
Q. No.	19	20	21	22	23	24
Answer	(C)	(b)	(b)	(a)	(d)	(a)
Reason	Sec. 197	Sec. 197	Sec. 197	Sec. 202	Sec. 202	Sec. 202
Q. No.	25	26	27	28	29	
Answer	(c)	(d)	(b)	(d)	(a)	
Reason	Sec. 203 read with Rule 8	Sec. 203	Sec. 203	Sec. 204	Sec. 205	

**Inspection, Inquiry and Investigation**  
**Multiple Choice Questions**  
**(Answers given at the end of this Chapter)**

1.	<p>By issuing a notice, the Registrar requires ABC Ltd. to furnish to the Registrar some information, explanation and documents. Consider the following statements in this regard:</p> <p>Statement 1: The registrar shall give an opportunity of being heard to the company before issuing such notice. Statement 2: The information and explanation may be furnished by the company to the Registrar orally as well as in writing.</p>			
	(a) Only if a notice is served upon the past officers.	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
2.	<p>By issuing a notice, the Registrar requires ABC Ltd. to furnish to the Registrar some information, explanation and documents. Since some information or explanation required to be furnished relates to past period, the past officers of the company are also called upon by the Registrar to furnish the information or explanation relating to the past period. The past officers may be so required to furnish the information or explanation -</p>			
	(a) Only if a notice is served upon the past officers	(b) Even if no notice is served upon the past officers, if notice is served upon the company	(c) Even if no notice is served upon the past officers, if notice is served upon the company and the names of past officers are included in such notice	(d) Even if no notice is served upon the past officers, if notice is published in the Official Gazette
3.	<p>The Registrar or inspector making an inspection or conducting an inquiry shall have the power to -</p>			
	(a) Make copies of books of account and other books and papers	(b) Place identification marks in books of account and other books and papers	(c) Summon and enforce the attendance of persons and examining them on oath	(d) All of these
4.	<p>Where an inspector makes an inspection of the books of account or conducts an inquiry, he shall submit a report in writing to -</p>			
	(a) The Central Government	(b) The Registrar	(c) The company	(d) All of these
5.	<p>The Registrar is entitled to enter, search and seize the books and papers only after obtaining an order from.....</p>			
	(a) The Central Government	(b) The Special Court	(c) The Tribunal	(d) Any of these

6.	Where the books and papers of a company or any key managerial personnel or any director or auditor of the company are seized by the Registrar or inspector, the Registrar or inspector shall return such seized books and papers within ..... of such seizure.-			
	(a) 30 days	(b) 60 days	(c) 90 days	(d) 180 days
7.	Statement (1): On receipt of a report of the Registrar or inspector under section 208, the Central Government shall order an investigation into the affairs of the company. Statement (2): On receipt of an intimation of a special resolution passed by a company that the affairs of the company ought to be investigated, the Central Government shall order an investigation into the affairs of the company.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
8.	Statement (1): Where an order is passed by a court or the Tribunal in any proceedings before it that the affairs of a company ought to be investigated, the Central Government shall order an investigation into the affairs of that company. Statement (2): The Central Government may order an investigation into the affairs of a company if it is of the opinion that such investigation is in the public interest.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
9.	Eligible members may make an application to the Tribunal seeking an order of investigation. On receipt of such application, the Tribunal may make an order that an investigation into the affairs of the company is required. Eligible members, for this purpose, means -			
	(a) 100 Members	(b) One or more members holding 10% of total voting power	(c) Lower of (a) or (b)	(d) Higher of (a) or (b)
10.	The appointment of Director of the Serious Fraud Investigation Office shall be made by -			
		(b) Registrar	(c) Inspector	(d) The Tribunal
11.	An investigation into the affairs of a company may be assigned to the Serious Fraud Investigation Office by -			
	(a) The Central Government	(b) The Central Government	(c) Registrar	(d) The Tribunal
12.	Any person who is arrested by the Director, Additional Director or Assistant Director of Serious Fraud Investigation Office shall, within ..... be taken to a Judicial Magistrate or a Metropolitan Magistrate.			
	(a) 24 hours	(b) 48 hours	(c) 72 hours	(d) 3 days

13.	The turnover of XYZ Ltd. (as per financial statements of previous financial year) was Rs. 120 crore. The amount of security deposit required to be made along with an application seeking an order of investigation shall be .....			
	(a) Rs. 10,000	(b) Rs. 15,000	(c) Rs. 20,000	(d) Rs. 25,000
14.	[ Statement (1): The Central Government shall order an investigation into the membership of a company if the Tribunal, by an order, directs that such investigation is necessary. Statement (2): The Central Government may order an investigation into the membership of a company where it appears to the Central Government that there is a reason so to do.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
15.	Where the purpose of the investigation is to determine the true persons who are or have been financially interested in the success or failure of a company, such investigation is termed as -			
	(a) Investigation into the affairs of the company	(b) Investigation into membership of a company	(c) Investigation into affairs of related companies, etc.	(d) None of those
16.	During the course of investigation, the inspector is entitled to take into his custody the books and papers produced before him for a maximum period of 180 days.			
	(a) 30 days	(b) 60 days	(c) 90 days	(d) 180 days
17.	During the pendency of any investigation under section 210, 213, 219, 216 or 212, a company shall not discharge or punish any employee unless the company has made an application to the..... and the company has not received any objection of the..... within.....			
	(a) Tribunal; Tribunal; 30 days	(b) Tribunal; The Central Government; 30 days	(c) The Central Government; Tribunal; 30 days	(d) The Central Government; The Central Government; 60 days
18.	An inspector conducting investigation into the affairs of a company may also conduct the investigation into the affairs of related companies, etc. after obtaining the prior approval of-			
	(a) The Director, serious fraud Investigation Office	(b) The Central Government	(c) The Tribunal	(d) The Registrar
19.	An investigation into the affairs of PQR Ltd. was ordered by the Central Government. The inspector conducting such investigation can also investigate the affairs of any person who is or has at any relevant time been .....			
	(a) The managing director of PQR Ltd.	(b) The manager of PQR Ltd.	(c) Any employee of PQR Ltd.	(d) All of these

20.	During the course of an investigation into the affairs of a company, the books and papers of the company are seized by the inspector. The inspector is entitled to keep in his custody the seized books and papers for ..... .			
	(a) 60 days	(b) 90 days	(c) 180 days	(d) Such period as he may consider necessary, but not later than the conclusion of the investigation
21.	During the course of an investigation into the affairs of a company, the inspector has reasonable grounds to believe that the books and papers of the company are likely to be destroyed, mutilated, altered, falsified or secreted. So, the inspector intends to seize the books and papers of the company. The inspector is entitled to enter, search and seize the books and papers .....			
	(a) Only after obtaining an order from the central government	(b) Only after obtaining an order from the Special Court	(c) Without obtaining any order from any Authority	(d) None of these
22.	The Tribunal is empowered to make an order that the removal, transfer or disposal of funds, assets, properties of the company shall not take place or may take place subject to such conditions and restrictions as the Tribunal may deem fit. The period during which the assets shall be subject to freeze shall be specified in the order of the Tribunal, which shall not exceed ..... .			
	(a) 3 months	(b) 6 months	(c) 1 year	(d) 3 years
23.	The Tribunal is empowered to impose restrictions upon the securities for such period as it may deem fit, but not exceeding ..... . if it is satisfied that there is good reason to find out the relevant facts about any securities of the company and such facts cannot be found out unless certain restrictions are imposed upon the securities.			
	(a) 6 months	(b) 1 year	(c) 3 years	(d) 5 years
24.	The Tribunal is empowered to impose restrictions upon the securities for the purpose of finding out relevant facts about the securities. The Tribunal may exercise such powers where in connection with ..... . it appears to the Tribunal, that such an order is required.			
	(a) Any investigation into the membership of a company under section 216	(b) Any investigation into the affairs of a company under section 210 or 213	(c) Any investigation into the affairs of related companies, etc. under section 219	(d) All of these
25.	A copy of the report of the inspector may be obtained from the Central Government by -			
	(a) Members	(b) Creditors	(c) Any person whose	(d) Any / All of these

			interest is likely to be affected	
25.	If, after perusal of the report of the inspector, it appears to the Central Government, that it is expedient so to do, it may cause to be presented to the Tribunal -			
	(a) A petition for the winding up of the company	(b) An application under section 241	(c) Either (a) or (b) or both	(d) None of these
26.	On an application made by 2 members of ST Ltd. (viz. Mohan and Sohan), an order of investigation into the affairs of ST Ltd. was made by the Tribunal under section 213. On conclusion of such investigation and after perusal of the inspector's report, the Central Government initiated proceedings for prosecution of certain persons who appeared to be guilty of certain offences for which they could be criminally liable. However, such prosecution proceedings failed. The proceeding brought by the Central Government for the recovery of damages and for the recovery of property of ST Ltd. also failed. The expenses of investigation may be recovered by the Central Government from -			
	(a) ST Ltd.	(b) Mohan and Sohan	(c) Either (a) or (b) or both	(d) None of these 1
27.	An investigation into the affairs of a company may be initiated even if -			
	(a) An application has been made u/s 241	(b) Any proceeding for winding up of the company is pending before the Tribunal	(c) Either (a) or (b) or both	(d) None of these
28.	..... shall not be bound to disclose to the Tribunal, Central Government, Registrar or inspector, any privileged communication made to him except the name and address of his client.			
	(a) A legal adviser	(b) The auditor	(c) The managing director	(d) The manager 1
29.	The provisions of Chapter XIV of the Companies Act. 2013 consisting of Sections 206 to 229 shall .....			
	(a) A legal adviser	(b) Apply to foreign companies	(c) Apply to foreign companies, with respect to their operations in India	(d) None of these
30.	Where a person who is required to provide an explanation or make a statement during the course of inspection, inquiry or investigation, destroys, mutilates or falsifies, or conceals or tampers or unauthorisedly removes, or is a party to the destruction, mutilation or falsification or concealment or tampering or unauthorised removal of, documents relating to the property. assets or affairs of the company. he shall be punishable			

	(a) Not apply to foreign companies	(b) With fine upto Rs. 5 lakhs and additional fine upto Rs. 5,000 per day, in the case of a continuing failure	(c) With fine upto Rs. 10 lakhs and additional fine upto Rs. 10,000 per day, in the case of a continuing failure	(d) For fraud in the manner as provided in section 447
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### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(d)	(a)	(d)	(a)	(b)	(d)
Reason	Sec. 206	Sec. 206	Sec. 207	Sec. 208	Sec. 209	Sec. 209
Q. No.	7	8	9	10	11	12
Answer	(d)	(c)	(c)	(a)	(b)	(a)
Reason	Sec. 210	Sec. 210	Sec. 213	Sec. 211	Sec. 212	Sec. 212
Q. No.	13	14	15	16	17	18
Answer	(b)	(c)	(b)	(d)	(a)	(b)
Reason	Sec. 214	Sec. 216	Sec. 216	Sec. 217	Sec. 218	Sec. 219
Q. No.	19	20	21	22	23	24
Answer	(d)	(d)	(c)	(d)	(c)	(a)
Reason	Sec. 219	Sec. 220	Sec. 220	Sec. 221	Sec. 222	Sec. 222
Q. No.	25	26	27	28	29	30
Answer	(d)	(c)	(d)	(c)	(a)	(b)
Reason	Sec. 223	Sec. 224	Sec. 225	Sec. 226	Sec. 227	Sec. 228
Q. No.	31					
Answer	(d)					
Reason	Sec. 229					



## Compromises, Arrangements and Amalgamations

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1. A compromise or arrangement may be proposed between a company and -

(a) All the creditors or any class of creditors	(b) All the members or any class of members	(c) Either (a) or (b) or both	(d) None of these
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2. An application proposing a compromise or arrangement may be made to the Tribunal by -

(a) The company	(b) Any creditor or member of the company	(c) The liquidator, in the case of a company which is being wound up	(d) Any of these
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3. When an application proposing a compromise or arrangement is made to the Tribunal, -

Statement (1): The Tribunal has the discretion to order a meeting of creditors or members or any class of them. Statement (2): The Tribunal is bound to order a meeting of creditors or members or any class of them.

Statement (3): The Tribunal is bound to order a meeting of creditors or members or any class of them, if the application has been made by persons holding not less than 10% of the shareholding.

Statement (4): The Tribunal is bound to order a meeting of creditors or members or any class of them, if the application has been made by persons having outstanding debt amounting to not less than 5% of the total outstanding debt.

	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Only Statement (3) is correct	(d) Only Statements (3) and (4) are correct
4.	A member or creditor may vote on a scheme of compromise or arrangement -			
	1 (a) Himself	(b) Through a proxy	(c) By postal ballot	(d) Any of these
5.	Any objection to the compromise or arrangement may be made by -			

(a) Persons holding not less than 5% of the shareholding	(b) Persons having outstanding debt amounting to not less than 10% of the total outstanding debt	(c) Either (a) or (b)	(d) None of these
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6. A meeting was held in pursuance of order of the Tribunal for approving a compromise or arrangement. The Tribunal ..... , by an order, sanction the compromise or arrangement if majority of persons representing ..... of the creditors, or class of creditors or members or class of members, as the case may be, agree to such compromise or arrangement.

(a) May; more than	(b) May; 3/4th in value	(c) Shall; 3/4th in value	(d) Shall; more than
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	50% in value			50% in value
7.	<p>Where the Tribunal makes an order sanctioning a compromise or arrangement, and such order provides for reduction of share capital of the company and also requires buy-back of securities, then -</p> <p>Statement (1): The provisions of section 66 with respect to reduction of share capital shall not apply. Statement (2): The buy-back shall be made in accordance with the provisions of section 68</p> <p>(a) Only Statement (1) is correct      (b) Only Statement (2) is correct      (c) Both the Statements are correct      (d) None of the Statements is correct</p>			

8. Where the Tribunal sanctions a compromise or an arrangement, it shall have the power to -

(a) Supervise the implementation of the compromise arrangement	(b) Give directions and make modifications in the compromise or arrangement	(c) Order winding up of the company	(d) All of these
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9.	<p>Where an order of the Tribunal sanctioning a scheme of reconstruction or merger or amalgamation provides for the transfer of any property or liabilities, then, -</p> <p>Statement (1): By virtue of the order, the property shall be transferred to the transferee company. Statement (2): The property of the transferor company shall vest in the transferee company free from any charge, if the order of the Tribunal so provides.</p> <p>(a) Only statement (1) is correct      (b) Only Statement (2) is correct      (c) Both the Statements are correct      (d) None of the Statements is correct</p>			
10.	<p>Where an order of the Tribunal sanctions a scheme of reconstruction or merger or amalgamation, such order may provide for -</p> <p>Statement (1): Transfer of employees of the transferor company to the transferee company. Statement (2): Dissolution, without winding-up, of the transferor company. Statement (3): Holding of own shares by the transferee company in its own name or in the name of any trust.</p> <p>(a) Only statement (1) is correct      (b) Only Statements (1) and (2) are correct      (c) Only Statements (2) and (3) are correct      (d) Only Statements (1) and (3) are correct</p>			
11.	<p>A scheme of merger or amalgamation between two or more companies may be entered into in accordance with the provisions of section 233, only if-</p> <p>(a) Such companies are small companies      (b) One company is a holding company and the      (c) Such companies belong to such class or      (d) Either (a) or (b) or</p>			

		other company is its wholly-owned subsidiary company	classes of companies as may be prescribed	(c)
12	Where a scheme or merger or amalgamation is proposed in accordance with the provisions of section 233, a notice shall be issued by the transferor company or companies and the transferee company to -			

	(a) The Registrar	(b) Official Liquidators	(c) Both (a) and (b)	(d) The Central Government
13.	A scheme or merger or amalgamation proposed in accordance with the provisions of section 233, is required to be approved by the members or class of members at a general meeting of the transferor company or companies and the transferee company by the members or class of members holding			
	(a) At least 75% of the total number of shares	(b) At least 90% of the total number of shares	(c) More than 50% of the total number of shares	(d) None of these
14.	A scheme or merger or amalgamation proposed in accordance with the provisions of section 233, is required to be approved by majority representing of the creditors or class of creditors of the transferor company or companies and the transferee company.			
	(a) 9/ 10th in value	(b) 3/4th in value	(c) 2/3rd in value	1 (d) None of these
15.	Prior approval of shall be required for merger of a foreign company into a company registered under this Act or vice-versa.			
	a) The Reserve Bank of India	(b) The Tribunal	(c) The Central Government	(d) All of these

16.	The terms and conditions of the scheme of merger of a foreign company into a company registered under this Act or vice- versa may provide that consideration to the shareholders of the merging company shall be paid -			
	(a) In cash	(b) In Depository Receipts	(c) Partly in cash and partly in Depository Receipts	(d) None of these

17.	Giant Ltd. prepares a scheme by which an offer is made to the shareholders of Small Ltd. to acquire their shares. Such offer shall remain open for a period of			
	(a) 6 months	(b) 4 months	(c) 2 months	(d) 1 month

18.	Giant Ltd. prepares a scheme by which an offer is made to the shareholders of Small Ltd. to acquire their shares. If such offer is approved by the shareholders of Small Ltd. holding not less than of the shares, then. Giant Ltd. give notice to any dissenting shareholder of Small Ltd. that it desires to acquire his shares.			
	(a) 9/10th in value; shall	(b) 9/10th in value; may	(c) 3/4th in value; shall	(d) 3/4th in value; may
19.	The transferee company is entitled to give a notice to any dissenting shareholder of the transferor company to acquire his shares within of expiry of the period during which the offer was open.			
	(a) 6 months	(b) 4 months	(c) 2 months	(d) 1 month
20.	Where a notice is sent by the transferee company to any dissenting shareholder of the transferor company to acquire his shares, the dissenting shareholder may, within of receipt of notice, make an application to the proving that acquisition of his shares should not be permitted.			
	(a) 6 months; Central Government	(b) 4 months; Tribunal	(c) 2 months; Central Government	(d) 1 month; Tribunal
21.	A notice is sent by the transferee company to some dissenting shareholders of the transferor company to acquire their shares. No dissenting shareholder makes any application to the Tribunal within till the time allowed for making such application. As a consequence, the transferee company shall be to acquire the shares of the dissenting shareholders.			
	(a) Entitled	(b) Bound	(c) Entitled as well as bound	(d) None of these
22.	Where an acquirer becomes registered holder of of the issued equity share capital of a company. he shall notify of his intention to buy the remaining equity shares.			
	(a) 75% or more; the Tribunal	(b) 90% or more; the company	(c) 75% or more; the Central Government	(d) 90% or more; the Central Government

23.	Where section 236 applies, the majority shareholders shall make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders at			
	(a) Market price	(b) A price determined on the basis of valuation by a registered valuer in accordance with the prescribed rules	(c) Fair value to be determined by the Tribunal	(d) Fair value to be determined by the Central Government

24.	Where the majority shareholders make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders, the minority shareholders of the company agree to sell the			
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minority shareholding to the majority shareholders at			
(a) Shall; such price as may be agreed between the majority shareholders and minority shareholders	(b) May; the price determined in accordance with the prescribed rules	(c) May; such price as may be agreed between the majority shareholders and minority shareholders	(d) Shall; the price determined in accordance with the prescribed rules

25.	Where the majority shareholders make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders and the minority shareholders of the company agree to sell the minority shareholding to the majority shareholders, the majority shareholders shall deposit in a separate bank account an amount equal to the value of shares of the minority shareholding determined in accordance with the prescribed rules. The bank account shall be operated by for at least		
	(a) The minority shareholders; 1 year	(b) The majority shareholders; 6 months	(c) The company whose shares are being transferred; 1 year
26.	Where the majority shareholders make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders and the minority shareholders of the company agree to sell the minority shareholding to the majority shareholders, the majority shareholders shall deposit in a separate bank account an amount equal to the value of shares of the minority shareholding determined in accordance with the prescribed rules. The amount deposited in the bank account shall be disbursed to the entitled shareholders within		
	(b) 7 day	(b) 15 day	(c) 30 days
27.	Where the majority shareholders make an offer to the minority shareholders of the company to buy the equity shares held by minority shareholders and the minority shareholders of the company agree to sell the minority shareholding to the majority shareholders, then,- Statement (1): The company whose shares are being transferred shall act as a transfer agent for receiving and paying the price to the minority shareholders. Statement (2): The company whose shares are being transferred shall act as a transfer agent for taking delivery of the shares and delivering such shares to the majority shareholders.		
	(a) The Central Government	(b) Only Statement (2) is correct	(c) Both the Statements are correct
28.	..... is empowered to order the amalgamation of 2 or more companies, if it is satisfied that such amalgamation is essential in the public interest.		
	(a) The Central Government	(b) The Tribunal	(c) The Registrar
			(d) None of these

29.	Where the Central Government makes an order of amalgamation of 2 or more companies in public interest, and the interests or rights of any member or creditor against the transferee company are less than his interests or rights against the transferor company, he shall be entitled to receive such compensation as is assessed by, .....from the transferee company.			
	<b>(a) The Central Government</b>	(b) The Tribunal	(c) Such authority as may be prescribed	(d) The transferor company

30. Where the Central Government makes an order of amalgamation of 2 or more companies in public interest, and the interests or rights of any member or creditor against the transferee company are less than his interests or rights against the transferor company, and such member or creditor is aggrieved by any assessment of compensation, he shall be entitled to prefer an appeal to ..... within a period of..... from the date of publication of such assessment in the Official Gazette.

(a) The Tribunal; 30 days	(b) The Central Government; 30 days	(c) The Tribunal; 60 days	(d) The Central Government; 60 days
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31. Where the Central Government is of the opinion that amalgamation of 2 or more companies is in public interest, it shall prepare a draft order of amalgamation and send a copy of the draft order to each of the companies. The companies concerned or any shareholder or creditor of such companies shall be entitled to send to the Central Government their objections and suggestions within such period as may be fixed by the Central Government, which shall not be less than

(a) 1 month	(b) 2 months	(c) 3 months	(d) 6 months
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32. In relation to every offer of a scheme or contract involving the transfer of shares or any class of shares in the transferor company to the transferee company under section 235, the directors of the ..... shall prepare a circular, which shall be addressed to.....

(a) Transferor company; the members of the transferor company	(b) Transferor company; the members of the transferee company	(c) Transferee company; the members of the transferor company	(d) Transferee company; the members of the transferee company
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33. In relation to every offer of a scheme or contract involving the transfer of shares or any class of shares in the transferor company to the transferee company under section 235, a circular shall be prepared and presented to the Registrar for registration. In case the Registrar refuses to register the circular, he shall communicate such refusal to the parties within ..... of the application.

(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days
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34. In relation to every offer of a scheme or contract involving the transfer of shares or any class of shares in the transferor company to the transferee company under section 235, a circular shall be prepared. Such circular shall be issued to the members..... it is .....

(a) After; presented to the Registrar for registration	(b) Before; presented to the Registrar for registration	(c) After; registered by the Registrar	(d) Before; registered by the Registrar
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35. Prior Dermission of shall be required for disposal of the books and papers of a company whirh has

been amalgamated with another company.

(a) The Central Government

(b) The Tribunal

(c) The Liquidator

(d) The Registrar

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(c)	(d)	(a)	(d)	(d)	(b)
Reason	Sec. 230	Sec. 230	Sec. 230	Sec. 230	Sec. 230	Sec. 230
Q. No.	7	8	9	10	11	12
Answer	(c)	(d)	(c)	(b)	(d)	(c)
Reason	Sec. 230	Sec. 231	Sec. 232	Sec. 232	Sec. 233	Sec. 233
Q. No.	13	14	15	16	17	18
Answer	(b)	(a)	(a)	(c)	(b)	(b)
Reason	Sec. 233	Sec. 233	Sec. 234	Sec. 234	Sec. 235	Sec. 235
Q. No.	19	20	21	22	23	24
Answer	(c)	(d)	(c)	(b)	(b)	(b)
Reason	Sec. 235	Sec. 235	Sec. 235	Sec. 236	Sec. 236	Sec. 236
Q. No.	25	26	27	28	29	30
Answer	(c)	(d)	(c)	(a)	(c)	(a)
Reason	Sec. 236	Sec. 236	Sec. 236	Sec. 237	Sec. 237	Sec. 237
Q. No.	31	32	33	34	35	
Answer	(b)	(a)	(c)	(c)	(a)	
Reason	Sec. 237	Sec. 238	Sec. 238	Sec. 238	Sec. 239	

## Prevention of Oppression and Mismanagement

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1. An application claiming relief from oppression or mismanagement can be made to the Tribunal by the members on the ground that a material change ..... in the management or control of the company and that by reason of such change, it is likely that the affairs of the company will be conducted in a manner prejudicial to its interests or its members or.

(a) Is likely to take place; creditors	(b) Has taken place; any class of members	(c) Is likely to take place; any class of members	(d) Has taken place; creditors
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2. An application claiming relief from oppression or mismanagement can be made to the Tribunal by the members on the ground that the affairs of the company .....conducted in a manner prejudicial to public interest or prejudicial or oppressive to the member(s) making such application or any other member(s) or prejudicial to the interests of the company.

(a) Have been	(b) Are being	(c) Have been or are being	(d) None of these
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3. 'Material change', in terms of section 241, means -

Statement (1): A change brought about by, or in the interests of creditors or debentureholders.

Statement (2): A change brought about by, or in the interests of any class of shareholders of the company.

Statement (3): An alteration in the Board of directors or the manager.

Statement (4): An alteration in the ownership of the company's shares or in the membership of the company, if the company has no share capital.

(a) Only Statements (1) and (2) are correct	(b) Only Statements (3) and (4) are correct	(c) Only Statements (2) and (4) are correct	(d) All the Statements are correct
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4. In case of a company having a share capital, an application under section 241 may be made by -

	(a) 100 members or 1/10th of the total	(b) One or more members holding not less than 1/10th of the issued share capital of the company	(c) Highest of (a) or (b)	(d) Lowest of (a) or (b)
5.	In case of a company having	share capital, an application under section 241 may be made by -		
	(a) 100 members or 8 1/10th of the total 8 number of members	(b) 1/5th of total number of members	(c) Highest of (a) or (b)	(d) Lowest of (a) or (b)
6.	Where an application claiming relief from oppression or mismanagement is made to the Tribunal by the members who are not eligible as per section 244, .....has he discretion to waive the			



	requirements with respect to eligibility.			
	(a) The Tribunal	(b) The Central Government	(c) Either (a) or (b)	(d) The Registrar
7.	Upon receiving an application under section 241, the Tribunal may exercise the powers vested in it under section 242, only if it is of the opinion that -			
	(a) The facts justify the making of a winding-up order	(b) The facts do not justify the making of a winding-up order	(c) The facts do not justify the making of a winding-up order, but justify an investigation into the affairs of the company	(d) None of these
8.	The Tribunal may, with a view to bringing to an end the matters complained of in an application made to it claiming relief from oppression or mismanagement, make an order for purchase of shares of any member of the company by -			
	(a) Any other member of the company	(b) The company	(c) Either (a) or (b)	(d) The Central Government

9.	Where the Tribunal makes an order terminating or setting aside the agreement between the company and any director or manager of the company, such director or manager shall not act as the director or manager of such company for a period of 5 years except with the permission of . Before granting such permission, an opportunity of being; heard shall be given to			
	(a) Any other member of the company	(b) The Tribunal; The Central Government	(c) The Tribunal; The Registrar	(d) The Registrar; The Central Government
10.	The Tribunal may, with a view to bringing to an end the matters complained of in an application made to it claiming relief from oppression or mismanagement, make an order setting aside of any transfer, delivery of goods, payment, execution or other act relating to property made or done by or against the company within before the date of the application made to the Tribunal, which would, if made or done by or against an individual, be deemed in his insolvency to be a fraudulent preference.			
	(a) 1 months	(b) 3 months	(c) 6 months	(d) 1 year
11.	Where an application claiming relief from oppression or mismanagement is made to the Tribunal, the Tribunal may -			
	(a) Imposition such costs as it may deem fit	(b) Make an interim order	(c) Make an order altering the memorandum or articles of the company	(d) All of these
12.	A class action application may be made by			

	(a.) Member(S)	(b) Depositor(s) j	(c) Either (a) or (b)	(d) Directors jl
13.	A class action application may be made to			
	(a) The Tribunal	(b) The Central Government	(c) The Registrar	(d) The Regional Director
14.	Where a class action application is found to be frivolous or vexatious, the Tribunal shall direct the applicant to pay to the opposite party such cost, not exceeding , as the Tribunal ma? deem fit.			
	(a) Rs. 10,000 j	(b) Rs. 50,000	(c) Rs. 1 lakh	(d) Rs. 2 lakhs
15.	The cost or expenses connected with the class action anplication shall be defrayed by			
	(a) The company or any other person responsible for any oppressive act	(b) The members who made such application	(c) The depositors who made such application	(d) Either (b) or (c) or both
16.	..... class action applications for the same cause of action shall not be allowed.			
	(a) Two	1 (b) More than two	(c) One	(d) None of these j
17.	A class action application may be made on the ground that the management or conduct of the affairs of the company are being conducted in a manner prejudicial to			
	(a) The interests of the company	(b) The interests of its members or depositors	(c) Either (a) or (b) or both	(d) The interests of its directors or customers
18.	In case of a company having no share capital, a class action application shall be valid only if it is made by			
	(a) 100 members or such percentage of the total number of members of the company, as may be prescribed	(b) One or more members holding not less than such percentage of the issued share capital of the company as may be prescribed	(c) Lower of (a) or (b)	(d) At least 1/5th of total number of members

19.	The provisions relating to class action application shall not apply to-			
	(a) Banking companies	(b) Insurance companies	(c) Companies engaged in providing infrastructural facilities	(d) All of these

20.	J Where a class action is made to the Tribunal or an application claiming relief from oppression or mismanagement is made to the Tribunal, the provisions of sections shall apply mutatis mutandis, in relation to such application.			
	(a) 337 and 339	(b) 338 and 340	(c) 341	(d) All of these

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(b)	(c)	(b)	(d)	(b)	(a)
Reason	Sec. 241	Sec. 241	Sec. 241	Sec. 244	Sec. 244	Sec. 244
Q. No.	7	8	9	10	11	12
Answer	(a)	(c)	(b)	(b)	(d)	(c)
Reason	Sec. 242	Sec. 242	Sec. 243	Sec. 242	Sec. 242	Sec. 245
Q. No.	13	14	15	16	17	18
Answer	(a)	(c)	(a)	(a)	(c)	(d)
Reason	Sec. 245	Sec. 245	Sec. 245	Sec. 245	Sec. 245	Sec. 245
Q. No.	19	20				
Answer	(a)	(d)				
Reason	Sec. 245	Sec. 246				

## 7

### Registered Valuers

#### Multiple Choice Questions

(Answers given at the end of this Chapter)

1.	Section 247 applies where a valuation is required to be made in respect of			
	(a) Assets of a company	(b) Liabilities of a company	(c) Net worth of a company	(d) Any / all of these
2.	Valuation under section 247 shall be made by a person only if			
	(a) Such person possesses such qualifications and experience as may be prescribed	(b) Such person is registered as a valuer	(c) Such person is a member of an organisation recognised in the prescribed	(d) All of these

			manner	
3.	The registered valuer shall be appointed by			
	(a) The audit committee	(b) The Board	(c) Either (a) or (b)	(d) None of these j
4.	The registered valuer shall not undertake valuation of any assets in which he has a direct or indirect interest or becomes so interested at any time during a period of prior to his appointment as valuer or after the valuation of assets was conducted by him.			
	(a) 2 years; 2 years	(b) 3 years; 3 years	(c) 3 years; 2 years	(d) 2 years; 3 years
5.	Where a registered valuer makes an incorrect or misleading statement in his report and is therefore convicted for contravention of section 247, he shall be liable to			
	(a) Refund to the company the remuneration received by him	(b) Pay damages to the company or to any other person concerned	(c) Both (a) and (b)	(d) None of these

#### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5
Answer	(d)	(d)	(c)	(b)	(c)
Reason	Sec. 247	Sec. 247	Sec. 247	Sec. 247	Sec. 247

## Removal of Names of Companies from the Register of Companies

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1	Where the name of a company is removed from the register of companies,			
	(a) It shall result in automatic winding up of the company	(b) The Tribunal shall be empowered to wind up such a company	(c) The company cannot be wound up by the Tribunal	(d) None of these
2	Where the name of a company is removed from the register of companies.			
	(a) All the members shall become personally liable for payment of whole of the debts of the company	(b) No member shall be liable even for unpaid calls on the shares held by him	(c) The liability of every member of the company shall continue	(d) None of these
3	Where the name of a company is removed from the register of companies.			
	(a) The liability, if any, of every director and manager shall continue	(b) The liability, if any, of every director and manager shall come to an end	(c) Every director and manager shall become personally liable for whole of the debts of the company	(d) None of these
4	The Registrar is empowered to send a notice to the company and all its directors, of his intention to remove the name of the company from the register of companies, if the Registrar has reasonable cause to believe that a company has failed to commence its business within ..... incorporation.			
	(a) 6 months	(b) 1 year	(c) 2 years	1(d) 3 years
5	Doormat Ltd. has not made any application to the Registrar for obtaining the status of a dormant company. The Registrar is empowered to send a notice to Doormat Ltd. and all its directors, of his intention to remove the name of Doormat Ltd. from the register of companies, if the Registrar has reasonable cause to believe that Doormat Ltd. is not carrying on any business or operation for a period of immediately preceding .....			
	(a) 6 months	(b) 1 financial year	(c) 2 financial years	(d) 3 financial years
6	Lazy Ltd. has not been carrying on business for immediately preceding 2 financial years. The Registrar is empowered to send a notice to Lazy Ltd. and all its directors, of his intention to remove the name of Lazy Ltd. from the register of companies, if .....			

	(a) Lazy Ltd. has not made any application for obtaining the status of a dormant company	(b) Lazy Ltd. has made any application for obtaining the status of a dormant company	(c) Lazy Ltd. has been declared as a dormant company	(d) Lazy Ltd. has been declared as an inactive company
7	A company may file an application to the Registrar for removing its name from the register of companies only if .....			
	(a) It has no assets	(b) The company has extinguished all its liabilities	(c) The assets of the company exceed its liabilities	(d) The assets of the company are more than twice of its liabilities
8	A company may file an application to the Registrar for removing its name from the register of companies only if the company is authorised by -			
	(a) A special resolution	(b) Consent of members holding 75% paid-up share capital	(c) Both (a) and (b)	(d) Either (a) or (b)
9.	.....cannot file an application to the Registrar for removing its name from the register of companies.			
	(a) Government companies	(b) Companies licenced under section 8	(c) Both (a) and (b)	(d) None of these
10	A company which has changed its name or shifted its registered office from one State to another at any time during the previous....., shall not be eligible to file an application to the Registrar for removing its name from the register of companies.			
	(a) 3 months	(b) 6 months	(c) 1 year	(d) 2 years
11	With effect from such date a company stands dissolved under section 248.....			
	(a) The company shall be an illegal association	(b) The company shall be entitled to operate	(c) The company shall cease to operate	(d) None of these .
12	With effect from such date a company stands dissolved under section 248, the Certificate of Incorporation issued to it shall be deemed to have been cancelled extent for the purpose of .....			
	(a) Realising the amount due to the company	(b) Payment of liabilities of the company	(c) Both (a) and (b)	(d) None of these
13. M	An application made by a company to the Registrar for removing its name from the register of companies shall be termed as fraudulent' if the objective of such application is to .....			

	(a) Evade the liabilities of the company	(b) Deceive the creditors or defraud any other person	(c) Either (a) or (b)	(c) Either (a) or (b)
14	If an order of dissolution of a company is passed under section 248 by the Registrar, any person aggrieved by such an order may file an appeal to the Tribunal within a period of..... from the date of such order.			
	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 years
15	The Tribunal may order restoration of the name of the company in the register of companies .....			
	(a) On an appeal filed by	(b) On an application made by the Registrar	(c) Either (a) or (b)	(d) On an application made by the Central Government

#### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(b)	(c)	(a)	(a)	(b)	(a)
Reason	Sec. 248	Sec. 248	Sec. 248	Sec. 248	Sec. 248	Sec. 248
Q. No.	7	8	9	10	11	12
Answer	(b)	(d)	(b)	(a)	(c)	(b)
Reason	Sec. 248	Sec. 248	Sec. 248	Sec. 249	Sec. 250	Sec. 250
Q. No.	13	14	15			
Answer	(c)	(d)	(c)			
Reason	Sec. 251	Sec. 252	Sec. 252			

## Winding Up

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1	Winding up under the Companies Act, 2013 can be .....			
	(a) Winding up by the Tribunal	(b) Voluntary winding up	(c) Winding up subject to supervision of the Tribunal	(d) Both (a) and (c)
2. Which of the following is not a ground for winding up by the Tribunal?				
	(a) Where the company has acted against the interests of the sovereignty and integrity of India or the security of the State or friendly relations with foreign States or public order or decency or morality	(b) Where the company is unable to pay its debts	(c) Where the Tribunal is of the opinion that the affairs of the company have been conducted in a fraudulent manner	(d) Where the Tribunal is of the opinion that it is just and equitable that the company should be wound up
3.	Where a petition is presented on the ground that it is just and equitable that the company should be wound up, the Tribunal has the discretion to dismiss it, if .....			
	(a) An alternate remedy is available	(b) The applicant is acting unreasonably in asking for a winding up order	(c) Both (a) and (b)	(d) Both (a) and (b)
4	A company may be ordered to be wound up by the Tribunal if the company has made a default in filing with the Registrar its financial statements ..... annual returns for immediately preceding .....consecutive financial years.			
	(a) Or; 5	(b) And; 5	(c) Or; 3	(d) And; 3
5.	Statement (1): Where a petition for winding up of a company is presented to the Tribunal and Tribunal is satisfied that conditions mentioned with respect to such ground are satisfied, the Tribunal is bound to order the winding up of a company. Statement (2): A petition for winding up of a company may be presented to the Tribunal by any director of the company.			
	(a) Only Statement (1) is , correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
6	Where a petition for winding up is presented before the Tribunal by ..... , such petition shall be admitted only if it is accompanied by a statement of affairs.			
	(a) Any contributory of	(b) The company	(c) The Registrar	(d) The Central



	the company			Government ^
7	A contributory shall be entitled to present the petition only if the shares were originally allotted to him or he has held his shares for at least ..... during the ..... immediately preceding the commencement of winding up or the shares have been devolved on him by reason of the death of a member.			
	(a) 6 months; 18 months 	(b) 6 months; 12 months	(c) 3 months; 18 months	(d) 3 months; 12 months JJ
8	The Registrar shall not be entitled to present a petition for winding up on the ground that -			
	(a) The company has acted against the security of the country or public order or decency or morality, etc.	(b) The affairs of the company have been conducted fraudulently	(c) The company has not filed its financial statements or annual returns for immediately preceding 5 financial years	(d) It is just and equitable 1 that the company i9 should be wound up 4
9	A. copy of every petition made to the Tribunal for winding up of a company shall also be filed with..... submit his/its views to the Tribunal within.....of receipt of such petition.			
	(a) The Registrar; 60 days	(b) The Central Government; 60 days	(c) The Registrar; 30 days 1	(d) The Central Government; 60 days
10	The previous approval of the Central Government is required before a petition for winding up is made by the .....			
	(a) The company	(b) The Registrar	(c) Any contributory of the company	(d) Any of these
11	On receipt of a petition for winding up under section 272, the Tribunal shall pass its order within from the date of presentation of the petition.			
	(a) 30 days	(b) 60 days	(c) 90 days	(d) 120 days
12	Before appointing a provisional liquidator, the Tribunal shall grant to ..... a reasonable opportunity to make representations, if any.			
	(a) The Registrar	(b) The company	(c) The Central Government	(d) All of these
13	Where an order of winding up of a company is passed by the Tribunal, the directors and officers of the company shall, within ....., submit to the liquidator, the books of account of the company duly ..... upto the date of the order of the Tribunal.			
	(a) 60 days; completed	(b) 30 days; completed and audited	(c) 60 days; completed and audited	(d) 30 days; completed

14. Where the Tribunal makes an order for winding up of a company, the Tribunal shall appoint the Company Liquidator who shall be -

(a) The Official Liquidator	(b) A person who is registered as an insolvency professional under the Insolvency and Bankruptcy Code, 2016	(c) Either (a) or (b)	(d) None of these
15	Within ..... of appointment as provisional liquidator or Company Liquidator, such liquidator shall file with the Tribunal a declaration disclosing conflict of interest or lack of independence in respect of his appointment, if any.		
	(a) 7 days	(b) 15 days	(c) 30 days
16	On the ground of fraud or misfeasance, the Tribunal may, for reasons to be recorded in writing, remove .....		
	(a) The provisional liquidator	(b) The Company Liquidator	(c) Either (a) or (b) or both
17	Where the Tribunal makes an order for appointment of provisional liquidator or for the winding up of a company, it shall, within a period not exceeding ..... from the date of passing of the order, cause intimation thereof to be sent to the Company Liquidator or provisional liquidator, as the case may be, and .....		
	(a) 7 days; the Registrar	(b) 15 days ; the Registrar	(c) 7 days; the Central Government
18	Within ..... from the date of passing of winding up order, the Company Liquidator shall make an application to the Tribunal for constitution of a winding up committee to assist and monitor the progress of liquidation proceedings by the Company Liquidator.		
	(a) 1 week	(b) 3 weeks	(c) 15 days
			[(d) 30 days

EH The order for the winding up of a company shall operate in favour of ..... as if it had been made out on .....

(a) all the creditors ( of the company; the petition of creditors	b) all the contributories of the company; the petition of contributories	(c) all the creditors and all contributories of the company; the joint petition of creditors and contributories	(d) the secured creditors; the petition of secured creditors
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20. When a winding up order has been passed or a provisional liquidator has been appointed, no suit or other legal proceeding, except any appeal pending before ....., shall be commenced, or if pending at the date of the winding up order, shall be proceeded with, by or against the company, except with the leave of ..... and subject to such terms as the Tribunal may impose.

(a) The Supreme Court; The Supreme Court	(b) A High Court; The High Court	(c) The Supreme Court or a High Court; The Tribunal	(d) The Supreme Court; The Central Government
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21	Any application to the Tribunal seeking leave for commencement or continuation of any suit or other legal proceedings shall be disposed of by the Tribunal within .....			
	(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days
22	Where the Tribunal has made a winding up order or appointed a Company Liquidator, such liquidator shall, within ..... from the order, submit a report to the Tribunal.			
	(a) 7 days	1(b) 15 days	(c) 30 days	(d) 60 days j
23	Statement (1): The Tribunal has the discretion to appoint a sale committee for the purpose of assisting the Company Liquidator in sale of the assets of the company. Statement (2): The Tribunal is empowered to make an order for sale of the company as a going concern.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
24	J Statement (1): It is the duty of the liquidator to take into his custody the property of the company. Statement (2): All the property of the company shall be deemed to be in the custody of the Tribunal from the date of the order of winding up of the company.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
25	1A person who has been a member shall not be liable to contribute if he has ceased to be a member for the preceding or ..... more before the commencement of the winding up.			
	(a) 6 months	(b) 1 year	(c) 18 months	(d) 3 years
26	A person who has been a member shall not be liable to contribute in respect of any debt or liability of the company contracted .....			
	(a) After he ceased to be a I member	(b) Before he ceased to be a member	(c) After he ceased to be a director	(d) After he ceased to be an employee
27	[Statement (1): A person holding fully paid-up shares in a company shall be considered as a contributory. Statement (2): A person holding fully paid-up shares in a company shall have no liabilities of a contributory, but he shall retain the rights of a contributory.			
	(a) Only Statement (1) is t correct	(b) Only Statement (2) is correct	(c) Both the Statements 1 are correct	(d) None of the Statements is correct l
28	In the case of a limited company, a director or manager, whose liability is unlimited, shall not be liable to make any further contribution if he has ceased to hold office for ..... or upwards ..... the commencement of the winding up.			
	(a) 18 months; before	(b) 1 year; before	(c) 1 year; after	(d) 18 months; after

29	<p>Statement (1): The Tribunal has the discretion to appoint an advisory committee to advise the Company Liquidator and to report to the Tribunal.</p> <p>Statement (2): The advisory committee appointed by the Tribunal shall consist of not more than 10 members, being creditors and contributories of the company or such other persons in such proportion as the Tribunal may direct.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
30	<p>The Company Liquidator shall make periodical reports to the Tribunal and in any case make a report ..... with respect to the progress of the winding up of the company.</p>			
	(a) At the end of every J month	(b) At the end of each quarter	(c) At the end of every year	(d) None of these
31	<p>In case of any conflict, the directions given by ..... the shall override the directions given by the .....</p>			
	(a) Creditors; advisory	(b) Contributories; advisory committee	(c) Creditors or contributories; advisory committee	(d) Advisory committee; * creditors or 4 contributories;

32. The Company Liquidator shall summon meetings of creditors or contributories if .....

	The creditors or contributories, as the case may be, so direct by passing a resolution in a meeting	(b) Not less than 1/10th in value of the creditors or contributories, as the case may be, make such a request in writing	(c) Either (a) or (b) or both	(d) Any creditor or contributory, as the case may be, makes such a request in writing
33.	<p>The Company Liquidator shall, at such times as may be prescribed but not less than ..... during his tenure of office, present to the Tribunal an account of the receipts and payments in the prescribed form in duplicate</p>			
	(a) Once in each year	(b) Twice in each year	(c) Once in each quarter	(d) Once in every two years
34	<p>All revenues, taxes, cesses and rates due, within ..... immediately before the relevant date, to the Central Government or any State Government or to a local authority shall amount to preferential payments.</p>			
	(a) 3 months	(b) 6 months	(c) 12 months	(d) 2 years
35	<p>All wages or salaries or commissions due to any employee for a period not exceeding ..... within immediately before the relevant date shall amount to preferential payments.</p>			
	(a) 3 months; 12 months	(b) 4 months; 12 months ]	(c) 6 months; 12 months	(d) 12 months; 2 years

36. The preferential payments shall have priority over .....

(a) Overriding preferential payments	(b) The workmen's dues	(c) The claims of holders of debentures under any floating charge	(d) None of these
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**Answers to Multiple Choice Questions**

Q. No.	1	2	3	4	5	6
Answer	(a)	(b)	(c)	(a)	(d)	(b)
Reason	Chapter XX	Sec. 271	Sec. 271	Sec. 271	Sec. 271 and 272	Sec. 272
Q. No.	7	8	9	10	11	12
Answer	(a)	(d)	(a)	(b)	(c)	(b)
Reason	Sec. 272	Sec. 272	Sec. 272	Sec. 272	Sec. 273	Sec. 273
Q. No.	13	14	15	16	17	18
Answer	(b)	(c)	(a)	(c)	(a)	(b)
Reason	Sec. 274	Sec. 275	Sec. 275	Sec. 276	Sec. 277	Sec. 277
Q. No.	19	20	21	22	23	24
Answer	(c)	(c)	(d)	(d)	(c)	(c)
Reason	Sec. 278	Sec. 279	Sec. 279	Sec. 284	Sec. 282	Sec. 283
Q. No.	25	26	27	28	29	30
Answer	(b)	(a)	(c)	(b)	(a)	(b)
Reason	Sec. 285	Sec. 285	Sec. 285	Sec. 286	Sec. 287	Sec. 288
Q. No.	31	32	33	34	35	36
Answer	(c)	(c)	(b)	(c)	(b)	(c)
Reason	Sec. 292	Sec. 292	Sec. 294	Sec. 327	Sec. 327	Sec. 327

**Companies Authorised to Register under the Companies Act, 2013**

**Multiple Choice Questions**

**(Answers given at the end of this Chapter)**

1	For the purposes of Part I of Chapter XXI of the Companies Act, 2013, the word 'company' includes ..... which applies for registration under this Part.			
	(a) Any partnership firm and limited liability partnership	(b) Cooperative society and society	(c) Any business entity formed under any law for the time being in force	(d) All of the above
2	Statement (1): A company may get itself registered under Part I of Chapter XXI of the Companies Act, 2013 if it is formed in pursuance of the Companies Act, 2013. Statement (2): A company may get itself registered under Part I of Chapter XXI of the Companies Act, 2013 only if it consists of 7 or more members.			
	(a) Only Statement (1) is -correct	(b) Only Statement (2) is 1 correct	(c) Both the Statements are correct	(d) None of the Statements is correct
3	A company get itself registered under Part I of Chapter XXI of the Companies Act, 2013 as .....			
	(a) A company limited by 1 shares	(b) A company limited by guarantee	(c) An unlimited company	(d) Either (a) or (b) or (c)
4	If the liability of members of a company is not limited, it may register under Part I of Chapter XXI of the Companies Act, 2013 as a limited company only if the assent of ..... (whether in person or by proxy) at a general meeting is obtained.			
	(a) Majority of members 1 present	(b) 3/4th of members present	(c) Majority of total number of members	(d) 3/4th of total number of members
5	A company which seeking registration under Part I of Chapter XXI of the Companies Act, 2013 shall ensure that ..... have eitner consented to or nave given their no objector sum registration			
	(a) Secured creditors	(b) Banks and Public Financial Institutions	(c) Unsecured creditors	(d) Both (a) and (c)
6	Where a company seeks registration under Part I of Chapter XXI of the Companies Act, 2013, an affidavit shall be submitted by all the members or partners with the Registrar, stating that .....			
	(a) Necessary documents shall be submitted to the registering authority	(b) Sufficient provision has been made for realisation of all amounts due to it	(c) Sufficient provision has been made for payment of its liabilities	(d) All of these

	for its dissolution			
7	A company having the liability of its members limited by any Act of Parliament shall not be eligible for registration under Part I of Chapter XXI of the Companies Act, 2013 as .....			
	(a) An unlimited company	(b) A company limited by guarantee	(c) Either (a) or (b)	(d) A company limited by shares
8	Statement (1): Where the Registrar is satisfied that a company seeking registration under Part I of Chapter XXI of the Companies Act, 2013 has complied with all the requirements under the Act and has made payment of the prescribed fees, the Registrar shall .....			
	(a) Issue a certificate of registration	(b) Issue a notification in the Official Gazette	(c) Both (a) and (b)	(d) Either (a) or (b)
9	Statement (1): Where a company is registered under Part I of Chapter XXI of the Companies Act, 2013, all the property vested in the company before registration shall vest in the company as incorporated under the Companies Act, 2013. Statement (2): The effect of registration under Part I of Chapter XXI of the Companies Act, 2013 is that the property vested in the company before registration shall vest in the company as incorporated under the Companies Act, 2013 without any need for a separate conveyance deed or sale deed or any instrument of transfer.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
10	Statement (1): Where a company is registered under Part I of Chapter XXI of the Companies Act, 2013, all its rights or liabilities before registration shall have the same effect even after such registration. Statement (2): A contract entered into by the company before registration under Part I of Chapter XXI of the Companies Act, 2013 shall not be capable of being enforced.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct

11. Where a company is registered under Part I of Chapter XXI of the Companies Act, 2013, any pending suit or other legal proceeding entered into by the company before registration under Part I of Chapter XXI of the Companies Act, 2013 .....

	(a) May be continued after such registration	(b) Cannot be continued after such registration	(c) May be continued after such registration, if so directed by the Central Government	(d) Cannot be continued after such registration, if so directed by the Central Government
12	Where a company is registered under Part I of Chapter XXI of the Companies Act, 2013, Table F in Schedule I ..... unless and except in so far as it is .....			
	(a) Shall not apply; directed by the Central	(b) Shall apply; directed by the Central	(c) Shall not apply; adopted by special	(d) Shall apply; adopted by special resolution

	Government	Government	resolution	
13	Where an order of winding up of a company registered in pursuance of Part I of Chapter XXI of the Companies Act, 2013 is passed, no suit or other legal proceeding shall be proceeded with or commenced against the company or any contributory of the company in respect of any debt of the company, except by leave of the .....			
	(a) Registrar	(b) Tribunal	(c) Central Government	(d) None of these
14	Statement (1): An unregistered company may be wound up if it is unable to pay its debts. Statement (2): An unregistered company may be wound up on the ground that it is just and equitable that it should be wound up.			
	(a) Only Statement (1) is * correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
15	Statement (1): For the purposes of Part I of Chapter XXI, the expression “unregistered company” shall not include a company registered under this Act or under any previous companies law. Statement (2): For the purposes of Part I of Chapter XXI, the expression “unregistered company” shall include any partnership firm, limited liability partnership or society or co-operative society, association or company consisting of more than 2 members at the time when the petition for its winding up is presented before the Tribunal.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct J
16	MIC Inc. is a company incorporated in USA and it has been carrying on business in India since 2017. MIC Inc. ceases to carry on business in India. Consider the following statements: Statement (1): MIC Inc. may be wound up as an unregistered company under Part I of Chapter XXI. Statement (2): If MIC Inc. ceases to exist as a company by virtue of the laws of USA, it cannot be wound up as an unregistered company under Part I of Chapter XXI.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
17	Where an unregistered company is wound up under the provisions of Part I of Chapter XXI, the provisions contained in the Companies Act, 2013 with respect to the winding up of companies by the Tribunal .....			
	(a) Shall not apply	(b) Shall also apply	(c) Shall also apply, if so directed by the Tribunal	(d) Shall not apply, if so directed by the Central Government

#### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
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Answer	(d)	(d)	(d)	(d)	(a)	(a)
Reason	Sec. 366	Sec. 366	Sec. 366	Sec. 366	Sec. 374	Sec. 374
Q. No.	7	8	9	10	11	12
Answer	(c)	(a)	(a)	(a)	(a)	(c)
Reason	Sec. 366	Sec. 367	Sec. 368	Sec. 369	Sec. 370	Sec. 371
Q. No.	13	14	15	16	17	
Answer	(b)	(c)	(a)	(a)	(b)	
Reason	Sec. 373	Sec. 375	Sec. 375	Sec. 376	Sec. 377	

## Companies Incorporated Outside India

### Multiple Choice Questions

**(Answers given at the end of this Chapter)**

1. 'Foreign company' means any company or body corporate incorporated ..... which has a place of business ..... whether by itself or through an agent, physically or through electronic mode, and conducts any business activity in India in any other manner.

(a) In India; in India	(b) Outside India; in India	(c) Outside India; outside India	(d) In India; outside India
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2. Sections ..... shall apply to all foreign companies.

(a) 380 to 386	(b) Sections 392 and 393 1	(c) Both (a) and (b)	(d) Sec. 380 to 393
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3	60% of the paid-up equity share capital of ABC Inc. is held by 10 Indian citizens. ABC Inc. shall, in respect of its Indian business, comply with ....., as if it were a company incorporated in India.		
	(a) Chapter XXII of the Companies Act, 2013	(b) Such provisions of the Act as may be prescribed by the Central Government	(c) Both (a) and (b)
			(d) None of these

4. Which of the following is not required to be delivered for registration by a foreign company to the Registrar, when a foreign company establishes a place of business in India?

(a) Expert's consent to the issue of the prospectus	(b) Full address of registered office or principal office of the company	(c) The particulars of opening and closing of a place of business in India on earlier occasion(s)	(d) The full address of the principal place of business in India
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5	On establishment of a place of business in India, XYZ Inc. delivers for registration to the Registrar the required documents. Afterwards, some alterations are made in these documents. XYZ Inc. Is required to deliver to the Registrar for registration, within ..... of such alterations, a return containing the particulars of the alterations in Form No. ....		
	(a) 15 days; FC-1	(b) 30 days; FC-2	(c)* 7 days; FC-3
			(d) 60 days; FC-4

6	The Central Government may, by notification, direct that, in the case of ....., the requirements contained in section 381 with respect to preparation and filing of balance sheet and profit and loss account shall not apply, or shall apply subject to such exceptions and modifications as may be specified in that notification.		
	(a) Any foreign company	(b) Any class of foreign companies	(c) Either (a) or (b) or both
			(d) None of these

7. A copy of the balance sheet and profit and loss account shall be delivered to the Registrar ..... by every foreign company.

(a) In every calendar year	(b) Within 6 months of the close of the financial year	(c) Either (a) or (b)	(d) Both (a) and (b)
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8. If there is any special reason, the ..... may grant extension upto ..... to a foreign company for filing of balance sheet and profit and loss account.

(a) The Regional Director; 13 months	(b) The Registrar; 3 months	(c) The Regional Director; 6 months	(d) The Registrar; 6 months ^<
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9. If a foreign company fails to comply with any of the provisions of Chapter XXII, then -Statement (1): Any contract entered into by it shall not be valid. Statement (2): It may be sued in respect of any contract entered into by it.

Statement (3): It may bring any suit, claim any set-off, make any counter claim or institute any legal proceeding in respect of any such contract.

(a) Only Statement (1) is correct		(b) Only Statement (2) is correct		(c) Both the Statements are correct		(d) None of the Statements is correct	
10	Every foreign company shall exhibit outside every office or place where it carries on business in India, the name of the foreign company, the country of incorporation and the fact that the liability of members is limited. Such particulars shall be conspicuously exhibited in						
	(a) Legible English 1 characters		(b) Legible characters of one of the local languages		(c) Both (a) and (b)		(d) None of these
11	Every foreign company shall exhibit in all business letters, billheads and letter paper, and in all notices, and other official publications of the company, in ..... the name of the foreign company, the country of incorporation and the fact that the liability of members is limited. These particulars shall be exhibited.						
	(a) Legible English characters		(b) Legible characters of one 1 of the local languages		(c) Both (a) and (b)		(d) None of these
12	The provisions contained in section(s) ..... of the Companies Act, 2013 shall not apply to a foreign company.						
	(a) 77 to 87 (b) 206 to 229 (c) 43 to 70 (d  135						
13	Where a company incorporated outside India proposes to offer securities in India, the prospectus issued for such purpose need not contain the particulars with respect to -						
	(a) The instrument constituting or defining the constitution of the company		(b) The enactment under which the company was incorporated		(c) The particulars of opening and closing of a place of business in India on sarlier occasion's)		(d) The date and the country of incorporation
14	Where a company incorporated outside India proposesy to offer securities in India, the prospectus issued for such purpose shall be certified by .....						

	(a) The chairperson of the 1 company	(b) 2 directors of the company	(c) Either (a) or (b)	(d) Both (a) and (b) '
15	The provisions of sections 34 to 36 shall apply to .....			
	(a) The issue of a prospectus 1 by a company incorporated I outside India	(b) The issue of Indian Depository Receipts by a foreign company	(c) Both (a) and (b)	(d) None of these
16	<p>If a foreign company fails to comply with any of the provisions of Chapter XXII, then - Statement (1): Any contract entered into by it shall not be valid.</p> <p>Statement (2): It may be sued in respect of any contract entered into by it.</p> <p>Statement (3): It may bring any suit, claim any set-off, make any counter claim or institute any legal proceeding in respect of any such contract.</p>			
	(a) Only Statement (1) is correct	(2) is correct	(c) Only Statement (3) is correct	(d) Two out of the three Statements are correct

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(b)	(c)	(c)	(a)	(b)	(c)
Reason	Sec. 2(42)]	Sec. 379	Sec. 379	Sec. 380	Sec. 380	Sec. 381
Q. No.	7	8	9	10	11	12
Answer	(d)	b))	(a)	(c)	(a)	(c)
Reason	Sec. 381	Sec. 381	Sec. 381	Sec. 382	Sec. 382	Sec. 384
Q. No.	13	14	15	16		
Answer	(c)	(d)	(c)	(b)		
	Sec. 387	Sec. 389	Sec. 391	Sec. 393		

**Government Companies**  
**Multiple Choice Questions**  
**(Answers given at the end of this Chapter)**

1	A company shall be a Government company if ..... of its ..... is held by the Central Government or any State Government(s) or jointly by the Central Government and any State Government(s).			
	(a) Not less than 50%; Paid up share capital	(b) Not less than 51%; Paid up share capital	(c) More than 50%; Paid up equity share capital	(d) More than 51%; Paid up equity share capital
2	Where the Central Government is a member of a Government company. it shall, within ..... of the AGM of that Government company, cause to be prepared an annual report on the working and affairs of that Government company.			
	(a) 1 month	(b) 2 months	(c) 3 months	(d) 6 months
3	Where the Central Government as well as any State Government is a member of a Government company ..... shall, within ..... of the AGM of that Government company, cause to be prepared an annual report on the working and affairs of that Government company.			
	(a) The State Government; 3 months	(b) The Central Government; 3 months	(c) Both (a) and (b); 3 months	(d) Either (a) or (b) 6 months
4	Where the Central Government is not a member of a Government company, but three State Governments are members of that Government company, then. .... shall, within ..... of the AGM of that Government company, cause to be prepared an annual report on the working and affairs of that Government company.			
	(a) Every State Government which is a member of that Government company; 3 months	(b) Any of these State Governments; 3 months	(c) The State Government which holds maximum amount of paid up share capital of that Government company; 3 months	(d) The State Government which holds minimum amount of paid up share capital of that Government company; - 6 months

**Answers to Multiple Choice Questions**

Q. No.	1	2	3	4
Answer	(b)	(c)	(b)	(a)
Reason	Sec. 2(45)	Sec. 394	Sec. 394	Sec. 395

**Registration Offices and Fees****Multiple Choice Questions**

1	The power to appoint Registrars, Additional, Joint, Deputy and Assistant Registrars is vested in .....			
	(a) The Court	(b) The Tribunal	(c) The Comptroller and Auditor General of India	(d) The Central Government
2	..... shall specify the jurisdiction of registration offices established for the purpose of registration of companies.			
	(a) The Registrar	(b) The Tribunal	(c) The Comptroller and Auditor General of India	(d) The Central Government
3	<p>A document was filed with the Registrar by Star Ltd. Consider the following Statements.</p> <p>Statement (1): A copy of such document shall not be admissible as evidence if the original document is not produced.</p> <p>Statement (2): A copy of such document shall be admissible as evidence if the copy is derived from the document filed with the Registrar and such document was authenticated by the Registrar.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
4	X Ltd. files an e-form with the Registrar. On examination, the Registrar finds that such e-form is defective. The Registrar shall allow ..... to X Ltd. to rectify the defects.			
	(a) 7 days	(b) 15 days	(c) 1 month	(d) 3 months
5	..... may inspect any document filed by the company with the Registrar [except resolutions passed under section 179(3)].			
	(a) Any member of the company	(b) Any creditor of the company	(c) Any member, creditor or director of the company	(d) Any person
6	If the documents required to be filed under section 92 or section 137 are not filed within the time period specified in those sections, then, such documents may be filed after the expiry of the time period specified in those sections, on payment of such additional fee as may be prescribed. Such additional fees shall not be less than ..... per day.			
	(a) Rs. 100	(b) Rs. 200	(c) Rs. 500	(d) Rs. 1,000

**Answers to Multiple Choice Questions**

Q. No.	1	2	3	4	5	6
Answer	(a)	(d)	(b)	(b)	(d)	(a)

Reason	Sec. 396	Sec. 396	Sec. 397	Sec. 398 read with Rule 10	Sec. 399	Sec. 403
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### National Company Law Tribunal and Appellate Tribunal

#### Multiple Choice Questions (Answers given at the end of this Chapter)

1. Statement (1): 'Chairperson' means the Chairperson of the Tribunal.

Statement (2): 'President' means the President of the Appellate Tribunal.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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2. The Tribunal shall consist of a President and ....., as the Central Government may deem fit.-

(a) Such number of Judicial and Technical members	(b) Such number of Judicial and Technical members, not exceeding 11	(c) Such number of Judicial and Technical members, not exceeding 15	(d) None of these
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3. The President of the Tribunal shall be a person .....

(a) Who is, or has been, a District Judge for at least 5 years	(b) Who is or has been a Judge of a High Court for 5 years	(c) Who has, for at least 10 years been an advocate of a Court	(d) Any or all of these
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4. A person who is, or has been, in practice as a chartered accountant for at least 15 years is qualified to become ..... of the Tribunal. ....

	(a) President	(b) Judicial member (c) Technical member	(d) Any of these
5	A person who is proven ability, integrity and standing having special knowledge and professional experience of not less than 25 years in industrial finance is qualified to become ..... of the Tribunal.		
	(a) Chairperson	(b) Judicial member (c) Technical member	(d) Any of these
6	Which of the following shall not be one of the members of Selection Committee constituted for the purpose of recommending the names of the Members of the Tribunal and the Technical Members of the Appellate Tribunal?		
	(a) A senior Judge of the Supreme Court or Chief Justice of High Court	(b) Secretary, Department of Economic Affairs	(c) Secretary in the Ministry of Corporate Affairs
			(d) Secretary in the Ministry of Law and Justice
7	The President of the Tribunal shall hold his office until he attains the age of ..... and every other Member of the Tribunal shall hold his office until he attains the age of .....		
	(a) 70 years; 65 years	(b) 70 years; 67 years	(c) 67 years; 65 years
			(d) None of these
8	A person who has not completed the age of ..... shall not be eligible for appointment as Member of the Tribunal or Appellate Tribunal.		
	(a) 40 years	(b) 45 years	(c) 50 years
			(d) 60 years



9	The salary and allowances and other terms and conditions of service of the Members of the Tribunal and Appellate Tribunal .....			
	(a) Shall not be varied to their advantage after their appointment	(b) Shall not be varied to their disadvantage after their appointment	(c) Shall not be varied after their appointment	(d) None of these

10 In the event of the occurrence of any vacancy in the office of the President or the Chairperson ....., shall act as the President or the Chairperson, as the case may be, until the date on which a new President or Chairperson enters upon his office.

(a) The person nominated by the President or Chairperson, as the case may be	(b) The person nominated by the Central Government	(c) The senior-most Member of the Tribunal or Appellate Tribunal, as the case may be	(d) None of these
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11. Any member of the Tribunal or Appellate Tribunal may resign from his office by sending his resignation addressed to .....

(a) The Tribunal	(b) The Appellate Tribunal	(c) The Central Government	(d) Registrar
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12. A Member who has resigned from his office, shall continue in office until -

(a) 3 months from the date of receipt of his resignation by Central Government	(b) A person duly appointed as his successor enters upon his office	(c) The expiry of his term of office	(d) Earliest of these
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13. The Central Government may, after consultation with the Chief Justice of India, and without giving a reasonable opportunity of being heard, remove any member of the Tribunal or Appellate Tribunal, who .....

(a) Has become physically or mentally incapable of acting as such	(b) Has been adjudged an	(c) Has acquired such financial or other interest as is likely to affect prejudicially his	(d) Has been convicted of an offence which, in the opinion of the Central Government,
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14. The Central Government may remove any member of the Tribunal or Appellate Tribunal, only after an inquiry is held by the Judge of the Supreme Court during which the Member is informed of the charges against him and is given a reasonable opportunity of being heard, and the Supreme Court has reported that the Member ought to be removed, if such member .....

(a) Has been adjudged an insolvent	(b) Has acquired such financial or other interest as is likely to affect prejudicially his functions as such Member	(c) Has become physically or mentally incapable of acting as such Member	(d) Has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude
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15. The Central Government shall appoint officers and employees for the purpose of exercising the powers and discharging the functions of the Tribunal and Appellate Tribunal. Before making such

appointments, the Central Government shall consult .....			
(a) The High Court	(b) The Regional Director	(c) The Registrar	(d) The Tribunal and Appellate Tribunal
16. If the Tribunal is of the opinion that any order passed by it contained a mistake apparent from record, it may, with a view to rectify such mistake, amend any order passed by it, within from the date of the order.			
(a) 3 months	(b) 6 months	(c) 1 year	(d) 2 years j,
17. If the Tribunal is of the opinion that any order passed by it contained a mistake apparent from record, it may, with a view to rectify such mistake, amend any order passed by it, .....			
(a) Suo motu	(b) When such mistake is brought to the notice of the Tribunal by any of the parties	(c) Either (a) or (b) or both	(d) When directed by the Central Government
18	Any person aggrieved by an order of the Tribunal may, within ..... from the date of receipt of a copy of the order of the Tribunal, prefer an appeal to the Appellate Tribunal. The Appellate Tribunal may allow a further period not exceeding for ..... filing the appeal, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within that period.		
	(a) 30 days; 30 days	(b) 45 days; 45 days	(c) 60 days; 60 days (d) None of these
19	On the receipt of an appeal, the Appellate Tribunal shall not pass .....		
	(a) An order confirming C the order appealed against	(b) An order modifying the order appealed against	(c) An order setting aside the order appealed against (d) An order remanding the matter back to the 1 Tribunal
20	The Appellate Tribunal shall endeavour to dispose of the appeal filed before it, within ..... from the date of filing of such appeal. Where any appeal could not be disposed of within such period, the Chairperson may, extend such period by such further period not exceeding ....., as he may consider necessary.		
	(a) 3 months; 90 days	(b) 30 days; 30 days	(c) 45 days; 45 days (d) 60 days; 60 days
21	Any person aggrieved by an order of the Appellate Tribunal may, within ..... from the date or receipt of order of the Appellate Tribunal, prefer an appeal to the Supreme Court. The Supreme Court may allow a further period not exceeding for ..... filing the appeal, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within that period.		
	(a) 30 days; 30 days	(b) 45 days; 45 days	(c) 60 days; 60 days (d) None of these
22	Statement (1): While disposing of any proceeding or appeal filed before it, the Tribunal and the Appellate Tribunal shall be bound by the procedure laid down in the Code of Civil Procedure, 1908. Statement (2): While disposing of any proceeding or appeal filed before it, the Tribunal and the		

	Appellate Tribunal shall have the power to regulate their own procedure.		
	(a) Only Statement (1) is i correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct
	(d) None of the Statements is correct		

23. The Tribunal and the Appellate Tribunal shall not have any power to -

(a) Enter and search any place where books or papers are kept and seize such books or papers	(b) Requisition any public record or document from any office	(c) Dismiss a representation for default or decide it ex parte	(d) Set aside any order j
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24. In case of contempt of the Tribunal or the Appellate Tribunal, ..... shall have the power to punish for such contempt in accordance with the provisions of the Contempt of Courts Act, 1971.

(a) The High Court	(b) The Supreme Court	(c) The Tribunal or the Appellate Tribunal, as the case may be	(d) The Central Government
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25. The Tribunal or the Appellate Tribunal may authorize ..... to inquire into any matter connected with any proceeding or, as the case may be, appeal before it and to report to it.

(a) Any of its officers or employees	(b) Any person other than its officers or employees	(c) Either (a) or (b) or both	(d) Any officer of the Central Government
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26. For the purpose of taking into its custody or control the properties, books of account or other documents of a company, in any proceedings for winding up of a company, the Tribunal may make a written request to ..... within whose jurisdiction any such property, books of account or other documents of such company are situated or found.

(a) The Chief Metropolitan Magistrate	(b) The Chief Judicial Magistrate	(cl) The District Collector	(d) Either (a) or (b) or (c)
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27. Statement (1): No Court, other than the Supreme Court, shall have the jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine.

Statement (2): No Court, other than the High Court, shall have the jurisdiction to grant an injunction in respect of any action taken or proposed to be taken by the Tribunal or the Appellate Tribunal.

	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements die correct	(d) None of the Statements is correct
28	Statement (1): No act or proceeding of the Tribunal or the Appellate Tribunal shall be questioned or shall be invalid merely by reason of any vacancy in the Tribunal or the Appellate Tribunal. Statement (2): Any defect in the constitution of the Tribunal or the Appellate Tribunal shall render invalid the orders passed by the Tribunal or the Appellate Tribunal.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct

29. A party to any proceeding or appeal before the Tribunal or the Appellate Tribunal may -

(a) Appear in person	(b) Authorise one or more chartered accountants or company secretaries or cost accountants or legal practitioners	(c) Any person other than (a) or (b)	(d) Either (a) or (b) or (c)
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30. Mm Statement (1): No suit, prosecution or other legal proceeding shall lie against any member of the Tribunal or Appellate Tribunal in discharge of any act done by him in good faith.

Statement (2): The provisions of the Limitation Act, 1963 shall not apply to proceedings or appeals before the Tribunal or the Appellate Tribunal.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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31. Such proceedings relating to cases other than ....., for which orders for allowing or otherwise of the proceedings are by the High Courts, shall be transferred to the Tribunal.

(a) Inspection, inquiry and investigation; reserved	(b) Winding-up; not reserved	(c) Winding-up; reserved	(d) Inspection, inquiry and investigation; reserved
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### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(d)	(a)	(b)	(c)	(b)	(b)
Reason	Sec. 407	Sec. 408	Sec. 409	Sec. 409	Sec. 411	Sec. 412
Q. No.	7	8	9	10	11	12
Answer	(c)	(c)	(b)	(c)	(c)	(b)
Reason	Sec. 413	Sec. 413	Sec. 414	Sec. 415	Sec. 416	Sec. 416
Q. No.	13	14	15	16	17	18
Answer	(b)	(c)	(d)	(d)	(c)	(b)
Reason	Sec. 417	Sec. 417	Sec. 418	Sec. 420	Sec. 420	Sec. 421
Q. No.	19	20	21	22	23	24
Answer	(d)	(b)	(c)	(b)	(b)	(c)
Reason	Sec. 421	Sec. 422	Sec. 423	Sec. 424	Sec. 424	Sec. 425
Q. No.	25	26	27	28	29	30
Answer	Ic	(d)	(d)	(b)	(d)	(a)
Reason	Sec. 426	Sec. 429	Sec. 430	Sec. 431	Sec. 432	Sec. 428 and

Q. No.  1 Answer  Reason						433
	31					
	(b)					
	Sec. 434					

## Miscellaneous Provisions of the Companies Act, 2013

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1	The Central Government may, by order, direct ..... to furnish such information or statistics with regard to its / their constitution.			
	(a) Any company	(b) Any class of companies	(c) Companies generally	(d) Any or all of these
2	may establish or designate as many Special Courts as may be necessary.			
	(a) The Supreme Court	(b) The High Court	(c) The Central Government	(d) None of these
3	All offences punishable under the Companies Act, 2013 with imprisonment of or more shall be triable only by the Special Court.			
	(a) 1 year	(b) 2 years	(c) 3 years	(d) 7 years
4. The Special Court may, if it thinks fit, try in a summary way any offence under this Act, which is punishable with imprisonment for a term not exceeding .....				
	(a) 1 year	(b) 2 years	(c) 3 years	(d) 7 years
5. The Special Court shall be deemed to be .....				
	(a) The Court of Session	(b) The Court of Metropolitan Magistrate	(c) The Court of a Judicial Magistrate of the First Class	(d) Either (a) or (b) or (c)
6	An offence may be compounded if it is punishable with -			
	(a) Fine	(b) Imprisonment or fine	(c) Imprisonment or fine or both	(d) Any / all of these
7	An offence cannot be compounded if it is punishable with -			
	(a) Imprisonment	(b) imprisonment and fine	(c) Both (a) and (b)	(d) Imprisonment or fine or both
8	Offences punishable with fine not exceeding ..... may be compounded by the Regional Director or any officer authorised by the Central Government.			
	(a) Rs. 5 lakh	(b) Rs. 2 lakh	(c) Rs. 1 lakh	(d) Rs. 50,000
9	Every application for the compounding of an offence shall be made to ..... who shall forward it to the Authority authorised to compound the offence.			
	(a) The Tribunal	(b) The Registrar	(c) The Regional	(d) The Central

			director 1	Government
10	An application for compounding of an offence may be made .....			
	(a) Before institution of prosecution	(b) After institution of prosecution	(c) During the prosecution	(d) Either (a) or (b) or (c)
11	Where an offence is compounded, it is the duty of the company to inform ..... within ..... from the date of compounding.			
	(a) The Central Government; 30 days	(b) The Tribunal; 15 days	(c) The Registrar : 7 days	(d) The Regional Director; 14 days
12	An offence shall not be compounded if it is committed within ..... from the date on which a similar offence was earlier compounded.			
	(a) 1 year	(b) 3 years	(c) 6 months	(d) 5 years
13	On dissolution of the Company Law Board, every officer or employee who had been appointed on deputation basis and who fulfils the qualifications and requirements under the Companies Act, 2013, shall .....			
	(a) Become officer or employee of the Tribunal or the Appellate Tribunal	(b) Stand reverted to his parent cadre, Ministry or Department	(c) Either (a) or (b)	(d) Both (a) and (b)1

14. On dissolution of the Company Law Board, every officer or employee employed on regular basis, shall .....

(a) Become officer or employee of the Tribunal or the Appellate Tribunal	(b) Be terminated	(c) Either (a) or (b)	(d) None of these
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15. No court shall take cognizance of any offence under this Act, which is alleged to have been committed by any company or any officer thereof, except on the complaint in writing made by .....

(a) The Registrar	(b) A person authorised by the Central Government	(c) A shareholder or a member of the company	(d) Any of these
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16. Statement (1): Any offence referred to in sub-section (6) of section 212 shall be deemed to be non-cognizable.

Statement (2): Every offence other than an offence referred to in sub-section (6) of section 212 shall be deemed to be non-cognizable.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
17.	1 Any proceedings may be referred to the Mediation and Conciliation Panel for mediation between the parties, if such proceedings are pending before .....		

	(a) The Central Government	(b) The Tribunal	(c) The Appellate Tribunal	(d) Any of these
18	Where any proceedings are referred to the Mediation and Conciliation Panel for mediation, the Mediation and Conciliation Panel shall dispose of the matter referred to it within .....			
	(a) 1 month	(b) 2 months	(c) 3 months	(d) 6 months
19	Where any proceedings are referred to the Mediation and Conciliation Panel for mediation, the Mediation and Conciliation Panel shall forward its ..... to the Central Government or the Tribunal or the Appellate Tribunal, as the case may be.			
	(a) Objections	(b) Recommendations	(c) Decision	(d)
20	The Company Prosecutor(s) are appointed by ..... to conduct ..... arising out of this Act.			
	(a) The Mediation and Conciliation Panel; mediation	(b) The Tribunal; proceedings	(c) The Regional Director; proceedings	(d) The Central Government; prosecutions
21	The ..... while deciding the amount of fine or imprisonment under this Act, shall have due regard to the size of the company, nature of business carried on by the company, injury to public interest, nature of the default and repetition of the default.			
	(a) The Court	(b) The Court	(c) The Court or the Special Court, as the case may be	(d) The Central Government
22	1 If a One Person Company or a small company fails to comply with the provisions of section 92, section 117 or section 137, such company and officer in default of such company shall be punishable with fine or imprisonment or fine and imprisonment, as the case may be, which shall not be more than ..... of the fine or imprisonment or fine and imprisonment, as the case may be, of the minimum or maximum fine or imprisonment or fine and imprisonment, as the case may be, specified in such sections.			
	(a) One-fourth	(b) One-third	(c) One-half	(d) two-third
23	Where any person is found guilty of fraud involving an amount less than ..... or ..... of the turnover of the company, whichever is ....., and the fraud does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment upto 5 years or fine upto Rs. 20 lakh or both.			
	(a) Rs. 1 lakh; 5%; lower	(b) Rs. 10 lakh; 1%; lower	(c) Rs. 20 lakh; 5%; higher	(d) Rs. 10 lakh; 2%; higher
24	Where a person commits contravention of any provision of the Act for which no penalty or punishment has been specified in the Act, he shall be punishable with fine upto ..... and a			



	further fine upto ..... per day where the offence is of continuing nature.			
	(a) 50,00,000; Rs. 5,000	(b) Rs. 1,00,000; Rs. 10,000	(c) Rs. 10,000; Rs. 1,000	(d) Rs. 50,000; Rs. 10,000
25	If a person commits the same offence on second or any subsequent occasion within a period of 3 years, he shall be punishable with the amount of fine for such offence, and imprisonment as provided for that offence.			
	(a) Thrice; same	(b) Same; Twice	(c) Same; Thrice	(d) Twice; same MM
26	..... shall be punishable under section 452 where he wrongfully obtains the possession of any property of the company.			
	(a) A member	(b) A director	(c) An officer or employee 1 of a company	(d) Either (a) or (b) (c)
27	Where an application is made to the Court under section 452, the Court trying the offence may make an order to deliver the property to the company within .....			
	(a) 1 month	(b) 21 month	(c) 3 months	(d) Such time as may be fixed by the CourtH
28. Which of the following cannot make a complaint to the Court under section 452?				
	(a) The company	(b) Any creditor of the company	(c) Any contributory or member of the company	(d) Any director of the company
29.	Any officer of the Central Government, not below the rank of ....., may be appointed as the adjudicating officer.			
	(a) Assistant Regional Director	(b) Regional Director	(c) Registrar	(d) Assistant Registrar
30	Any person aggrieved by an order made by the adjudicating officer may within ....., prefer an appeal to .....			
	(a) 30 days; The Central Government	(b) 60 days; The Regional 1 Director	(c) 45 days; The Regional Director	(d) 90 days; The Central Government
31. A company may make an application to the Registrar so as to obtain the status of a dormant company if -				
	(a) A special resolution is passed	(b) Consent of at least 3/4th shareholders (in value) is obtained	(c) Either (a) or (b)	(d) Both (a) and (b)
32. Inactive company' means a company -				

(a) Which has not been carrying on any business or operation	(b) A company which has not made any significant accounting transaction during the last 3 financial years	(c) A company which has not filed financial statements and annual returns during the last 3 financial years	(d) Any / all of these
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33. Which of the following amounts to a 'significant accounting transaction'?

(a) Payment of fees by a company to the Registrar	(b) Payments made to fulfil the requirements of the Companies Act, 2013 or any other law	(c) Both (a) and (b)	(d) None of these
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34. The Central Government shall, within ..... of the close of the year lay before each House of Parliament a general annual report on the working and administration of this Act.

(a) 3 months	(b) 6 months	(c) 9 months	(d) 1 year
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35. The Central Government may, by issuing a notification in the Official Gazette, grant exemption to .....

(a) Any class or classes of companies	(b) Any company	(c) Both (a) and (b)	(d) None of these
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36. In any proceedings for negligence, default, breach of duty, misfeasance or breach of trust against an officer of a company, the Court may relieve him from liability, if it appears to the Court that he ..... , but he has acted honestly and reasonably and having regard to all the circumstances of the case, he ought fairly to be excused.

(a) Is not so liable	(b) Is or may be so liable	(c) Is not so liable, but some 1 other person is liable	(d) None of these
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37. Where an officer of a company has reason to apprehend that any proceeding will or might be brought against him in respect of any negligence, default, breach of duty, misfeasance or breach of trust, he may apply to ..... for relief.

(a) The High Court	(b) The Central Government	(c) The Special Court	(d) The Regional Director
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38. J Carrying on of business by any association or partnership is not prohibited even if the object of the association or partnership is the acquisition of gain and the association or partnership is not registered as a company under the Companies Act, 2013 or any law for the time being in force, if the association or partnership consists of ..... or less.

(a) 200 persons	(b) 100 persons	(c) 50 persons	(d) None of these
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39. If any difficulty arises in giving effect to the provisions of the Companies Act, 2013, the Central Government may publish an order in the Official Gazette. However, no such order shall be made after the expiry of from the date of commencement of Section 1 of the Act.

(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years
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40	The Central Government may grant exemption to .....			
	(a) Any Nidhi	(b) Any class of Nidhis	(c) Both (a) and (b)	(d) None of these
41	A Nidhi may be incorporated as .....			
	(a) A private company	(b) A public company	(c) Either (a) or (b)	(d) None of these
42	A Nidhi shall have a minimum paid up equity share capital Rs. ....			
	(a) 1 lakh	(b) 2 lakh	(c) 5 lakh	(d) 10 lakh
43	Every Nidhi shall have the last words ..... as part of its name.			
	(a) Nidhi Limited	(b) 'Nidhi Private Limited'	(c) Either (a) or (b), as the case may be	(d) Either 'Limited' or 'Private Limited', as the case may be
44	A Nidhi can issue .....			
	(a) Preference shares	(b) Debentures or any other debt instrument	(c) Both (a) and (b)	(d) None of these
45	A Nidhi shall not carry on the business of .....			
	(a) Chit fund	(b) Hire purchase finance or leasing finance	(c) Insurance	(d) All of these
46	A Nidhi may provide locker facilities on rent to its members subject to the condition that the rental income from such facilities shall not exceed ..... of the gross income of the Nidhi at any point of time during a financial year.			
	(a) 10%	(b) 15%	(c) 20%	(d) 25%
47	A Nidhi shall not admit ..... as a member.			
	(a) Any body corporate	(b) Any trust	(c) A minor	(d) All of these
48	Every Nidhi shall ensure that its membership is not reduced to less than members at any time.			
	(a) 100	(b) 200	(c) 500	(d) 1000
49	The director of a Nidhi shall hold office for a term up to ..... consecutive years.			
	(a) 10	(b) 5	(c) 3q	(d) 2
50	Statement (1): A director of Nidhi may not be a member of Nidhi.			

	Statement (2): A director of Nidhi shall be a depositor of Nidhi.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
51	A director of Nidhi shall be eligible for re-appointment only after the expiration of ..... of ceasing to be a director.			
	(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years
52	A Nidhi may declare dividend exceeding ..... after obtaining approval of the .....			
	(a) 25%; Central Government	(b) 20%; Regional Director	(c) 20%; Central Government	(d) 25%; Regional Director
53	A Nidhi shall not appoint or re-appoint an individual as auditor for more than 1 term of..... consecutive years, and such individual shall be eligible for any subsequent appointment only after the expiration of ..... years from the completion of his or its term.			
	(a) 5; 2	(b) 3; 3	(c) 2; 2	(d) 5; 5

#### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(d)	(c)	(b)	(c)	(d)	(d)
Reason	Sec. 405	Sec. 435	Sec. 436	Sec. 436	Sec. 438	Sec. 441
Q. No.	7	8	9	10	11	12
Answer	(c)	(a)	(3)	(d)	(c)	(3)
Reason	Sec. 441	Sec. 441	Sec. 441	Sec. 441	Sec. 441	Sec. 441
Q. No.	13	14	15	16	17	18
Answer	(a)	(a)	(d)	(b)	(d)	(c)
Reason	Sec. 466	Sec. 466	Sec. 439	Sec. 439	Sec. 442	Sec. 442
Q. No.	19	20	21	22	23	24
Answer	(b)	(d)	(c)	(c)	(3)	(c)
Reason	Sec. 442	Sec. 443	Sec. 446A	Sec. 446B	Sec. 447	Sec. 450
Q. No.	25	26	27	28	29	30
Answer	(d)	(c)	(d)	(d)	(c)	(b)

Reason	Sec. 451	Sec. 452	Sec. 452	Sec. 452	Sec. 454	Sec. 454
Q. No.	31	32	33	34	35	36
Answer	(c)	(a)	(d)	(d)	(a)	(b)
Reason	Sec. 455	Sec. 455	Sec. 455	Sec. 461	Sec. 462	Sec. 463
Q. No.	37	38	39	40	41	42
Answer	(a)	(c)	(d)	(c)	(b)	(c)
Reason	Sec. 463	Sec. 464	Sec. 470	Sec. 406	Sec. 406 read with Rule 4	Sec. 406 read with Rule 4
Q. No.	43	44	45	46	47	48
Answer	(a)	(d)	(d)	(c)	(d)	(d)
Reason ^^^^	Sec. 406 read with Rule 4	Sec. 406 read with Rule 6	Sec. 406 read with Rule 4	Sec. 406 read with Rule 4	Sec. 406 read with Rule 8	Sec. 406 read with Rule 4
Q. No.	49	50	51	52	53	
Answer	(a)	(d)	(3)	(d)	(a)	
Reason	Sec. 406 read with Rule 17	Sec. 406 read with Rule 17	Sec. 406 read with Rule 17	Sec. 406 read with Rule 18	Sec. 406 read with Rule 19	

**Producer Companies**  
**Multiple Choice Questions**  
**(Answers given at the end of this Chapter) I**

1	Patronage means the use of services offered by ..... to ..... by participation in its business activities.			
	(a) The members of the producer company; the Producer Company	(b) The Producer Company; the members of the producer company	(c) Active members of the producer company; the Producer Company	(d) None of these
2	Limited return means the ..... dividend as may be specified by .....			
	(a) Maximum; the articles	(b) Minimum; the Companies Act, 2013	(c) Minimum; the Companies Act, 1956	(d) Minimum; the Central 1 Government
3	Which of the following cannot be an object of a Producer Company?			
	(a) Rendering technical and consultancy services for the promotion of interests of its Members	(b) Generation, transmission and distribution of power	(c) Manufacturing of scientific instruments for sale in the market	(d) Insurance of primary produce of the members

4. An application for incorporation of a Producer Company may be made by-

(a) Any ten or more individuals, each of them being a 'producer'	(b) Any two or more producer institutions	(c) A combination of (a) and (b)	(d) Either (a) or (b) or (c)
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5. A Producer Company shall be -

	(a) A company limited by 1 shares	(b) A company limited by 1 guarantee	(c) An unlimited company 1	(d) Either (a) or (b) or (c)
6	Where the required documents for registration of a Producer Company are delivered to the Registrar ....., the registrar to issue the certificate of incorporation within.			
	(a) Is duty bound; 30 days	(b) Has the discretion; 30 days	(c) Has the discretion; 90 days	(d) Is duty bound; 90 days 1
7	On registration, a Producer Company becomes a body corporate as if it is .....			
	(a) A public limited company	(b) A private limited company	(c) Either (a) or (b)	(d) None of these
8	An application for conversion of an inter-state co-operative society into a Producer Company shall be accompanied by a copy of the ..... resolution, of not less than ..... of inter-state co-			

	operative society.			
	(a) Special; more than 50% of total Members	(b) Special; 3/4th of total Members	(c) Ordinary; more than 50% of total Members	(d) Special; 2/3rd of total 1 Members
9	<p>Statement (1): When an inter-state co-operative society is converted into a Producer Company, it shall result in transfer of services of officers and other employees of the inter-state co-operative society to the Producer Company.</p> <p>Statement (2): Where an officer or other employee of the inter-state co-operative society opts not to be in employment or service of the Producer Company, such officer or other employee shall be deemed to have resigned.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
10	<p>Statement (1): The memorandum shall state the names, addresses and occupations of the subscribers being producers, who shall act as the first directors of the Producer Company.</p> <p>Statement (2): The share capital of a Producer Company shall consist of equity shares only.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct

11. Producer Company may alter the objects specified in its memorandum by -

(a) Obtaining the approval of the Central Government	(b) Passing an ordinary resolution	(c) Passing a special resolution	(d) Passing a special resolution and obtaining the approval of the Central Government
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12. A Producer Company may shift the registered office from the jurisdiction of one registrar to another registrar by -

(a) Obtaining the approval of the Central Government		(b) Passing an ordinary resolution	(c) Passing a special resolution	(d) Passing a special resolution and obtaining the approval of the Central Government
13	An amendment may be made in the articles of association of a Producer company, if it is proposed by not less than ..... or by not less than ..... of the Producer Company, and the amendment is adopted by the Members by a special resolution.			
	(a) 2/3rd of the elected directors; 2/3rd of the Members	(b) 1/3rd of the elected directors; 1/3rd of the Members	(c) 1/3rd of the elected directors; 2/3rd of the Members	(d) 2/3rd of the elected directors; 1/3rd of the Members
14	Where a Producer Company amends its articles, it shall, within 30 days, file with the Registrar a copy of the amended articles together with the copy of the special resolution, both duly certified by .....			

	(a) Its Chief Executive	(b) 3 directors	(c) Its Chief Executive and 3 directors	(d) 2 directors
15	Every Producer Company shall have at least ..... directors and not more than ..... directors.			
	(a) 3; 15	(b) 5; 15	(c) 3; 12	(d) 5; 12
16	Where an inter-state co-operative society is registered as a Producer Company, the election of directors shall be conducted within ..... from the date of registration of the Producer Company.			
	(a) 60 days	(b) 180 days	(c) 365 days	(d) 90 days
17	A director of a Producer Company shall hold his office for a period not less than ..... but not exceeding ....., as may be specified in the articles.			
	(a) 2 years; 7 years	(b) 1 year; 7 years	(c) 2 years; 5 years	(d) 1 year; 5 years
18	<p>j Statement (1): The Board of directors of a Producer Company may co-opt one or more expert directors or an additional director not exceeding 1/4th of the total number of directors.</p> <p>Statement (2): The expert directors of a Producer Company shall have the right to vote in the election of the chairman. Statement (3): An expert director shall be eligible to be elected as chairman, if so provided by the articles of the Producer Company.</p>			
	(a) All the Statements are correct	(b) Only two Statements are correct	(c) Only one Statement is correct	(d) None of the Statements is correct
19	The office of a director of a Producer Company shall become vacant if he is convicted by a Court of ..... and sentenced in respect thereof to imprisonment for not less than .....			
	(a) Any offence involving moral turpitude; 6 months	(b) Any offence (whether involving moral turpitude or otherwise); 6 months	(c) Any offence involving moral turpitude; 3 months	(d) Any offence (whether involving moral turpitude or otherwise); 3 months
20	The office of a director shall become vacant if the Producer Company, in which he is a director, has made a default in repayment of any advances or loans taken from any company or institution or any other person and such default continues for .....			
	(a) 60 days	(b) 90 days	(c) 120 days	(d) 180 days
21	The office of a director of a Producer Company shall become vacant if the Producer Company, in which he is a director has not filed ..... for any continuous ..... commencing on or after the 1st day of April, 2002			
	(a) The annual	(b) The annual accounts	(c) The annual accounts	(d) The annual accounts



	accounts and annual return; 5 financial years	or annual return; 5 financial years	or annual return; 3 financial years	and annual return; 3 financial years
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22. The office of a director of a Producer Company shall become vacant if the Producer Company, in which he is a director has failed to repay its deposit or ..... or interest thereon on due date, or pay dividend and such failure continues for or more.

(a) Withheld price; 1 year	(b) Patronage bonus; 1 year	(c) Withheld price or patronage bonus; 1 year	(d) Patronage bonus; 3 years
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23. The Board of directors of a Producer Company shall exercise the powers by -

(a) Passing a resolution at Board meetings	(b) Passing a resolution by circulation	(c) Either (a) or (b)	(d) None of these
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24. In case of a Producer Company, which of the following matters is not required to be exercised by means of passing resolutions at the annual general meeting?

(a) Declaration of limited return	(b) Decision on the distribution of patronage	(c) Appointment of Chief Executive	(d) Issue of bonus shares
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25. Statement (1): At least one Board meeting shall be held in every 3 months and at least 4 Board meetings shall be held in every year by every Producer Company.

Statement (2): The gap between two consecutive Board meetings of a Producer Company shall not exceed 120 days. ....

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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26. Notice of every Board meeting of a Producer Company shall be given in writing to

(a) Every director at his Indian address	(b) Every director at his residential address	(c) Every director at his address registered with the company	(d) Every director for the time being in India, and at his usual address in India to every other director
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27. If a Board meeting of a Producer Company is called at a shorter notice, then -

(a) The decisions taken at such Board meeting shall be final only on ratification by at least one independent director	(b) At least one independent director shall be present at such Board meeting	(c) The reasons thereof shall be recorded in writing by the Board	(d) The decisions taken at such Board meeting shall be final only if such Board meeting was called to transact some urgent business
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28. The quorum for a Board meeting of a Producer Company shall be .....

(a) 1/3rd of the total strength or 2 directors, whichever is higher	(b) 1/3rd of the total strength or 3 directors, whichever is higher	(c) 1/3rd of the total strength or 5 directors, whichever is higher	(d) 1/3rd of the total strength or 2 directors, whichever is lower
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29. Every Producer Company shall have ..... a by whatever name called, to be appointed by the

Board from amongst persons other than .....			
(a) Full time Chief Executive; Members	(b) A Chief Executive (whether full time or part time); Members	(c) Full time Chief Executive; Directors	(d) A Chief Executive (whether full time or part time); Directors
30. The Chief Executive of a Producer Company ..... and .....			
(a) Shall not be a director; He shall not retire by rotation	(b) Shall be ex officio director of the Board; He shall not retire by rotation	(c) Shall not be a director; He shall retire by rotation	(d) Shall be ex officio director of the Board; He shall retire by rotation
31. Every Producer Company shall have a whole-time secretary, if - .....			
(a) Its average annual turnover exceeds Rs. 5 crores in each of 3 consecutive financial years	(b) It has a paid up capital of Rs. 5 crore or more	(c) If it has a paid up capital of Rs. 10 crore or more	(d) Its turnover exceeds Rs. 10 crores in immediately preceding financial year
32. Unless the articles require a larger number, the quorum at a general meeting of a Producer Company shall be -			
(a) 1/4th of the total number of members	(b) 5 members personally present	(c) 1/3rd of the total number of members	(d) 7 members personally present
33. In a case where all the members of a Producer Company are individuals, the voting rights shall be based on .....			
(a) Participation of members in the business of the Producer Company in the previous year	(b) A single vote for every Member	(c) The shareholding of the members	(d) The criterion specified in the articles of the Producer Company
34. In the caae of equality of votea in any general meeting of a Producer Company, the Chairman or the person presiding .....			
(a) Shall have a casting vote	(b) Shall not have any casting vote	(c) Shall have a casting vote except in the case of election of the Chairman	(d) None of these
35. In any general meeting of a Producer Company, only the active members shall be entitled to exercise the voting rights .....			
	(a) If so provided by the articles	(b) even if the articles otherwise provide	(c) If the members so resolve by passing an ordinary resolution
			(d) If the members so resolve by passing a special resolution
36.	A Producer Company shall hold its first annual general meeting within ..... from the date of its incorporation.		
	(a) 365 days	(b) 90 days	(c) 180 days
			(d) None of these

37.	Statement (1): Every Producer Company shall hold an annual general meeting in each year. Statement (2): Not more than 18 months shall elapse between two annual general meetings of a Producer Company.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
38	The Registrar may, for any special reason, permit extension of time for holding any annual general meeting (not being the first annual general meeting) of a Producer Company by a period not exceeding .....			
	(a) 30 days	(b) 60 days	(c) 120 days	(d) None of these
39	The annual Keneral meeting of a Producer Company shall be held on a day that is .....			
	(a) Not a national holiday	(b) A national holiday	(c) Not a public holiday	(d) A public holiday
40	The audited balance-sheet and the profit and loss account shall be filed by a Producer Company with the Registrar within ..... from the date of holding annual general meeting.			
	(a) 30 days	(b) 60 days	(c) 90 days	(d) 120 days
41	A general meeting of a Producer Company shall be called by giving not less than ..... prior notice in writing.			
	(a) 7 days	(b) 14 days	1(c) 21 days	(d) 30 days
42	The Board of directors of a Producer Company shall proceed to call an extraordinary general meeting, if a requisition is made in writing by ..... entitled to vote in general meeting.			
	(a) 1/3rd of the Members 1	(b) 1/4th of the Members	(c) 3/4th of the Members I	(d) 1/4th of the Directors
43	..... may, if so provided in the articles, have ..... and the Producer Company may issue appropriate instruments to them in this respect.			
	(a) All the members; special rights	(b) All the members; voting rights	(c) The active Members; voting rights	(d) The active Members; special rights
44	A Member of a Producer Company may, after obtaining the previous approval of ....., transfer the whole or part of his shares to ..... at .....			
	(a) The Chief Executive; any member; fair value	(b) The Chief Executive; active member; market value	(c) The Board; an active Member; par value	(d) The Board; any 1 member; fair value
45	Every Member shall, within ..... of his becoming a Member in the Producer Company, nominate a person to whom his shares in the Producer Company shall vest in the event of his			

	.....			
	(a) 6 months; death	(b) 3 months; death	(c) 3 months; death or insolvency	(d) 6 months; death or insolvency

46. Every Producer Company shall have internal audit of its accounts ..... and such audit shall be cared out by .....

(a) Every year; such other professional as may be decided by the Board	(b) At such interval as may be specified in the articles; such other professional as may be decided by the Board	(c) Every year; a chartered accountant	(d) At such interval as may be specified in the articles; a chartered accountant
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47	A Producer Company may make any donation for promoting the social and economic welfare of producer pembers or producers general public by ..... but such donation shall not exceed ..... of .....			
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	(a) Passing a special resolution; 3%; the average net profits of preceding 3 financial years	(b) Passing a special resolution; 5%; the average net profits of preceding 3 financial years	(c) Passing a special resolution; 3%; the net profits of the preceding financial year °	(d) Passing an ordinary resolution; 5%; the average net profits of preceding 3 financial years
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48	The issue of bonus shares by a Producer Company requires -			
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	(a) Recommendation of the Board	(b) Passing of a resolution in the general meeting	(c) Either (a) or (b)	(d) Both (a) and (b)
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49	The Board of directors of a Producer Company may, subject to the provisions made in articles, provide financial assistance by way of ..... to any Member, in connection with the business of the Producer Company for a period not exceeding .....			
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	(a) Credit facility; 6 months	(b) Credit facility; 3 months	(c) Loans and advances; 6 months	(d) Loans and advances; 3 months
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50	The Board of directors of a Producer Company may, subject to the provisions made in articles, provide financial assistance by way of ..... to any Member, repayable within a period exceeding ..... but not exceeding ..... from the date of disbursement of such loan or advances.			
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	(a) Credit facility; 6 months; 3 years	(b) Loans and advances; 3 months; 7 years	(c) Credit facility; 3 months; 7 years	(d) Loans and advances; 6 months; 3 years
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51	..... shall be required for subscription to the share capital of any body corporate by a Producer Company.			
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	(a) Approval of the Central Government	(b) A resolution in a Board meeting	(c) An ordinary resolution	(d) A special resolution
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52. A Producer Company may invest in shares in any other company, other than a Producer Company, for an amount exceeding 30% of the aggregate of its paid up capital and free reserves, by .....

	(a) Passing a special resolution	(b) Obtaining the prior approval of the Central Government	(c) Both (a) and (b)	(d) None of these
53	The Board of directors of a Producer Company may dispose off any of its investments by .....			
	(a) Passing a special resolution	(b) Obtaining the prior approval of the Central Government	(c) Both (a) and (b)	(d) None of these
54	Where a Producer Company intends to transfer its assets and liabilities to any other Producer Company, it requires passing of a resolution in a general meeting by ..... of total Members with right of vote not less than ..... of its Members present and voting.			
	(a) 3/4th; 2/3 <sup>rd</sup>	(b) A majority; 2/3 <sup>rd</sup>	(c) 2/3 <sup>rd</sup> ; 3/4 <sup>th</sup>	(d) A majority; 3/4 <sup>th</sup>
55	A Producer Company intends to transfer its assets and liabilities to any other Producer Company, and for this purpose sends a notice along with the proposed resolution to the members. On receipt of such notice, every member shall have the option either to consent to such resolution or to transfer his shares with the approval of the Board to ..... within a period of ..... from the date of service of notice on him.			
	(a) Any member; 3 months	(b) Any active member; 1 month	(c) Any member; 1 month	(d) Any active member; 3 months

56. Where the assets and liabilities of a Producer Company are transferred to another Producer Company, any Member or creditor or employee aggrieved by such transfer may, within ..... of the passing of the resolution for such transfer, prefer an appeal to.

(a) 30 days; the High Court	(b) 60 days; the High Court	(c) 30 days; the Central Government	(d) 60 days; the Central Government
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57. The Registrar shall make an order striking off the name of the Producer Company and thereupon the Producer Company shall cease to exist forthwith, if -

(a) A Producer Company has failed to commence business within 1 year of its registration	(b) A Producer Company ceases to transact business with the Members	(c) The Producer Company is no longer carrying on any of its objects specified in section 58 IB	(d) Either (a) or (b) or (c)
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58. Where a Producer Company was formed by way of conversion of an inter-state co-operative society into a Producer Company, such Producer Company may make an application to the High Court for its reconversion into an inter-state co-operative society. Such application may be made by a producer company, .....

(a) If a resolution is passed in the	(b) On request by its	(c) Either (a)	(d) Both (a) and (b)
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general meeting by not less than 2/3rd of its members, present and voting	creditors representing 3/4th in value of its total creditors	or(b)	
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59. A Producer Company for which an order of reconversion has been passed by the High Court, shall make an application for its registration as multi-State co-operative society or co-operative society. Such application shall be made within ..... of order of sanction by the High Court.

**Answers to Multiple Choice Questions**

Q. No.	1	2	3	4	5	6
Answer	(b)	(a)	(c)	(d)	(a)	(a)
Reason	Sec. 581A	Sec. 581A	Sec. 581B	Sec. 581C	Sec. 581C	Sec. 581C
Q. No.	7	8	9	10	11	12
Answer	(b)	(d)	(c)	(c)	(c)	(c)
Reason	Sec. 581C read with Sec. 581ZR	Sec. 581J	Sec. 581N	Sec. 581ZB	Sec. 581H	Sec. 581H
Q. No.	13	14	15	16	17	18
Answer	(d)	(d)	(b)	(c)	(d)	(c)
Reason	Sec. 581I	Sec. 581I	Sec. 58 10	Sec. 581P	Sec. 581P	Sec. 581P
Q. No.	19	20	21	22	23	24
Answer	(a)	(b)	(d)	(c)	(a)	(c)
Reason	Sec. 581Q	Sec. 581Q	Sec. 581Q	Sec. 581Q	Sec. 581R	Sec. 581S
Q. No.	25	26	27	28	29	30
Answer	(a)	(d)	(c)	(b)	(a)	(b)
Reason	Sec. 581V	Sec. 581V	Sec. 581V	Sec. 581V	Sec. 581W	Sec. 581W
Q. No.	31	32	33	34	35	36
Answer	(a)	(a)	(b)	(c)	(a)	(b)
Reason	Sec. 581X	Sec. 581Y	Sec. 581D	Sec. 581Z	Sec. 581D	Sec. 581ZA
Q. No.	37	38	39	40	41	42
Answer	(a)	(d)	(c)	(b)	(b)	(a)

Reason	Sec. 581ZA	Sec. 581ZA	Sec. 581ZA	Sec. 581ZA	Sec. 581ZA	Sec. 581ZA
Q. No.	43	44	45	46	47	48
Answer	(d)	(c)	(b)	(d)	(c)	(d)
Reason	Sec. 581ZC	Sec. 581ZD	Sec. 581ZD	Sec. 581ZF	Sec. 581ZH	Sec. 581ZJ
Q. No.	49	50	51	52	53	54
Answer	(a)	(b)	(d)	(c)	(a)	(b)
Reason	Sec. 581ZK	Sec. 581ZK	Sec. 581ZL	Sec. 581ZL	Sec. 581ZL	Sec. 581ZN
Q. No.	55	56	57	58	59	
Answer	(b)	(a)	(d)	(c)	(a)	
Reason	Sec. 581ZN	Sec. 581ZN	Sec. 581ZP	Sec. 581ZS	Sec. 581ZS	

**Corporate Secretarial Practice****Multiple Choice Questions****(Answers given at the end of this Chapter)**

1	In drafting a resolution constituting an audit committee, the starting words of the resolution shall be .....			
	(a) "RESOLVED THAT ...	(b) Decided that ...	(c) It is resolved that ...	(d) It is decided that ...
2	Mr. X, a director appointed in the general meeting, died. The Board decided to fill the casual vacancy by appointing Mr. Y. As per section 161(4), the appointment of Mr. Y shall be approved by the members in immediately next general meeting. The resolution to be drafted for this purpose should contain the words ..... the approval of the members in the immediately next general meeting.			
	(a) Pursuant to	(b) Subject to	(c) Without prejudice to	(d) Notwithstanding

**Answers to Multiple Choice Questions**

Q. No.	1	2
Answer	(a)	(b)



## The Foreign Contribution (Regulation) Act, 2010

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1	Statement (1): A company which is a subsidiary of a foreign company is also a foreign company. Statement (2): A multi-national corporation is also a foreign company.			
	(a) Only Statement (1) is 1 correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct [^]
2	Statement (1): A gift of Indian currency notes amounting to Rs. 25,000 or less made by a foreign source to a person does not amount to foreign contribution. Statement (2): A gift of Foreign currency notes equivalent to Rs. 25,000 or less made by a foreign source to a person does not amount to foreign contribution.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the C Statements is correct  g
3	Statement (1): Any amount charged by an educational institution in India from a foreign student does not amount to foreign contribution. Statement (2): Any amount received by any person towards cost of goods supplied or services rendered in the ordinary course of business, whether within India or outside India, does not amount to foreign contribution.			
	(a) Only Statement (1) is 1correct		(c) Both the statements are a correct	(d) None of the Statements is correct

4. Statement (1): Any offer made by a foreign source for providing a person with the cost of travel to any foreign country does not amount to foreign hospitality, if such offer is made in kind.

Statement (2). any offer which is purely a casual one does not amount to foreign hospitality.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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5. Foreign source does not include .....

(a) The Central Government	(b) The Government of any foreign country	(c) A foreign company	(d) A citizen of a foreign country
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6. No ..... shall accept any foreign contribution a foreign source on behalf of a political party.

(a) Person resident in India	(b) Citizen of India resident outside India	(c) Both (a) and (b)	(d) Citizen of a foreign country resident outside India
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7. No ..... shall deliver any currency which has been accepted from any foreign source, to any person if he knows or has reasonable cause to believe that such other person is likely to deliver such currency to any political party

(a) Person resident in India	(b) Citizen of India resident outside India	(c) Both (a) and (b)	(d) Citizen of a foreign country resident outside India
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8. A candidate for election may receive foreign contribution from any foreign source in the ordinary course of business transacted in India by such foreign source .....

(a) Only after obtaining permission of the Central Government	(b) Without obtaining any permission of the Central Government	(c) [ (c) if the amount of such foreign contribution is upto Rs. 1 lakh	(d) None of these
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9. Member of any legislature on accept foreign contribution form a relative .....

(a) Upto Rs. 25,000		(b) Upto Rs. 1 lakh		(c) without any limit		(d) Upto such amount as is permitted by the Central Government	
10	Mr. Amit, an office-bearer of a political party, receives foreign contribution amounting to Rs. 9 lakh during the financial year 2017-2018 from one of his relatives. Mr. Amit is required to inform such receipt to the Central Government within ..... From the date receipt of such foreign contribution.						
	(a) 7 days		(b) 15 days		(c) 30 days		(d) None of these
11	A Government servant is authorised to receive foreign contribution by way of a gift or presentation made to him as a member of any Indian delegation .....						
	(a) Upto Rs. 25,000	(b) Upto Rs. 1 lakh		(c) Upto Rs. 10 lakh		(d) In accordance with the rules made by the Central Government 1	
12.	Mr. Gaurav, a property broker, while on a visit to USA fell ill, and required emergency medical aid. Mr. Rajat, one of the friends of Mr. Gaurav living in USA, paid for the expenses of medical treatment of Mr. Gaurav, amounting to Rs. 25 lakh. Mr. Gaurav is required to give an intimation of receipt of foreign hospitality to the Central Government within .....						
	(a) 15 days		(b) 1 month		(c) 2 months		(d) None of these
13	1 Statement (1): A Judge of a High Court can accept foreign hospitality only after obtaining permission of the Central Government. Statement (2): Mr. Jitesh, a Judge of a High Court, suddenly falls ill during a visit outside India and requires emergency medical aid. A foreign source pays expenses of medical treatment of Mr. Jitesh in foreign currency equivalent to Rs. 80,000. Mr. Jitesh is neither required to obtain any permission of the Central Government nor required to give any intimation to the Central Government.						
	(a) Only Statement (1) is correct		(b) Only Statement (2) is correct		(c) Both the Statements are correct		(d) None of the Statements is correct
14	If an employee of a corporation owned or controlled by the Government wishes to avail of foreign hospitality, he is required to make an application in Form ..... for obtaining prior permission of the Central Government.						

	(a) FC-1	(b) FC-2	(c) FC-3	(d) FC-4
15	Helpage India' has been granted a certificate of registration under section 12 of the Act. 'Helpage India' intends to transfer a part of the amount of foreign contribution received by it to 'Let's Change', an NGO which has been granted a certificate of registration under section 12 of the Act. Such transfer can be made subject to the conditions that ..... shall be responsible for ensuring proper utilisation of the foreign contribution so transferred and for reflecting such transfer in the returns to be submitted to the Central Government.			
	(a) 'Helpage India	(b) 'Let's Change'	(c) Both (a) and (b)	(d)
16	'Aga Khan Foundation' has been granted a certificate of registration under section 12 of the Act. 'Aga Khan Foundation' intends to transfer a part of the amount of foreign contribution received by it to 'Action India', an NGO which has not been granted a certificate of registration or prior permission under section 12 of the Act. The amount that can be transferred shall not exceed ..... of the total value of the foreign contribution received by the during the entire financial year, and prior approval of the Central Government ..... required for such transfer.			
	(a) 10%; shall be	(b) 10%; shall not be	(c) 20%; shall be	(d) 20%; shall not be

17. Where a person who is granted a certificate of registration or prior permission under section 12, receives any foreign contribution, he shall not utilise such foreign contribution or any income arising out of it for .....

(a) Administrative expenses	(b) Speculative business	(c) Both (a) and (b)	(d) Any purpose, except with the approval of the Central Government
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18. Where a person, who is granted a certificate of registration or prior permission under section 12, receives any foreign contribution, he shall not defray more than ..... of such contribution, received in a financial year, to meet the administrative expenses, except with the prior approval of the Central Government.

(a) 10%	(b) 20%	(c) 25%	(d) 25%
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19. Statement (1): Investment in mutual funds or in shares shall be treated as speculative activities.

Statement (2): A debt-based secure investment shall not be treated as speculative investment.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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20. Any person or organisation (not being a person or organisation specified in section 3) ..... from accepting any foreign contribution.

	(a) Is prohibited	(b) May be prohibited, by an order of the Central Government	(c) Cannot be prohibited by an order of the Central Government	(d) None of these
21	The Central Government may, by an order, require any person (not being a person specified in			

section 6) ..... any foreign hospitality.			
(a) To obtain prior permission of the Central Government before accepting	(b) To furnish intimation to the Central Government with respect to receipt of	(c) Either (a) or (b)	(d) Not to accept

22. The Central Government may, by an order, require any person (not being a person specified in 6) ..... to furnish intimation with respect to receipt and utilisation of any foreign contribution.

(a) Section 3 (b) Section 6 (c) Section 3 or section 6 (d) Section 11

23. Which of the following factors cannot be the criterion for making an order under section 9?

(a) Prejudice to public interest	(b) Prejudice to revenue	(c) Prejudice to freedom or fairness of election to any Legislature	(d) Prejudice to friendly relations with any foreign state
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24. If the Central Government is satisfied that any person has accepted any article or currency or security in contravention of the provisions of the Act, it may, -

Statement (1): Prohibit such person from paying, delivering, transferring or dealing with such article or currency or security.

Statement (2): Require such person to pay, deliver, transfer or deal with such article or currency or security in accordance with such terms and conditions as the Central Government may deem fit.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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25. The Central Government is empowered to prohibit any person from paying, delivering, transferring or dealing with any article or currency or security if the Central Government is satisfied that such person has accepted such article or currency or security in contravention of the provisions of the Act. The Central Government is empowered to make such an order... ..

(a) Only after making an inquiry in this regard	(b) Without making any inquiry in this regard	(c) Pending the conduct of an inquiry in this regard	(d) None of these
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26. A person having a definite cultural, economic, educational, religious or social programme may accept foreign contribution only after ..... from the Central Government ..

(a) Obtaining a certificate of registration	(b) Obtaining the prior permission of the Central Government	(c) Both (a) and (b)	(d) Either (a) or (b)
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27. Where a person having a definite cultural, economic, educational, religious or social programme has obtained ..... the Central Government, it can accept foreign contribution only for the specific purpose for which it is obtained and from the specific source.

(a) A certificate of registration from	(b) The prior permission of	(c) Either (a) or (b)	(d) None of these
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28. An application for obtaining certificate of registration or prior permission under section 11 shall be made to the Central Government by filing Form .....

(a) FC (b) FC-2 (c) FC-3 (d) FC-4

29. Where the Central Government rejects an application for obtaining certificate of registration or prior permission under section 11, it shall record the reasons for such rejection and furnish a copy of such reasons to the applicant. However, the Central Government may not communicate the reasons for such rejection to the applicant if there is no obligation to give any such information or documents or records or papers under.....

(a) The Right to Information Act, 2005	(b) The Foreign Contribution (Regulation) Act, 2010	(c) The Foreign Contribution (Regulation) Rules, 2011	(d) Any of these
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30. A certificate of registration granted under section 12 shall be valid for a period of.....from the date of its issue.

(a) 1 year      (b) 2 years      (c) 3 years      (d) 5 years

31. Where an application is made by an individual to the Central Government for obtaining certificate of registration or prior permission, the Central Government shall not grant such certificate of registration or prior permission if such individual has ..... been convicted under any law for the time being in force.

(a) During immediately preceding 2 years	(b) During immediately preceding 3 years	(c) During immediately preceding 5 years	(d) Ever
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32. The Central Government shall not grant certificate of registration or prior permission to an applicant who -

Statement (1): Is likely to engage in propagation of sedition or advocate violent methods to achieve its ends.

Statement (2): Has ever been prosecuted or convicted for creating communal tension or disharmony.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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33. If the Central Government is satisfied that one or more of the grounds for cancellation of certificate are attracted, it may cancel the certificate of registration.....

(a) Maximum 0 days      (b) Maximum 150 days      (c) Maximum 180 days      (d) Maximum 210 days

34. A person whose certificate of registration has been suspended shall not utilise more than .....of the unutilised foreign contribution in his custody, except with the prior approval of the Central Government.

(a) 10%      (b) 25%      (c) 50%      (d) 75%

35. If the Central Government is satisfied that one or more of the grounds for cancellation of certificate are attracted, it may cancel the certificate of registration .....

(a) Only after making an inquiry in this regard	(b) Without making any inquiry in this regard	(c) Pending the conduct of an inquiry in this regard	(d) None of these
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36. Any person whose certificate of registration is cancelled, shall not be eligible for registration or grant of prior permission for a period of ..... from the date of cancellation of such certificate.

(a) 2 years	(b) 3 years	(c) 4 years	(d) 5 years
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37. If the Central Government is satisfied that the holder of the certificate has not been engaged in any

	reasonable activity in its chosen field for the benefit of the society for ..... consecutive years, it may cancel the certificate of registration.		
	(a) 2	(b) 3	(c) 5
	(c) 7		
38.	Where the certificate of registration of a person is cancelled, any foreign contribution and any assets created out of such foreign contribution which are in his custody .....		
	(a) The Court	(b) The bank concerned	(c) Such authority as may 1 be prescribed
	(d) The person concerned 1		
39.	Every person who has been granted a certificate of registration under section 12 shall get such certificate renewed by making an application to the Central Government at least ..... before the date of expiry of the certificate of registration.		
	(a) 2 months	(b) 3 months 1	(c) 4 months
	(d) 6 months		
40	An application for renewal of certificate of registration shall be made in Form .....		
	(a) FC-1	(b) FC-2	(c) FC-3
	(d) FC-4		
41	If a person fails to make an application for renewal within the stipulated time period, his application may be accepted, if it is made not later than ..... after the date of expiry of the certificate of registration		
	(a) 2 months	(b) 3 months	(c) 4 months
	(d) 6 months		
42	The renewal of certificate of registration shall be for a period of .....		
	(a) 1 year	(b) 2 years	(c) 3 years
	(d) 5 years		
43	A person who has been granted a certificate of registration or prior permission under section 12 can open ..... for utilising the foreign contribution received by him.		
	(a) A single bank account	(b) One or more bank accounts 1	(c) Maximum 3 bank accounts
	(d) Maximum 5 bank accounts		
44	Every bank shall report to the Central Government, within ....., any transaction in respect of receipt or utilisation of any foreign contribution by any person.		
	(a) 24 hours	(b) 48 hours	(c) 15 days
	(d) 30 days		
45	Every person who receives any foreign contribution, shall submit an annual report in Form .....		
	(a) FC-11	(b) FC-2	(c) FC -3
	(d) FC-4 1		
46	Every person who receives any foreign contribution, shall submit an annual report within ..... months of the closure of		

	(a) 2	(b) 3	(c) 6	(d) 9
47	Mr. Avinash submits an intimation to the Central Government. On inspecting such intimation, the Central Government has reasonable cause to believe that Mr. Avinash has contravened certain provisions of this Act. This empowers the Central Government to .....			
	(a) Make an order of investigation into the affairs of relatives of Mr. Avinash	(b) Make an order of investigation into affairs of all companies in which Mr. Avinash is a director or member	(c) Both (a) and	(d) Make an order of audit of books of account of Mr. Avinash

48. Where the Central Government makes an order of audit of books of account kept by a person, it may authorize to ..... conduct such audit.

	(a) A Gazetted Officer holding a Group A post under the Central Government	(b) Any other officer or authority or organisation, as the Central Government may think fit	(c) Either (a) or (b)	(d) The Comptroller and Auditor General of India
49.	An officer authorised by the Central Government to conduct audit of books of account of a person shall have the right to enter in any premises at any reasonable hour, before ..... and after ..... , for the purpose of auditing the books of account.			
	(a) Sunset; sunrise	(b) Sunrise; sunset	(c) 6 pm; 10 am	(d) 10 pm; 6 am
50	[ Any article or currency or security which is ..... under section 25 shall be ..... if such article or currency or security has been adjudged to have been received or obtained in contravention of this Act.			
	(a) Confiscated; seized	(b) Seized; confiscated	(c) Seized; disposed of	(d) Confiscated; disposed of
51	The Court of Session shall be empowered to adjudicate confiscation of any article or currency or security .....			
	(a) The value of which is upto Rs. 1 lakh	(b) The value of which is upto Rs. 5 lakh	(c) The value of which is upto Rs. 10 lakh	(d) Without any limit
52	Any person aggrieved by an order of confiscation made by the Court of Session, may, within ....., prefer an appeal to the High Court.			
	(a) 1 month	(b) 3 months	(c) 60 days	(d) 120 days
53	Where the Central Government makes an order specifying an organisation as an organisation of a political nature, any person aggrieved by such an order may, within ....., prefer an appeal to the High Court.			

	(a) 1 month	(b) 3 months	(c) 60 days	(d) 120 days
54	The Central Government shall not, of its own motion, revise any order passed by it earlier, if such order was made more than ..... previously.			
	(a) 3 months	(b) 6 months	(c) 1 year	(d) 2 years
55	(Statement (1): The Central Government shall not revise any order passed by it against which an appeal has been preferred. Statement (2): The Central Government shall not revise any order passed by it, if an appeal lies against such order, but the appeal has not been preferred and the time for preferring the appeal has expired.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct ^
56	[ If any person fails to comply with any provision of this Act for which no separate penalty has been provided in this Act, he shall be punishable with imprisonment upto ..... or ..... or both.			
	(a) 1 year; fine	(b) 2 years; fine upto Rs. 1 lakh	(c) 3 years; fine upto Rs. 10 lakh	(d) 5 years; fine upto Rs. 10 lakh

57. No court shall take cognisance of any offence under this Act, except with the previous sanction of .....

(a) The Central Government	(b) Any officer authorised by the Central Government	(c) Either (a) or (b)	(d) The Comptroller and Auditor General of India
58. Any offence under this Act may be compounded ..... the institution of any prosecution.			
(a) After	(b) Before	(c) Either (a) or (b)	(d) None of these
59. An offence shall not be compounded if it is committed within ..... from the date on which a similar offence was earlier committed or compounded			
(a) 1 year	(b) 2 year	(c) 3 year	(d) 5 year
60. The authority investigating into an offence punishable under this Act shall have all the powers which an officer-in-charge of a police station has, while making an investigation into a ..... offence.			
(a) Cognizable	(b) Non-cognizable	(c) Bailable	(d) Non-bailable
61. The Central Government may exempt any person or association or organisation or any individual, other than ..... from the operation of all or any of the provisions of this Act.			
(a) A political party	(b) A candidate for election	(c) (a) and/or (b)	(d) Member of any Legislature
62. Nothing contained in this Act shall apply to any transaction between ..... and .....			



(a) The Government of R India; any State Government	(b) The Government of India; the Government of any foreign country	(c) Any State Government; the Government of any foreign country	(d) All of these
63. The provisions of this Act shall be ..... the provisions of any other law for the time being in force.			
(a) In addition to	(fa) In derogation of	(c) Both (a) and (b)	[ (d) None of these
SEW If any difficulty arises in giving effect to the provisions of this Act, the Central Government may make such provisions as may appear to it as necessary for removing the difficulty. Such provision may be made by making an order, which shall be published in the Official Gazette. However, no order removing any difficulty shall be made after the expiry of ..... from the commencement of the Act.			
(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(c)	(d)	(c)	(b)	(a)	(c)
Reason	Sec. 2(l)(g)	Sec. 2(l)(h)	Sec. 2(1)(h)	Sec. 2(1)(i)	Sec. 2(1)(i)	Sec. 3
Q. No.	7	8	9	10	11	12
Answer	(c)	(b)	(c)	(c)	(d)	(d)
Reason	Sec. 3	Sec. 4	Sec. 4	Sec. 4 read with Rule 6	Sec. 4	Sec. 6
Q. No.	13	14	15	16	17	18
Answer	(c)	(b)	(c)	(a)	(b)	(d)
Reason	Sec. 6 read with Rule 7	Sec. 6 read with Rule 7	Sec. 7	Sec. 7	Sec. 8	Sec. 8
Q. No.	19	20	21	22	23	24
Answer	(c)	(b)	(a)	(d)	(b)	(c)
Reason	Sec. 8 read with Rule 4	Sec. 9	Sec. 9	Sec. 9	Sec. 9	Sec. 10
Q. No.	25	26	27	28	29	30
Answer	(a)	(d)	(b)	(c)	(a)	(d)
Reason	Sec. 10	Sec. 11	Sec. 11	Sec. 12 read	Sec. 12	Sec. 12

				with Rule 9		
Q. No.	31	32	33	34	35	36
Answer	(d)	(c)	(c)	(b)	(a)	(c)
Reason	Sec. 12	Sec. 12	Sec. 13	Sec. 13	Sec. 14	Sec. 14
Q. No.	37	38	39	40	41	42
Answer	(a)	(c)	(d)	(c)	(c)	(d)
Reason	Sec. 14	Sec. 15	Sec. 16	Sec. 16 read with Rule 12	Sec. 16 read with Rule 12	Sec. 16
Q. No.	43	44	45	46	47	48
Answer	(b)	(b)	(d)	(d)	(d)	(c)
Reason	Sec. 17	Sec. 17 read with Rule 16	Sec. 18 read with Rule 17	Sec. 18 read with Rule 17	Sec. 20	Sec. 20
Q. No.	49	50	51	52	53	54
Answer	(a)	(b)	(d)	(a)	(c)	(c)
Reason	Sec. 20	Sec. 28	Sec. 29	Sec. 31	Sec. 31	Sec. 32
Q. No.	55	56	57	58	59	60
Answer	(a)	(a)	(c)	(b)	(c)	(a)
Reason	Sec. 32	Sec. 37	Sec. 40	Sec. 41	Sec. 41	Sec. 43
Q. No.	61	62	63	64		
Answer	(c)	(b)	(a)	(b)		
Reason	Sec. 50	Sec. 51	Sec. 52	Sec. 53		

**The Arbitration and Conciliation Act, 1996****Multiple Choice Questions**

2	The conventional method of resolving disputes between the parties by approaching the court is called as .....			
	(a) Litigation	(b) Mediation	(c) Arbitration	(d) Conciliation
2	The method of resolving disputes by submitting the dispute to one or more neutral persons, whose decision shall be binding on the parties, and who shall be appointed by the parties to resolve the dispute, is called as .....			
	(a) Conciliation	(b) Mediation	(c) Litigation	(d) Arbitration
3	The provisions relating to arbitration are contained in ..... of the Act and provisions relating to conciliation are contained in ..... of the Act.			
	(a) Part I; Part II	(b) Part II; Part III	(c) Part I; Part IV	(d) Part I; Part III
4	Some of the methods of .....are arbitration, mediation, conciliation and negotiation.			
	(a) Prosecution	(b) Litigation	(c) Alternative Dispute Resolution	(d) Trial
5	Any .....may be submitted to arbitration.			
	(a) Existing dispute	(b) Future dispute	(c) (a) and / or (b)	(d) Industrial dispute
6	In case of international commercial arbitration, if the 'seat of arbitration' is India, it means that the Indian courts shall have the authority to - Statement (1): Supervise and provide supportive measures for the arbitral proceedings. Statement (2): Entertain any challenge against the arbitral award.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
7	.....means a voluntary, confidential and flexible process by which the parties to a dispute seek to mutually settle their dispute with the assistance of a neutral third party.			
	(a) Arbitration	(b) Conciliation	(c) Litigation	(d) Negotiation
8	The provisions relating to mediation are contained in .....			
	(a) The Code of Civil Procedure, 1908	(b) The Arbitration and Conciliation Act, 1996	(c) Both (a) and (b)	(d) None of these
9	Statement (1): The Act does not contain any format of an arbitration agreement.			

	Statement (2): The Act does not contain any format of an arbitral award.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
10	In .....proceedings, no party tries to prove himself as right and the other party as wrong.			
	(a) Arbitration	(b) Conciliation	(c) Litigation	(d) All of these
11	The Arbitration and Conciliation Act, 1996 was brought into force with effect from .....			
	(a) 16th August, 1996	(b) 22nd August, 1996	(c) 15th August, 1996	(d) 1st April, 1996

12. Which of the following disputes cannot be submitted to arbitration?

(a) Disputes with respect to criminal matters	(b) Disputes with respect to charities and charitable trusts	(c) Disputes with respect to testamentary matters	(d) Partnership disputes
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13. Statement (1): The Act applies to the whole of India except the State of Jammu and Kashmir.

Statement (2): Parts I, III and IV of the Act shall apply to the State of Jammu and Kashmir only in so far as they relate to international commercial arbitration or international commercial conciliation.

(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
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14. .... contained in the Act are applicable to the State of Jammu and Kashmir.

(a) All the provisions	(b) Some of the provisions	(c) None of the provisions	(d) None of these
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15. Where the parties enter into a written agreement which contains a clause that any dispute that may arise between the parties in future, shall be submitted to arbitration, it is termed as .....

(a) Submission agreement	(b) Arbitration clause	(c) Conciliation	(d) Mediation
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16. Where the parties enter into an agreement which does not contain any provision with respect to arbitration, but the parties agree in writing to submit the dispute to arbitration after the dispute has arisen, it is termed as .....

(a) Arbitration clause	(b) Conciliation	(c) Mediation	(d) Submission agreement 1
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17. An agreement by the parties to submit the dispute to arbitration shall be valid and enforceable only if it is

(a) In writing	(b) It is registered	(c) In writing as well as registered	(d) In writing, stamped and registered
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18	The freedom of the parties to choose the arbitrator(s), arbitral procedure, place of arbitration, language to be used etc. is generally termed as .....			
	(a) Party equality	(b) Party autonomy	(c) Party honour	(d) Party respect
19	The number of arbitrators shall be ..... subject to the condition that such number shall not be .....			
	(a) Such as may be agreed between the parties; an even number	(b) Such as may be agreed between the parties; an odd number	(c) Such as may be agreed between the parties; more than 3	(d) Such as may be agreed between the parties; more than 5
20	Unless otherwise agreed by the parties, a person of any nationality may be appointed as an arbitrator in .....			
	(a) Domestic arbitration	(b) International commercial arbitration	(c) (a) and / or (b)	(d) None of these

21	A dispute arose between Mr. Singh and Mr. John. No procedure for appointment of arbitrator was contained in the arbitration agreement. Mr. Singh proposes Mr. A as the sole arbitrator to which Mr. John does not agree. Mr. John proposes Mr. Z as the sole arbitrator, but Mr. Singh does not agree. On a request made by Mr. Singh or Mr. John, the appointment of arbitrator shall be made by ....., if it is a case of international commercial arbitration.			
	(a) The High Court	(b) The Supreme Court	(c) Either (a) or (b)	(d) None of these
22	A dispute arose between Mr. Singh and Mr. Sharma. No procedure for appointment of arbitrator was contained in the arbitration agreement. Mr. Singh proposes Mr. A as the sole arbitrator to which Mr. Sharma does not agree. Mr. Sharma proposes Mr. Z as the sole arbitrator, but Mr. Singh does not agree. On a request made by Mr. Singh or Mr. Sharma, the appointment of arbitrator shall be made by ....., if it is a case of domestic arbitration.			
	(a) The High Court	(b) The Supreme Court	(c) Either (a) or (b)	(d) None of these ]
23	Statement (1): Just like a decree or order of a Court, an arbitral award is binding on the parties. Statement (2): Unlike a decree or order of a Court, no appeal lies in any Court against the arbitral award.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
24	Just like a Court delivers a decree or an order, the arbitral tribunal delivers .....			
	(a) Arbitral proceedings	(b) An arbitral award	(c) Arbitral procedure	(d) Arbitral process ,

25.	An award given by the arbitral tribunal which disposes of all the issues submitted to arbitration is termed as .....			
	(a) Settlement award	(b) Correction award	(c) Additional award	(d) Final award
26	<p>Statement (1): An arbitral award shall be made in writing.</p> <p>Statement (2): In arbitral proceedings with more than one arbitrator, any decision of the arbitral tribunal shall be made by a majority of all its members.</p> <p>Statement (3): In arbitral proceedings with more than one arbitrator, the signatures of the majority of all the members of the arbitral tribunal shall be sufficient so long as the reason for any omitted signature is stated.</p>			
	(a) Only one of the above 1 Statements is correct 1	(b) Only two of the above Statements are correct	(c) All the above Statements are correct	(d) None of the above Statements is correct 1
27	The number of conciliators shall be ..... subject to the condition that such number shall not be .....			
	(a) Such as may be agreed between the parties; an even number	(b) Such as may be agreed between the parties; an odd number	(c) Such as may be agreed between the parties; more than 3	(d) Such as may be agreed between the parties; more than 5
28	During the pendency of conciliation proceedings, no party can initiate on the same dispute, unless such proceedings are necessary for preserving his rights.			
	(a) Arbitral proceedings	(b) Judicial proceedings	(c) (a) and / or (b)	(d) None of these 1
29	<p>Statement (1): Where the conciliation is successful and a settlement agreement is signed by the parties, such settlement agreement is final and binding on the parties as if it is an arbitral award.</p> <p>Statement (2): Unlike an arbitral award, a settlement agreement cannot be enforced as a decree of the court.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct ]
30	A party intending to raise an objection that the arbitral tribunal is not competent to act as an arbitral tribunal, shall raise such objection before .....			
	(a) The High Court	(b) The Supreme Court	(c) Either (a) or (b)	(d) The arbitral tribunal
31	<p>Statement (1): An arbitrator may resign from his office at anytime, that too, without specifying any reason for his resignation.</p> <p>Statement (2): The parties may, with mutual consent, agree to terminate the arbitrator.</p>			

	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
32	The arbitration agreement between Mr. Malik and Mr. Das provides that there shall be 3 arbitrators. Mr. Malik and Mr. Das could not reach an agreement with respect to appointment of arbitrators. Mr. Malik appointed Mr. A as the arbitrator. Mr. Malik requested Mr. Das to appoint an arbitrator. If Mr. Das does not appoint the arbitrator within of ..... such request, Mr. Malik can make a request to the High Court to appoint the arbitrators.			
	(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(a)	(d)	(d)	(c)	(c)	(c)
Q. No.	7	8	9	10	11	12
Answer	(b)	(a)	(c)	(b)	(b)	(d)
Q. No.	13	14	15	16	17	18
Answer	(b)	(b)	(b)	(d)	(a)	(b)
Reason	Sec. 1	Sec. 1	Sec. 7	Sec. 7	Sec. 7	Sec. 20, 21, 22
Q. No.	19	20	21	22	23	24
Answer	(a)	(c)	(b)	(a)	(c)	(b)
Reason	Sec. 10	Sec. 11	Sec. 11	Sec. 11	Sec. 34	Sec. 2(l)(c)
Q. No.	25	26	27	28	29	30
Answer	(d)	(c)	(c)	(c)	(b)	(d)
Reason	Sec. 31	Sec. 29 and 31	Sec. 63	Sec. 77	Sec. 73 and 74	Sec. 13 and 16
Q. No.	31	32				
Answer	(c)	(c)				
Reason	Sec. 14	Sec. 11				

**The Securities and Exchange Board of India  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Multiple Choice Questions**

1	The conventional method of resolving disputes between the parties by approaching the court is called as .....			
	(a) Litigation	(b) Mediation	(c) Arbitration	(d) Conciliation
2	The method of resolving disputes by submitting the dispute to one or more neutral persons, whose decision shall be binding on the parties, and who shall be appointed by the parties to resolve the dispute, is called as .....			
	(a) Conciliation	(b) Mediation	(c) Litigation	(d) Arbitration
3	The provisions relating to arbitration are contained in ..... of the Act and provisions relating to conciliation are contained in ..... of the Act.			
	(a) Part I; Part II	(b) Part II; Part III	(c) Part I; Part IV	(d) Part I; Part III
4	Some of the methods of ..... are arbitration, mediation, conciliation and negotiation.			
	(a) Prosecution	(b) Litigation	(c) Alternative Dispute Resolution	(d) Trial
5	Any ..... may be submitted to arbitration.			
	(a) Existing dispute	(b) Future dispute	(c) (a) and / or (b)	(d) Industrial dispute
6	In case of international commercial arbitration, if the 'seat of arbitration' is India, it means that the Indian courts shall have the authority to - Statement (1): Supervise and provide supportive measures for the arbitral proceedings. Statement (2): Entertain any challenge against the arbitral award.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
7	means a voluntary, confidential and flexible process by which the parties to a dispute seek to mutually settle their dispute with the assistance of a neutral third party.			
	(a) Arbitration	(b) Conciliation	(c) Litigation	(d) Negotiation
8	The provisions relating to mediation are contained in .....			
	(a) The Code of Civil Procedure, 1908	(b) The Arbitration and Conciliation Act, 1996	(c) Both (a) and (b)	(d) None of these
9	Statement (1): The Act does not contain any format of an arbitration agreement.			



	Statement (2): The Act does not contain any format of an arbitral award.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
10	In ..... proceedings, no party tries to prove himself as right and the other party as wrong.			
	(a) Arbitration (b) Conciliation (c) Litigation I (d) All of these			
11	The Arbitration and Conciliation Act, 1996 was brought into force with effect from .....			
	(a) 16th August, 1996	(b) 22nd August, 1996	(c) 15th August, 1996	(d) 1st April, 1996
12.	Which of the following disputes cannot be submitted to arbitration?			
	(a) Disputes with respect to criminal matters	(b) Disputes with respect to charities and charitable trusts	(c) Disputes with respect to testamentary matters	(d) Partnership disputes
13.	Statement (1): The Act applies to the whole of India except the State of Jammu and Kashmir. Statement (2): Parts I, III and IV of the Act shall apply to the State of Jammu and Kashmir only in so far as they relate to international commercial arbitration or international commercial conciliation.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
14	..... contained in the Act are applicable to the State of Jammu and Kashmir.			
	(a) All the provisions	(b) Some of the provisions	(c) None of the provisions 1	[(d) None of these
15	Where the parties enter into a written agreement which contains a clause that any dispute that may arise between the parties in future, shall be submitted to arbitration, it is termed as .....			
	(a) Submission agreement	(b) Arbitration clause	(c) Conciliation	(d) Mediation
16	Where the parties enter into an agreement which does not contain any provision with respect to arbitration, but the parties agree in writing to submit the dispute to arbitration after the dispute has arisen, it is termed as .....			
	(a) Arbitration clause	(b) Conciliation	(c) Mediation	(d) Submission agreement
17	An agreement by the parties to submit the dispute to arbitration shall be valid and enforceable only if it is			
	(a) In writing	(b) It is registered	(c) In writing as well as	(d) In writing, stamped

			registered	and registered
18	The freedom of the parties to choose the arbitrator(s), arbitral procedure, place of arbitration, language to be used etc. is generally termed as .....			
	(a) Party equality	(b) Party autonomy	(c) Party honour	1(d) Party respect
19	The number of arbitrators shall be ..... subject to the condition that such number shall not be .....			
	(a) Such as may be agreed between the parties; an even number	(b) Such as may be agreed between the parties; an odd number	(c) Such as may be agreed between the parties; more than 3	(d) Such as may be agreed between the parties; more than 5
20	Unless otherwise agreed by the parties, a person of any nationality may be appointed as an arbitrator in .....			
	(a) Domestic arbitration	(b) International commercial arbitration	(c) (a) and / or (b)	(d) None of these

21	A dispute arose between Mr. Singh and Mr. John. No procedure for appointment of arbitrator was contained in the arbitration agreement. Mr. Singh proposes Mr. A as the sole arbitrator to which Mr. John does not agree. Mr. John proposes Mr. Z as the sole arbitrator, but Mr. Singh does not agree. On a request made by Mr. Singh or Mr. John, the appointment of arbitrator shall be made by ....., if it is a case of international commercial arbitration.			
	(a) The High Court	(b) The Supreme Court	(c) Either (a) or (b)	(d) None of these
22	A dispute arose between Mr. Singh and Mr. Sharma. No procedure for appointment of arbitrator was contained in the arbitration agreement. Mr. Singh proposes Mr. A as the sole arbitrator to which Mr. Sharma does not agree. Mr. Sharma proposes Mr. Z as the sole arbitrator, but Mr. Singh does not agree. On a request made by Mr. Singh or Mr. Sharma, the appointment of arbitrator shall be made by ....., if it is a case of domestic arbitration.			
	(a) The High Court	(b) The Supreme Court	(c) Either (a) or (b)	(d) None of these
23	Statement (1): Just like a decree or order of a Court, an arbitral award is binding on the parties. Statement (2): Unlike a decree or order of a Court, no appeal lies in any Court against the arbitral award.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
24	Just like a Court delivers a decree or an order, the arbitral tribunal delivers			
	(a) Arbitral	(b) An arbitral award	(c) Arbitral procedure	(d) Arbitral process

	proceedings			
25	An award given by the arbitral tribunal which disposes of all the issues submitted to arbitration is termed as			
	(a) Settlement award 1	(b) Correction award	I (c) Additional award	I (d) Final award
26	<p>[Statement (1): An arbitral award shall be made in writing.</p> <p>Statement (2): In arbitral proceedings with more than one arbitrator, any decision of the arbitral tribunal shall be made by a majority of all its members.</p> <p>Statement (3): In arbitral proceedings with more than one arbitrator, the signatures of the majority of all the members of the arbitral tribunal shall be sufficient so long as the reason for any omitted signature is stated.</p>			
	(a) Only one of the above Statements is correct	(b) Only two of the above Statements are correct	(c) All the above Statements are correct	(d) None of the above Statements is correct 1
27	The number of conciliators shall be ..... subject to the condition that such number shall not be .....			
	(a) Such as may be agreed between the parties; r an even number	(b) Such as may be agreed between the parties; an odd number	(c) Such as may be agreed between the parties; more than 3	(d) Such as may be agreed between the parties; more than 5
28	During the pendency of conciliation proceedings, no party cam initiate ..... on the same dispute, unless such proceedings are necessary for preserving his rights.			
	(a) Arbitral proceedings	(b) Judicial proceedings	(c) (a) and / or (b)	(d) None of these
29.	<p>Statement (1): Where the conciliation is successful and a settlement agreement is signed by the parties, such settlement agreement is final and binding on the parties as if it is an arbitral award.</p> <p>Statement (2): Unlike an arbitral award, a settlement agreement cannot be enforced as a decree of the court.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
30	A party intending to raise an objection that the arbitral tribunal is not competent to act as an arbitral tribunal, shall raise such objection before .....			
	(a) The High Court	(b) The Supreme Court	(c) Either (a) or (b)	(d) The arbitral tribunal
31	Statement (1): An arbitrator may resign from his office at anytime, that too, without specifying any reason for his resignation.			

	Statement (2): The parties may, with mutual consent, agree to terminate the arbitrator.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
32	The arbitration agreement between Mr. Malik and Mr. Das provides that there shall be 3 arbitrators. Mr. Malik and Mr. Das could not reach an agreement with respect to appointment of arbitrators. Mr. Malik appointed Mr. A as the arbitrator. Mr. Malik requested Mr. Das to appoint an arbitrator. If Mr. Das does not appoint the arbitrator within ..... of such request, Mr. Malik can make a request to the High Court to appoint the arbitrators.			
	(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4 5 6		
Answer	(a)	(d)	(d)	(c)	(c)	(c)
Q. No.	7	8	9	10	11	12
Answer	(b)	(a)	(c)	(b)	(b)	(d)
Q. No.	13	14	15	16	17	18
Answer	(b)	(b)	(b)	(d)	(a)	(b)
Reason	Sec. 1	Sec. 1	Sec. 7	Sec. 7	Sec. 7	Sec. 20, 21, 22
Q. No.	19	20	21	22	23	24
Answer	(a)	(c)	(b)	(a)	(c)	(b)
Reason	Sec. 10	Sec. 11	Sec. 11	Sec. 11	Sec. 34	Sec. 2(l)(c)
Q. No.	25	26	27	28	29	30
Answer	(d)	(c)	(c)	(c)	(b)	(d)
Reason	Sec. 31	Sec. 29 and 31	Sec. 63	Sec. 77	Sec. 73 and 74	Sec. 13 and 16
Q. No.	31	32				
Answer	(c)	(c)				
Reason	Sec. 14	Sec. 11				

**The Securities and Exchange Board of India Act, 1992**

**Multiple Choice Questions**

**(Answers given at the end of this Chapter)**

1	SEBI (LODR) Regulations, 2015 contain ..... of the listed entities.			
	(a) Pre-issue obligations	(b) Post-issue obligations	(c) Both (a) and (b)	(d) None of these
2	A listed entity shall appoint a qualified ..... as the compliance officer.			
	(a) Chartered Accountant	(b) Company secretary	(c) Cost Accountant	(d) Any of these
3	Every listed entity shall, within ..... of end of ..... submit a compliance certificate to the recognised stock exchange(s), certifying that the listed entity has ensured that all activities in relation to both physical and electronic share transfer facility are maintained either in house or by Registrar to an issue and share transfer agent registered with the Board.			
	(a) 1 month; each half of the financial year	(b) 2 months; each half of the financial year	(c) 1 month; the financial year	(d) 2 months; the financial year
4	Every listed entity shall, within ..... from ..... submit a quarterly compliance report on corporate governance to the recognised stock exchange(s).			
	(a) 1 month; close of each quarter	(b) 15 days; close of each quarter	(c) 1 month; end of the financial year	(d) 15 days; end of the financial year
5	Where a listed entity manages the share transfer facility in-house, and the total number of holders of securities of the listed entity exceeds ..... the listed entity shall either register with the Board as a Category II share transfer agent or appoint Registrar to an issue and share transfer agent who is registered with the Board.			
	(a) 1 lakh	(b) 5 lakh	(c) 10 lakh	(d) 20 lakh
6	Not less than ..... of the Board of directors of a listed entity shall comprise of non-executive directors.			
	(a) 1/3rd	(b) 1/4 <sup>th</sup>	(c) 50%	(d) 51%
7	Where the chairperson of the Board of directors is a non-executive director, at least ..... of the Board of directors shall comprise of independent directors.			
	(a) 1/3rd	(b) 1/4 <sup>th</sup>	(c) 50%	(d) 51%
8	Where the listed entity does not have a regular non-executive chairperson, at least ..... of the Board of directors shall comprise of independent directors.			

	(a) One-third	(b) One-fourth	(c) Half	(d) None of these
9	The Board of directors shall meet at least ..... a year, with a maximum time gap of ..... between any 2 meetings.			
	(a) 8 times; 90 days	(b) 6 times; 120 days	(c) 5 times; 90 days	(d) 4 times; 120 days
10	“Material subsidiary” means a subsidiary, whose income or net worth exceeds of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.			
	(a) 50%	(b) 25%	(c) 20%	(d) 10%
11	‘Significant transaction or arrangement’ means any individual transaction or arrangement that exceeds or is likely to exceed ..... of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.			
	(a) 50%	(b) 25%	(c) 20%	(d) 10%
12	Except by ....., a listed entity shall not cease the exercise of control over the subsidiary.			
	(a) Passing an ordinary resolution in its general meeting	(b) Passing a special resolution in its general meeting	(c) Obtaining the approval of the recognised stock exchange	(d) Obtaining the approval of the SEBI
13	A listed entity shall, within ..... from ....., file with the recognised stock exchange(s) a statement containing th** number of investor complaints.			
	(a) 1 month; each half of the financial year	(b) 15 days; each half of the financial year	(c) 15 days; end of each quarter	(d) 21 days; end of each quarter
14	A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ..... of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.			
	(a) 25%	(b) 20%	(c) 10%	(d) None of these
15	Every listed entity shall, within ..... from ....., submit a quarterly compliance report on corporate governance to the recognised stock exchange (s).			
	(a) 1 month; each half of the financial year	(b) 15 days; each half of the financial year	(c) 15 days; end of each quarter	(d) 21 days; end of each quarter
16	The listed entity shall submit to the stock exchange(s), ....., a statement showing holding of securities and shareholding pattern.			

	(a) 1 day prior to listing of its securities on the stock exchange(s)	(b) On a quarterly basis, within 21 days from the end of each quarter	(c) Within 10 days of any capital restructuring of the listed entity resulting in a change exceeding 2% of the total paid-up share capital	(d) All of above
17	The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within ..... of end of each quarter, other than the last quarter.			
	(a) 15 days	(b) 30 days	(c) 45 days	(d) 60 days
18	A listed entity shall give prior intimation to the stock exchange(s) about the meeting of the Board of directors in which financial results are to be considered. Such intimation shall be given at least ..... in advance, excluding the date of the intimation and date of the Board meetinin			
	(a) 2 working days	(b) 5 working days	© 11 working days	(d) 15 working days
19	A listed entity shall give intimation to the stock exchange(s) about the meeting of the Board of directors in which the proposal regarding any alteration in the form or nature of any of its securities that are listed on the stock exchange or in the rights or privileges of the holders thereof is to be considered. Such intimation shall be given at least ..... in advance, excluding the date of the intimation and date of the Board meeting.			
	(a) 2 working days	(b) 5 working days	(c) 11 working days	(d) 15 working days
20	The listed entity shall ensure the time gap of at least ..... between two record dates.			
	(a) 7 days	(b) 15 days	(c) 21 days	(d) 30 days
21	A listed entity shall intimate the record date to all the stock exchange(s) where it is listed for the purpose of declaration of dividend. Such intimation shall be given at least ..... (excluding the date of intimation and the record date) before the record date.			
	(a) 3 working days	(b) 7 working days	(c) 15 working days	(d) 30 working days
22	The listed entity shall recommend or declare all dividend and/or cash bonuses at least ..... (excluding the date of intimation and the record date) before the record date fixed for the purpose.			
	(a) 3 working days	(b) 5 working days	(c) 7 working days	(d) 15 working days
23	The listed entity shall update any change in the content of its website within ..... from the date of such change in content.			
	(a) 2 working days	(b) 3 working days	(c) 5 working days	(d) 7 working days

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(c)	(b)	(a)	(b)	(a)	(c)
Reason		Reg. 6	Reg. 7	Reg. 27	Reg. 7	Reg. 17
Q. No.	7	8	9	10	11	12
Answer	(a)	(c)	(d)	(c)	(d)	(b)
Reason	Reg. 17	Reg. 17	Reg. 17	Reg. 16	Reg. 24	Reg. 24
Q. No.	13	14	15	16	17	18
Answer	(d)	(c)	(c)	(d)	(c)	(b)
Reason	Reg. 13	Reg. 23	Reg. 27	Reg. 31	Reg. 33	Reg. 29
Q. No.	19	20	21	22	23	
Answer	(c)	(d)	(b)	(b)	(a)	
Reason	Reg. 29	Reg. 42	Reg. 42	Reg. 42	Reg. 46	



**SEBI (ICDR) Regulations, 2009****Multiple Choice Questions****(Answers given at the end of this Chapter)**

1. SEBI Act, 1992 shall be deemed to have come into force on .....

(a) 1st January, 1992	(b) 30th January, 1992	(c) 1st April, 1992	(d) 1st July, 1992
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2. SEBI Act, 1992 extends to .....

(a) The whole of India	(b) The whole of India except the State of Jammu and Kashmir	(c) The whole of India except the Union Territories	(d) The whole of India except the union territory of Puducherry
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3. The objective of the SEBI Act, 1992 is .....

(a) To protect the interests of investors in securities	(b) To promoter orderly and healthy growth of the securities market	(c) To regulate the securities market	(d) All of these
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4. .... is not an objective of the SEBI Act, 1992

(a) Developing a code of conduct and fair practices by intermediaries	(b) Monitoring the activities of stock exchanges. mutual funds and merchant bankers etc.	(c) Providing remedies for breach of any contract	(d) Promoting fair dealings by the issuer of securities
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5	The SEBI shall consist of a Chairman and ..... other members.		
	(a) 5	(b) 8	(c) 10
	(d) 12		
6	The Chairman and every whole-time Member of SEBI shall hold office for such period, not exceeding ....., as may be specified in the order of his appointment.		
	(a) 2 years	(b) 3 years	(c) 5 years
	(d) 7 years		
7	The Chairman or a whole-time Member of SEBI shall not hold office after he has attained the age of ..... years.		
	(a) 60	(b) 65	(c) 70
	(d) None of these		
8	A member, other than a whole-time Member, of SEBI shall not hold office after he has attained the age of ..... years.		
	(a) 60	(b) 65	(c) 67
	(d) None of these		
9	The Central Government terminates the services of Mr. Basu, the Chairman of SEBI, by serving a written notice. The notice states that the services of Mr. Basu have been terminated with immediate		

	effect. Mr. Basu is entitled to receive ..... salary and allowances.			
	(a) 6 months'	(b) 3 months'	I (c) 2 months'	(d) None of these
10	The Chairman of SEBI intends to resign from his office. He may do so by giving to ..... , a notice of not less than ..... months in writing.			
	(a) The Central Government; 3	(b) The SEBI; 3	(c) The Central Government; 6	(d) the SEBI: 6
11	Following cannot be a ground for removal by the Central Government of any member of SEBI:			

(a) Adjudicated as an insolvent	(b) Has applied to be adjudicated as an insolvent, and his application is pending	(c) Convicted of an offence involving moral turpitude	(d) Declared to be of unsound mind by a competent court
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12. On the following ground, a member can be removed from his office only after a reasonable opportunity of being heard is given to him:

(a) Adjudicated as an insolvent	(b) Such abuse of position that his continuation in office is detrimental to the public interest	(c) Convicted of an offence involving moral turpitude	(d) Declared to be of unsound mind by a competent court
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13. If for any reason, the Chairman of SEBI is unable to attend a meeting of SEBI, then, ..... shall preside at the meeting.

(a) Vice-Chairman	(b) The senior most member of SEBI	(c) Any person appointment for this purpose, by the Chairman	(d) Any other member chosen by the members present
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14. Any act or proceeding of SEBI ..... Invalid by reason of .....

(a) Shall not be; any irregularity in procedure of SEBI affecting the merits of the case	(b) Shall be; any irregularity in procedure of SEBI not affecting the merits of the case	(c) Shall not be; any vacancy in SEBI or any defect in the constitution of SEBI or any defect in the appointment of a member	(d) Shall be; any vacancy in SEBI or any defect in the constitution of SEBI or any defect in the appointment of a member
--	--	--	--

15. SEBI may make inspection of books of a listed company if it has reasonable ground to believe that such company has been indulging in .....

(a) Insider trading	(b) Fraudulent practices relating to securities market	(c) Unfair trade practices relating to securities market	(d) Any / all of these
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16. The SEBI shall have the same powers as are vested in ..... under the ..... while trying a suit.

(a) A civil court; Code of Civil Procedure, 1908	(b) A criminal court; Code of Criminal Procedure, 1973	(c) The Supreme Court; the Supreme Court Rules, 2013	(d) The Special Court; the 1 High Court Rules (as applicable)
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17. SEBI is empowered to suspend the trading in any security in a recognised stock exchange .....

(a) Pending investigation or inquiry	(b) On completion of investigation or inquiry	(c) Either (a) or (b)	(d) After obtaining approval of the Judicial Magistrate of first class
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18. After complying with the required procedure and fulfilling the required conditions, SEBI is empowered to attach the bank accounts of an intermediary for a period not exceeding .....

(a) 1 month	(b) 3 months	(c) 6 months	(d) 1 year
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19. SEBI may, either pending investigation or inquiry or on the completion of such investigation or inquiry,

(a) Suspend the office bearers of any stock exchange	(b) Impound and retain the proceeds of securities in respect of any transaction which is under investigation	(c) Restrain persons from accessing the securities market	(d) All of these
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20. Where a person makes any profit by indulging in any transaction or activity in contravention of the provisions of the Act or regulations made there under, SEBI is empowered to issue a direction to disgorge an amount ..... the amount of wrongful gain made by such person.

	(a) Equal to	(b) Twice	(c) Thrice	(d) Five times
21	SEBI had reasonable ground to believe that the transactions in securities were being dealt with in a manner detrimental to the investors or the securities market, and so it appointed an Investigating Authority to investigate the affairs of an intermediary. The Investigating Authority is empowered to keep in its custody any books, registers, other documents and record for			
	(a) 1 month	(b) 3 months	(c) 6 months	(d) 1 year
22	An Investigating Authority appointed by SEBI to investigate the affairs of an intermediary is empowered to enter, search and seize the books and papers of an intermediary. if it is authorised by			
	(a) The Central Government	(b) SEBI	(c) The Special court	(d) Magistrate or Judge of designated court
23	An Investigating Authority appointed by SEBI to investigate the affairs of a person associated with the securities market, is empowered to .....			
	(a) Arrest such person	(b) Examine such person, on oath	(c) Suspend the trading of any security in a recognised stock exchange	(d) All of these
24	If a person fails to furnish any document, return or report to the SEBI, as required under the Act, rules or regulations made there under, he shall be liable to a fine which shall not be less than			

	..... but which may extend to ..... for each day during which such failure continues subject to a maximum of .....			
	(a) Rs. 1 lakh; Rs. 1 lakh; Rs. 10 lakh	(b) Rs. 1 lakh; Rs. 1 lakh; Rs. 1 crore	(c) Rs. 1 lakh; Rs. 1 lakh; Rs. 25 crore	(d) Rs. 1 lakh; Rs. 1 lakh; 1 Rs. 5 crore J
25	If a registered stock broker fails to issue contract notes in the form and in the manner specified by the stock exchange, he shall be liable to a penalty which shall not be less than ..... but which may extend to ..... the amount for which the contract note was required to be issued by that broker.			
	(a) Rs. 5 lakh: 3 times	(b) Rs. 5 lakh; 5 times	(c) Rs. 1 lakh; 5 times	(d) Rs. 1 lakh; 3 times lj
26	Where an insider deals in the securities of a body corporate listed on any stock exchange, either on his own behalf or on behalf of any other person, on the basis of any unpublished price sensitive information, he shall be liable to a penalty which shall not be less than ..... but which may extend to ..... or ..... the amount of profits made out of insider trading, whichever is higher.			
	(a) Rs. 10 lakh; Rs. 25 crore; 3 times 1	(b) Rs. 10 lakh; Rs. 25 crore; 5 times	(c) Rs. 5 lakh; Rs. 25 crore; 3 times	(d) Rs. 5 lakh; Rs. 25 crore; 5 times1
27	If any person fails to comply with any provision of this Act, rules or regulations made there under or directions issued by SEBI for which no separate penalty has been provided, he shall be liable to a penalty which shall not be less than ..... but which may extend to .....			
	(a) Rs. 1 lakh; Rs. 10 lakh I	(b) Rs. 5 lakh; Rs. 25 crore 1	(c) Rs. 5 lakh; Rs. 5 crore 1	(d) Rs. 1 lakh; Rs. 1 crore
28	A penalty of Rs. 10 lakh is imposed on Mr. A by the adjudicating officer. SEBI shall not enhance such penalty after expiry of ..... from the date of the order passed by the adjudicating officer or disposal of the appeal, whichever is earlier.			
	(a) 3 months 1	(b) 6 months	(c) 1 year	(d) 2 years
29	Where SEBI agrees to an application made to it for the settlement of proceedings, an appeal against the order of SEBI may be filed with .....			
	(a) The Securities Appellate Tribunal	(b) The Supreme Court	(c) The Central Government	(d) None of those""*"" 1
30	The jurisdiction of the Securities Appellate Tribunal may be exercised by Benches thereof to be constituted by the Presiding Officer of the Securities Appellate Tribunal with ..... or more members, including at least ..... Judicial Member and at least ..... Technical Member.			
	(a) 3; 2; 1	(b) 2; 1; 1	(c) 3; 1; 2	(d) 3; 1, 1
31	A person shall not be qualified for appointment as the Presiding Officer of the Securities Appellate Tribunal, unless he ....., a Judge of the Supreme Court or Chief Justice of a High Court or a			

	Judge of High Court for at least ..... years.			
	(a) Is, or has been; 7	(b) Is; 7	(c) Has been; 7	(d) Is, or has been; 5
32	A person shall not be qualified for appointment as a Judicial Member of the Securities Appellate Tribunal, unless he ....., a Judge of High Court for at least 5 years.			
	(a) Is, or has been; 7	(b) Is; 7	(c) Has been; 7	(d) Is, or has been; 5
33	A person of proven ability, integrity and standing having special knowledge and professional experience, of not less than ..... years, in financial sector including securities market or pension funds or commodity derivatives or insurance is qualified for appointment as a Technical Member of the Securities Appellate Tribunal.			
	(a) 5	(b) 10	(c) 15	(d) None of these
34	A person who is, or has been ....., in the Ministry or Department of the Central Government or any equivalent post in the Central Government or State Government is qualified for appointment as a Technical Member of the Securities Appellate Tribunal.			
	(a) A Secretary	(b) An Additional Secretary	(c) Either (a) or (b)	(d) None of these
35	The Presiding Officer and Judicial Members of the Securities Appellate Tribunal shall be appointed by the Central Government in consultation with ..... or his nominee.			
	(a) The Chief Justice of India	(b) The Chief Justice of a High Court	(c) A Judge of the Supreme Court	(d) A Judge of a High Court
36	The Technical Members of the Securities Appellate Tribunal shall be appointed by the Central Government on the recommendation of			
	(a) The Chief Justice of India	(b) The Chief Justice of a High Court	(c) A Judge of the Supreme Court	(d) A Search cum Selection Committee
37	A member of the SEBI shall not be appointed as Presiding Officer or Member of the Securities Appellate Tribunal for a period of ..... from the date on which he ceases to hold office as such in SEBI.			
	(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years
38	The Presiding Officer or every Judicial or Technical Member of the Securities Appellate Tribunal shall hold office for a term of ..... from the date on which he enters upon his office.			

	(a) 2 years	(b) 3 years	(c) 5 years	(d) 7 years
39.	The Presiding Officer or the Judicial or Technical Member of the Securities Appellate Tribunal shall			

	not hold office after he has attained the age of ..... years.			
	(a) 60	(b) 65	(c) 67	(d) 70
40	The Presiding Officer or a Member of the Securities Appellate Tribunal may be removed from his office by the Central Government only after a reasonable opportunity of being heard is given to him, if the ground for removal is .....			

(a) He has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude	(b) He has become physically or mentally incapable of acting as the Presiding Officer or Member	(c) He has so abused his position as to render his continuation in office detrimental to the public interest	(d) (b) and / or (c)
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41.	An appeal to the Securities Appellate Tribunal may be filed within ..... from the date on which a copy of the order is received by the aggrieved person.			
	(a) 1 month	(b) 45 days	(c) 2 months	(d) 90 days
42	If an appeal to the Securities Appellate Tribunal is not filed within the stipulated period, the Securities Appellate Tribunal ..... entertain the appeal if it is satisfied that there was ..... for not filing the appeal within that period.			
	(a) May; sufficient cause	(b) Shall; sufficient cause	(c) Shall not; sufficient cause	(d) Shall; no sufficient cause
43	The Securities Appellate Tribunal shall ..... to dispose of every appeal filed before it, within ..... from the date of receipt of the appeal.			
	(a) Be bound; 6 months	(b) Endeavour; 6 months	(c) Be bound; 1 year	(d) Endeavour; 1 year
44	The appellant may ..... to present his or its case before the Securities Appellate Tribunal			
	(a) Appear in person	(b) Authorise any chartered accountant or company secretary or cost accountant	(c) Authorise any legal practitioner or any of its officers	(d) All of these
45	If an appeal to the Supreme Court is not filed within the stipulated period, the Supreme Court ..... entertain the appeal within next ..... if it is satisfied that there was sufficient cause for not filing the appeal within that period.			
	(a) May; 60 days	(b) Shall; 60 days	(c) May; 45 days	(d) Shall; 45 days
46	Any person aggrieved by any order of the Securities Appellate Tribunal may, within , file an appeal to the on any question of ..... arising from the order of the Securities Appellate Tribunal.			

	(a) 30 days; High Court; law or fact	(b) 60 days; Supreme Court; law	(c) 60 days; High Court; law	(d) 30 days; Supreme Court; law or fact
47	If the Central Government is of opinion that circumstances exist which render it necessary in the public interest so to do, it may, by notification, supersede SEB1 for such period, not exceeding ....., as may be specified in the notification.			
	(a) 3 months	(b) 6 months	(c) 1 year	(d) 3 years
48	If any person fails to pay the penalty imposed by the Adjudicating Officer or fails to comply with any of his directions or orders, he shall be punishable with imprisonment for a term which shall not be less than ..... but which may extend to ..... or fine upto ..... or both.			
	(a) 1 year; 7 years; Rs. 5 crores	(b) 1 month; 10 years; Rs. 25 crores	(c) 3 years; 10 years; Rs. 5 crores	(d) 3 years; 7 years; Rs. 25 crores
49	An application for compounding of an offence can be made ..... the institution of any prosecution			
	(a) Before	(b) After	(c) Either (a) or (b)	(d) None of these
50	All offences under this Act shall be taken cognizance of and tried by .....			
	(a) The Court of Session	(b) The High Court	(c) The Supreme Court	(d) The Special Court
51	The provisions contained in ..... shall apply to the proceedings before a Special Court and the Special Court shall be deemed to be .....			
	(a) The Code of Civil Procedure, 1908; a District Court	(b) The Code of Civil Procedure, 1908; a Court of Session	(c) The Code of Criminal Procedure, 1973; a Court of Session	(d) The Code of Criminal Procedure, 1973; a District Court
52.	If a person fails to pay any fees due to SEBI, ..... shall proceed to recover such amount from such person.			
	(a) The Chairman of SEBI	(b) The Collector	(c) The adjudicating officer	(d) The Recovery Officer

#### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(b)	(a)	(d)	(c)	(b)	(c)
Reason	Sec. 1	Sec. 1	Preamble to the Act	Preamble to the Act	Sec. 4	Sec. 5 read with Rule 3
Q. No.	7	8	9	10	11	12

Answer	(b)	(d)	(b)	(a)	(b)	(b)
Reason	Sec. 5 read with Rule 3	Sec. 5 read with Rule 3	Sec. 5	Sec. 5	Sec. 6	Sec. 6
Q. No.	13	14	15	16	17	18
Answer	(d)	(C)	(d)	(a)	(c)	(a)
Reason	Sec. 7	Sec. 8	Sec. 11	Sec. 11	Sec. 11	Sec. 11
Q. No.	19	20	21	22	23	24
Answer	(d)	(a)	(c)	(d)	(b)	(b)
Reason	Sec. 11	Sec. 11B	Sec. 11C	Sec. 11C	Sec. 11C	Sec. 15A
Q. No.	25	26	27	28	29	30
Answer	(c)	(a)	(d)	(a)	(d)	(b)
Reason	Sec. 15F	Sec. 15G	Sec. 15HB	Sec. 15I	Sec. 15JB	Sec. 15L
Q. No.	31	32	33	34	35	36
Answer	(a)	(d)	(c)	(c)	(a)	(d)
Reason	Sec. 15M	Sec. 15M	Sec. 15M	Sec. 15M	Sec. 15MA	Sec. 15MB
Q. No.	37	38	39	40	41	42
Answer	(b)	(c)	(d)	(c)	(b)	(a)
Reason	Sec. 15MC	Sec. 15N	Sec. 15N	Sec. 15Q	Sec. 15T	Sec. 15T
Q. No.	43	44	45	46	47	48
Answer	(b)	(d)	(a)	(b)	(b)	(b)
Reason	Sec. 15T	Sec. 15V	Sec. 15Z	Sec. 15Z	Sec. 17	Sec. 24
Q. No.	49	50	51	52		
Answer	(c)	(d)	(c)	(d)		
Reason	Sec. 24A	Sec. 26B	Sec. 26D	Sec. 28A		

**Multiple Choice Questions**  
**(Answers given at the end of this Chapter)**



1	Wilful defaulter means an issuer who is categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by ..... and includes an issuer whose director or promoter is categorized as such.			
	(a) The Central Government	(b) SEBI	(c) The Reserve Bank of India	(d) The Comptroller and Auditor General of India
2	Warrants may be issued along with public issue or rights issue of specified securities if the tenure of such warrants does not exceed ..... from their date of allotment in the public/rights issue.			
	(a) 6 months	(b) 12 months	(c) 18 months	(d) 24 months
3	Warrants may be issued along with public issue or rights issue of specified securities if the price or conversion formula of the warrants is determined upfront and at least ..... of the consideration amount is received upfront.			
	(a) 50%	(b) 25%	(c) 20%	(d) 10%
4	The amount for general corporate purposes, as mentioned in objects of the issue in the draft offer document filed with the Board, shall not exceed ..... of the amount raised by the issuer by issuance of specified securities.			
	(a) 10%	(b) 15%	(c) 20%	(d) 25%
5	No issuer shall make a public issue of equity securities or convertible debt instruments, if ..... is a wilful defaulter.			
	(a) The issuer	(b) Any of its promoters	(c) Any of its directors	(d) Any of these
6	No issuer shall make a public issue of convertible debt instruments, if it is in default of payment of interest or repayment of principal amount in respect of debt instruments issued by it to the public, if any, for a period of more than .....			
	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 years
7	No issuer shall make a public issue or a rights issue, where the aggregate value of the specified securities offered is Rs. 50 lakh or more, unless a draft offer document has been filed with the Board through the lead merchant banker, at least ..... prior to registering the prospectus, red herring prospectus or shelf prospectus with the Registrar of Companies or filing the letter of offer with the designated stock exchange, as the case may be.			
	(a) 15 days	(b) 30 days	(c) 45 days	(d) 60 days
8	The draft offer document filed with the Board shall be made public, for comments, if any, for a period of at least ..... from the date of such filing, by hosting it on the websites of the Board, recognised stock exchanges where specified securities are proposed to be listed and merchant bankers associated with the issue.			

	(a) 15 days	(b) 21 days	(c) 30 days	(d) 45 days
9	An issuer shall not be eligible for fast track issue, unless the average market capitalisation of public shareholding of the issuer is at least ..... in case of public issue and ..... in case of rights issue.			
	(a) Rs. 100 crore; Rs. 25 crore	(b) Rs. 200 crore; Rs. 50 crore	(c) Rs. 500 crore; Rs. 100 crore	(d) Rs. 1,000 crore; Rs. 250 crore
10	An issue shall be opened after at least ..... working days from the date of registering the red herring prospectus with the Registrar of Companies.			
	(a) 3	(b) 5	(c) 7	(d) 10
11	In case of a non-underwritten issue, if the minimum subscription is not received, all application moneys received shall be refunded to the applicants forthwith, but not later than ..... of the closure of the issue.			
	(a) 7 days	(b) 15 days	(c) 30 days	(d) 45 days
12	In case of oversubscription, an allotment of not more than ..... of the net offer to public may be made for the purpose of making allotment in minimum lots.			
	(a) 2%	(b) 5%	(c) 7.5%	(d) 10%
13	An issuer shall not be eligible to make an initial public offer as per sub-regulation (1) of regulation 26, unless it has ..... of at least ..... in each of the preceding full ..... years (of 12 months each..			
	(a) Net assets; Rs. 15 crore; 3	(b) Net intangible assets; Rs. 5 crore; 2	(c) Net tangible assets; Rs. 3 crore; 3	(d) Net tangible assets; Rs. 1 crore; 5
14	The condition that not more than ..... of the net tangible assets are held in monetary assets, is not applicable in case the public offer is made entirely through an offer for sale.			
	(a) 75%	(b) 50%	(c) 25%	(d) 20%
15	An issuer shall not be eligible to make an initial public offer as per sub-regulation (1) of regulation 26, unless it has a minimum average pre-tax operating profit of ....., calculated on a restated and consolidated basis, during the most profitable years out of the immediately preceding ..... years.			
	(a) Rs. 5 crore; 2; 5	(b) Rs. 15 crore; 2; 5	(c) Rs. 5 crore; 3; 5	(d) Rs. 15 crore; 3; 5
16	An issuer shall not be eligible to make an initial public offer as per sub-regulation (1) of regulation 26, unless it has a net worth of at least ..... in each of the preceding ..... full years (of 12 months each..			
	(a) Rs. 1 crore; 3	(b) Rs. 3 crore; 3	(c) Rs. 1 crore; 5	(d) Rs. 3 crore; 5 '

17	An issuer shall not be eligible to make an initial public offer as per sub-regulation (1) of regulation 26, unless the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed ..... its pre-issue net worth as per the audited balance sheet of the preceding financial year;			
	(a) 2 times	(b) 3 times	(c) 4 times	(d) 5 times
18	In case an issuer has changed its name within the last ....., it shall not be eligible to make an initial public offer as per sub-regulation (1) of regulation 26, unless at least ..... of the revenue for the preceding 1 full year has been earned by it from the activity indicated by the new name.			
	(a) 1 year; 50%	(b) 2 years; 50%	(c) 1 year; 25%	(d) 2 years; 25%
19	An issuer who does not satisfy the conditions stipulated in sub-regulation (1) of regulation 26 may make an initial public offer if the issue is made through the book-building process and the issuer undertakes to allot, ..... of the net offer to public, to qualified institutional buyers.			
	(a) At least 25%	(b) At least 50%	(c) At least 75%	(d) Not exceeding 50%
20	An issuer shall not make an allotment pursuant to an initial public offer if the number of prospective allottees is less than .....			
	(a) 1,0001	(b) 5,0001	(c) 10,000	(d) 20,0001
21	Where an issuer offers specified securities at different prices, retail individual investors or retail individual shareholders or employees entitled for reservation made under regulation 42 making an application for specified securities of value not more than ....., may be offered specified securities at a price ..... than the price at which net offer is made to other categories of applicants, subject to the condition that the difference in price shall not be more than ..... of the price at which specified securities are offered to other categories of applicants.			
	(a) Rs. 1 lakh; higher; 5%	(b) Rs. 2 lakhs; higher; 10%	(c) Rs. 1 lakh; lower; 5%	(d) Rs. 2 lakhs; lower; 10%
22	1 In case of an initial public offer, the issuer shall announce the floor price or price band at least ..... working days before the opening of the bid.			
	(a) 3	(b) 5	(c) 7	(d) 10
23	An issuer making an initial public offer may decide that the face value of the equity shares shall be ..... Rs. 10 per equity share, if the issue price of each equity share is ..... or more, subject to the condition that the face value shall not be less than Re. 1 per equity share.			
	(a) More than; Rs. 500	(b) Less than; Rs. 500	(c) More than; Rs. 100	(d) Less than; Rs. 100
24	If the issue price of each equity share is less than Rs. 500, the face value of the equity shares ..... per equity share.			

	(a) Can be more than Rs. 10	(b) Can be less than Rs. 10	(c) Can be Rs. 10 or more than or less than Rs. 10	(d) Shall be Rs. 10
25	In case of an initial public offer, the promoters of the issuer shall contribute not less than ..... of the post issue capital, and in case the post issue shareholding of the promoters is less than such limit, alternative investment funds may contribute for the purpose of meeting the shortfall in minimum contribution as specified for promoters, subject to a maximum of ..... of the post issue capital.			
	(a) 20%; 10%	(b) 50%; 25%	(c) 50%; 20%	(d) 30%; 10%
26	Where the minimum promoters' contribution is more than ....., the promoters shall bring in at least ..... before the date of opening of the issue and the remaining amount may be brought on pro-rata basis before the calls are made to public.			
	(a) Rs. 100 crore; Rs. 50 crore	(b) Rs. 50 crore; Rs. 50 crore	(c) Rs. 100 crore; Rs. 100 crore	(d) Rs. 200 crore; Rs. 100 1 crore
27.	For the computation of minimum promoters' contribution, specified securities acquired during the preceding ..... shall not be eligible, if they are acquired for consideration other than cash and revaluation of assets or capitalisation of intangible assets is involved in such transaction.			
	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 years
28	The requirements of minimum promoters' contribution shall not apply where an issuer .....			
	(a) Does not have any identifiable promoter	(b) Has less than 7 promoters	(c) Has less than 5 promoters	(d) Has less than 3 promoters
29	The requirements of minimum promoters' contribution shall not apply in case of a further public offer, where the equity shares of the issuer are ..... in a recognised stock exchange for a period of at least ..... and the issuer has a track record of dividend payment for at least immediately preceding .....			
	(a) Infrequently traded; 2 years; 3 years	(b) Not infrequently traded; 3 years; 3 years	(c) Infrequently traded; 3 years; 2 years	(d) Not infrequently traded; 2 years; 2 years
30	The requirements of minimum promoters' contribution shall not apply to .....			
	(a) An initial public offer	(b) A further public offer	(c) Right issue	(d) Composite issue
31	Where the specified securities which are subject to lock-in are partly paid-up and the amount called-up on such specified securities is less than the amount called-up on the specified securities issued to the public, the lock-in' shall end only on the expiry of ..... after such specified securities have become pari-passu with the specified securities issued to the public.			

	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 year
32	In a public issue, promoters' holding in excess of minimum promoters' contribution shall be locked-in for a period of .....			
	(a) 6 months	(b) 1 year	(c) 2 year	(d) 3 years
33	Minimum promoters' contribution shall be locked-in for a period of ..... from the date of commencement of commercial production or date of allotment in the public issue, whichever is .....			
	(a) 1 year; later	(b) 3 years; later	(c) 1 year; earlier	(d) 3 years; earlier
34	In case of an initial public offer, the entire pre-issue capital held by persons other than promoters shall be locked-in for a period of .....			
	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 years
35	Specified securities held by promoters and locked-in may be pledged with ..... as collateral security for loan granted.			

	(a) Any scheduled commercial bank	(b) Any public financial Institution	(c) Either (a) or (b) or both	(d) Any bank or financial institution
36	The specified securities held by promoters and locked-In may be transferred to ..... subject to the condition that lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period has expired.			
	(a) Another promoter or any person of the promoter group	(b) Any person, through a recognised stock exchange,	(c) Any person, otherwise than through a recognised stock exchange,	(d) All of these
37	The reservation on competitive basis shall be subject to the condition that the aggregate of reservations for employees shall not exceed ..... of the post issue capital of the issuer and reservation for shareholders shall not exceed ..... of the Issue size.			
	(a) 5%; 10%	(b) 10%; 5%	(c) 5%; 5%	(d) 10%; 10%
38	The reservation on competitive basis shall be subject to the condition that value of allotment to any employee in pursuance of reservation shall not exceed ....., and in case of under-subscription in the employee reservation portion, the unsubscribed portion may be allotted on a proportionate basis, subject to the total allotment to an employee not exceeding .....			
	(a) Rs. 1 lakh; Rs. 5 lakhs	(b) Rs. 1 lakh; Rs. 10 lakhs	(c) Rs. 2 lakhs; Rs. 10 lakhs	(d) Rs. 2 lakhs; Rs. 5 lakhs

39	<p>In an issue made through the book building process, the allocation in the net offer to public category shall be as follows:</p> <p>Not less than ..... to retail individual investors; not less than ..... to non-institutional investors; not more than ..... To qualified institutional buyers, ..... of which shall be allocated to mutual funds.</p>			
	(a) 10%; 15%; 75%; 10%	(b) 35%; 15%; 50%	(c) 15%; 35%; 59%; 5%	(d) 15%; 35%; 50%; 10%
40	<p>In an issue made through the book building process, the issuer may allocate upto ..... of the portion available for allocation to qualified institutional buyers to an anchor investor in accordance with the conditions specified in this issued size.</p>			
	(a) 35%	(b) 50%	(c) 60%	(d) 75%
41	<p>An issuer making a public issue of specified securities ..... provide green shoe option for stabilising the ..... listing price of its specified securities.</p>			
	(a) May; post	(b) Shall; pre	(c) May. pre as will as post	(d) Shall; pre as well as post 1
42	<p>Where an issuer provides green shoe option, the issuer and the stabilising agent shall enter into an agreement specifying therein the required details including the maximum number of specified securities that may be borrowed for the purpose of allotment or allocation of specified securities in excess of the issue size, which shall not be in excess of ..... of the issue size.</p>			
	(a) 10%	(b) 15%	(c) 20%	(d) 25%
43	<p>Where an issuer provides green shoe option in a further public offer, the pre-issue shareholders holding more than specified securities and ..... may lend specified securities to the extent of the proposed overallotment.</p>			
	(c) 15%; directors	(d) 5%; directors	(c) 15%; promoters	(d) 5%; promoters (
44	<p>In case of a public issue with green shoe option, the specified securities bought from the market and credited in the special account with the depository participant shall be returned to the promoters or pre-issue shareholders not later than ..... working days after the end of the stabilization period.</p>			
	(a) 2	(b) 3	(c) 5	(d) 7
45	<p>In case of a public issue with green shoe option, the stabilisation process shall be available for a period not exceeding ..... from the date on which trading permission is given by the recognised stock exchanges in respect of the specified securities allotted in the public issue.</p>			
	(a) 7 days	(b) 15 days	(c) 21 days	(d) 30 days
46	<p>The stabilising agent shall maintain a register for a period of at least ..... from the date of</p>			

	end of the stabilisation period			
	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 years
47	A public issue shall be kept open for at least ..... working days but not more than ..... working days			
	(a) 5; 12	(b) 5; 10	(c) 3; 10	(d) 3; 12
48	In case the price band in a public issue made through the book building process is revised, the bidding (issue) period disclosed in the red herring prospectus shall be extended for a minimum period of ..... working days, subject to the condition that the total bidding period shall not exceed ..... working days.			
	(a) 2; 7	(b) 2; 10	(c) 3; 10	(d) 3; 7
49	If the issuer withdraws the rights issue after announcing the record date, it shall not make an application for listing of any of its specified securities on any recognised stock exchange for a period of ..... from the record date.			
	(a) 3 months	(b) 6 months	(c) 12 months	(d) 24 months
50	No issuer shall make a rights issue of equity shares, unless it has made reservation of ..... in favour of the holders of outstanding compulsorily convertible debt instruments, if any, in proportion to the convertible part thereof.			
	(a) Preference shares	(b) Equity shares of the same class	(c) Compulsorily convertible debentures	(d) None of these
51	A rights issue shall be open for subscription for a minimum period of ..... and for a maximum period of .....			
	(a) 12 months	(b) 15 days; 45 days	(c) 7 days; 15 days	(d) 15 days; 30 days
52	In case of change in objects or variation in the terms of contract referred to in the prospectus, an exit offer shall be made by the promoters or shareholders in control of the issuer to ..... in accordance with section 13 and section 27 of the Companies Act, 2013.			
	(a) Shareholders holding 90% in value of shares	(b) Shareholders holding 75% in value of shares	(c) The dissenting shareholders	(d) All the shareholders
53	In case of change in objects or variation in the terms of contract referred to in the prospectus, no exit offer is required to be made by the promoters or shareholders in control of the issuer, if the proposal for change in objects or variation in terms of a contract is dissented by ..... of the shareholders who voted in the general meeting.			
	(a) Less than 10%	(b) 10% or more	(c) Less than 20%	(d) 20% or more

54	In case of change in objects or variation in the terms of contract referred to in the prospectus, no exit offer is required to be made by the promoters or shareholders in control of the issuer, if the amount utilized for the objects for which the prospectus was issued is ..... of the amount raised (including the amount earmarked for general corporate purposes as disclosed in the offer document).			
	(a) Less than 75%	(b) 75% or more	(c) 50% or more	(d) 25% or more
55	“Dissenting shareholders’ means those shareholders who have ..... the resolution for change in objects or variation in terms of a contract, referred to in the prospectus of the issuer.			
	[ (a) Voted against	(b) Not voted on	[ (c) Either (a) or (b)	[ (d) None of these
56	Where an exit opportunity is provided to the dissenting shareholders, the promoters or shareholders having control shall, within a period of ..... working days from the last date of the tendering period, make payment of consideration to the dissenting shareholders who have accepted the exit offer.			
	(a) 5	(b) 7	(c) 10	(d) 12
57	If as a result of acceptance of shares in the exit offer, the shareholding of the promoters or shareholders in control, taken together with persons acting in concert with them ..... the maximum permissible non-public shareholding, the promoters or shareholders in control, as applicable, shall be required to ..... the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1997.			
	(a) Exceeds; bring down	(b) Falls short of; increase	(c) becomes equal to; increase	(d) Either (b) or (c)

58	In case of preferential issue of equity shares, the term “relevant date’ means the date ..... prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue.			
	(a) 7 days	1(b) 15 days	(c) 30 days	(d) 60 days
59	For the purpose of preferential issue, the term frequently traded shares’ means shares of an issuer, in which the traded turnover on any stock exchange during the 12 calendar months preceding the relevant date, is at least ..... of the total number of shares of such class of shares of the issuer.			
	(a) 5%	(b) 10%	(c) 20%	(d) 25%
60	A listed issuer may make a preferential issue of specified securities, if ..... is passed.			
	(a) An ordinary resolution	(b) A special resolution	(c) A resolution in Board meeting	(d) A unanimous resolution of the Board
61	An issuer shall not make preferential issue of specified securities to any person who has sold any equity shares of the issuer during the ..... preceding the relevant date.			
	(a) 2 months	(b) 3 months	(c) 6 months	(d) 12 months



62	Allotment of specified securities on preferential basis shall be completed within a period of ..... from the date of passing of the special resolution.			
	(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days
63	The tenure of convertible securities issued on preferential basis shall not exceed ..... from the date of their allotment.			
	(a) 12 months	(b) 18 months	(c) 24 months	(d) 36 months
64	Any preferential issue of specified securities, to qualified institutional buyers not exceeding 5 in number, shall be made at a price not less than the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on a recognised stock exchange during the ..... preceding the relevant date.			
	(a) 2 weeks	(b) 12 weeks	(c) 26 weeks	(d) None of these
65	In case of preferential issue of warrants, an amount equivalent to at least ..... of the consideration shall be paid against each warrant on the date of allotment of warrants.			
	(a) 10%	(b) 15%	(c) 20%	(d) 25%
66	The specified securities allotted on preferential basis to persons other than promoter and promoter group shall be locked in for a period of ..... from the date of trading approval.			
	(a) 3 years	(b) 2 years	(c) 1 year	(d) None of these
67	A listed issuer may make qualified institutions placement only if ..... is passed.			
	(a) An ordinary resolution	(b) A special resolution	(c) A resolution in a Board meeting	(d) A unanimous resolution of the Board
68	An issuer making qualified institutions placement ..... allot partly paid up eligible securities.			
	(a) May	(b) May, if so authorised by a special resolution,	(c) May, if so	(d) Shall not authorised by SEBI
69	! In qualified institutions placement, a minimum of ..... of eligible securities shall be allotted to mutual funds.			
	(a) 10%	(b) 20%	(c) 25%	(d) 35%
70	In qualified institutions placement, the number of allottees for each placement of eligible securities shall not be less than ..... where the issue size is less than or equal to Rs. 250 crore. and ..... , where the issue size is greater than Rs. 250 crore.			
	(a) 5; 15	(b) 3; 10	(c) 3; 5	<d) 2; 5
71	In qualified institutions placement, allotments shall be completed within a period of ..... from the date of passing the special resolution.			
	(a) 3 months	(b) 6 months	(c) 12 months	(d) 18 months
72	[An issuer shall not make subsequent qualified institutions placement until expiry of ..... from the date of the prior qualified institutions placement.			

	(a) 3 months	(b) 6 months	(c) 12 months	(d) 18 months
73	The aggregate of the proposed qualified institutions placement and all previous qualified institutions placements made by the issuer in the same financial year shall not exceed ..... the net worth of the issuer as per the audtted balance sheet of the previous financial year.			
	(a) 10 times	(b) 5 times	(c) 3 times	(d) 2 times
74	The tenure of the convertible or exchangeable eligible securities issued through qualified institutions placement shall not exceed ..... from the date of allotment			
	(a) 6 months	(b) 12 months	(c) 24 months	(d) 60 months
75	The eligible securities allotted under qualified institutions placement shall not be sold by the allottee for a period of ..... from the date of allotment, except on a recognised stock exchange.			
	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 years
76	The Regulations relating to Institutional Placement Programme shall apply to ..... in case of a listed issuer for the purpose of achieving minimum public shareholding in accordance with Securities Contracts (Regulation) Rules, 1957.			
	(a) Issue of fresh shares	(b) Offer for sale of shares	(c) Either (a) or (b) or both	1(d) None of these
77	, Institutional placement programme means a further public offer of eligible securities by an eligible seller, in which the offer, allocation and allotment of such securities is made only to .....			
	(a) Promoter	(b) Promoter group	(c) Either (a) or (b) or both	(d) Qualified institutional 1 buyers ]
78	An institutional placement programme may be made only after ..... approving the institutional placement programme has been passed.			
	(a) An ordinary resolution	(b) A special resolution	(c) A resolution in a Board meeting	(d) A unanimous resolution of the Board
79	Statement (1): In an institutional placement programme, partly paid-up securities shall not be offered. Statement (2): The issuer shall obtain an in-principle approval from the stock exchange(s) for an institutional placement programme.			
	(a) Only Statement (1) is : correct	(b) Only Statement (2) is correct	(c) Both the Statementys are correct	(d) None of the Statements is correct
80	In an institutional placement programme, the eligible seller shall announce a floor price or price band at least ..... Prior to the opening of institutional placement programme.			
	(A) 1 DAYS	(B) 3 DAYS	(c) 15 days	(D) 15 DAYA

81	In an institutional placement programme, the eligible seller shall have the option to make
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	allocation /allotment .....			
	(a) On proportionate basis	(b) On price priority basis	(c) By such criteria as mentioned in the offer document	(d) Any of these
82	The promoter or promoter group shall not make institutional placement programme if the promoter or any person who is part of the promoter group has purchased or sold the eligible securities during ..... prior to the date of the programme.			
	(a) 6 weeks	(b) 8 weeks	(c) 10 weeks	(d) 12 days
83	The minimum number of allottees for each offer of eligible securities made under institutional placement programme shall not be less than .....			
	(a) 10	(b) 20	(c) 50	(d) 100
84	No single allottee shall be allotted more than ..... of the offer size in case of allotments under institutional placement programme.			
	(a) 5%	(b) 10%	(c) 20%	(d) 25%
85	The institutional placement programme made by the eligible seller shall not result in increase in public shareholding by more than ..... or such lesser percentage as is required to reach minimum public shareholding.			
	(a) 5%	(b) 10%	(c) 15%	(d) 20%
86	In an institutional placement programme, the issue shall be kept open for a minimum of ..... and a maximum of .....			
	(a) 2 days; 3 days	(b) 3 days; 7 days	(c) 1 day; 2 days	(d) 1 day; 3 days
87	In an institutional placement programme, the eligible seller shall have the right <u>to withdraw the offer.....</u>			
	(a) If so decided by passing an ordinary resolution	(b) If so decided by passing a special resolution	(c) Without assigning any reason	(d) In case it is not fully subscribed
88	The eligible securities allotted under institutional placement programme shall not be sold by the allottee for a period of ..... from the date of allocation/allotment, except on a recognised stock exchange.			
	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 years
89	A listed issuer shall not make an issue of bonus shares unless the partly paid ....., if any, outstanding on the date of allotment, are made fully paid up.			

	(a) Equity shares	(b) Preference shares	(c) Shares	(d) None of these
90	The bonus issue shall not be made out of .....			
	(a) Free reserves	(b) Securities premium collected in cash	(c) Both (a) and (b)	(d) Revaluation of fixed assets
91	Where an issuer is required to seek shareholders' approval for issuing the bonus shares, the bonus issue shall be implemented within ..... from the date of the meeting of its board of directors wherein the decision to announce the bonus issue was taken subject to shareholders' approval.			
	(a) 15 days	(b) 1 month	(c) 2 months	(d) 3 months
92	Once the decision to make a bonus issue is announced, it .....			
	(a) Cannot be withdrawn	(b) Can be withdrawn with the approval of shareholders	(c) Can be withdrawn with the approval of the Board	(d) Can be withdrawn with the approval of SEBI
93	<p>1 An issuing company can make an issue of IDR only if –</p> <p>Statement (1): It is listed in its home country.</p> <p>Statement (2): It not prohibited from issuing securities by any regulatory body.</p> <p>Statement (3): It has track record of compliance with securities market regulations in its home country.</p>			
	(a) Only 1 of the above Statements is correct	(b) Only 2 of the above Statements are correct	(c) All the above Statements are correct	(d) None of the above Statements is correct
94	In case of issue of IDR, the issue size shall not be less than .....			
	(a) Rs. 10 crore	(b) Rs. 20 crore	(c) Rs. 50 crore	(d) Rs. 100 crore
95	In case of issue of IDR, minimum application amount shall be .....			
	(a) Rs. 20,000	(b) Rs. 50,000	(c) Rs. 1,00,000	(d) Rs. 2,00,000
96	1 In case of issue of IDR, at least ..... of the IDR issued shall be allotted to qualified institutional buyers on proportionate basis.			
	(a) 20%	(b) 25%	(c) 50%	(d) 75%
97	In case of issue of IDR which is not underwritten, if the issuing company does not receive the minimum subscription, it shall refund the entire subscription amount received. If it fails to refund the entire subscription amount within ..... from the date of the closure of the issue, it shall be liable to pay the amount with interest to the subscribers at the rate of ..... per annum for the period of delay.			

	(a) 15 days; 12%	(b) 7 days; 15%	(c) 7 days; 12%	(d) 15 days; 15%
98	The stock exchanges offering online bidding system for the book building process shall display on their website, the data pertaining to book built IDR issue from the date of opening of the bids till at least ..... after closure of bids.			
	(a) 1 day	(b) 3 days	(c) 5 days	(d) 7 days
99	A rights issue of Indian Depository Receipts shall be open for subscription in India for a period as applicable under the laws of its home country but in no case less than .....			
	(a) 7 days	(b) 10 days	(c) 12 days	1(d) 15 days
100	In case of a rights issue of Indian Depository Receipts, the issuer shall issue advertisements for the rights issue at least ..... before the date of opening of the issue.			
	(a) 1 day	(b) 2 days	(c) 3 days	(d) 7 days
101	1 For listing on institutional trading platform pursuant to a public issue, the minimum application size shall be .....			
	(a) Rs. 10 lakh	(b) Rs. 1 crore	J (e) Rs. 2 crore	(d) Rs. 5 crore
102	For listing on institutional trading platform pursuant to a public issue, the number of allottees shall be more than .....			
	(a) 100	(b) 200	j (c) 500	(d) 1,000
103	U The entire pre-issue capital of the shareholders shall be locked-in for a period of ..... from the date of allotment in case of listing pursuant to public issue or date of listing in case of listing without public issue			
	(a) 1 month	(b) 2 months	I (c) 3 months	(d) 6 months
104	S An entity that has listed its specified securities on institutional trading platform of a recognised stock exchange may migrate to the main board of that recognised stock exchange after expiry of ..... from the date of listing subject to compliance with the eligibility requirements of the stock exchange.			
	(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years
105	In case of issue of specified securities through book building process, where an issuer decides to opt for price band instead of floor price, the cap of the price band shall be less than or equal to ..... of the floor of the price band.			
	(a) 120%	(b) 125%	(c) 150%	(d) None of these
106	In case of issue of specified securities through book building process, an Anchor Investor shall make an application of a value of at least .....			

	(a) Rs. 10 crore	(b) Rs. 5 crore	(c) Rs. 2 crore	(d) Rs. 1 crore
107	In case of issue of specified securities through book building process, ..... of the anchor investor portion shall be reserved for domestic mutual funds.			
	(a) One-fourth	(b) One-third	(c) Half	(d) Two-third
108	In case of issue of specified securities through book building process, the bidding terminals shall contain an online graphical display of demand and bid prices updated at periodic intervals, not exceeding .....			
	(a) 15 minutes	(b) 30 minutes	(c) 45 minutes	(d) 60 minutes

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(c)	(c)	(b)	(d)	(d)	(a)
Reason	Reg. 2(zn)	Reg. 4	Eeg. 4	Reg. 4	Reg. 4	Reg. 4
Q. No.	7	8	9	10	11	12
Answer	(b)	(b)	(d)	(a)	(b)	(d)
Reason	Reg. 6	Reg. 9	Reg. 10	Reg. 11	Reg. 14	Reg. 15
Q. No.	13	14	15	16	17	18
Answer	(c)	(b)	(d)	(a)	(d)	(a)
Reason	Reg. 26(1)	Reg. 26(1)	Reg. 26(1)	Reg. 26(1)	Reg. 26(1)	Reg. 26(1)
Q. No.	19	20	21	22	23	24
Answer	(c)	(a)	(d)	(b)	(b)	(d)
Reason	Reg. 26(2)	Reg. 26	Reg. 29	Reg. 30	Reg. 31	Reg. 31
Q. No.	25	26	27	28	29	30
Answer	(a)	(c)	(d)	(a)	(b)	(c)
Reason	Reg. 32	Reg. 32	Reg. 33	Reg. 34	Reg. 34	Reg. 34
Q. No.	31	32	33	34	35	36
Answer	(d)	(b)	(b)	(b)	(c)	(a)
Reason	Reg. 35	Reg. 36	Reg. 36	Reg. 37	Reg. 39	Reg. 40

Q. No.	37	38	39	40	41	42
Answer	(a)	<d)	(b)	(c)	(a)	(b)
Reason	Reg. 42	Reg. 42	Reg. 43	Reg. 43	Reg. 45	Reg. 45
Q. No.	43	44	45	46	47	48
Answer	(d)	(a)	(d)	(d)	(c)	(c)
Reason	Reg. 45	Reg. 45	Reg. 45	Reg. 45	Reg. 46	Reg. 46
Q. No.	49	50	51	52	23	54
Answer	(c)	(b)	(d)	(c)	(a)	(b)
Reason	Reg. 52	Reg. 53	Reg. 54	Reg. 69A	Reg. 69C	Reg. 69C
Q. No.	55	56	57	58	59	60
Answer	(a)	(c)	(a)	(c)	(b)	(b)
Reason	Reg. 69B	Reg. 69F	Reg. 69G	Reg. 71	Reg. 71A	Reg. 72
Q. No.	61	62	63	64	65	66
Answer	(c)	(b)	(b)	(a)	(d)	(c)
Reason	Reg. 72	Reg. 74	Reg. 75	Reg. 76	Reg. 77	Reg. 78
Q. No.	67	68	69	70	71	72
Answer	(b)	(d)	(a)	(d)	(c)	(b)
Reason	Reg. 82	Reg. 85	Reg. 86	Reg. 87	Reg. 88	Reg. 88
Q. No.	73	74	75	76	77	78
Answer	(b)	(d)	(b)	(c)	(d)	(b)
Reason	Reg. 89	Reg. 90	Reg. 91	Reg. 91A	Reg. 91B	Reg. 91C
Q. No.	79	80	81	82	83	84
Answer	(c)	(a)	(d)	(d)	(a)	(d)
Reason	Reg. 91C	Reg. 9 IF	Reg. 9IF	Reg. 91G	Reg. 91H	Reg. 91H
Q. No.	85	86	87	88	89	90

Answer	(b)	(c)	(d)	(b)	(c)	(d)
Reason	Reg. 911	Reg. 91J	Reg. 9IK	Reg. 91L	Reg. 92	Reg. 94
Q. No.	91	92	93	94	95	96
Answer	(c)	(a)	(c)	(c)	(a)	(c)
Reason	Reg. 95	Reg. 95	Reg. 97	Reg. 98	Reg. 98	Reg. 98
Q. No.	97	98	99	100	101	102
Answer	(d)	(b)	(b)	(c)	(a)	(b)
Reason	Reg. 99	Reg. 102	Reg. 106 J	Reg. 106K	Reg. 106ZA	Reg. 106ZA
Q. No.	103	104	105	106	107	108
Answer	(d)	(C)	(a)	(a)	(b)	(b)
Reason	Reg. 106ZB	Reg. 106ZE	Schedule XI	Schedule XI	Schedule XI	Schedule XI



**The Securities Contracts (Regulation) Act, 1956 and the Securities Contracts (Regulation) Rules, 1957**

**Multiple Choice Questions**  
**(Answers given at the end of this Chapter)**

1	The provisions of the Act shall not apply to .....			
	(a) The Government	(b) The Reserve Bank of India	(c) Any Local authority	(d) All of these
2	If the securities are not dealt with by a depository and the contract provides for actual delivery of securities on the same day as the date of the contract or on the next day, but the payment of price therefor shall be made two weeks after the date of the contract, such contract is .....			
	(a) Not a spot delivery contract	(b) A spot delivery contract	(c) A spot delivery contract, if the contract so provides	(d) A ready delivery contract
3	'Ready delivery contract' means a Contract which provides for the delivery of goods and the payment of a price therefor, either immediately, or within such period not exceeding ..... after the date of the contract and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in respect of any goods, the period under such contract not being capable of extension by the mutual consent of the parties thereto or otherwise.			
	(a) 3 days	(b) 7 days	(c) 10 days	(d) 11 days

4	"Specific delivery contract' means a commodity derivative which provides for the actual delivery of specific qualities or types of ..... during a specified future period at a price fixed thereby or to be fixed in the manner thereby agreed and in which the names of both the buyer and the seller are			
	(a) Securities; mentioned	(b) Securities; not mentioned	(c) Goods; mentioned	(d) Goods; not mentioned
5	Statement (1): Organising or assisting in organising any stock exchange, other than a recognised stock exchange, is prohibited. Statement (2): Becoming a member of any stock exchange, other than a recognised stock exchange, is prohibited.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct .
6	SEBI may, while approving the scheme for corporatisation and demutualisation submitted by a recognised stock exchange, make an order restricting the maximum number of representatives of the stock brokers of the recognised stock exchange to be appointed on the governing board of the recognised stock exchange, which shall not exceed ..... of the total strength of the			

	governing board.			
	(a) 1/3rd	(b) 1/4th	(c) 1/5th	(d) None of these
7	Every recognised stock exchange, in respect of which the scheme has been approved by SEBI, shall ensure that at least of ..... its equity share capital is held by the public other than shareholders having trading rights.			
	(a) 51%	(b) 50%	(c) 75%	(d) 25%
8	If the scheme of corporatisation or demutualisation submitted by the recognised stock exchange is rejected by SEBI, then-			
	(a) The members of the governing body shall cease to hold their offices	(b) The recognition granted to such stock exchange under section 4 shall stand withdrawn	(c) The business of the stock exchange shall be suspended	(d) All of these
9	Any stock exchange, which is desirous of being recognised, shall make an application in ..... To .....			
	(a) Form 1; SEBI	(b) Form A, The Central Government	(c) Form 2; SEBI	(d) Form B, The Central Government
10	1 While granting the recognition to a stock exchange, the Central Government may impose a condition that the Central Government shall be empowered to appoint its representatives, ....., on the stock exchange.			
	(a) Not exceeding 3	(b) Not exceeding 5	(c) Not exceeding 7	(d) None of these
11	No person shall be eligible to be elected as a member of a recognised stock exchange if he is less than ..... of age.			
	(a) 18 years	(b) 21 years	(c) 25 years	(d) None of these
12	A member of a recognised stock exchange shall not continue as such, if .....			
	(a) He ceases to be a citizen of India	(b) He ceases to be resident in India	(c) Either (a) or (b) or both	(d) None of these
13	The Central Government may make an order withdrawing the recognition granted to a stock exchange .....			
	(a) Only after serving a written notice on the governing body of the stock exchange	(b) Only after serving a written notice on, and giving an opportunity of being heard to, the governing body of the stock exchange	(c) Both (a) and (b)	(d) Either (a) or (b)
14	Where the Central Government makes an order of withdrawal of recognition of a stock exchange, any contract entered into or made before the date of the notification by which recognition is			

	withdrawn. ....			
	(a) Shall become invalid	(b) Shall remain 1 valid	(c) Shall remain valid, if the order of the Central Government so provides	(d) Shall become invalid or remain valid, depending upon the provision made in 1 this regard by the Central Government
15	Every recognised stock exchange shall furnish to SEBI periodical returns relating to the number of securities listed and de-listed during the previous			
	(a) 1 month	(b) 2 months	(c) 3 months	(d) 6 months
16	Every recognised stock exchange shall maintain the ledgers, journals, cash book and bank pass-book for a period of .....			
	(a) 3 years	(b) 5 years	(c) 7 years	(d) 8 years <sup>1</sup>
17	Where the Central Government makes an order of supersession of governing body of a stock exchange, the property of the stock exchange .....			
	(a) Shall automatically vest in the person(s) appointed by the Central Government	(b) Shall never vest in the person(s) appointed by the Central Government	(c) Shall vest in the person(s) appointed by the Central Government, if the order of the Central Government so provides	(d) None of these

18	Where the Central Government makes an order of suspension of business of a recognised stock exchange, such suspension of business .....			
	(a) Shall be for maximum 3 days	(b) Shall be for maximum 17 days	(c) Shall be for maximum 15 days	(d) Shall be for maximum 130 days
19	The Central Government is empowered to issue a notification declaring that no contract for the sale or purchase of the securities specified in the notification shall be entered into in the State or area specified in the notification, except with the permission of the Central Government, if ..... in such securities is being carried out in such State or area.			
	(a) Undesirable speculation	(b) A very low volume of trading	(c) A very high volume of trading	(d) None of these
20	Where any State or area is notified under section 13, any contract in securities in such State or area shall be illegal unless it is entered into .....			
	(a) Between the members of	(b) Through a member of a recognised stock	(c) With a member of a recognised stock	(d) Either (a) or (b) or (c)

	recognised stock exchange(s)	exchange	exchange	
21	Any contract entered into in any State or area specified in the notification under section 13 which is in contravention of any of the bye-laws specified in that behalf under section 9(3)(a) shall be void - Statement (1): As respects the rights of any member of the recognised stock exchange who has knowingly entered into such contract in contravention of any such bye-law. Statement (2): As respects the rights of any other person who has participated in the transaction entailing such contravention, whether or not had any knowledge of such contravention.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
22	The rules made by a recognised stock exchange may provide that each member shall be entitled to have .....			
	(a) As many votes as the number of shares held by him	(b) Voting rights in proportion to his share of the paid-up equity capital	(c) One vote only	(d) Such number of votes as may be prescribed by the Central Government

23	Where SEBI makes or amends the bye-laws of a stock exchange on its own motion, the governing body may object to it within ..... of its publication in the Gazette of India.			
	(a) 7 days	1(b) 15 days	(c) 30 days	(d) None of these
24	The Central Government directs a recognised stock exchange to amend its rules. It shall be the duty of such recognised stock exchange to amend the rules within ..... from the date of the order of the Central Government.			
	(a) 15 days	](b) 1 month	(c) 2 months	(d) 3 months
25	A member may act as a principal with any person other than a member, if he secures the consent of such other person otherwise than in writing, and he secures written confirmation by such person of such consent within ..... from the date of the contract.			
	(a) 5 days	(b) 7 days	1(c) 15 days	(d) None of these
26	a contract in derivative shall be legal and valid if such contract is ..... a recognised stock exchange and ..... on the clearing house of the recognised stock exchange.			
	(a) Traded on; Approved	(b) Approved; Settled	(c) Traded on; Settled	(d) None of these
27	Where a recognised stock exchange refuses to list the securities of a public company, such company may appeal to the Securities Appellate Tribunal against such refusal, within ..... from the date on which the reasons for such refusal are furnished to it by the recognised stock			

	exchange.			
	(a) 7 days	(b) 15 days	(c) 21 days 1	(d) 30 days
28	Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal with .....			
	(a) The Central Government	(b) The Securities and Exchange Board of India	(c) The High Court	(d) The Supreme Court J
29	A recognised stock exchange may delist the securities of a company if trading in the securities of such company has remained suspended for a period of more than .....			
	(a) 3 months	(b) 6 months	(c) 1 year	(d) 3 years
30	A recognised stock exchange may delist the securities of a company if the securities of the company have remained infrequently traded during the preceding .....			
	(a) 6 months	(b) 1 year	(c) 2 years	(d) 3 years
31	If the securities of a company are delisted by a recognised stock exchange ....., may, within ..... of date of the decision of the recognised stock exchange delisting the securities, file an appeal with Securities Appellate Tribunal.			
	(a) Such company; 7 days	(b) Such company or any aggrieved investor of such company; 15 days	(c) Any aggrieved investor of such company; 21 days	(d) The Central
32	Where an issuer referred to in section 2(h)(ie) intends to offer the instruments referred therein to the public and for this purpose makes an application to a recognised stock exchanges for permission for such instruments to be listed on such stock exchange, but the permission applied for listing is refused by such recognised stock exchange, the issuer shall forthwith repay all moneys, if any, received from applicants in pursuance of the offer document. If any such money is not repaid within ..... after the issuer becomes liable to repay it, the issuer and every director or trustee thereof, as the case may be, who is in default shall be jointly and severally liable to repay that money with interest at the rate of ..... p.a.			
	(a) 5 days; 12%	(b) 7 days; 12%	(c) 8 days; 15%	(d) 15 days; 15%
33	..... means a company incorporated under the Companies Act, 1956, for the purpose of the periodical settlement of contracts and differences thereunder, the delivery of, and payment for, securities, and any other matter incidental to, or connected with, such transfer.			
	(a) Clearing company	(b) Clearing corporation	(c) Clearing unit	(d) Clearing house
34	If the transferee has lodged the security and all other documents required for making the transfer of security within ..... of the date on which the dividend became due, the holder shall have			

	(a) 7 days; no right to retain the dividend	(b) 15 days; no right to retain the dividend	(c) 30 days; no right to retain the dividend	(d) 30 days; the right to retain the dividend
35	, If SEBI considers that any order passed by any adjudicating officer is erroneous, it may, after conducting an inquiry, pass an order enhancing the quantum of penalty, if the circumstances of the case so justify- However, SEBI shall not have any power to enhance the penalty after expiry of ..... from the date of the order passed by the adjudicating officer or disposal of the appeal under section 23L, whichever is earlier.			
	(a) 1 month	(b) 2 months	(c) 3 months	(d) 6 months
36	SEBI may settle the proceedings initiated or which may be initiated under section 12A or section 23-1.			
	(a) Suo motu	(b) On an application made by any person against whom such proceedings have been initiated or may be initiated	(c) Either (a) or (D)	(d) None of these
37	If a person fails to pay the penalty imposed on him, ..... shall proceed to recover such penalty by way of attachment and sale of the person's movable and immovable property.			

	(a) The adjudicating officer	(b) The recovery officer	(c) The Collector	(d) Any of these
38	Any person aggrieved by the order or decision of the recognised stock exchange or the adjudicating officer or any order made by SEBI under section 4B or sub-section (3) of section 23-1, may, within a period of ..... from the date on which a copy of the order or decision is received by him, prefer an appeal before the Securities Appellate Tribunal.			
	(a) 15 days	(b) 30 days	(c) 45 days	(d) 60 days ;(
39	An offence committed under the Securities Contracts (Regulation) Act, 1956 cannot be compounded, if it is punishable with -			
	(a) Imprisonment	(b) Imprisonment and fine	(c) Imprisonment or Imprisonment and fine	(d) None of these
40	A person may be granted immunity from prosecution or imposition of penalty under the Act if ..... is satisfied that such person has made a full and true disclosure in respect of the alleged violation on a recommendation made by .....			
	(a) SEBI; The Central Government	(b) SEBI; Adjudicating officer	(c) The Central Government;	(d) The Central Government; SEBI

			Adjudicating officer	
41	Any offence punishable under section 23 shall be deemed to be a ..... offence.			
	(a) Cognisable	(b) Non-cognisable offence	(c) Bailable offence	(d) Non-bailable offence
42	The Central Government may, by issuing a notification, establish or designate Special Courts for the purpose of providing speedy trial of offences. A Special Court shall consist of ..... who shall be appointed by the Central Government with the concurrence of the Chief Justice of the High Court.			
	(a) At least 2 judges	(b) 2 judges	(c) 3 judges	(d) A single judge

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(d)	(a)	(d)	(c)	(c)	(b)
Reason	Sec. 28	Sec. 2(i)	Sec. 2(ea)	Sec. 2(ha)	Sec. 19	Sec. 4B
Q. No.	7	8	9	10	11	12
Answer	((a)	(b)	(b)	(a)	(b)	(a)
Reason	Sec. 4B	Sec. 5(2)	Sec. 3	Sec. 4	Rule 8	Rule 8
Q. No.	13	14	15	16	17	18
Answer	(c)	(b)	(c)	(b)	(d)	(b)
Reason	Sec. 5(1)	Sec. 5(1)	Rule 17A	Rule 14	Sec. 11	Sec. 12
Q. No.	19	20	21	22	23	24
Answer	(a)	(d)	(d)	(c)	(d)	(c)
Reason	Sec. 16	Sec. 13	Sec. 14	Sec. 7A	Sec. 10	Sec. 8
Q. No.	25	26	27	28	29	30
Answer	(d)	(c)	(b)	(d)	(b)	(d)
Reason	Sec. 15	Sec. 18A	Sec. 22A	Sec. 22F	Rule 21	Rule 21
Q. No.	31	32	33	34	35	36
Answer	(b)	(c)	(b)	(b)	(c)	(b)
Reason	Sec. 21A	Sec. 17A	Sec. 8A	Sec. 27	Sec. 231	Sec. 23JA

Q. No.	37	38	39	40	41	42
Answer	(b)	(c)	(c)	(d)	(a)	(d)
Reason	Sec. 23JB	Sec. 23L	Sec. 23N	Sec. 230	Sec. 25	Sec. 26A



**The Securitisation and Reconstruction of Financial Assets and  
Enforcement of Security Interest Act, 2002**

**Multiple Choice Questions**

**(Answers given at the end of this Chapter)**

1	'Securitisation' means acquisition of financial assets by any asset reconstruction company from any ....., whether by raising of funds by such asset reconstruction company from qualified buyers by issue of security receipts representing ..... in such financial assets or otherwise.			
	(a) Originator; undivided interest	(b) Obligor; undivided interest	(c) Originator; interest	(d) Obligor; interest
2	'Security receipt' means a receipt or other security, issued by an asset reconstruction company to any qualified buyer pursuant to a ....., evidencing the purchase or acquisition by the holder thereof, of an undivided right, title or interest in ..... involved in securitisation.			
	(a) Security agreement; the secured debt	(b) Security agreement; the financial asset	(c) Scheme; the financial asset	(d) Scheme; the secured debt
3	'Sponsor' means any person holding not less than of the paid-up equity capital of an asset reconstruction company.			
	(a) 10%	(b) 20%	(c) 25%	(d) 50% or more
4	The net owned of an asset reconstruction company shall not be less than ..... of ..... as the Reserve Bank may by notification, specify.			
	(a) Rs. 1 crore; such other lower amount	(b) Rs. 2 crore; such other lower amount	(c) Rs. 1 crore; such other higher amount	(d) Rs. 2 crore; such other higher amount
5	A company which has incurred losses in ..... shall not be granted a certificate of registration as an asset reconstruction company.			
	(a) Any of 2 preceding financial years	(b) Any of 3 preceding financial years	(c) Any of 5 preceding financial years	(d) Any of 7 preceding financial years
6	If the certificate of Registration of an asset reconstruction company is cancelled by the Reserve Bank of India, such asset reconstruction company may, within ..... from the date on which such order of cancellation is communicated to it, prefer an appeal to the Central Government.			
	(a) 15 days	(b) 30 days	(c) 45 days	(d) 60 days
7	Where any financial asset of any bank or financial institution is acquired by an asset reconstruction company, then – Statement (1): The asset reconstruction company shall be deemed to be the borrower. Statement (2): All the rights of such bank or financial institution shall vest in the asset			

	reconstruction company in relation to such financial asset.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
8	On acquisition of the financial asset, the asset reconstruction company may, with the consent of ....., file an application before the Debts Recovery Tribunal or the Appellate Tribunal or any court for the purpose of substitution of its name in any pending legal proceeding.			
	(a) The originator	(b) The borrower	(c) The Reserve Bank of India <sup>1</sup>	(d) The Central Government
9	..... may give a notice of acquisition of financial assets by any asset reconstruction company, to the concerned borrower, the concerned registering authority in whose jurisdiction the charge is registered and any other concerned person.			
	(a) The asset reconstruction company	(b) The bank or financial institution	(c) The Debts Recovery Tribunal	(d) The Appellate Tribunal
10	Where an asset reconstruction company acquires any financial asset and issues security receipts to qualified buyers, but financial asset is not realised, the qualified buyers holding not less than ..... of the total value of the security receipts issued under a scheme, shall be entitled to call a meeting of all the qualified buyers, and pass a resolution in such meeting which shall be binding on the asset reconstruction company.			
	(a) 50%	(b) 60%	(c) 75%	(d) None of these
11	Statement (1): Any issue of security receipt by an asset reconstruction company shall not require compulsory registration. Statement (2): Any transfer of security receipts shall not require compulsory registration.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
12	Which of the following measures can be taken by an asset reconstruction company for the purposes of asset reconstruction?			
	(a) Conversion of any portion of debt into shares of a borrower company	(b) Rescheduling of . payment of debts payable by the borrower	(c) Settlement of dues payable by the borrower	(d) None of these
13	[Statement (1): No asset reconstruction company shall commence or carry on, without prior approval of the Central Government, any business other than that of securitisation or asset reconstruction. Statement (2): An asset reconstruction company can act as a manager on such fee as may be mutually agreed upon between the parties.			

	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct 1
14	If any dispute relating to securitisation or reconstruction or non-payment of any amount due including interest arises amongst any of the parties, namely the bank or financial institution, the asset reconstruction company and any qualified buyer, then, such dispute shall be settled by .....			
	(a) The Reserve Bank of India	(b) The Central Government	(c) Conciliation or arbitration	(d) None of these
15	Statement (1): The Reserve Bank is empowered to give directions to any class of asset reconstruction companies with respect to the fee and other charges which may be charged or incurred for management of financial assets acquired by such class of asset reconstruction companies			
	Statement (2): The Reserve Bank is empowered to give directions to any asset reconstruction company with respect to the aggregate value of financial assets which may be acquired by such asset reconstruction company.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct  '
16	..... may carry out or caused to be carried out audit and inspection of an asset reconstruction company.			
	(a) The Central Government	(b) the Reserve Bank	(c) Any qualified buyer	(d) Any of these
17	Where the Reserve Bank is satisfied that business of an asset reconstruction company is being conducted in a manner detrimental to public interest, the Reserve Bank may, for securing proper management of an asset reconstruction company, by an order appoint additional directors .....			
	(a) Not exceeding 2	(b) Not exceeding 3	(c) Not exceeding 5	(d) Without any limit
18	Where a borrower makes any default in repayment of secured debt and the account of such borrower is classified by the secured creditor as non-performing asset, the secured creditor is empowered to issue a written notice to the borrower requiring the borrower to pay in full his liabilities to the secured creditor within ..... from the date of notice.			
	(a) 15 days	(b) 30 days	(c) 60 days	(d) 90 days
19	When a notice is served on the borrower by the secured creditor requiring the borrower to pay in full his liabilities, the borrower is entitled to make a representation or raise his objection. The secured creditor shall consider such representation or objection. If the secured creditor comes to the conclusion that such representation or objection is not acceptable, he shall, within ....., communicate to the borrower the reasons for non-acceptance of the representation			

	or objection,			
	(a) 15 days	(b) 30 days	(c) 60 days	(d) 90 days
20	Where a secured creditor takes the possession of the secured assets of the borrower and realises such secured assets, the secured creditor shall be entitled to recover from the borrower such costs as have been properly incurred by him. Such costs shall be determined by .....			
	(a) The secured creditor	(b) The borrower	(c) The Reserve Bank	(d) The Central Government
21	In the case of financing of a financial asset by more than one secured creditors, no secured creditor shall be entitled to exercise any right conferred on him under section 13(4), unless exercise of such right is agreed upon by the secured creditors representing not less than ..... in value of the amount outstanding, and such action shall be binding on all the secured creditors,			
	(a) 50%	(b) 60%	(c) 75%	(d) 90%
22	A secured creditor shall be entitled to proceed against the guarantors or sell the pledged assets ..... taking any of the measures specified in section 13(4).			
	(a) At least 7 days after	(b) At least 15 days after	(c) Immediately after	(d) Without first
23	Where the possession of any secured asset is required to be taken by the secured creditor, the secured creditor may, for this purpose, request, in writing, ..... within whose jurisdiction any such secured asset or other documents relating thereto may be situated or found, to take possession thereof.			
	(a) The Chief Metropolitan Magistrate	(b) The District Magistrate	(c) Either (a) or (b)	(d) None of these
24	When the management of business of & borrower, being a company, is taken over by a secured creditor, the secured creditor may appoint ..... to be the directors.			
	(a) As many persons as it thinks fit	(b) Not more than 5 persons	(c) Not more than 7 persons	(d) Not more than 12 persons
25	Where the management of the business of a borrower, being a company, is taken over by the secured creditor, then, no resolution passed at any meeting of the shareholders of such company shall be given effect to unless approved by .....			
	(a) The obligor	(b) The Reserve Bank	(c) The Central Government	(d) The secured creditor
26	Where the management of the business of a borrower is taken over by the secured creditor, then, no managing director or any other director or a manager or any person in charge of management			

	of the business of the borrower shall be entitled to - Statement (1): Any compensation for the loss of office or for the premature termination under this Act of any contract of management entered into by him with the borrower.			
	Statement (2): Recover from the business of the borrower, moneys recoverable otherwise than by way of compensation for the loss of office or for the premature termination under this Act of any contract of management entered into by him with the borrower.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
27.	A borrower who is aggrieved by any of the measures referred to in section 13(4) taken by a secured creditor, may make an application to the Debts Recovery Tribunal within ..... from the date on which such measures had been taken			
	(a) 15 days	(b) 30 days	(c) 45 days	1(d) 60 days
28	Where a borrower who is aggrieved by any of the measures referred to in section 13(4) taken by a secured creditor, makes an application to the Debts Recovery Tribunal, such application shall be disposed of by the Debts Recovery Tribunal within ..... However, the Debts Recovery Tribunal may extend the period within which such application shall be disposed of by it, so however, that the total period of pendency of the application shall not exceed			
	(a) 30 days; 3 months	(b) 60 days; 4 months	I (c) 90 days; 6 months	(d) 120 days; 6 months
29	Any person aggrieved by any order made by the Debts Recovery Tribunal, may prefer an appeal to the Appellate Tribunal within ..... from the date of receipt of the order of Debts Recovery Tribunal.			
	(a) 30 days	1(b) 60 days	(c) 90 days	1(d) 120 days
30	If the Debts Recovery Tribunal on an application made under section 17 holds that the possession of secured assets by the secured creditor is not in accordance with the provisions of this Act and rules made thereunder and directs the secured creditor to return such secured assets to the concerned borrower, the borrower shall be entitled to the payment of such compensation and costs as may be determined by .....			
	(a) The Debts Recovery Tribunal	(b) The Appellate Tribunal	(c) The Reserve Bank	(d) The Central Bank
31	The particulars of the transactions relating to ..... shall be entered in the Central Register.			
	(a) Securitisation of financial assets	(b) Reconstruction of financial assets	I (c) Creation of security interest	(d) All of these
32	It shall be the duty of the asset reconstruction company or the secured creditor, as the case may be, to send to the Central Registrar, the particulars of modification of ..... any security			

	interest registered under Chapter IV.			
	(a) The terms or conditions of	(b) The extent or operation of	(c) Both (a) and (b)	(d) None of these
33	An asset reconstruction company or the secured creditor, as the case may be, shall, within 30 days, file with the Central Registrar an Intimation of payment or satisfaction ..... of the security interest.			
	(a) In full	(b) In part	(c) Both (a) and (b)	(d) None of these
34	The particulars of securitisation or reconstruction or security interest entered in the Central Register shall be open during the business hours for inspection by ..... on payment of prescribed fees.			
	(a) Any secured creditor	(b) Any asset reconstruction company	(c) Both (a) and (b)	(d) Any person
35	The Central Government may direct that the time for filing with the Central Registrar, of particulars of any transaction of securitisation, asset reconstruction or security interest, shall be extended, if the Central Government is satisfied that there was an omission to file such particulars, and that .....			
	(a) Such omission was accidental or due to inadvertence or some other sufficient cause	(b) Such omission is not of a nature to prejudice the position of creditors	(c) It is just and equitable to grant relief	(d) Either (a) or (b) or (c)
36	<p>If the Central Government, by notification, extends the provisions relating to Central Registry to all creditors other than secured creditors, for creation, modification or satisfaction of any security interest over any property of the borrower for the purpose of securing due repayment of any financial assistance granted by such creditor to the borrower, then -</p> <p>Statement (1): Any creditor including the secured creditor may file particulars of transactions of creation, modification or satisfaction of any security interest with the Central Registry.</p> <p>Statement (2): A creditor including the secured creditor shall not be entitled to exercise any right of enforcement of securities.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
37	<p>Where security interest over any property in favour of the secured creditor is filed for the purpose of registration, then -</p> <p>Statement (1): The claim of such secured creditor shall have priority over any subsequent security interest created upon such property.</p> <p>Statement (2): Any transfer by way of sale, lease or assignment or licence of such property subsequent to such registration, shall be subject to such claim.</p>			

	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
38	From the date of commencement of the provisions of Chapter IVA, no secured creditor shall be entitled to exercise the rights of enforcement of securities under Chapter III unless the security interest created in its favour by the borrower has been registered with .....			
	(a) The Registrar of Companies	(b) The Central Registry	(c) The Reserve Bank	(d) All of these
39	<p>Statement (1): After the registration of security interest, the debts due to any secured creditor shall be paid in priority to all other debts.</p> <p>Statement (2): Revenues, taxes, cesses and other rates payable to the Central Government or State Government or local authority shall be paid in priority to the debts due to the secured creditor even though his security interest is registered under this Act.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
40	Any penalty imposed by the Adjudicating Authority for failure to comply with any direction issued by the Reserve Bank under this Act shall be payable within a period of.			
	(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days
41	A person in default, aggrieved by an order of Adjudicating Authority imposing penalty, may, within a period of from ..... the date on which such order is passed, prefer an appeal to the Appellate Authority.			
	(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days
42	Any penalty imposed under section 30A shall be recovered as a 'recoverable sum' and shall be payable within a period of ..... from the date on which notice demanding payment of the recoverable sum is served upon the person in default.			
	(a) 7 days	(b) 15 days	(c) 30 days	(d) 60 days
43	For the purpose of recovering the recoverable sum, the Reserve Bank may issue a notice to the person from whom any amount is due to , requiring such person to deduct from the amount payable by him to the person in default, such amount equivalent to the amount of the recoverable sum, and to make payment of such amount to the Reserve Bank.			
	(a) The Reserve Bank	(b) The person in default	(c) The Central Registrar	(d) The Central Government
44	The provisions of this Act shall not apply to any case in which the amount due is less than ..... of the principal amount and interest thereon.			
	(a) 10%	(b) 20%	(c) 25%	(d) 30%

45	The provisions of this Act shall not apply to any security interest for securing repayment of any financial asset not exceeding .....			
	(a) Rs. 10,000	(b) Rs. 50,000	(c) Rs. 1 Lakh	(d) Rs. 5 lakh
46	<p>The Central Government may, by notification in the public interest, direct that any of the provisions of this Act, -</p> <p>Statement (1): Shall not apply to such bank or financial institution as may be specified in the notification.</p> <p>Statement (2): Shall apply to the class or classes of banks or financial institutions with such exceptions, modifications and adaptations, as may be specified in the notification.</p>			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct

### Answers to Multiple Choice Questions

Q No.	1	2	3	4	5	©
Answer	(a)	(c)	(a)	(d)	(b)	(b)
Reason	Sec. 2(z)	Sec. 2(zg)	Sec. 2(zh)	Sec. 3	Sec. 3	Sec. 4
Q. No.	7	8	9	10	11	12
Answer	(b)	(a)	(b)	(c)	(c)	(d)
Reason	Sec. 5	Sec. 5	Sec. 6	Sec. 7	Sec. 8	Sec. 9
Q. No.	13	14	15	16	17	18
Answer	(b)	(c)	(c)	(b)	(d)	(c)
Reason	Sec. 10	Sec. 11	Sec. 12	Sec. 12B	Sec. 12B	Sec. 13
Q. No.	19	20	21	22	23	24
Answer	(a)	(a)	(b)	(d)	(c)	(a)
Reason	Sec. 13	Sec. 13	Sec. 13	Sec. 13	Sec. 14	Sec. 15
Q. No.	25	26	27	28	29	30
Answer	(d)	(c)	(c)	(b)	(a)	(a)
Reason	Sec. 15	Sec. 16	Sec. 17	Sec. 17	Sec. 18	Sec. 19
Q. No.	31	32	33	34	35	36



Answer	(d)	(c)	(a)	(d)	(d)	(a)
Reason	Sec. 22	Sec. 24	Sec. 25	Sec. 26	Sec. 26A	Sec. 26B
Q. No.	37	38	39	40	41	42
Answer	(c)	(b)	(a)	(c)	(c)	(c)
Reason	Sec. 26C	Sec. 26D	Sec. 26E	Sec. 30A	Sec. 30B	Sec. 30D
Q. No.	43	44	45	46		
Answer	(b)	(b)	(c)	(b)		
Reason	Sec. 30D	Sec. 31	Sec. 31	Sec. 31A		

## The Prevention of Money Laundering Act, 2002

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1	Mr. John is held guilty of illegally exporting narcotic drugs from India to USA and also of money-laundering with respect to funds obtained by such export. Mr. John is punishable with rigorous imprisonment for a term which shall not be less than but ..... which may extend to .....; and fine .....			
	(a) 3 years; 7 years; without any limit	(b) 3 years; 10 years; without any limit	(c) 3 years; 7 years; Upto 1 Rs. 5 lakh	(d) 3 years; 10 years; Upto Rs. 5 lakh
2	Mr. Jack is held guilty of committing murder and also of money-laundering with respect to funds obtained by committing such murder. Mr. John is punishable with rigorous imprisonment for a term which shall not be less than but which may extend to ..... and fine .....			
	(a) 3 years; 7 years; without any limit	(b) 3 years; 10 years; without any limit	(c) 3 years; 7 years; Upto Rs. 5 lakh	(d) 3 years; 10 years; Upto Rs. 5 lakh
3	Every reporting entity shall maintain a record of all transactions for a period of ..... from the date of transaction between a client and the reporting entity.			
	(a) 8 years	(b) 6 years	(c) 5 years	(d) 3 years *
4	Every reporting entity shall furnish to the Director -			
	(a) A record of all	(b) A record of all transactions executed within preceding 5 years	(c) A record of all transactions executed within preceding 8 years	(d) Information relating to such transactions, the nature and value of which may be prescribed
5	Every reporting entity shall maintain record of documents evidencing identity of its ..... and .....			
	(a) Clients; beneficial owners	(b) Employees; officers	(c) Employees; directors	(d) Directors; members
6	The record of documents evidencing identity of clients and beneficial owners shall be maintained by a reporting entity for a period of ..... after the business relationship between a client and the reporting entity has ended or the account has been closed, whichever is .....			
	(a) 8 years; later	(b) 5 years; later	(c) 8 years; earlier	(d) 5 years; earlier
7	The Director is conducting an inquiry as to whether ABC Bank has fulfilled its obligations under section 12. As the Director is of the opinion that such case is complex in nature, he directs ABC Bank			

	to gets its records audited by a Chartered Accountant. The Chartered Accountant who can conduct such audit shall be the one who is —			
	(a) Included in the panel of accountants, maintained by Central Government	(b) Included in the panel of accountants, maintained by the Reserve Bank of India	(c) A Chartered Accountant who has been in continuous practice for 10 years or more	(d) A Chartered Accountant who has been in continuous practice for 15 years or more
8	The Director is conducting an inquiry as to whether ABC Bank has fulfilled its obligations under section 12. As the Director is of the opinion that such case is complex in nature, he directs ABC Bank to gets its records audited by a Chartered Accountant. The expenses of such audit shall be borne by .....,			
	(a) The Central Government	(b) The Reserve Bank of India	(c) ABC Bank	(d) Designated directors of ABC Bank ]
9	During the course of an inquiry, the Director finds that XYZ Bank has failed to comply with the obligations under section 12. The Director is empowered to impose a monetary penalty on XYZ Bank, which shall not be less ..... than but may extend to .....			
	(a) Rs. 5 lakh; Rs. 50 lakh	(b) Rs. 1 lakh; Rs. 10 lakh 1	(c) Rs. 50,000; Rs. 5 lakh	(d) Rs. 10,000; Rs. 1 lakh 1
10	[The reporting entity, its directors and employees shall not be liable to any ..... proceedings against them for furnishing information under section 12.			
	(a) Civil	(b) Criminal	(c) Civil or / and criminal	(d) None of these
11	An appeal to the Appellate Tribunal against an order of the Adjudicating Authority may be preferred by -			
	(a) The Director	(b) Any person aggrieved	(c) Both (a) and (b)	(d) The Central Government
12	An appeal to the Appellate Tribunal against an order of the Director made under section 13(2) may be preferred by -			
	(a) The reporting entity	(b) The Adjudicating Authority	(c) Both (a) and (b)	(d) The Central Government
13	An appeal to the Appellate Tribunal shall be filed within a period of ..... from the date on which a copy of the order made by the Adjudicating Authority or Director is received.			
	(a) 60 days	(b) 45 days	(c) 30 days	(d) 15 days
14	Where an appeal is preferred to the Appellate Tribunal, the Appellate Tribunal shall ..... to			

	dispose of the appeal within .....		
	(a) Be bound; 3 months	(b) Be bound; 6 months	(c) Endeavour; 3 months
	[ (d) Endeavour; 6 months		
15	An appeal to the High Court against an order of the Appellate Tribunal shall be filed within a period of ..... from the date of communication of the order of the Appellate Tribunal.		
	(a) 60 days	(b) 45 days	(c) 30 days
	(d) 15 days		
16	An appeal to the High Court against an order of the Appellate Tribunal can be filed on .....		
	(a) Any question of law	(b) Any question of fact I	(c) Both (a) and (b)
	(d) A mixed question of law and fact		
17	An order of the Appellate Tribunal was communicated to the concerned reporting entity on 14th October, 2018. However, the reporting entity did not prefer any appeal to the High Court within the specified time. The High Court may grant extension of time upto ..... for filing the appeal..		
	(a) 60 days	(b) 45 days	(c) 30 days
	(d) 15 days		
18	The Special Court shall conduct the trial of - (viz. the offence of money laundering), an offence, other than the offence punishable under section 4 (viz. the Scheduled Offence), with which the accused is charged, at the same trial.		
	(a) An offence punishable 1 under section 4	(b) Scheduled offence	(c) Both (a) and (b)
	(d) Either (a) or (b) i		
19	A Special Court may take cognizance of an offence under section 3, if a complaint is made by -		
	(a) An authority authorised in this behalf	(b) The Director	(c) The Adjudicating Authority
	(d) The Appellate Tribunal		
20	A Special Court while trying the scheduled offence or the offence of money laundering shall conduct the trial in accordance with the provisions of .....		
	(a) The Code of Civil Procedure, 1908	(b) The Code of Criminal Procedure, 1973	(c) Both (a) and (b)
	(d) Either (a) or (b)		
21	The Special Court shall not take cognisance of any offence punishable under section 4 except upon a complaint in writing made by -		
	(a) The Director	(b) Any officer of the Central Government or State Government authorised in writing	(c) Either (a) or (b)
	(d) None of these		

		in this behalf by the Central Government		
22	An offence punishable under this Act shall be -			
	(a) Cognisable	(b) Non-cognisable	(c) Either (a) or (b)	(d) Both (a) and (b)
23	No police officer shall investigate into an offence under this Act unless he is specifically authorised by .....			
	(a) The Special Court	(b) The Central Government	(c) The Director	(d) The Adjudicating Authority
24	The Central Government may enter into an agreement with the Government of any country outside India for -			
	(a) Enforcing the provisions of this Act	(b) Exchange of information for the prevention of offences relating to money-laundering	(c) Both (a) and (b)	(d) Promoting friendly relations
25	During the course of an investigation into an offence under this Act, an application is made to a Special Court by the Investigating Officer that some evidence is required in connection with investigation into such offence and such evidence is available in any place in a contracting State. The Special Court is satisfied that such evidence is required in connection with such investigation. The Special Court ..... issue ..... to a court or an authority in the contracting State to take such steps as may be specified by the Special Court.			
	(a) May; A letter of request	(b) Shall; A letter of request	(c) May, An order	(d) Shall, An order

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(b)	(a)	(c)	(d)	(a)	(b)
Reason	Sec. 4	Sec. 4	Sec. 12	Sec. 12	Sec. 12	Sec. 12
Q. No.	7	8	9	10	11	12
Answer	(a)	(a)	(d)	(c)	(c)	(a)
Reason	Sec. 13	Sec. 13	Sec. 13	Sec. 14	Sec. 26	Sec. 26
Q. No.	13	14	15	16	17	18
Answer	(b)	(d)	(a)	(c)	(a)	(c)
Reason	Sec. 26	Sec. 26	Sec. 42	Sec. 42	Sec. 42	Sec. 43

Q. No.	19	20	21	22	23	24
Answer	(a)	(b)	(c)	(a)	(b)	(c)
Reason	Sec. 44	Sec. 44	Sec. 45	Sec. 45	Sec. 45	Sec. 56
Q '	25					
Answer	(a)					
Reason	Sec. 57					

## The Foreign Exchange Management Act, 1999

### Multiple Choice Questions

(Answers given at the end of this Chapter)

1	The preamble to the Foreign Exchange Management Act, 1999 states that it is an Act to ..... the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India.			
	(a) Consolidate	(b) Amend	(c) Consolidate and amend	(d) None of these
2	The objective of the Act is to ..... and for promoting the orderly development and maintenance of foreign exchange market in India.			
	(a) Facilitating external trade and payments	(b) Promote the orderly development of foreign exchange market in India	(c) Promote the maintenance of foreign exchange market in India	(d) All of these
3	The Act came into force on .....			
	(a) 1st May, 1999	(b) 1st June, 1999	(c) 1st October, 1999	(d) 1st June, 2000
4	<p>The Act applies to -</p> <p>Statement (1): The whole of India, including the State of Jammu and Kashmir.</p> <p>Statement (2): All branches, offices and agencies outside India owned or controlled by a person resident in India.</p> <p>Statement (3): Any contravention committed outside India by any person to whom this Act applies.</p>			
	(a) Only one of the above Statements in correct	(b) Only two of the above Statements in correct	(c) All the above three Statements are correct	(d) None of the above Statements is correct
5	Authorised person means .....			
	(a) An authorised dealer	(b) Money changer	(c) Off-shore banking unit	(d) All of these
6	<p>Statement (1): A transaction referred to in sub-section (3) of section 6 shall be a capital account transaction even if it does not result in alteration of the assets or liabilities outside India of a person resident in India or the assets or liabilities in India of a person resident outside India.</p> <p>Statement (2): A transaction which only alters the contingent liabilities outside India of a person resident in India is a capital account transaction.</p>			
	(a) Only Statement (1)	(b) Only Statement (2)	(c) Both the Statements	(d) None of the

	(1) is correct	is correct	are correct	statements is correct ii
7	A transaction shall be a capital account transaction if .....			
	(a) It alters the assets or liabilities in India of persons resident outside India	(b) It alters the assets or liabilities outside India of persons resident in India	(c) It is referred to in sub-section (3) of section 6	(d) Either (a) or (b) or (c)

8	Capital account transaction means a transaction which alters the ..... in India of a person resident outside India.			
	(a) Assets	(b) Liabilities	(c) Either (a) or (b) or both	(d) Income
9	'Currency' includes .....			
	(a) Currency notes, cheques, drafts, bills of exchange and promissory notes	(b) Postal notes, postal orders, money orders, travellers' cheques, letters of credit	(c) Such other instruments, as may be notified by the Reserve Bank	(d) All of these
10	Current account transaction' means a transaction .....			
	(a) Other than a capital 1 account transaction 1	(b) Which is permitted only after obtaining specific permission of RBI	(c) Both (a) 1 and (b)	(d) Which is not permitted under FEMA
11	Loan given by a person to his son residing abroad and who is a person resident outside India, for the purpose of his medical treatment is .....			
	(a) A capital account transaction	(b) A current account transaction	(c) Either (a) or (b)	(d) None of these
12	Remittances for living expenses of parents, spouse and children residing abroad is .....			
	(a) A capital account transaction	(b) A current account transaction	(c) Either (a) or (b)	(d) None of these
13	Payments due as interest on loans and as net income from investments is .....			
	(a) A capital account transaction	(b) A current account transaction	(c) Either (a) or (b)	(d) None of these
14	Statement (1): Export means the taking out of India to a place outside India any goods. Statement (2): Export means provision of services from India to any person outside India.			



	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the statements is correct
15	Where redemption or any form of return such as interest or dividends is payable in Indian currency, but the security is denominated in foreign currency, it is .....			
	(a) Indian security	(b) Foreign security	(c) Any of these	(d) None of these
16	Statement (1): An individual who does not reside for more than 182 days in the preceding financial year shall not be a Person Resident in India irrespective of the purpose or duration of his stay in India during the current financial year. Statement (2): Citizenship is not relevant for determining the residential status of a person under FEMA.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the statements is correct
17	While determining as to whether a person is a resident in India or not, the period for which he has resided in India in the is to be considered.			
	(a) Current financial year	(b) Current calendar year	(c) Preceding financial year	(d) Preceding calendar year
18	'Repatriate to India' means ..... the realised foreign exchange and the selling of such foreign exchange to an authorised person ..... in exchange for rupees.			
	(a) Remittance from India of; outside India	(b) Bringing into India; in India	(c) Remittance from India of; in India	(d) Bringing into India; outside India
19	'Repatriate to India' means bringing into India the realised foreign exchange and the holding of realised amount in an account with an authorised person in India .....			
	(a) Without any limit	(b) Upto the limit contained in the Act	(c) Upto the limit prescribed in the Rules	(d) To the extent notified 1 by the Reserve Bank
20	Where a person does not bring into India the foreign exchange, but uses the same for discharge of a debt or liability ....., the foreign exchange is repatriated.			
	(a) Denominated in foreign exchange	(b) Denominated in Indian currency	(c) Either (a) or (b)	(d) None of these
21	No person shall deal in or transfer any foreign exchange or foreign security to any person not being .....			
	(a) An authorised person	(b) A person resident in India	(c) A person resident outside India	(d) All of these
22	..... may, in public interest and in consultation with ....., impose such reasonable			

	restrictions for current account transactions as may be			
	(a) The Reserve Bank; the Central Government; specified	(b) The Central Government; the Reserve Bank; specified	(c) The Central Government; the Reserve Bank; prescribed	(d) The Reserve Bank; the Central Government; prescribed
23	A person resident in India may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was ..... or inherited from a person who was .....			
	(a) Resident in India; resident outside India	(b) Resident in India; resident in India	(c) Resident outside India; resident in India	(d) Resident outside India; resident outside India
24	The drawal of foreign exchange for payments due on account of amortisation of loans or for depreciation of direct investments in the ordinary course of business .....			
	(a) Is prohibited	(b) Is restricted	(c) Cannot be restricted	(d) None of these
25	The Reserve Bank may, by regulations, ..... establishment in India of a branch, office or other place of business by a person resident outside India, for carrying on any activity relating to such branch, office or other place of business.			
	(a) Prohibit	(b) Restrict	(c) Regulate	(d) All of these
26	A person resident outside India may hold, own, transfer or invest in Indian currency, security or any immovable property situated in India if such currency, security or property was -			
	(a) Acquired, held or owned by such person when he was resident outside India	(b) Inherited from a person who was resident outside India	(c) Either (a) or	(d) None of these

27	Lease of immovable property outside India by a person resident in India is not a capital account transaction if the period of lease .....			
	(a) Does not exceed 5 years	(b) Is 5 years or less	(c) Either (a) or (b)	(d) None of these
28	Every exporter of goods shall furnish to or other specified authority a declaration in such form and in such manner as may be specified.			
	(a) The Reserve Bank	(b) The Central Government	(c) Either (a) or (b)	(d) None of these

29	l Where any amount of foreign exchange is due or has accrued to any person ....., such person shall take all reasonable steps to realise and repatriate to India such foreign exchange.			
	(a) Resident outside India	(b) Resident in India	(c) Either (a) or (b)	(d) None of these
30	Foreign exchange need not be repatriated to India if it was acquired or received before and it is held outside India by any person in pursuance of a general or special permission granted by the Reserve Bank.			
	(a) 31st May, 1999	(b) 1st June, 2000	(c) 8th July, 1947	(d) 1st June, 1973
31	The Reserve Bank of India may revoke the authorisation of an authorised person ..... giving any opportunity of being heard, if it is satisfied that such revocation is in public interest.			
	(a) Without	(b) Only after	(c) Before	(d) None of these
32	The Reserve Bank of India may revoke the authorisation of an authorised person ..... giving any opportunity of being heard, if it is satisfied that the authorised person has contravened any of the provisions of the Act or any rule, regulation, notification, direction or order made thereunder.			
	(a) Without	(b) Only after	(c) Before	(d) None of these
33	An authorised person contravenes certain directions given by the Reserve Bank. As a consequence, the Reserve Bank levies penalty on the authorised person. The penalty shall not exceed ....., and where the contravention is a continuing one, further penalty not exceeding ..... per day may be levied.			
	(a) Rs. 100,000; Rs. 20,000	(b) Rs. 2,00,000; Rs. 5,000	(c) Rs. 50,000; Rs. 5,000	(d) Rs. 10,000; Rs. 2,000
34	For the purpose of securing compliance with the provisions of this Act or of any rules, regulations, directions or orders made thereunder, the Reserve Bank may, at any time, cause an inspection to be made, of the business of .....			
	(a) Any person resident in India	(b) Any authorised person	(c) Both (a) and (b)	(d) Any person resident outside India
35	<p>Mr. A obtained foreign exchange amounting to \$ 2 lakh from an authorised person. However, he spent a part of such foreign exchange for a prohibited current account transaction. Consider the following</p> <p>Statements: Statement (1): Mr. A shall be liable to penalty upto 5 times the sum involved in the contravention.</p> <p>Statement (2): If the amount involved in contravention is not quantifiable, Mr. A shall be liable to penalty upto Rs. 5,00,000.</p> <p>Statement (3): In case any contravention committed by Mr. A is a continuing one, he shall be liable to an additional penalty not exceeding Rs. 5,000 per day.</p>			

	(a) All the 3 Statements are correct	(b) Two out of above three Statements are correct	(c) Only one of the above Statements is correct	(d) None of the above statements is correct
36	Any penalty imposed on any person by the Adjudicating Authority shall be paid in full within ..... from the date of service of notice on him.			
	(a) 45 days	(b) 90 days	(c) 120 days	(d) 180 days
37	, If any person fails to make full payment of the penalty imposed on him within stipulated time, he shall be liable to imprisonment upto ....., in case the demand raised in the penalty order exceeds Rs. 1 crore.			
	(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years
38	Any contravention which is punishable ..... may be compounded.			
	(a) Under section 11	(b) Under section 13	(c) Under section 11 or 13	(d) None of these
39	Where an application for compounding is admitted, the Compounding Authority shall ..... of compounding within ..... from the date of the application.			
	(a) Pass an order, 90 days	(b) Pass an order; 180 days	(c) Endeavour to pass an order; 90 days	(d) Endeavour to pass an order; 180 days
40	The ..... shall be the Compounding Authority in respect of any contravention punishable under section 13, except contravention of clause (a) of section 3.			
	(a) Special Director (Appeals)	(b) Directorate of Enforcement	(c) Reserve Bank	(d) None of these
41	The ..... shall be the Compounding Authority in respect of any contravention of clause (a) of section 3.			
	(a) Special Director (Appeals)	(b) Directorate of Enforcement	(c) Reserve Bank	(d) None of these
42	A contravention committed within a period of ..... from the date on which a similar contravention was committed cannot be compounded.			
	(a) 1 year	(b) 2 years	(c) 3 years	(d) 5 years
43	Every Adjudicating Authority shall ..... to dispose of the complaint within from the date of receipt of the complaint.			
	(a) Be duty bound; 6 months	(b) Endeavour; 1 year	(c) Be duty bound; 1 year	(d) Endeavour; 6 months

44	No Adjudicating Authority shall hold an inquiry except upon a complaint in writing made by any officer authorised by .....			
	(a) The Central Government	(b) The Reserve Bank	(c) Either (a) or (b)	(d) None of these
45	Any person aggrieved by any order made by the Adjudicating Authority (being an Assistant Director of Enforcement or a Deputy Director of Enforcement) may, file an appeal with .....			
	(a) The Special Director (Appeals)	(b) The Special Director	(c) The Appellate Tribunal	(d) The High Court
46	An appeal with the Special Director (Appeals) can be filed within a period of .....			
	(a) 30 days	(b) 45 days	(c) 60 days	(d) 90 days
47	Any person aggrieved by any order made by the Adjudicating Authority (being any Adjudicating Authority other than an Assistant Director of Enforcement or a Deputy Director of Enforcement) may file an appeal with			
	(a) The Special Director (Appeals)	(b) The Special Director	(c) The Appellate Tribunal	(d) High Court 1
48	An appeal with the Appellate Tribunal can be filed within a period of .....			
	(a) 30 days	(b) 45 days	(c) 60 days	(d) 90 days
49	Any person filing an appeal with ..... shall deposit the amount of penalty.			
	(a) The Special Director (Appeals)	(b) The Appellate Tribunal	(c) The Adjudicating Authority	(d) The Special Director
50	The Appellate Tribunal shall ..... the appeal within ..... from the date of filing the appeal.			
	(a) Dispose of, 90 days	(b) Dispose of; 180 days	(c) Endeavour to dispose of; 90 days	(d) Endeavour to dispose of; 180 days
51	1 Statement (1): The Special Director (Appeals) and the Appellate Tribunal shall be bound by the procedure laid down by the Code of Civil Procedure, 1908. Statement (2): The Special Director (Appeals) and the Appellate Tribunal shall have the same powers as are vested in a civil Court under the Code of Civil Procedure, 1908.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both Statements are correct	(d) None of the statements is correct
52	A person preferring an appeal to the Special Director (Appeals) under this Act may either appear in			

	person or take the assistance of ..... to present his case before the Special Director (Appeals).			
	(a) A legal practitioner or a chartered accountant	(b) A company secretary 1	(c) Any cost accountant	(d) Any of these
53	No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which ..... Is empowered by or under this Act to determine.			
	(a) Adjudicating Authority	(b) Appellate Tribunal	(c) Special Director (Appeals)	(d) Any of these
54	Any person aggrieved by any decision or order of the Appellate Tribunal may, within ..... of the communication of the decision or order of the Appellate Tribunal, file an appeal with the High Court.			
	(a) 30 days	(b) 45 days	(c) 60 days	(d) 90 days
55	Any person aggrieved by any decision or order of the Appellate Tribunal may file an appeal with the High Court on .....			
	(a) Any question of law	(b) Any question of fact	(c) Any question of law or of fact	(d) Any question as may be permitted by the High Court

56	If any person aggrieved by any decision or order of the Appellate Tribunal fails to file an appeal with the High Court within the stipulated period, the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the stipulated period, allow it to be filed within a further period not exceeding .....			
	(a) 30 days	(b) 45 days	I (c) 60 days	(d) 90 days J
57	The Directorate of Enforcement shall consist ..... and such other officers or classes of officers as the Central Government may think fit.			
	(a) Chairman	(b) President	I (c) Director	(d) None of these II
58	An office, not below the rank of ....., shall take up for investigation the contravention referred to in section 13			
	(a) Special Director	(b) Director	(c) Assistant Director	(d) Joint director J
59	Where any document is seized from the custody or control of any person under this Act and such document is tendered in any proceeding under this Act in evidence against him, the Adjudicating Authority shall presume, ..... the contrary is proved, the truth of the contents of such document			

	(a) Unless	(b) Even if	(c) Notwithstanding	(d) None of these
60	If ..... is satisfied that circumstances have arisen rendering it necessary that any permission granted or restriction imposed by this Act should cease to be granted or imposed, it may, by notification, suspend or relax to such extent either indefinitely or for such period as may be notified, the operation of all or any of the provisions of this Act.			
	(a) The Reserve Bank	(b) The Central Government	(c) Either (a) or (b)	(d) None of these
61	If any contravention of the Act, rule, direction or order made under the Act is committed by a company, then the company and every person who, ..... the contravention was committed, was in charge o,, and was responsible to, the company for the conduct of the business of the company shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.			
	(a) At the time	(b) Before	(c) After	(d) Any of these
62	If any contravention of the Act, rule, direction or order made under the Act is committed by a company, then a person shall not be liable for punishment if he proves that .....			
	(a) The contravention took place without his knowledge	(b) He had exercised due diligence to prevent such contravention	(c) Either (a) or (b) or both	(d) None of these
63	Where a person dies, any right, obligation, liability, proceeding or appeal to which he was a party ....., and upon such death, such rights and obligations ..... devolve on the legal representative of such person.			
	(a) Shall not abate; shall	(b) Shall abate; shall not	(c) Shall not abate; shall not	(d) Shall abate; shall
64	Current Account Transactions for which drawal of foreign exchange is prohibited are contained in ..... to the Foreign Exchange Management (Current Account Transactions) Rules, 2000.			
	(a) Schedule I	(b) Schedule II	(c) Schedule III	(d) None of these '
65	Current Account Transactions for which approval of Central Government is required are contained in ..... to the Foreign Exchange Management (Current Account Transactions) Rules, 2000.			
	(a) Schedule I	(b) Schedule II	(c) Schedule III	(d) None of these
66	Current Account Transactions for which approval of the Reserve Bank is required are contained in to the Foreign Exchange Management (Current Account Transactions) Rules, 2000.			
	(a) Schedule I	(b) Schedule II	(c) Schedule III	(d) None of these

67	A resident individual may draw upto USD 2,50,000 per financial year for -			
	(a) Any capital account transaction specified in Schedule I to Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000	(b) Item number 1 of Schedule III to Foreign Exchange Management (Current Account Transactions) Rules, 2000	(c) Any item contained in Schedule III to Foreign Exchange Management (Current Account Transactions) Rules, 2000	(d) Both (a) and (b)
68	Real estate business' shall not include .....			
	(a) Development of m. townships	(b) Construction of residential or commercial premises, roads or bridges	(c) Real Estate Investment Trusts (REITs)	(d) All of these
69	Unless otherwise provided in the Act, rules or regulations made thereunder, no person in ..... shall make investment in 1 India in any entity which is engaged, or proposes to engage in the business of chit fund or as Nidhi Company or in 1 agricultural or plantation activities or in real estate business, or construction of farm houses or in trading in 1 Transferable Development Rights (TDRs).			
	(a) Resident outside India	(b) Resident in India	(c) Either (a) or (b) or both	(d) None of these
70	Declaration stating the full export value of goods is not required in case of gift of goods of value not exceeding in .....			
	(a) Rs. 1 lakh	(b) Rs. 2 lakh	(c) Rs. 3 lakh	(d) Rs. 5 lakh
71	The amount representing the full export value of goods / software/ services exported shall be realised and repatriated to India within from the date of expor..			
	(a) 3 months	(b) 6 months	(c) 9 months	(d) 1 year
72	An exporter may receive advance payment where the export agreement itself duly provides for shipment of goods extending beyond the period of ..... from the date of receipt of advance payment.			
	(a) 3 months	(b) 6 months	(c) 9 months	(d) 1 year
73	A person resident in India may acquire immovable property outside India jointly with in ..... , provided tiere is in ..... of funds from India.			
	(a) A relative who is a person resident outside India; no	(b) A relative who is a person resident outside India; outflow	(c) Any person resident outside India; no outflow	(d) Any person resident outside India; outflow



	outflow			
74	A person not being an individual resident in India shall sell the realised foreign exchange to an authorised person within in ..... from the date of its receipt, if such foreign exchange had become due or accrued as remuneration for services rendered, whether in or outside India, or in settlement of any lawful obligation, or an income on assets held outside India, or as inheritance, settlement or gift.			
	(a) 3 days	(b) 7 days	(c) 10 days	(d) 15 days
75	Where the foreign exchange acquired or purchased by any person not being an individual resident in India from an authorised person is for the purpose of foreign travel, then, the unspent balance of such foreign exchange shall be surrendered to an authorised person within in ..... from the date of return of the traveller to India, when the unspent foreign exchange is in the form of currency notes and coins.			
	(a) 90 days	(b) 120 days	(c) 150 days	(d) 180 days
76	a person resident outside India who has established in India a branch, office or other place of business for carrying on in India any activity, excluding a liaison office, may acquire any immovable property in India, which is necessary for or incidental to carrying on such activity subject to the condition that it shall comply with all applicable laws, rules, regulations or directions for the time being in force and it shall file with the Reserve Bank a declaration not later than in ..... from the date of such acquisition.			
	(a) 90 days	(b) 120 days	(c) 150 days	(d) 180 days
77	A person resident in India is authorised to retain foreign currency notes, bank notes and foreign currency travellers' cheques not exceeding in ..... or its equivalent in aggregate, provided that such foreign exchange in the form of currency notes, bank notes and travellers cheques represents unspent amount of foreign exchange acquired by him from an authorised person for travel abroad.			
	(a) US\$ 2,000	(b) US\$ 5,000	(c) US\$ 10,000	(d) US\$ 20,000 p

#### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(c)	(d)	(d)	(c)	(d)	(c)
Reason	Preamble	Preamble	Not. No. GSR 371(E), dated 1st May, 2000	Sec. 1	Sec. 2(c)	Sec. 2(e)
Q. No.	7	8	9	10	11	12
Answer	(d)	(c)	(d)	(a)	(a)	(b)

Reason	Sec. 2(e)	Sec. 2(e)	Sec. 2(h)	Sec. 2(j)	Sec. 2(e) and Sec. 2(j)	Sec. 2(j)
[ Q. No.	13	14	15	16	17	18
, Answer	(b)	(c)	(b)	(c)	(c)	(b)
i Reason	Sec. 2(j)	Sec. 2(1)	Sec. 2(o)	Sec. 2(v)	Sec. 2(v)	Sec. 2(y)
Q. No.	19	20	21	22	23	24
Answer	(d)	(a)	(a)	(c)	(d)	(c)
Reason	Sec. 2(y)	Sec. -2(y)	Sec. 3(a)	Sec. 5	Sec. 6	Sec. 6
Q. No.	25	26	27	28	29	30
Answer	(d)	(d)	(a)	(a)	(b)	(c)
Reason	Sec. 6	Sec. 6	Sec. 6	Sec. 7	Sec. 8	Sec. 9
Q. No.	31	32	33	34	35	36
Answer	(a)	(b)	(d)	(b)	(c)	(b)
Reason	Sec. 10	Sec. 10	Sec. 11	Sec. 12	Sec. 13	Sec. 14
Q. No.	37	38	39	40	41	42
Answer	(c)	(b)	(b)	(c)	(b)	(c)
Reason	Sec. 14	Sec. 15	Sec. 15	Sec. 15	Sec. 15	Sec. 15
Q. No.	1 43	44	45	46	47	48
Answer	(b)	(a)	(a)	(b)	(c)	(b)
Reason	Sec. 16	Sec. 16	Sec. 17	Sec. 17	Sec. 19	Sec. 19
Q. No.	49	50	51	52	53	54
Answer	(b)	(d)	(b)	(a)	(d)	(c)
Reason	19	Sec. 19	Sec. 28	Sec. 32	Sec. 34	Sec. 35
Q. No.	55	56	57	58	59	60
Answer	(a)	(c)	(c)	(c)	(a)	(b)
Reason	Sec. 35	Sec. 35	Sec. 36	Sec. 37	Sec. 39	Sec. 40

Q. No.	61	62	63	64	65	66
Answer	(a)	(c)	(a)	(a)	(b)	(c)
Reason	Sec. 42	Sec. 42	Sec. 43	Rule 3 read with Schedule I	Rule 4 read with Schedule II	Rule 5 read with Schedule III
Q. No.	67	68	69	70	71	72
Answer	(d)	(d)	(a)	(d)	(c)	(d)
Reason	Reg. 4	Reg. 4	Reg. 4	Reg. 4	Reg. 9	Reg. 15
Q. No.	73	74	75	76	77	1
Answer	(a)	(b)	(a)	(a)	(a)	
Reason	Reg. 5	Reg. 5	Reg. 6	Reg. 4	Reg. 3	1

# **The Insolvency and Bankruptcy Code, 2016**

## **Multiple Choice Questions**

**(Answers given at the end of this Chapter)**

1	IBC, 2016 was introduced in Lok Sabha on .....			
	(a) 5th May, 2016	(b) 28th May, 2016	(c) 21st December, 2016	(d) 21st December, 2015
2	IBC, 2016 was passed by Rajya Sabha on .....			
	(a) 5th May, 2016	(b) 11th May, 2016	(c) 28th May, 2016	(d) 21st December, 2016
3	IBC, 2016 was passed by Lok Sabha on .....			
	(a) 5th May, 2016	(b) 11th May, 2016	(c) 28th May, 2016	(d) 21st December, 2016
4	IBC, 2016 received the assent of the President on .....			
	(a) 5th May, 2016	(b) 11th May, 2016	(c) 28th May, 2016	(d) 21st December, 2016
5	IBC, 2016 was notified in the Official Gazette on .....			
	(a) 5th May, 2016	(b) 11th May, 2016	(c) 28th May, 2016	(d) 21st December, 2016
6	The Insolvency and Bankruptcy Board of India was established on .....			
	(a) 1st July, 2016	(b) 1st September, 2016	(c) 1st October, 2016	(d) 1st December, 2016
7	The Head Office of Insolvency and Bankruptcy Board of India is situated at .....			
	(a) Mumbai	(b) Kolkata	(c) Hyderabad	(d) New Delhi
8	IBC, 2016 is divided into ..... Parts and it has ..... Schedules.			
	(a) 4, 11	(b) 4, 12	(c) 5, 11	(d) 5; 12
9	The provisions relating to Insolvency Resolution and Liquidation for Corporate Persons are contained in .....			
	(a) Part I of the Code	(b) Part II of the Code	(c) Part III of the Code	(d) Part IV of the Code
10	The purpose of the Code is			
	(a) To provide	(b) to resolve India's bad	(c) facilitate easy exit of	(d) All of these

	time-bound settlement of insolvency	debt problem by creating a database of defaulters	bankrupt corporates and individuals	
11	Statement (1): IBC, 2016 extends to the whole of India. Statement (2): Part III of IBC, 2016 does not extend to the State of Jammu and Kashmir.			
	(a) Only Statement (1) is correct	(b) Only Statement (2) is correct	(c) Both the Statements are correct	(d) None of the Statements is correct
12	IBC, 2016 does not apply to .....			
	(a) Individuals, other than personal guarantors to corporate debtors	(b) Personal guarantors to corporate debtors	(c) A company governed by any Special Act	(d) None of these

13	The definitions contained in section 3 of the Code are applicable to .....			
	(a) Entire IBC, 2016	(b) Part I of the Code	(c) Part II of the Code	(d) Part III of the Code
14	The provisions relating to insolvency and liquidation of corporate debtors shall apply only where the minimum amount of the default is .....			
	(a) Rs. 1 lakh	(b) Rs. 20 lakh	(c) Rs. 50 lakh	[ (d) Rs. 1 crore
15	The Central Government may, by Notification, specify the minimum amount of default of higher value, not exceeding ..... for the purpose of applicability of provisions relating to insolvency and liquidation of corporate <u>debtors</u> .			
	(a) Rs. 1 crore	(b) Rs. 2 crore	[ (c) Rs. 5 crore	(d) Rs. 10 crore
16	(a) Entire IBC, 2016	ction 5 of the Code are applica	(c) Part II of the Code	(d) Part III of the Code
17	..... is the Adjudicating Authority in case of companies, LLPs and enforcement of personal guarantees related to corporate debtors.			
	(a) National Company Law Tribunal	(b) National Company Law Appellate Tribunal	(c) Debt Recovery Tribunal	(d) Supreme Court
18	A financial creditor may, ....., file an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority when a default has occurred.			
	(a) By itself	(b) Jointly with other financial creditors	(c) Either (a) or (b)	(d) None of these

19	A financial creditor in respect of whom there is no default, is ..... to file an application before the Adjudicating Authority (NCLT) for initiating corporate insolvency resolution process where a Corporate Debtor has made a default in respect of some other financial creditor.			
	(a) Not entitled	(b) Entitled	(c) Entitled, at the discretion of the Adjudicating Authority,	(d) None of these j

20	Where a financial creditor files an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority, the Adjudicating Authority shall, within ..... of the receipt of the appiicaion, ascertain the existence of a default.			
	(a) 7 days	(b) 14 days	j (c) 15 days	(d) 30 days j
21	Where a financial creditor files an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority, the Adjudicating Authority may, by order, reject such application, if it is satisfied that .....			
	(a) Default has r not occurred	(b) Such application is incomplete	(c) Any disciplinary proceeding is pending against the proposed resolution professional	(d) Either (a) or (b) or (c)
22	Where a financial creditor files an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority, the Adjudicating Authority shall, before rejecting the application, give a notice to the applicant to rectify, within..... , the defect in his application.			
	(a) 7 days	(b) 14 days	(c) 15 days	(d) 30 days G
23	1 On the occurrence of a default, an operational creditor delivers a demand notice to the corporate debtor in accordance with the applicable provisions contained in IBC, 2016. The corporate debtor shall, within a period of 10 days of the receipt of the demand notice, bring to the notice of the operational creditor .....			
	(a) Existence of II a dispute	(b) The record of the pendency of the suit or arbitration proceedings	(c) Both (a) and (b)	(d) Either (a) or (b) t
24	Where a corporate debtor has committed a default, a corporate applicant thereof may file an application for initiating corporate insolvency resolution process with the Adjudicating Authority. The corporate applicant shall, along with the application, furnish ..... passed by shareholders of the corporate debtor, approving filing of the application.			
	(a) An ordinary resolution	(b) A special resolution	(c) A unanimous resolution	(d) None of these
25	A corporate debtor shall not be entitled to make an application to initiate corporate insolvency			

	resolution process if it has completed corporate insolvency resolution process ..... preceding the date of making such application.			
	(a) 6 months	(b) 12 months	(c) 18 months	(d) 24 months Q
26	A corporate debtor or a financial creditor shall not be entitled to make an application to initiate corporate insolvency resolution process if it has violated any of the terms of resolution plan which was approved ..... before the date of making of an application for initiating corporate insolvency resolution process.			
	(a) 6 months	(b) 12 months	(c) 18 months	(d) 24 months J
27	The corporate insolvency resolution process shall be completed within a period of ..... from the date of admission of the application to initiate such process.			
	(a) 90 days	(b) 120 days	(c) 180 days	(d) 240 days J
28	The Adjudicating Authority is empowered to extend the duration of corporate insolvency resolution process beyond the stipulated period by such further period as it thinks fit, but not exceeding .....			
	(a) 90 days	(b) 120 days	(c) 180 days	(d) 240 days
29	The Adjudicating Authority is empowered to extend the duration of corporate insolvency resolution process beyond the stipulated period only if the resolution professional files an application with the Adjudicating Authority for such extension, if instructed to do so by a resolution passed at a meeting of the committee of creditors by a vote of ..... of the voting shares.			
	(a) More than 51%	(b) 51%	(c) 66%	(d) 75%
30	The extension of the period of corporate insolvency resolution process shall not be granted more than .....			
	(a) Once	(b) Twice	(c) Thrice	(d) None of these H
31	The Adjudicating Authority may allow the withdrawal of application admitted under section 7 or section 9 or section 10, on an application made by the applicant with the approval of voting share of the committee of creditors, in such manner as may be specified.			
	(a) 66%	(b) 75%	(c) 90%	(d) 100% \
32	Where an application made under section 7 or section 9 or section 10 is admitted, the public announcement shall be made not later than ..... from the date of appointment of the interim resolution professional.			
	(a) 3 days	(b) 7 days	(c) 14 days	(d) 30 days \
33	The Adjudicating Authority shall appoint an interim resolution professional within ..... from			

	the insolvency commencement date.			
	(a) 3 days	(b) 7 days	(c) 14 days	(d) 30 days
34	The term of the interim resolution professional shall .....			
	(a) Not exceed 15 days from the date of his appointment	(b) Not exceed 30 days from the date of his appointment	(c) Not exceed 45 days from the date of his appointment	(d) Continue till the date of appointment of the resolution professional
35	Except as otherwise provided in IBC, 2016, all decisions of the committee of creditors shall be taken by a vote of not less than ..... of voting share of the financial creditors:			
	(a) 51%	(b) 66%	(c) 75%	(d) 90%
36	Where the committee of creditors requires the resolution professional to furnish any financial information in relation to the corporate debtor, the resolution professional shall, within ....., make such financial information available to the committee of creditors.			
	(a) 3 days	(b) 7 days	(c) 14 days	(d) 30 days
37	a financial creditor or the authorised representative of the financial creditor, if it is a related party of the corporate debtor, shall not have any right of ..... in a meeting of the committee of creditors.			
	(a) Representation	(b) Participation	(c) Voting	(d) All of these
38	The interim resolution professional shall, ..... collation of all claims received against the corporate debtor, constitute a committee of creditors.			
	(a) After	(b) Before	(c) Either (a) or (b)	(d) None of these
39	The first meeting of the committee of creditors shall be held within ..... of the constitution of the committee of creditors.			
	(a) 3 days	(b) 7 days	(c) 14 days	(d) 30 days
40	In the first meeting, the committee of creditors may, by a majority vote of not less than ..... of the voting share of the financial creditors, resolve to appoint the interim resolution professional as a resolution professional or replace the interim resolution professional by another resolution professional.			
	(a) 51%	(b) 66%	! (c) 75%	(d) 90%
41	The committee of creditors may resolve to continue the interim resolution professional as resolution professional, if the ..... submits a written consent in the specified form.			
	(a) Interim resolution	(b) Proposed interim	(c) Resolution	(d) Proposed



	professional	resolution professional	professional	resolution professional
42	Where the committee of creditors resolves to replace the interim resolution professional, it shall file an application before the Adjudicating Authority for the appointment of the proposed resolution professional along with a written consent from the in the specified form.			
	(a) Interim resolution professional	(b) Proposed interim resolution professional	(c) Resolution professional	(d) Proposed resolution professional
43	The resolution professional shall give notice of each meeting of the committee of creditors to the operational creditors or their representatives if the amount of their aggregate dues is not less than ..... of the debt			
	(a) 5%	(b) 10%	(c) 20%	(d) 25%
44	If any financial creditor does not give prior instructions, the authorised representative shall ..... on behalf of such creditor.			
	(a) Vote against	(b) Vote in favour	(c) Abstain from voting	(d) None of these
45	The committee of creditors may replace a resolution professional with another resolution professional, by a majority vote of not less than ..... of the voting share.			
	(a) 51%	(b) 66%	(c) 75%	(d) 90%
46	Before passing a resolution for replacing the resolution professional, the committee of creditors shall obtain a written consent from the ..... in the specified form.			
	(a) Interim resolution professional	(b) Proposed interim resolution professional	(c) Resolution professional	(d) Proposed resolution professional
47	..... shall prepare an information memorandum.			
	(a) The Adjudicating Authority	(b) The Committee of creditors	(c) The resolution professional	(d) The corporate debtor
48	A person shall not be eligible to submit a resolution plan, if he has been convicted for any offence punishable with imprisonment of ..... or more under any Act specified under the Twelfth Schedule.			
	(a) 1 year	(b) 2 years	(c) 5 years	(d) 7 years
49	1A person shall not be eligible to submit a resolution plan, if he has been convicted for any offence punishable with imprisonment of ..... or more under any other law for the time being in force.			
	(a) 1 year	(b) 2 years	(c) 5 years	(d) 7 years
50	The committee of creditors may approve a resolution plan by a vote of not less than ..... of			

	voing share of the financial creditors.			
	(a) 51%	(b) 66%	(c) 75%	
51	..... may submit to die resolution professional, a resolution plan.			
	(a) Any person	(b) A resolution applicant 1	(c) The Committee of creditors	(d) None of these
52	The resolution applicant shall, pursuant to the resolution plan approved by the Adjudicating Authority, obtain the necessary approval required under any law for the time being in force within a period of ..... from the date of approval of the resolution plan by the Adjudicating Authority or within such period as provided for in such law, whichever is later.			
	(a) 90 days	(b) 180 days	(c) 270 days	(d) 1 year
53	The resolution applicant shall, pursuant to the resolution plan approved by the Adjudicating Authority, obtain the necessary approval required under any law for the time being in force within a period of .....from the date of approval <u>of the resolution plan by the Adjudicating Authority or within</u> such period as provided for in such law, whichever is later.			
	(a) 51%	(b)66%	(c) 75%	(d) 90% J
54	Where the Adjudicating Authority passes an order for liquidation of the corporate debtor, ..... shall, if he submits a written consent in specified form, act as the liquidator for the purposes of liquidation.			
	(a) Interim resolution professional	(b) Proposed interim resolution professional	(c) Resolution professional	(d) Proposed resolution « professional
55	..... shall not be in included in the liquidation estate assets			
	(a) Assets of any Indian or foreign subsidiary of the corporate debtor	(b) Assets subject to the determination of ownership by the court or authority	(c) Any asset recovered through proceedings for avoidance of any transaction	(d) All of these

56	Where a creditor requires the liquidator to provide him any financial information relating to the corporate debtor, the liquidator shall, within a period of ..... from the date of such request, provide the financial information to such creditors or provide reasons for not providing such information.			
	(a) 3 days	(b) 7 days	(c) 14 days	(d) 30 days
57	The liquidator shall receive or collect the claims of creditors within a period of ..... from the date of the commencement of the liquidation process.			

	(a) 3 days	(b) 7 days	(c) 14 days	(d) 30 days f
58	A creditor may withdraw or vary his claim under this section within ..... of submission of such claim.			
	(a) 7 days	(b) 14 days	(c) 15 days	(d) 30 days j
59	1 The liquidator shall communicate his decision of admission or rejection of claims to the creditor and corporate debtor within ..... of such admission or rejection of claims.			
	j (a) 3 days	(b) 7 days	(c) 14 days	j (d) 30 days J
60	A creditor may appeal to the Adjudicating Authority against the decision of the liquidator accepting or rejecting his claim within ..... of the receipt of the decision of the liquidator.			
	(a) 3 days	j (b) 7 days	j (c) 14 days	(d) 30 days <j
61	A copy of order of dissolution made by the Adjudicating Authority shall, within ..... , be forwarded to the authority with which the corporate debtor is registered.			
	(a) 3 days	(b) 7 days	(c) 14 days	(d) 30 days
62	An application for fast track corporate insolvency resolution process may be made in respect of .....			
	(a) A small company as defined under clause (85) of section 2 of Companies Act, 2013	(b) A listed company	(c) A partnership firm	(d) All of these
63	The fast track corporate insolvency resolution process shall be completed within a period of ..... from the insolvency commencement date.			
	(a) 60 days	(b) 90 days	(c) 180 days	(d) 270 days
64	'One of the conditions for voluntary liquidation of a company which owes any debt to any person is that the creditors representing ..... in value of the debt of the company shall approve the resolution passed by the members.			
	(a) 1/4 th	(b) 1/3rd	(c) 2/3rd	(d) 3/4th
65	..... is the Adjudicating Authority in case of individuals and partnership firms.			
	(a) National Company Law Tribunal	(b) National Company Law Appellate Tribunal	(c) Debt Recovery Tribunal	(d) Supreme Court
66	The Insolvency and Bankruptcy Board of India is .....			
	(a) A Department of the State Government	(b) A Department of the Central Government	(c) A body corporate	(d) None of these

### Answers to Multiple Choice Questions

Q. No.	1	2	3	4	5	6
Answer	(d)	(b)	(a)	(c)	(c)	(c)
Q. No.	7	8	9	10	11	12
Answer	(d)	(d)	(b)	(d)	(C)	(d)
Reason				Preamble	Sec. 1	Sec. 2
Q. No.	13	14	15	16	17	18
Answer	(a)	(a)	(a)	(c)	(a)	(c)
Reason	Sec. 3	Sec. 4	Sec. 4	Sec. 5	Sec. 5(1)	Sec. 7
Q. No.	19	20	21	22	23	24
Answer	(b)	(b)	(d)	(b)	(d)	(b)
Reason	Sec. 7	Sec. 7	Sec. 7	Sec. 7	Sec. 8	Sec. 10
Q. No.	25	26	27	28	29	30
Answer	(b)	(b)	(c)	(a)	(c)	(a)
Reason	Sec. 11	Sec. 11	Sec. 12	Sec. 12	Sec. 12	Sec. 12
Q. No.	31	32	33	34	35	36
Answer	(c)	(a)	(c)	(d)	(a)	(b)
Reason	Sec. 12A	Sec. 13	Sec. 16	Sec. 16	Sec. 21	Sec. 21
Q. No.	37	38	39	40	41	42
Answer	(d)	(a)	(b)	(b)	(a)	(d)
Reason	Sec. 21	Sec. 21	Sec. 22	Sec. 22	Sec. 22	Sec. 22
Q. No.	43	44	45	46	47	48
Answer	(b)	(c)	(b)	(d)	(c)	(b)
Reason	Sec. 24	Sec. 25A	Sec. 27	Sec. 27	Sec. 29	Sec. 29A
Q. No.	49	50	51	52	53	54
Answer	(d)	(b)	(b)	(d)	(b)	(c)

Reason	Sec. 29A	Sec. 30	Sec. 30	Sec. 31	Sec. 33	Sec. 34
Q. No.	55	56	57	58	59	60
Answer	(a)	(t>)	(d)	(b)	(b)	(c)
Reason	Sec. 36	Sec. 37	Sec. 38	Sec. 38	Sec. 40	Sec. 42
Q. No.	61	62	63	64	65	66
Answer	(b)	(a)	(b)	(c)	(c)	(c)
Reason	Sec. 54	Sec. 55	Sec. 56	Sec. 59	Sec. 79(1)	Sec. 188(1)

### **MCQ PRACTICE SERIES - 2**

## **Appointment and Qualification of Directors**

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

- A Private Ltd Company can appoint more than 15 directors after passing the special resolution:  
(a) True (b) False
- Minimum number of directors required in public company are:  
(a) 2 (b) 4  
(c) 5 (d) 3
- Following companies can increase the limit of maximum of 15 directors by passing special resolution:  
(a) Public Company (b) Government Company  
(c) Section 8 Company (d) None of the above
- There should be at least one woman director for:  
(a) A public company having paid-up share capital of one hundred crore rupees or more  
(b) A public company having turnover of two hundred crore rupees or more  
(c) Both a & b  
(d) None of the above
- Every company shall have at least ..... director/s who has/have stayed in India for a total period of not less than 182 days in the previous financial year:  
(a) 2 (b) 4  
(c) 1 (d) 3
- Every listed public company shall have at least ..... of the total number of directors as independent directors:  
(a) One half (b) One

- (c) Three (d) One third
7. Following can become the independent director:  
 (a) Managing director (b) Whole time director  
 (c) Both a & b (d) None of the above
8. Promoter of a company can become independent director:  
 (a) True (b) False
9. Independent director can be a person who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year:  
 (a) True (b) False
10. Independent Director is not entitled to any stock option:  
 (a) True (b) False
11. An independent director shall hold office for a term up to ..... consecutive years on the Board of a company:  
 (a) Two (b) Four  
 (c) Three (d) Five
12. Small Shareholders means a shareholder holding shares of nominal value of not more than ..... or such other sum as may be prescribed:  
 (a) 10,000 (b) 5,000  
 (c) 20,000 (d) 15,000
13. A small shareholder's director shall not be liable to retire by rotation:  
 (a) True (b) False
14. No person shall hold the position of small shareholders' director in more than ..... company at the same time:  
 (a) One (b) Two  
 (c) Three (d) Five
15. For the purposes of the determining the retirement of directors by rotation total number of directors shall include independent directors:  
 (a) True (b) False
16. An individual who has already been allotted a DIN can apply for, obtain or possess another DIN.  
 (a) True (b) False
17. A person, who fails to get appointed as a director in a general meeting can be appointed as an additional director:  
 (a) True (b) False
18. The Board of Directors of a company may appoint a person to act as an alternate director in place of original director during his absence for a period of not less than ..... from India.  
 (a) 30 Days (b) 1 Month (c) 3 Months (d) 6 Months
19. A person who is holding any alternate directorship for any director in the company can also be considered for appointment as additional director for some other director:

- (a) True (b) False
20. Two or more directors can be elected as directors by a single resolution:  
(a) True (b) False
21. A person who has been convicted by a court of any offense, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for 3 months can be appointed as director:  
(a) True (b) False
22. A person cannot be appointed as director if he has not filed financial statements of any company in which he is a director for any continuous period of ..... financial years:  
(a) 5 (b) 2  
(c) 3 (d) 8
23. The maximum number of public companies in which a person can be appointed as a director shall not exceed .....  
(a) 20 (b) 10  
(c) 5 (d) 7
24. Private companies that is either holding or subsidiary company of a public company shall not be included in reckoning the limit of public companies in which a person can be appointed as a director.  
(a) True (b) False
25. The members of a company may, by ....., specify any lesser number of companies in which a director of the company may act as directors.  
(a) Ordinary Resolution (b) Special Resolution  
(c) Extraordinary Meeting (d) AGM
26. If a person accepts an appointment as a director in contravention of specified limits he shall be punishable with fine which shall not be less than ..... but which may extend to ..... for every day after the first during which the contravention continues.  
(a) 1,000; 10,000 (b) 5,000; 50,000  
(c) 2,500; 25,000 (d) 5,000; 25,000
27. The register of directors and Key Managerial personnel shall be open for inspection at every annual general meeting of the company and shall be made accessible to any person attending the meeting.  
(a) True (b) False
28. Unless the articles provide for the retirement of all directors at every annual general meeting, not less than ..... of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation.  
(a) 1/4 (b) 1/2  
(c) 1/5 (d) None of the above
29. Mr. Y failed to pay interest on loans taken from a financial institution. He is not disqualified to be appointed as director.  
(a) True (b) False
30. Mr. Y is appointed as director in 10 public companies, as alternate director in 3 companies, and a director in 8 private limited companies. He is disqualified to be appointed as director.

- (a) True (b) False
31. Minimum No. of Directors that OPC has to appoint -  
 (a) 3 (b) 2  
 (c) 1 (d) No such restriction.
32. Section 8 Co. can have more than 15 directors after  
 (a) Passing SR (b) Passing OR  
 (c) Approval of BOD (d) No SR required
33. For the purpose of Section 149(4) unlisted companies exclude  
 (a) Joint Venture (b) 100% subsidiary  
 (c) Dormant Company (d) All of the above
34. Independent Director is eligible for profit related commission  
 (a) without any approval (b) as approved by members  
 (c) as approved by BOD (d) not eligible
35. Section 150 is applicable to section 8 company  
 (a) Correct (b) Incorrect
36. In case of IFSC public company, as per section 152(5) a person appointed as director shall act as a director only after his consent has been filed with ROC within ..... days  
 (a) 30 (b) 60  
 (c) 90 (d) 15
37. In case of a newly incorporated company, proposed directors, not having DIN the particulars of maximum ..... directors shall be mentioned in form .....  
 (a) 2; INC-1 (b) 3; INC-1  
 (c) 3; INC - 32 (d) None of the above
38. CG shall deactivate DIN if director does not intimate his particulars in  
 (a) DIR-3 - KYC (b) DIR-I-KYC  
 (c) DIR-4-KYC (d) DIR-2 - KYC
39. Individual who has been allotted a DIN as on 31<sup>st</sup> March 2018 shall submit ..... on or before .....  
 (a) DIR-3 - KYC; 5<sup>th</sup> October 2018 (b) DIR-1 - KYC; 30<sup>th</sup> April 2018  
 (c) DIR- 4 - KYC; 5<sup>th</sup> October 2018 (d) DIR-2 - KYC; 30<sup>th</sup> April 2018
40. Under section 160, deposit in case of NIDHI company shall be  
 (a) 1,00,000 (b) 10,000  
 (c) No deposit required (d) 10,00,000
41. Under section 160, deposit of Rs. 1,00,000 is not required  
 (a) If specified in AOA (b) If appointment is recommended by NRC (c) If appointment is approved by shareholders (d) None of the above
42. Section 162 is not applicable to  
 (a) Private Company (b) Listed Public Company  
 (c) Specified IFSC Public Company (d) Both (a) & (c)



43. If a person has been convicted of any offence and sentenced for imprisonment for more than or equal to 7 years  
 (a) He will be ineligible to act as director for 5 years  
 (b) He will be ineligible to act as director for lifetime  
 (c) He will be ineligible to act as director for 10 years  
 (d) None of the above
44. For calculating the limit u/s 165, directorship of which co. are to be excluded  
 (a) Listed Public Co. (b) Pvt. Ltd. Co.  
 (c) Dormant Co. (d) Subsidiary of a Public Co.
45. Where disqualification is attracted u/s 164(2) office of the director shall become vacant  
 (a) In all the companies  
 (b) In all the companies other than the companies which is in default u/s 164(2)  
 (c) None of the above
46. Independent Director reappointed for 2<sup>nd</sup> term u/s 149(10) shall be removed by the company  
 (a) By passing OR (b) By Passing SR  
 (c) By Passing Boards Resolution (d) Both (a) & (d)
47. Director removed u/s 169 is ..... for compensation u/s 202  
 (a) entitled (b) not eligible
48. Section 171 is not applicable to  
 (a) Government Co. (b) Listed Co.  
 (c) Pvt. Ltd. Co. (d) None of the above
49. Appointment of a new person in place of existing director ..... assign ment of office  
 (a) is treated as (b) does not amount
50. .... have the powers to remove director u/s 169 even if he was ap pointed for life  
 (a) BOD (b) SHS (c) ROC (d) CG

**MCQs Answers:**

1(a)	6(d)	11(d)	16(b)	21(a)	26(d)	31(c)	36(b)	41(b)	46(b)
2(d)	7(d)	12(c)	17(b)	22(c)	27(a)	32(d)	37(c)	42(d)	47(a)
3(a)	8(b)	13(a)	18(c)	23(b)	28(d)	33(d)	38(a)	43(b)	48(a)
4(a)	9(b)	14(b)	19(b)	24(b)	29(a)	34(b)	39(a)	44(c)	49(b)
5(c)	10(a)	15(b)	20(b)	25(b)	30(a)	35(b)	40(b)	45(b)	50(b)

## Appointment and Remuneration of Managerial Personnel

1. Key managerial personnel in relation to a company, means:  
(a) The managing director (b) The company secretary  
(c) Both (a) & (b) (d) None of the above
2. A company can appoint a managing director and a manager at the same time:  
(a) True (b) False
3. No company shall appoint or re-appoint any person as its managing director for a term exceeding ..... at a time:  
(a) Two Years (b) Five Years  
(c) Seven Years (d) Ten Years
4. No company shall appoint or continue the employment of any person as managing director, whole-time director or manager who has attained age of ..... years:  
(a) 60 (b) 65  
(c) 70 (d) 75
5. A person cannot be appointed as manager who has made a composition with creditors:  
(a) True (b) False
6. A whole time director has to be resident of India:  
(a) True (b) False
7. Where an appointment of a managing director, whole-time director or manager is not approved by the company at a general meeting, any act done by him before such approval shall deemed to be valid:  
(a) True (b) False
8. Every public company having a paid-up share capital of ..... or more shall have whole-time key managerial personnel:  
(a) 1 crore (b) 5 crore (c) 10 crore (d) 100 crore
9. A company which has a paid up share capital of 5 crore or more shall have a whole-time ..... :  
(a) Managing Director (b) Company Secretary (c) CFO (d) Manager
10. If the office of any whole-time KMP is vacated, the resulting vacancy shall be filled-up by the Board at a meeting of the Board within a period of ..... from the date of such vacancy.  
(a) Three Months (b) Six Months  
(c) One Month  
(d) Nine Months
11. While fixing remuneration of Managerial Person the CG shall have regard to the remuneration or commission drawn by him from any other company:  
(a) True (b) False
12. The overall limit of maximum remuneration in any financial year shall be ..... % of net profits of the company for that financial year:  
(a) 5 (b) 10  
(c) 11 (d) 15

13. The limit of maximum remuneration if there is one whole time director in any financial year shall be ..... % of net profits of the company for that financial year:
- (a) 5 (b) 1  
(c) 11 (d) 3
14. If in any financial year, a company has no profits or its profits are inadequate, the company shall not pay sitting fees to its directors:
- (a) True (b) False
15. The limits specifying the remuneration payable to directors are specified in schedule .....
- (a) IV (b) V  
(c) VII (d) X
16. Mr. X in FY 17-18 had no profits. It can pay remuneration upto ..... lakhs to its managerial person if its effective capital is 80 crores.
- (a) 60 Lakhs (b) 84 Lakhs  
(c) 120 Lakhs (d) 92 Lakhs
17. The sitting fees shall not exceed ..... rupees per meeting of the Board or committee thereof:
- (a) 5 Lakhs (b) 1 Lakh  
(c) 2 Lakhs (d) 3 Lakhs
18. The sitting fees for Independent Directors shall be less than the sitting fee payable to other directors:
- (a) True (b) False
19. An ..... shall not be entitled to any stock option.
- (a) Whole time director (b) Managing director  
(c) Woman director (d) Independent director
20. The treatment when excess remuneration is paid to director than the mentioned limits shall be:
- (a) Director shall refund the extra remuneration paid.  
(b) Company can waive the recovery of any sum refundable to it.  
(c) Both a & b  
(d) None of the above.
21. Mr. K, CFO of the company ABC Ltd. was insured by the company against liability in respect of breach of trust. He was found guilty. The premium paid for such insurance shall be treated as part of remuneration paid to him.
- (a) True (b) False
22. In calculation of net profit for purpose of determining remuneration payable bounties and subsidies received from any Government shall be added to profit:
- (a) True (b) False
23. In calculation of net profit for purpose of determining remuneration payable profits on sales by the company of forfeited shares shall not be deducted from profit:
- (a) True (b) False
24. In calculation of net profit for purpose of determining remuneration payable profits on sales by the company following amounts shall be deducted from profit:

- (a) Any change in carrying amount of an asset or of a liability recognised in equity reserves including surplus in profit and loss account on measurement of the asset or the liability at fair value.
- (b) Interest on mortgages executed by the company and on loans and advances secured by a charge on its fixed or floating assets
- (c) Both a & b
- (d) None of the above
25. Compensation for loss of office of whole time director shall not be paid in following cases:
- (a) Where the director resigns from his office on account of reconstruction of the company or its amalgamation.
- (b) Where the director has instigated, or has taken part directly or indirectly in bringing about, the termination of his office.
- (c) Both a & b
- (d) None of the above.
26. Following perquisites shall not be included in computation of the ceiling on remuneration specified in section II & III:
- (a) Encashment of leave (b) Contribution to provident fund
- (c) Both a & b (d) None of the above
27. MD is entrusted with :
- (a) substantial powers of management
- (b) substantial powers of management, not exercisable by a director
- (c) substantial powers of management, exercisable by a director
- (d) both (b) & (c)
28. MD can be a
- (a) Rotational Director (b) Non - Rotational Director
- (c) Either (a) or (b) (d) None of the above
29. A company may employ
- (a) Only One WTD (b) Two or More WTD
- (c) Maximum Two WTD (d) None of the above
30. No company can appoint any person as MD if he has attain 70 years of age unless
- (a) OR has been passed (b) SR has been passed
- (c) No SR is passed but votes cast in favour exceed votes cast against it and CG is satisfied
- (d) CG satisfied
31. Section 196(2) is not applicable
- (a) Listed company (b) Pvt. Ltd. company
- (c) IFSC Company (d) Government Company
32. Managerial Personnel can be appointed without CG approval if he has not been sentenced to imprisonment or fine greater than Rs. 1,000 under
- (a) Companies Act, 2013 (b) GST Act
- (c) IBC, 2016 (d) All of the above

33. U/s 197(1) limit of 11% can be exceeded if authorised by  
 (a) Company if General Meeting (b) Directors in Board Meeting  
 (c) Both (a) & (b) (d) None of the above
34. Company shall not waive the recovery of money, refundable to it under section 197(9) unless approved by  
 (a) Company, by SR (b) Company, by OR  
 (c) Company, by Board Meeting (d) Both (a) & (c)
35. While calculating effective capital working capital loans are to be  
 (a) included (b) excluded  
 (c) included upto 50% (d) None of the above
36. KMP may be a director of any company with ..... permission.  
 (a) Board (b) Shareholders  
 (c) CG (d) ROC
37. Secretarial standards are standards issued by ICSI and approved by  
 (a) ICAI (b) CG (c) NFRA (d) National Advisory Committee
38. As per a decided case law, a director is ..... to disclose any breach of his obligations  
 (a) not legally bound (b) legally bound  
 (c) not required (d) none of the above

MCQs Answers:

1(c)	5(a)	9(b)	13 (a)	17(b)	21(a)	25 (c)	29(c)	33(a)	37(b)
2(b)	6(a)	10(b)	14(b)	18(b)	22 (a)	26 (c)	30(c)	34(a)	38(a)
3(b)	7(a)	11 (a)	15(b)	19 (d)	23(b)	27(b)	31(d)	35(b)	
4(c)	8(c)	12 (c)	16(b)	20 (a)	24(b)	28(c)	32(d)	36(a)	

## Meeting of Board and Its Powers

1. Every company shall hold the first meeting of the Board of Directors within ..... of the date of its Incorporation:  
(a) 30 Days (b) 1 Month  
(c) 90 Days (d) 45 Days
2. Every dormant company shall hold minimum of ..... meetings:  
(a) At least one meeting of the Board of Directors in each quarter of a calendar year.  
(b) At least one meeting of the Board of Directors in each half of a calendar year.  
(c) At least four meetings of the Board of Directors in each calendar year.  
(d) None of the above.
3. One Person Company in which there is only 1 director on its Board, it shall not be required to hold at least two Board meetings in each half of a calendar year:  
(a) True (b) False
4. Board meeting has to be conducted for approval of annual financial statements. Meeting can be conducted in the following manner:  
(a) Audio Visual means  
(b) Video Conferencing  
(c) Both a & b  
(d) None of the above
5. Minutes shall be entered in the minute book signed by the ..... :  
(a) CFO (b) Chairperson (c) General Manager (d) None
6. Notice of Board meeting should be sent only through post:  
(a) True (b) False
7. If No intimation from director of his participation through the electronic mode it cannot be assumed that the director shall attend the meeting in person.  
(a) True (b) False
8. The quorum for a Board Meeting shall be:  
(a) one-half of its total strength or one director, whichever is higher  
(b) one-fourth of its total strength or two director, whichever is lower  
(c) one-third of its total strength or two directors, whichever is higher  
(d) one-third of its total strength or two directors, whichever is lower
9. The directors who participate by video conferencing or by other audio visual means shall also be counted for the purpose of determining the quorum at the meeting:  
(a) True (b) False
10. Companies covered under section 8 of the Companies Act, 2013 shall constitute quorum for the Board meeting as:  
(a) Either eight members or 25% of its total strength whichever is less. Provided that quorum shall not be less than two members.

- (b) Either eight members or 10% of its total strength whichever is less.
- (c) Either eight members or 25% of its total strength whichever is less. Provided that quorum shall not be less than three members.
- (d) Either eight members or 25% of its total strength whichever is less.
11. Audit committee shall be constituted by following:
- (a) Every Listed company
- (b) All public companies having turnover of 100 crore rupees or more
- (c) Both (a) & (b)
- (d) None of the above
12. The responsibilities of audit committee are:
- (a) Scrutiny of inter-corporate loans and investments
- (b) Valuation of undertakings or assets of the company, wherever it is necessary
- (c) The recommendation for appointment, remuneration and terms of appointment of auditors of the company
- (d) All of the above
13. For section 8 companies, the Audit Committee shall consist of a minimum of 3 directors with independent directors not necessarily forming a majority.
- (a) True (b) False
14. The Companies which have borrowed money from banks and public financial institutions in excess of ..... rupees shall constitute Vigil mechanism:
- (a) 10 Crore (b) 15 Crore
- (c) 30 Crore (d) 50 Crore
15. Nomination & Remuneration committee shall be formed by:
- (a) Every Listed company
- (b) Unlisted public company with a paid up capital of ten crore rupees or more
- (c) Both (a) & (b)
- (d) None of the above
16. Board of directors of a company which consists of more than 1000 ..... at any time during a financial year shall constitute a Stakeholders Relationship Committee.
- (a) Shareholders (b) Debenture holders
- (c) Deposit holders (d) All of the above
17. Prior permission of the company in general meeting shall be required for contribution to charitable funds in case any amount the aggregate of which, in any financial year, exceed ..... of its average net profits for the three immediately preceding financial years.
- (a) 1% (b) 3%
- (c) 5% (d) 10%
18. Following companies can contribute to political parties:
- (a) Government Co.
- (b) A company in existence for more than three years

- (c) Both (a) & (b)  
(d) None of the above
19. No company shall, directly or indirectly, advance any loan to a managing or whole-time director as a part of the conditions of service extended by the company to all its employees.  
(a) True (b) False
20. If any loan is advanced or a guarantee is given or provided in contravention of the provisions of section 185, the penalty of minimum of Rs. .... and maximum of Rs. .... shall be levied on the company.  
(a) 5 Lakhs; 25 Lakhs (b) 1 lakh; 20 Lakhs  
(c) 10 Lakhs; 50 Lakhs (d) 3 Lakhs; 30 Lakhs
21. On defaulting director and the other person to whom any loan is advanced or guarantee or security is given or provided in connection with any loan taken by him or the other person in contravention of the provisions of section 185:  
(a) Imprisonment- Maximum 6 months (b) Fine- Minimum- 5 lakhs (c) Both imprisonment and fine  
(d) Either of the above
22. The expression "to any other person in whom director is interested" means:  
(a) Any firm in which any such director or relative is a partner  
(b) Any Body Corporate at a general meeting of which not less than ten per cent of the total voting power may be exercised or controlled by any such director.  
(c) Both (a) & (b)  
(d) None of the above
23. Company shall disclose to the members in the financial statement the full particulars of:  
(a) Loan given  
(b) Investment made or guarantee given or security provided  
(c) The purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security  
(d) All of the above
24. Any director of a company or any of its key managerial personnel shall be allowed to buy in the company, or in its holding, subsidiary or associate company:  
(a) a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.  
(b) a right, as he may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.  
(c) Both a & b (d) None of the above
25. If board meeting is called at shorter notice than atleast ..... shall be present  
(a) One WTD (b) One Independent Director if any  
(c) One Women Director (d) All of the above
26. IFSC Co. shall hold its first board meeting within ..... days of Incorporation  
(a) 30 (b) 45  
(c) 90 (d) 60



27. Notice of Board Meeting must be sent to  
 (a) Independent Director (b) Alternate Director  
 (c) Additional Director (d) All of the above
28. Adjourned Board Meeting can be held on Sundays  
 (a) Correct (b) Incorrect
29. Minutes of resolution that has been passed by circulation must be recorded in  
 (a) Same Meeting (b) Next Meeting  
 (c) AGM (d) None of the above
30. In case of Audit Committee of ..... company, independent forming a majority is not required  
 (a) Listed Co. (b) Section 8 Co.  
 (c) Govt. Co. (d) IFSC Co.
31. While considering auditor's report, auditors shall have a right to ..... but ..... to vote  
 (a) to be heard; no right (b) to be heard; full right  
 (c) not to be heard; no right (d) represent; no right
32. For the purpose of Section 178 unlisted companies exclude  
 (a) Joint Venture (b) 100% subsidiary  
 (c) Dormant Company (d) All of the above
33. Chairperson of Stakeholder's Relationship Committee should be a  
 (a) Non Executive Director (b) Executive Director  
 (c) Women Director (d) Independent Director
34. For Buy Back of more than 10% of capital, ..... is required  
 (a) SR (b) OR  
 (c) Permission of CG (d) Permission of ROC
35. Section 178 is not applicable to  
 (a) Section 8 Co. (b) IFSC Public Co.  
 (c) Both (a) & (b) (d) None of the above
36. Political Contribution can be made in  
 (a) NEFT (b) Cheque  
 (c) Draft or ECS (d) Any of the above
37. Contract or Arrangement shall required prior approval of members by ..... if the limit u/s 188 is exceeded  
 (a) SR (b) OR  
 (c) Unanimous Approval (d) None of the above
38. Section 189 shall apply to Section 8 company only if transaction value exceeds  
 (a) 10,000 (b) 5,00,000  
 (c) 10,00,000 (d) 1,00,000
39. Section 190 is not applicable to

(a) Listed Public Company

(b) Private Company

(c) Unlisted Public Company

(d) None of the above

40. Directors can enter into Non - Cash transactions with the company and vice-versa only if it is

(a) approved by company's resolution in general meeting

(b) approved by board's resolution in board meeting

(c) Both (a) & (b)

(d) None of the above

MCQs Answers

1(a)	5(b)	9(a)	13 (a)	17 (c)	21(d)	25(b)	29(b)	33(a)	37(b)
2(b)	6	10 (a)	14(d)	18(b)	22 (a)	26(d)	30(b)	34(a)	38(d)
3(a)	7(b)	11(a)	15 (c)	19 (b)	23 (d)	27(d)	31(a)	35(c)	39(b)
4(d)	8(c)	12(d)	16 (d)	20 (a)	24 (d)	28(a)	32(d)	36(d)	40(a)

## **Inspection; Inquiry & Investigation**

1. The Registrar may call on the company to furnish in writing any information or explanation on matters specified in the order within such time as he may specify therein and carry out such inquiry as he deems fit on the basis of information:  
(a) Available with or furnished to him  
(b) On a representation made to him by any person that the business of a company is being carried on for a fraudulent or unlawful purpose or not in compliance with the provisions of this Act  
(c) Both a & b  
(d) None of the above
2. The Registrar or inspector making an inspection or inquiry under section 206, during the course of such inspection or inquiry cannot make or cause to be made copies of books of account and other books and papers:  
(a) True (b) False
3. The Registrar or inspector shall return the books and papers seized not later than ..... day after such seizure, to the company from whose custody or power such books or papers were seized.  
(a) 180th (b) 181<sup>st</sup>  
(b) 90th (d) 360th
4. The ..... shall, by notification, establish an office to be called the Serious Fraud Investigation Office to investigate frauds relating to a company.  
(a) Managing committee (b) Board of directors  
(c) Share holders (d) Central government
5. Where any case has been assigned by the Central Government to the SFIO for investigation under this Act, no other investigating agency of Central Government or any State Government shall proceed with investigation in such case in respect of any offence under this Act.  
(a) True (b) False
6. The Tribunal may, on an application made by not less than ..... or members holding not less than one-tenth of the total voting power, in the case of a company having a share capital conduct an investigation into the affairs of the company.  
(a) 100 (b) 50  
(c) 500 (d) 1000
7. Where an investigation is ordered by the Central Government, Central Government may before appointing an inspector require the applicant to give such security not exceeding ..... rupees.  
(a) 20,000 (b) 25,000  
(c) 10,000 (d) 50,000
8. If any person fails without reasonable cause or refuses to produce to an inspector or any person authorised by him in this behalf any book or paper which is his duty to produce he shall be punishable with imprisonment for a term which may extend to .....  
(a) 6 Months (b) 1 Year  
(c) 3 Years (d) 5 Years
9. The report of any inspector appointed shall be authenticated by:

- (a) By the seal, if any, of the company whose affairs have been investigated.
- (b) By a certificate of a public officer having the custody of the report, as provided under section 76 of the Indian Evidence Act, 1872.
- (c) Both A & B
- (d) None of the above.
10. U/s 208, Powers of Central Government is delegated to .....
- (a) ROC (b) Inspector
- (c) Regional Director (d) Not delegated
11. Inspector can enter & search the places, where BOA are kept only after obtaining order from:
- (a) Special Court (b) Judicial Magistrate
- (c) CG (d) ROC
12. Investigation may be ordered by CG u/s 210 on which basis?
- (a) Report of Inspector u/s 208 (b) SR passed by the company
- (c) If it is in public interest (d) All of the above
13. Qualification of Director of SFIO is not below the rank of ..... to Government of India & having knowledge in .....
- (a) Secretary; Forensic Audit
- (b) Joint Secretary; Taxation
- (c) Additional Director; Corporate Affairs
- (d) Joint Secretary; Corporate Affairs
14. Which of the following can be released on bail?
- (a) Female under the age of 16 years
- (b) Any person under the age of 16 years
- (c) Women who is sick
- (d) All of the above
15. Arrested person shall be taken to ..... or ..... within ..... hours
- (a) Civil Court; Special Court; 12 hours
- (b) Civil Court; Special Court; 24 hours
- (c) Special Court; Judicial Magistrate; 24 hours
- (d) Judicial Magistrate; Metropolitan Magistrate; 24 hours
16. How much is the amount of Security Cost u/s 214 to be paid when prescribed Turnover of previous FY is Rs. 100 crore?
- (a) Rs. 10000 (b) Rs. 15000
- (c) Rs. 25000 (d) As directed by CG
17. Under Section 218, if company doesnot receive the approval within ..... days of making the application, then the company ..... to take action against the employee.
- (a) 30 days; may proceed (b) 30 days; shall not
- (c) 60 days; may proceed (d) 60 days; shall not

18. If tribunal's order is contravened u/s 221, then Minimum fine on company is Rs. .... & Maximum Fine is Rs. ....  
 (a) 1,00,000; 25,00,000  
 (b) 1,00,000; 5,00,000  
 (c) 50,000; 5,00,000  
 (d) 50,000; 1,00,000
19. Under Section 222, Restriction on Securities can be imposed for maximum ..... year/(s)  
 (a) 1 (b) 2  
 (c) 3 (d) 4
20. Copy of inspectors report can be obtained by:  
 (a) Members & Creditors  
 (b) Person whose interest is likely to be affected  
 (c) CG  
 (d) Both (a) & (b)
21. Expenses of Investigation shall be defrayed by ..... (except expenses u/s 214)  
 (a) CG (b) Company  
 (c) ROC (d) Inspector
22. Legal Advisors to any company shall be bound to disclose ..... to the Tribunal/CG:  
 (a) Name & Address of Client  
 (b) Cases going on against the Client - Company  
 (c) All of the above  
 (d) None of the above
23. Section 206 shall ..... to Foreign Companies  
 (a) Partially Apply (b) Apply  
 (c) Not apply
24. If any person who is required to provide explanation during inspection, inquiry etc., fails to do the same, shall be punishable u/s:  
 (a) 447 (b) 448  
 (c) 229 (d) 228

#### MCQs Answers

1(c)	2(b)	3(a)	4(d)	5(a)	6(a)	7(b)	8(a)
9(c)	10(c)	11(a)	12(d)	13(d)	14(b)	15(d)	16(b)
17(a)	18(a)	19(c)	20(d)	21(a)	22(a)	23(b)	24(a)

## Compromises, Arrangements and Amalgamations

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. The company or any other person, by whom an application is made, shall not disclose to the Tribunal by affidavit
  - (a) all material facts relating to the company, such as the latest financial position of the company, the latest auditor's report on the accounts of the company and the pendency of any investigation or proceedings against the company
  - (b) reduction of share capital of the company, if any, included in the compromise or arrangement
  - (c) any scheme of corporate debt restructuring consented to by not less than seventy-five per cent
  - (d) None of the above
2. Where a meeting is proposed to be called in pursuance of an order of the Tribunal, a notice of such meeting shall be sent to Sectoral regulators and .....
  - (a) all the creditors or class of creditors
  - (b) to all the members or class of members
  - (c) the debenture-holders of the company
  - (d) All of the above
3. Notice of meeting conducted on order of Tribunal of a listed company, the required documents .....
  - (a) shall be published in newspaper
  - (b) shall be sent to the Securities and Exchange Board and Stock exchange
  - (c) Both (a) & (b)
  - (d) None of the above
4. The Tribunal ..... dispense with calling of a meeting of creditor or class of creditors where such creditors or class of creditors, having at least ninety per cent value, agree and confirm, by way of affidavit, to the scheme of compromise or arrangement.
  - (a) shall not
  - (b) shall
  - (c) may not
  - (d) may
5. A notice shall provide that the persons to whom the notice is sent may vote in the meeting ..... to the adoption of the compromise or arrangement within one month from the date of receipt of such notice:
  - (a) either themselves
  - (b) through proxies
  - (c) through postal ballot
  - (d) All of the above
6. Provided that any objection to the compromise or arrangement shall be made only by persons holding not less than ..... per cent of the shareholding or having outstanding debt amounting to not less than ..... per cent of the total outstanding debt as per the latest audited financial statement.
  - (a) 10 ; 15
  - (b) 5 ; 10
  - (c) 10; 5
  - (d) 15 ; 10
7. At a meeting held, majority of persons representing three-fourths in value of the creditors, or class of creditors or members or class of members, as the case may be, voting in person or by proxy or by postal

ballot, agree to any compromise or arrangement and if such compromise or arrangement is sanctioned by the Tribunal by an order, the same ..... on the company, all the creditors, or class of creditors or members or class of members,

- (a) shall be binding
- (b) shall not be binding
- (c) may be binding
- (d) None of the above

8. No compromise or arrangement shall be sanctioned by the Tribunal unless a certificate by the ..... has been filed with the Tribunal to the effect that the accounting treatment, if any, proposed in the scheme of compromise or arrangement is in conformity with the accounting standards prescribed under section 133.

- (a) company's auditor
- (b) SEBI
- (c) RBI
- (d) (a) and (b)

9. The order of the Tribunal shall be filed with the Registrar by the company within a period of ..... days of the receipt of the order

- (a) 15
- (b) 30
- (c) 45
- (d) 90

10. Compromise or arrangement in respect of any buy-back of securities shall not be sanctioned by the Tribunal if it is not in accordance with the provisions of section 68 of the Companies Act, 2013. The statement is .....

- (a) Incorrect
- (b) Correct

11. Tribunal has no power to enforce the order of in relation to compromise or arrangement. The statement is .....

- (a) Incorrect
- (b) Correct

12. Application for merger of Holding & Wholly Owned Subsidiary Company can be made under Section

- (a) 232
- (b) 233
- (c) 237
- (d) Either (a) or (b)

13. Out the following what information shall also be required to be circulated at the meeting ordered by the Tribunal?

- (a) the draft of the proposed terms of the scheme drawn up and adopted by the directors of the merging company
- (b) confirmation that a copy of the draft scheme has been filed with the Registrar
- (c) the report of the expert with regard to valuation, if any;
- (d) All of the above

14. A ..... also needs to be circulated at the meeting ordered by the Tribunal if the last annual accounts of any of the merging company relate to a financial year ending more than six months before the first meeting of the company summoned for the purposes of approving the scheme

- (a) supplementary accounting statement
- (b) Financial statements
- (c) Cash flow statements
- (d) None of the above

15. In case of Merger or Amalgamation of Companies, any legal proceedings pending by or against any transferor company on the date of transfer .....

- (a) cannot be continued against the transferee company

- (b) shall be continued against the transferee company  
(c) shall be continued against the transferor company  
(d) (a) and (c)
16. In case of Merger or Amalgamation of Companies where the transferor company is a listed company and the transferee company is an unlisted company, the transferee company .....
- (a) shall remain an unlisted company (b) shall apply for listing of shares  
(c) (a) or (b) (d) None of the above
17. If shareholders of the transferor company decide to opt out of the transferee company, provision shall be made for payment of the value of shares held by them and other benefits in accordance with .....
- (a) a pre-determined price formula (b) a price after a valuation is made  
(c) (a) or (b) (d) (a) and (b)
18. If transferor company is dissolved, the fee, if any, paid by the transferor company on its authorised capital shall ..... set-off against any fees payable by the transferee company on its authorised capital subsequent to the amalgamation
- (a) be (b) not be
19. Every company in relation to which the order is made shall cause a certified copy of the order to be filed with the Registrar for registration within ..... days of the receipt of certified copy of the order.
- (a) 15 (b) 30  
(c) 45 (d) 60
20. If a transferor company or a transferee company contravenes the provisions of compromises, arrangements and amalgamations, the transferor company or the transferee company, as the case may be, shall be punishable with fine which shall not be less than ..... lakh rupees but which may extend to ..... lakh rupees
- (a) 2 ; 10 (b) 1; 25  
(c) 5 ; 50 (d) 3 ; 30
21. The scheme or contract involving the transfer of shares or any class of shares in a company (the transferor company) to another company (the transferee company) has been approved by the holders of not less than 9/10th in value of the shares whose transfer is involved.
- (a) 6/10th (b) 7/ 10th  
(c) 8/10th (d) 9/10th
22. The approval from 9/10th shareholders in value shall be received within ..... months after making of an offer in that behalf by the transferee company.
- (a) 1 (b) 2  
(c) 3 (d) 4
23. The shares already held at the date of the offer by Transferee Company, or by a nominee of the transferee company or its subsidiary companies shall ..... counted for this purpose
- (a) also be (b) not be



24. The transferee company shall express his desire to acquire the remaining shares of dissenting shareholders within ..... months after the expiry of the four months received for approval of specified number of shareholders.
- (a) 4 (b) 3  
(c) 2 (d) 1
25. Any sum received by the transferor company for the amount payable to the dissenting shareholders shall be paid into ..... ,
- (a) Normal bank account of transferor  
(b) a separate bank account of transferor  
(c) (a)or(b)  
(d) None of the above
26. Any sum received by the transferor company under company for the amount payable to the dissenting shareholders shall be disbursed to the entitled shareholders within ..... days.
- (a)30 (b) 45  
(c) 60 (d) 90
27. Separate bank account operated specifically for amounts received by transferee company in relation to amount payable to minority shareholders shall be operated for at least ..... year/s for payment to the minority share holders
- (a) 1 (b) 2  
(c)3 (d)4
28. If the Central Government after receiving the objections or suggestions or for any reason is of the opinion that fast track mode of Merger and Amalgamation scheme is not in public interest or in the interest of the creditors, it may file an application before the Tribunal within a period of ..... days of the receipt of the scheme, stating its objections and requesting that the Tribunal may consider the said scheme.
- (a)30 (b) 45  
(c) 60 (d) 90

#### MCQs Answers

1(d)	4(d)	7(a)	10(b)	13(d)	16(a)	19(b)	22(d)	25(b)	28(c)
2(d)	5(d)	8(a)	11(a)	14(a)	17(c)	20(b)	23(b)	26(c)	
3(b)	6(c)	9(b)	12(d)	15(b)	18(a)	21(d)	24(c)	27(a)	

## Prevention of Oppression and Mismanagement

\MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. .... is/are also called the 'Foss v. Harbottle' Rule
  - (a) 'Rule of Majority'
  - (b) 'Rule of Minority'
  - (c) (a) and (b)
  - (d) None of the above
2. To constitute oppression, persons concerned with the management of the company's affairs must, in connection thereof, be guilty of ..... to wards the members.
  - (a) fraud
  - (b) misfeasance
  - (c) misconduct
  - (d) All of the above
3. The oppression complained of must affect a person in his capacity or character .....
  - (a) as a member of the company
  - (b) as a human being
  - (c) (a) or (b)
  - (d) None of the above
4. There should not be a continuous acts constituting oppression up to the date of the petition for the petition to be accepted by Tribunal. The statement is .....
  - (a) Correct
  - (b) Incorrect
5. In which of the following individual case/s, there is oppression or mismanagement:
  - (a) If affairs of a company have been or are been conducted prejudicial to public interest
  - (b) If affairs of a company have been or are been conducted prejudicial in a manner prejudicial or oppressive to any member
  - (c) If affairs of a company have been or are been conducted prejudicial to the interest of company
  - (d) All of the above
6. Specified Members of a company shall have the right to file application for oppression and mismanagement with the Tribunal:  
A company having a share capital, not less than ..... hundred members of the company or not less than ..... of the total number of its members, whichever is less, or any member or members holding not less than ..... of the issued share capital of the company
  - (a) 1; 4/10<sup>th</sup>; 1/10<sup>th</sup>
  - (b) 1; 2/10<sup>th</sup>; 9/10<sup>th</sup>
  - (c) 1; 1/10<sup>th</sup>; 1/10<sup>th</sup>
  - (d) 1; 9/10<sup>th</sup>; 1/10<sup>th</sup>
7. Specified Members of a company shall have the right to file application in the case of a company not having a share capital, not less than ..... of the total number of its members:
  - (a) 1/5th
  - (b) 2/5th
  - (c) 1/10th
  - (d) 2/10th
8. Where any share or shares are held by two or more persons jointly, they shall be counted as ..... member.
  - (a) 1
  - (b) 2
9. The withdrawal of consent by any shareholder during the course of proceedings ..... affect the maintainability of the petition
  - (a) shall
  - (b) shall not

- (c) may (d) may not
10. The setting aside of any transfer, delivery of goods, payment, execution or other acts relating to property made or done by or against the company within ..... months before the date of the application under this section, which would, if made or done by or against an individual, be deemed in his insolvency to be a fraudulent preference
- (a) 1 (b) 2  
(c) 3 (d) 4
11. A certified copy of the order of the Tribunal shall be filed by the company with the Registrar within ..... days of the order of the Tribunal.
- (a) 7 (b) 15  
(c) 30 (d) 90
12. If a company contravenes not amending the memorandum or articles of association of the company, in a manner consistent with orders passed for alteration of these documents, the company shall be punishable with fine which shall not be less than ..... lakh rupees but which may extend to ..... lakh rupees
- (a) 2 ; 20 (b) 3; 15  
(c) 1; 25 (d) 5; 10
13. The decision of the Board of Directors to write-off bad debts is a commercial decision and does not require any judicial interference. The statement is .....
- (a) Correct (b) Incorrect
14. Where an order made by Tribunal on application by members for oppression or mismanagement, terminates, sets aside or modifies an agreement as a result office of a particular person is lost:
- (a) such order shall not give rise to any claims whatever against the company by any person for damages or for compensation for loss of office or in any other respect either in pursuance of the agreement or otherwise
- (b) such order shall give rise to any claims whatever against the company by any person for damages or for compensation for loss of office or in any other respect either in pursuance of the agreement or otherwise
- (c) such order may give rise to any claims whatever against the company by any person for damages or for compensation for loss of office or in any other respect either in pursuance of the agreement or otherwise
- (d) None of the above
15. Any person who knowingly acts as a managing director or other director or manager of a company in contravention of consequences of termination or modification of certain agreements and every other director of the company who is knowingly a party to such contravention, shall be punishable with imprisonment for a term which may extend to ..... months or with fine which may extend to ..... lakh rupees, or with both.
- (a) 5 ; 6 (b) 6 ; 5  
(c) 3 ; 10 (d) 2 ; 20
16. .... class action applications for the same cause of action shall not be allowed
- (a) 1 (b) 2

- (c) 3 (d)4
17. Failure to declare dividend ..... to Oppression  
 (a) May Amount (b) Doesnot amount  
 (c) Shall Amount
18. .... is entitled to file petition u/s this chapter  
 (a) SHS himself (b) Legal Heir of deceased SHS  
 (c) Both (a) & (b) (d) None of (a) & (b)
19. Continous losses in the company to ..... Oppression  
 (a) May Amount (b) Does not amount  
 (c) Shall Amount
20. Right to apply u/s 241 is available to  
 (a) Minority SHS (b) Majority SHS  
 (c) All SHS (d) Only those eligible u/s 244
21. In case of frivolous application, applicant may be liable to pay cost to the opposite party upto maximum Rs. ....  
 (a) 50,000 (b) 1,00,000  
 (c) 25,000 (d) 2,00,000
22. Section 245 ..... to Banking Company  
 (a) Doesn't Apply (b) Applies  
 (c) Applies when directed by ROC (d) (a) and (c)
23. Denial of Inspection to SHS is deemed as Oppression. Statement is:  
 (a) Correct (b) Incorrect
24. Application u/s 245 can be filed by:  
 (a) Affected Persons u/s 245(1) (b) Any person representing the affected one (c)  
 Shareholders (d) Both (a) & (b)

#### MCQs Answers

1 (a)	4(b)	7(a)	10(c)	13(a)	16(a)	19(b)	22(a)
2(d)	5(d)	8(a)	11(c)	14(a)	17(b)	20(d)	23(b)
3(a)	6(c)	9(b)	12(c)	15(b)	18(c)	21(b)	24(d)

## Winding Up

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Winding up includes .....
  - (a) Winding up under Companies Act, 2013
  - (b) Liquidation under IBC, 2016
  - (c) (a) & (b)
  - (d) None of the Above
2. Company may not be wound up by tribunal:
  - (a) On just and equitable ground
  - (b) On application by the Registrar or any other person authorized by the CG
  - (c) By ordinary resolution resolving that company be wound up
  - (d) Company has acted against the national interest
3. Petition for Winding Up to Tribunal can be made by:
  - (a) The Company
  - (b) Any Contributory or Contributories
  - (c) The Registrar
  - (d) All of the above
4. Where a petition for winding up is filed before the Tribunal by any person other than the company, the Tribunal shall, if satisfied that a prima facie case for winding up of the company is made out, by an order direct the company to file its objections along with a statement of its affairs within ..... of the order and the Tribunal may allow a further period of ..... in a situation of contingency or special circumstances :
  - (a) 15 days, 30 days
  - (b) 30 days, 30 days
  - (c) 30 days, 60 days
  - (d) 60 days, 30 days
5. If any director or officer of the company contravenes the provisions of section 274, the director or the officer of the company who is in default shall be punishable with imprisonment for a term which may extend to ..... or with fine which shall not be less than ..... but which may extend to ..... , or with both.
  - (a) six months, twenty five thousand, five lakhs
  - (b) three months, five thousand, twenty five lakhs
  - (c) four months, fifteen thousand, twenty five thousand
  - (d) nine months, twenty five thousand, one lakh
6. On appointment as provisional liquidator or Company Liquidator, as the case may be, such liquidator shall file a declaration within ..... from the date of appointment in the prescribed form disclosing conflict of interest or lack of independence in respect of his appointment, if any, with the Tribunal and such obligation shall continue throughout the term of his appointment:

- (a) 15 days (b) 7 days  
(c) 45 days (d) 30 days
7. The Company Liquidator shall make periodical reports to the Tribunal and in any case make a report at the end of each ..... with respect to the progress of the winding up of the company in such form and manner as may be prescribed:  
(a) year (b) half year  
(c) month (d) quarter
8. ROC shall submit his views on petition to Tribunal within ..... days of receipt of such petition.  
(a) 30 days (b) 45days  
(c) 90 days (d) 60 days
9. Winding up order shall be made by the tribunal within ..... days from date of presentation of petition.  
(a) 30 days (b) 45days  
(c) 90 days (d) 60 days
10. Company which fails to file the statement of affairs then it shall forfeit the company's right to oppose the petition & such ..... of defaulting company shall be liable for punishment.  
(a) Liquidators (b) Shareholders  
(c) Directors & Officers (d) None of the above
11. Directors in respect of which winding up order is passed by Tribunal u/s 273(1) shall within ..... days of such order submit BOA of company to such liquidator.  
(a) 30 days (b) 45days  
(c) 90 days (d) 60 days
12. All suits or legal proceedings shall stay on winding up order except proceeding pending in appeal before:  
(a) Supreme Court (b) High Court  
(c) Either (a) or (b) (d) Civil Court
13. A person who has been a member shall not be liable to contribute if:  
(a) he ceased to be a member for preceding 1year or more before start of winding up  
(b) such liability contracted after he ceased to be a member  
(c) Both (a) & (b)  
(d) None of the above
14. Advisory committee shall consist of maximum ..... members.  
(a) 15 (b) 10  
(c) 11 (d) 12
15. Any creditor/contributory may inspect the books kept by the company liquidator:  
(a) Personally (b) Through Agent  
(c) Either (a) or (b) (d) None of the above
16. In case of a Government Company, the company liquidator shall forward his report relating to accounts to ..... if CG & SG, both are members of Government Company.

- (a) CG (b) SG  
(c) CG or SG (d) CG & SG
17. When the affairs of the company has been completely wound up, company liquidator shall make an application to ..... for dissolution of such company.  
(a) ROC (b) CG  
(c) Tribunal (d) Shareholders
18. Any transfer of property made by a company which is not done in ordinary course of business, if made within a period of ..... before presentation of winding up petition shall be void against company liquidator.  
(a) 1 Year (b) 6 Months  
(c) 3 Months (d) 9 Months
19. A Floating charge on the property created within ..... months immediately preceding the commencement of winding up shall be invalid.  
(a) 9 Months (b) 6 Months (c) 3 Months (d) 12 Months
20. In case where floating charge is treated as invalid, interest @ ..... % shall be paid by the company.  
(a) 12% (b) 5%  
(c) 18% (d) 24%
21. Liquidator may disclaim the property at any time, with the permission of Tribunal within ..... months after commencement of winding up or within ..... months after he has become aware  
(a) 3;12 (b) 6;6 (c) 12; 12  
(d) 12;3
22. The term Property means:  
(a) Shares/Stocks  
(b) Other Property which is not saleable  
(c) Unprofitable Contracts  
(d) All of the above
23. If interested person desire to disclaim the property then they must reply to liquidator in ..... days.  
(a) 30 (b) 35  
(c) 28 (d) 45
24. Property can be sold for ..... after winding up order is passed.  
(a) For Director's Liability  
(b) Recovery of Tax Dues  
(c) Debenture Holder's Liability  
(d) None of the above
25. In case of offences by officers of company in liquidation, such officer shall be punishable with fine of minimum Rs. .... & maximum Rs. ....  
(a) 50,000 ; 3,00,000 (b) 1,00,000 ; 5,00,000

- (c) 1,00,000 ; 3,00,000 (d) 50,000 ; 3,50,000
26. In case of offences by officers of company in liquidation, such officer shall be punishable with Imprisonment of minimum ..... years & maximum ..... years.
- (a) 2;5 (b) 3;5  
(c) 1;3 (d) None of the above
27. In case of Frauds by officer, such officer shall be punishable with fine of minimum Rs. .... & maximum Rs. ....
- (a) 50,000 ; 3,00,000 (b) 1,00,000 ; 5,00,000  
(c) 1,00,000 ; 3,00,000 (d) 50,000 ; 3,50,000
28. In case of fraud by officers, such officer shall be punishable with Imprisonment of minimum ..... years & maximum ..... years.
- (a) 2;5 (b) 3;5  
(c) 1;3 (d) 2;4
29. In cases where proper accounts have not been kept, then every defaulting officer shall be liable with fine of minimum Rs. .... & maximum Rs. ....
- (a) 50,000 ; 3,00,000 (b) 1,00,000 ; 5,00,000  
(c) 1,00,000 ; 3,00,000 (d) 50,000 ; 3,50,000
30. In cases where proper accounts have not been kept, then every defaulting officer shall be punishable with imprisonment of minimum ..... years & maximum ..... years.
- (a) 2;5 (b) 3;5  
(c) 1;3 (d) 2;4
31. If in the course of winding up of company it appears that business has been carried with intent to defraud creditors/other person for any fraudulent then on application by ..... to Tribunal, it shall examine & pass orders to declare any person liable without limitation & be personally liable.
- (a) Shareholders, OL, CL or contributory  
(b) Debenture holders, OL, CL or contributory  
(c) Creditor, OL, CL or contributory  
(d) Any of the above
32. If directors have mis-applied or retained the property which belong to the company, then creditor/contributory may apply to Tribunal within ..... years of .....
- (a) 5 years; Date of winding up or from Misapplication of property whichever is earlier  
(b) 5 years; Date of winding up or from Misapplication of property, whichever is later  
(c) 5 years; Date of winding up or from Misapplication of property or Appointment of liquidator, whichever is later  
(d) 5 years; Date of winding up or from Misapplication of property or Appointment of liquidator, whichever is earlier
33. If Prosecution has been initiated against the officer & member of company and if they fail to give all the necessary assistance, then such officer and member will be liable to fine of minimum Rs. .... & maximum Rs. ....
- (a) 50,000 ; 2,50,000 (b) 1,00,000 ; 3,50,000



- (c) 1,00,000 ; 3,00,000 (d) 25,000 ; 1,00,000
34. In case of disposal of books & papers of company, after expiry of ..... years no responsibility shall devolve on company or on person who was having custody of such books/paper  
 (a) 6years (b) 8 years  
 (c) 7 years (d) None of the above
35. Money in the Company Liquidation Dividend & Undistributed Assets a/c, if remained unpaid / unclaimed for ..... years & be transferred to .....  
 (a) 7 years; IEPF (b) 7 years; General Reserve  
 (c) 15 years; IEPF (b) 15 years; General Reserve
36. Where a company has been dissolved, Tribunal may at any time within ..... years of date of dissolution, on application by CL of company, make an order that dissolution is void & such proceedings may be taken as if company has not been dissolved.  
 (a) 1 year (b) 3 years  
 (c) 5 years (d) 2 years
37. .... shall be deemed as commencement date of winding up:  
 (a) Date of presentation of petition for winding up  
 (b) Date of Application  
 (c) Date of appointment of Liquidator  
 (d) Date of Dissolution Order
38. Official Liquidator shall dispose off all assets within ..... days of his ap pointment.  
 (a) 15 (b) 30  
 (c) 60 (d) 90
39. Settlement of claims of creditors by official liquidator shall be done within ..... days of his appointment.  
 (a) 15 (b) 30  
 (c) 60 (d) 90
40. Official liquidator shall be appointed by:  
 (a) SG (b) CG  
 (c) Shareholders (d) SG & CG Jointly

#### MCQs Answers

1(c)	5(a)	9(c)	13(c)	17(c)	21(c)	25(c)	29(c)	33(d)	37(a)
2(c)	6(b)	10(c)	14(d)	18(a)	22(d)	26(b)	30(c)	34(d)	38(c)
3(d)	7(d)	11(a)	15(c)	19(d)	23(c)	27(c)	31(c)	35(b)	39(b)
4(b)	8(d)	12(c)	16(d)	20(b)	24(b)	28(c)	32(c)	36(d)	40(b)

## **Producer Companies**

1. Provisions relating to Producer Companies are mainly contained in:  
(a) Companies Act, 2013 (b) Companies Act, 1956  
(c) Both (a) & (b) (d) None of the Above
2. Status of a Producer Company is same as:  
(a) Public Company (b) Dormant Company  
(c) One Person Company (d) Private Company
3. .... means a member who fulfils the quantum and period of patronage of producer company:  
(a) Working Member (b) Active Member (c) Both (a) & (b)  
(d) None of the above
4. A Producer Company can be formed in which case:  
(a) 6 or more Individuals (b) 2 or more Producer Institution  
(c) Combination of (a) & (b) (d) None of the above
5. Certificate of Incorporation will be issued in how many days after satisfying all the condition?  
(a) 60 (b) 90  
(c) 30 (d) 45
6. Liability of member of Producer Company shall be:  
(a) Limited by Shares (b) Limited by Guarantee  
(c) Unlimited (d) All of the Above
7. Shareholder of Inter-state Co-op Society shall be deemed to be:  
(a) Shareholder of Producer Company  
(b) Shareholder of Producer Company to the extent of FV of shares  
(c) Shareholder of Producer Company to the extent of MV of shares  
(d) None of the Above
8. Voting Rights in case Producer Company is formed by Individual Member shall be:  
(a) 1 member 1 vote  
(b) On the basis of Participation in the Business  
(c) On the basis of Shareholding  
(d) None of the Above
9. Voting Rights in case Producer Company is formed by combination of Individual Members & Producer Institutions shall be on the basis of:  
(a) 1 member 1 vote (b) Participation in the Business  
(c) Shareholding (d) None of the Above
10. Voting Rights for 1<sup>st</sup> year of registration, in case Producer Company is formed by Producer Institutions shall be:  
(a) 1 Institution 1 vote  
(b) On the basis of Participation in the Business  
(c) On the basis of Shareholding

- (d) None of the Above
11. Name of Producer Company shall have the words:  
(a) XXX Producer Company Limited (b) XXX Producer Co. Pvt Ltd  
(c) XXX Producer Co. (d) Just the name
12. When can Object clause in Memorandum be amended?  
(a) When Director approves it  
(b) When Member of Producer Company approves it  
(c) When it is inconsistent with Section 581B  
(d) None of the Above
13. Quorum of Board Meeting in case of Producer Company should be:  
(a)  $\frac{1}{3}$ <sup>rd</sup> of Total Directors but minimum 2  
(b)  $\frac{1}{4}$ <sup>th</sup> of Total Directors  
(c)  $\frac{1}{3}$ <sup>rd</sup> of Total Directors but minimum 3  
(d) None of the Above
14. Quorum of General Meeting in case of Producer Company should be:  
(a)  $\frac{1}{4}$ <sup>th</sup> of Total Members  
(b)  $\frac{1}{3}$ <sup>rd</sup> of Total Members  
(c)  $\frac{1}{4}$ <sup>th</sup> of Total Members or Higher Prescribed by AOA  
(d) None of the Above
15. Share Capital of Producer Company can be in form of:  
(a) Preference Shares (b) Equity Shares  
(c) Both (a) & (b) (d) None of the Above
16. Maximum limit of Donation per annum for Producer Company is:  
(a) 2% of Last Year's Net Profit (b) 2% of Current Year's Net Profit  
(c) 3% of Current Year's Net Profit (d) 3% of Last Year's Net Profit
17. Producer Company's name will be removed from ROC if:  
(a) Company fails to commence business within 2 years of registration  
(b) Company ceases to transact business with its member  
(c) Both (a) & (b)  
(d) None of the Above
18. If there is any dispute between members of Producer Company, then it shall be solved by:  
(a) In the Court Of law (b) Arbitration or Conciliation  
(c) Mediator (d) Method decided by members
19. Investor by Producer Company in other companies can be done to the extent of:  
(a) 30% of (PUSC+FR) (b) 30% of PUSC  
(c) 30% of Net Assets (d) None of the Above
20. Which Producer Company shall have Whole time CS?  
(a) Co. having Average Annual T/O > Rs. 5Cr in each of 3 Consecutive FY

- (b) Co. having Annual T/O > Rs. 5Cr in last 2 Consecutive FY  
 (c) Co. having Annual T/O upto Rs. 5Cr in each of 3 Consecutive FY  
 (d) None of the above
21. Maximum Extension of 1st AGM of a Producer Company can be:  
 (a) 6 Months (b) 9 Months  
 (c) No Extension (d) 12 Months
22. Time Gap between 2 AGM's of Producer Company cannot exceed:  
 (a) 9 Months  
 (b) 12 Months (Extension of Maximum 3 Months)  
 (c) 15 Months (Extension of Maximum 3 Months)  
 (d) None of the Above
23. In case of Transfer of shares of Producer Company, Every member within ..... month of becoming member shall appoint a nominee  
 (a) 30 Days (b) 60 Days  
 (c) 3 Months (d) None of the Above
24. Internal Audit in case of Producer Company is:  
 (a) Voluntary (b) At the discretion of members  
 (c) Compulsory (d) At discretion of ROC
25. When Loan is given to member of Producer Company, Maximum Period of Credit Facility can be:  
 (a) 1 Month (b) 2 Months  
 (c) 3 Months (d) 6 Months
26. Amalgamation, Merger or Division of Producer Company shall be:  
 (a) Approved by 1/3<sup>rd</sup> of member present  
 (b) Approved by 2/3<sup>rd</sup> of member present  
 (c) Approved by 2/3<sup>rd</sup> of members either present physically or through Electronic Mode  
 (d) Either (b) or (c)
27. Producer Company may make an application for re-conversion into ISCS by:  
 (a) Passing SR which is approved by 1/3<sup>rd</sup> of Members  
 (b) Request of creditors in 3/4<sup>th</sup> in value  
 (c) Passing SR which is approved by atleast 2/3<sup>rd</sup> of its Members  
 (d) Either (b) or (c)

#### MCQs Answers

1(b)	4(b)	7(b)	10(c)	13(c)	16(d)	19(a)	22(c)	25(d)
2(d)	5(c)	8(a)	11(a)	14(c)	17(b)	20(a)	23(c)	26(b)
3(b)	6(a)	9(a)	12(c)	15(b)	18(b)	21(c)	24(c)	27(d)



## **Companies Incorporated Outside India**

1. Foreign Company means:
  - (a) Company Incorporated Outside India & has POB in India through Electronic mode & having business activity in India
  - (b) Company Incorporated Outside India & has POB in India through Electronic mode, whether or not having business activity in India
  - (c) Company Incorporated in India & has POB in India & having business activity in India
  - (d) None of the Above
2. This Act will be applicable to foreign companies if:
  - (a) Equity/Preference shares of foreign company is held by citizens of India
  - (b) Equity/Preference shares of foreign company is held by citizens of Outside India
  - (c) Equity/Preference shares of foreign company is held by citizens of India & Bodies incorporated in India
  - (d) Both (a) or (c)
3. Every foreign company shall submit documents within ..... days of establishment of POB in India to ROC for registration:
  - (a) 45
  - (b) 90
  - (c) 30
  - (d) None of the above
4. Information shall be filed with ROC of establishment of POB in India in:
  - (a) Form FC-1 with no fees
  - (b) Form FC-4 along with prescribed fees
  - (c) Form FC-1 along with prescribed fees
  - (d) Form FC-4 with no fees
5. The Application of establishment of POB in India shall also be supported with an attested copy of approval from ..... under Foreign Exchange Management Act
  - (a) Governor of India
  - (b) President of India
  - (c) Reserve Bank of India
  - (d) None of the Above
6. Documents along with fees for registration Company shall be delivered to:
  - (a) Registrar having jurisdiction of the place of establishment in India
  - (b) Registrar having jurisdiction in Kolkata
  - (c) Registrar having jurisdiction over New Delhi
  - (d) None of the Above
7. Foreign Company which existed at commencement of CA Act, 2013 and has delivered the documents to Registrar, it shall continue to be subject to obligation to deliver these documents in accordance with:
  - (a) Companies Act, 2013
  - (b) Companies Act, 1956
  - (c) Both (a) & (b)
  - (d) None of the Above

8. In case of alteration in documents delivered to Registrar, Foreign Company shall intimate to ROC within ..... days of such alteration.
- (a) 30 (b) 90  
(c) 45 (d) None of the Above
9. Return containing the particulars of alteration in documents shall be filed in:
- (a) Form FC-1 + fees (b) Form FC-2 + fees  
(c) Form FC-3 + fees (d) Form FC-4 + fees
10. Foreign Company shall the Financial Statement with registrar in:
- (a) Form FC-1 + fees (b) Form FC-2 + fees  
(c) Form FC-3 + fees (d) Form FC-4 + fees
11. Foreign Company shall submit its Financial Statement to registrar within ..... months of close of financial year to which the documents relate:
- (a) 1 (b) 3  
(c) 6 (d) None of the Above
12. Notice on foreign company shall be deemed to be served if:
- (a) Addressed to Directors of foreign company  
(b) Addressed to Shareholders of foreign company  
(c) Addressed to person whose name & address have been delivered to registrar u/s 380  
(d) None of the Above
13. Every foreign company shall prepare and file an annual return within a period of ..... days from last day of financial year.
- (a) 45 (b) 30  
(c) 65 (d) 60
14. Every foreign company shall prepare and file an annual return in:
- (a) Form FC-1 + fees (b) Form FC-2 + fees  
(c) Form FC-3 + fees (d) Form FC-4 + fees
15. Place of Business includes share transfer or registration office. This Statement is:
- (a) Incorrect (b) Correct  
(c) Partially Correct (d) None of the Above
16. In case of IDRs money is raised from ..... Investor:
- (a) Foreign (b) Indian  
(c) Depository (d) None of the Above
17. Winding up of closure of POB of a foreign company shall apply to :
- (a) Any foreign company  
(b) Foreign company issuing prospectus in India  
(c) Foreign company which has raised monies through offer or issue of securities  
(d) Foreign company which has raised monies through offer or issue of securities & which has not been repaid or redeemed.
18. If foreign company contravenes with provisions of Act, the company shall be punishable with fine of:

- (a) Rs. 50,000 - Rs. 1,00,000 (b) Rs. 1,00,000 - Rs. 3,00,000  
(c) Rs. 1,00,000 - Rs. 5,00,000 (d) None of the Above

19. In case of continuing default by the company, additional fine may extend to:

- (a) Rs. 50,000 per month (b) Rs. 50,000 every day  
(c) Rs. 50,000 till the date default continues  
(d) None of the above

20. Punishment for every officer of foreign company who is in default shall be:

- (a) Imprisonment for maximum term of 6 months  
(b) Imposition of fine of minimum amount of Rs. 25,000 or Imprisonment for 6 months or both  
(c) Imposition of fine of minimum amount of Rs. 25,000 & Imprisonment for 6 months  
(d) Both (a) or (c)

#### MCQs Answers

1(a)	3(c)	5(c)	7(b)	9(b)	11(c)	13(d)	15(b)	17(d)	19(b)
2(d)	4(c)	6(c)	8(a)	10(c)	12(c)	14(d)	16(b)	18(b)	20(b)



## Miscellaneous Provisions

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Where the Registrar has no reasonable cause to believe can remove Name of Company from Register of Companies. Given statement is .....  
(a) Correct (b) Incorrect
2. The Registrar can remove name of company from Register of Companies on following circumstance:  
(a) a company has failed to commence its business within one year of its incorporation  
(b) a company is not carrying on any business or operation for a period of two immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company,  
(c) a company has failed to commence its business within two year of its incorporation  
(d) (a) and (b)
3. Consent of ..... per-cent members in terms of paid-up share capital is required for removing the name of the company from the register of companies  
(a) 45 (b) 55  
(c) 65 (d) 75
4. A company may file an application in the prescribed manner to the Registrar for removing the name of the company from the register of companies by  
(a) passing a special resolution  
(b) consent of 75% members in terms of paid-up share capital  
(c) (a) or (b)  
(d) None of the above
5. At the expiry of ..... , the Registrar may strike off name of the company from the register of companies, and shall publish notice thereof in the Official Gazette  
(a) 3 month (b) 2 month  
(c) the time mentioned in the notice  
(d) (a) or (c), whichever is earlier
6. XYZ Private Limited is dissolved; the liability of its director exercising any power of management shall ..... and .....  
(a) cannot be continued ; may not be enforced  
(b) shall be continued ; may be enforced  
(c) shall be continued ; shall be enforced  
(d) cannot be continued ; may be enforced
7. An application for removal of name of company from ROC on behalf of a company shall be made if, at any time in the previous three months, the company:  
(a) has not engaged in any other activity except the one which is necessary or expedient for the purpose of making an application under that section, or deciding whether to do so or concluding the affairs of the company, or complying with any statutory requirement

- (b) has changed its name or shifted its registered office from one State to another;
- (c) has made a disposal for value of property or rights held by it, immediately before cesser of trade or otherwise carrying on of business, for the purpose of disposal for gain in the normal course of trading or otherwise carrying on of business;
- (d) is being wound up under Chapter XX of this Act or under the Insolvency and Bankruptcy Code, 2016.
8. An application for removal of name of company from Register of Companies on behalf of a company shall not be made if, at any time in the previous three months, the company
- (a) has changed its name or shifted its registered office from one State to another
- (b) has made a disposal for value of property or rights held by it, immediately before cesser of trade or otherwise carrying on of business, for the purpose of disposal for gain in the normal course of trading or otherwise carrying on of business
- (c) has engaged in any other activity except the one which is necessary or expedient for the purpose of making an application under that section, or deciding whether to do so or concluding the affairs of the company, or complying with any statutory requirement
- (d) All of the above
9. If a company files an application in violation of restriction for filing of application for removal of name of company from Register of Companies, it shall be punishable with fine which may extend to ..... lakh rupees.
- (a) 4 (b) 3
- (c) 2 (d) 1
10. The Certificate of Incorporation issued to the Company shall not be deemed to have been cancelled from the date mentioned in the notice of removal of name from Register Of Companies. Given statement is .....
- (a) Correct (b) Incorrect
11. For the purpose of realising the amount due to the company and for the payment or discharge of the liabilities or obligations of the company, the deemed removal of name of the company from the Register Of Companies shall not effect. The company shall be continued in existence. Given statements are .....
- (a) Correct (b) Incorrect
12. A copy of the order passed by the Tribunal regarding removal of name from register of companies, shall be filed by the company with the Registrar within ..... days from the date of the order and on receipt of the order, the Registrar shall cause the name of the company to be restored in the register of companies and shall issue a fresh certificate of incorporation.
- (a) 30 (b) 45
- (c) 60 (d) 90
13. Before the expiry of ..... years from the publication in the Official Gazette of the notice under sub-section (5) of section 248 may, if satisfied that the company was, at the time of its name being struck off, carrying on business or in operation or otherwise it is just that the name of the company be restored to the register of companies
- (a) 5 (b) 10
- (c) 15 (d) 20

14. A company registered under the Indian Companies Act, 1882 or under the Indian Companies Act, 1913 or the Companies Act, 1956, ..... register under the provisions of the Companies Act, 2013
- (a) shall be required to (b) shall not  
(c) may be required to (d) may not
15. A company having the liability of its members limited by any Act of Parliament other than the Companies Act, 2013 or by any other law for the time being in force, ..... register in pursuance of the provisions of the Companies Act, 2013 as an unlimited company or as a company limited by guarantee
- (a) shall (b) shall not  
(c) may (d) may not
16. A company ..... register in pursuance of this section without the assent of a majority of such of its members as are present in person, or where proxies are allowed, by proxy, at a general meeting summoned for the purpose;
- (a) shall (b) shall not  
(c) may (d) may not
17. Significant accounting transaction includes:
- (a) payment of fees by a company to the Registrar;  
(b) payments made by it to fulfill the requirements of this Act or any other law;  
(c) allotment of shares to fulfill the requirements of this Act; and  
(d) None of the above
18. All suits and other legal proceedings taken by or against the company which are pending at the time of the registration of a company in pursuance of this Registration of companies .....
- (a) may be continued (b) may not be continued  
(c) shall be continued (d) shall not be continued
19. Table F in Schedule I of the Companies Act, 2013 ..... apply unless and except in so far as it is adopted by special resolution
- (a) shall (b) shall not  
(c) may (d) may not
20. The provisions of the Companies Act, 2013 relating to the numbering of shares shall not apply to any company whose shares are not numbered. The given statement is .....
- (a) Correct (b) Incorrect
21. Unregistered company ..... be wound up under the Companies Act, 2013 voluntarily.
- (a) shall (b) shall not  
(c) may (d) may not
22. An unregistered company may be wound up under the following circumstances:
- (a) if the company is dissolved, or has ceased to carry on business, or is carrying on business only for the purpose of winding up its affairs  
(b) if the company is unable to pay its debts  
(c) if the Tribunal is of opinion that it is just and equitable that the company should be wound up  
(d) All of the above

23. An unregistered company shall, for the purposes of the Companies Act, 2013, be deemed to be unable to pay its debts—
- (a) if a creditor, by assignment or otherwise, to whom the company is not indebted in a sum exceeding one lakh rupees then due
  - (b) if any suit or other legal proceeding has been instituted against any member for any debt or demand due, or claimed to be due and paid subsequently within ten days of service of the notice
  - (c) if execution or other process issued on a decree or order of any Court or Tribunal in favour of a creditor against the company is returned unsatisfied in whole or in part;
  - (d) None of the above
24. An unregistered company shall, for the purposes of the Companies Act, 2013, be deemed to be unable to pay its debts—
- (a) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding one lakh rupees then due
  - (b) if any suit or other legal proceeding has been instituted against any member for any debt or demand due, or claimed to be due and not paid subsequently within ten days of service of the notice
  - (c) if execution or other process issued on a decree or order of any Court or Tribunal in favour of a creditor against the company is returned unsatisfied in whole or in part;
  - (d) All of the above
25. Government Company means any company in which not less than 51% of the paid-up share capital is held by the .....
- (a) Central Government
  - (b) Any State Government/s
  - (c) A company which is a subsidiary company of such a Government company
  - (d) All of the above
26. The rights of Inspection, production and evidence of documents kept by Registrar shall be exercisable in relation to documents delivered to the Registrar with a prospectus in pursuance of section 26 (Matters to be stated in the prospectus), only during the ..... days beginning with the date of publication of the prospectus
- (a) 7
  - (b) 14
  - (c) 21
  - (d) 28
27. If any person or persons trade or carry on business under any name or title, of which the word "Limited" or the words "Private Limited" or any contraction or imitation thereof is or are the last word or words, that person or each of those persons shall, unless duly incorporated as such, shall be punishable with fine of Minimum Rs. .... but may extend to Rs. .... per day
- (a) 500,2000
  - (b) 1000,2000
  - (c) 500,1000
  - (d) 1000,500
28. Every Nidhi shall ensure that its membership is not reduced to less than ..... members at any time.
- (a) 200
  - (b) 100
  - (c) 50
  - (d) No limit
29. A minor shall not be admitted as a member of Nidhi. This statement is:
- (a) True

- (b) False
- (c) True, however, deposits may be accepted in the name of a minor, if they are made by the natural or legal guardian who is a member of Nidhi.
30. If any company fails to comply with an order to furnish information or statistics or knowingly furnishes any information or statistics which is incorrect or incomplete in any material respect, the company shall be punishable with fine which may extend to ..... thousand rupees
- (a) 100 (b) 75  
(c) 50 (d) 25
31. A Nidhi to be incorporated under the Companies Act, 2013 shall be a public company and shall have a minimum paid up equity share capital of ..... lakh rupees
- (a) 5 (b) 10  
(c) 15 (d) 20
32. Nidhi shall:
- (a) carry on the business of chit fund, hire purchase finance, leasing finance, insurance or acquisition of securities issued by any body corporate
- (b) issue preference shares, debentures or any other debt instrument by any name or in any form whatsoever
- (c) open any current account with its members
- (d) Nidhis which have adhered to all the provisions of specified rules may provide locker facilities on rent to its members subject to the rental income from such facilities not exceeding twenty per cent of the gross income of the Nidhi at any point of time during a financial year
33. Nidhi shall:
- (a) accept deposits from or lend to any person, other than its members;
- (b) pledge any of the assets lodged by its members as security;
- (c) take deposits from or lend money to any body corporate
- (d) private circulation of the details of fixed deposit Schemes among the members of the Nidhi carrying the words "for private circulation to members only"
34. A Nidhi ..... admit a body corporate or trust as a member.
- (a) shall (b) shall not  
(c) may (d) may not
35. The Director of a Nidhi shall hold office for a term up to ..... consecutive years on the Board of Nidhi
- (a) 5 (b) 10  
(c) 15 (d) 20
36. The Director shall be eligible for re-appointment only after the expiration of ..... years of ceasing to be a Director.
- (a) 2 (b) 3  
(c) 5 (d) 7
37. Nidhi company shall not declare dividend exceeding ..... as per the provisions of the Companies Act, 2013

- (a) 15 (b) 20  
(c) 25 (d) 30
38. Equal amount is to be transferred to General Reserve is ..... Nidhi company wants to declare dividend exceeding 25%
- (a) not required (b) mandatorily required  
(c) at the discretion of the management (d) None of the above
39. A company to which the Nidhi Rules, 2014 applies contravenes any of the provisions of the prescribed rules, the company and every officer of the company who is in default shall be punishable with fine which may extend to ..... rupees
- (a) 500 (b) 5,000  
(c) 25,000 (d) 50,000
40. Any person who is found to be guilty of fraud involving an amount of at least ten lakh rupees or one per cent, of the turnover of the company, whichever is lower, shall be punishable with imprisonment for a term which shall not be less than ..... months but which may extend to ..... years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to ..... times the amount involved in the fraud.
- (a) 3 ; 7 ; 2 (b) 2 ; 5 ; 2.5  
(c) 6 ; 10 ; 3 (d) 7 ; 15 ; 4
41. Any person who is found to be guilty of fraud which involves public interest, the term of imprisonment shall not be less than ..... years.
- (a) 2 (b) 3  
(c) 4 (d) 5
42. The company and every officer of the company who is in default or such other person, shall be punishable with fine which may extend to ..... rupees, and Where the contravention is continuing one, with a further fine which may extend to ..... rupees for every day after the first during which the contravention continues will be the penalty under this section only in those cases where penalty or punishment is not provided elsewhere in this the Companies Act, 2013
- (a) 20,000 ; 5,000 (b) 10,000 ; 1,000  
(c) 30,000 ; 10,000 (d) 40,000 ; 2,000
43. A company or an officer of a company commits an offence punishable either with fine or with imprisonment and where the same offence is committed for the second or subsequent occasions within a period of 3 years, then, that company and every officer thereof who is in default shall be punishable with ..... the amount of fine for such offence in addition to any imprisonment provided for that offence.
- (a) twice (b) thrice  
(c) four times  
(d) None of the above
44. Valuer contravenes the provisions or the rules made for valuation of property, stocks, shares, debentures, securities or goodwill or any other assets, the valuer shall be punishable with fine which shall not be less than ..... thousand rupees but which may extend to ..... lakh rupees.
- (a) 10; 5 (b) 25 ; 1

(c) 5 ; 5

(d) 50 ; 2

45. An individual shall have the following qualifications and experience to be eligible for registration under rule Eligibility for registered valuers:
- (a) Post-graduate degree or post-graduate diploma, in the specified discipline, from a University or Institute established, recognised or incorporated by law in India and at least three years of experience in the specified discipline thereafter
  - (b) A Bachelor's degree or equivalent, in the specified discipline, from a University or Institute established, recognised or incorporated by law in India and at least five years of experience in the specified discipline thereafter
  - (c) Membership of a professional institute established by an Act of Parliament enacted for the purpose of regulation of a profession with at least three years' experience after such membership and having qualification mentioned at (a) or (b).
  - (d) All of the above
46. Which of the company/ies can apply for obtaining the status of a dormant company?
- (a) company formed and registered under the Companies Act, 2013 for a future project or to hold an asset or intellectual property and has no significant accounting transaction
  - (b) an inactive company
  - (c) (a) or (b)
  - (d) (a) and (b)
47. A company may make an application along with such fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 to the Registrar for obtaining the status of a Dormant Company in accordance with the provisions of section 455 after passing a special resolution to this effect in the general meeting of the company or after issuing a notice to all the shareholders of the company for this purpose and obtaining consent of at least ..... shareholders (in value).
- (a) 1/4<sup>th</sup>
  - (b) 2/4<sup>th</sup>
  - (c) 3/4<sup>th</sup>
  - (d) None
48. A company may make an application in Form ..... along with such fee as provided in the Companies (Registration Offices and Fees) Rules, 2014 to the Registrar for obtaining the status of a Dormant Company
- (a) MSC-1
  - (b) MSC-2
  - (c) MSC-3
  - (d) MSC-4
49. A company shall not be eligible to apply for obtaining the status of a Dormant Company if:
- (a) no inspection, inquiry or investigation has been ordered or taken up or carried out against the company
  - (b) no prosecution has been initiated and pending against the company under any law
  - (c) the company is neither having any public deposits which are outstanding nor the company is in default in payment thereof or interest thereon
  - (d) None of the above
50. A company shall be eligible to apply for obtaining the status of a Dormant Company if:
- (a) the company is not having any outstanding loan, whether secured or unsecured

- (b) there is no dispute in the management or ownership of the company and a certificate with application
- (c) the company does not have any outstanding statutory taxes, dues, duties etc. payable to the Central Government or any State Government or local authorities etc.
- (d) All of the above
51. The Registrar shall, after considering the application filed, issue a certificate in Form ..... allowing the status of a Dormant Company to the applicant.
- (a) MSC-1 (b) MSC-2
- (c) MSC-3 (d) MSC-4
52. The provisions of the Companies Act, 2013 in relation to the rotation of auditors ..... apply on dormant companies.
- (a) shall (b) shall not
- (c) may (d) may not
53. An application for obtaining the status of an active company shall be made in Form ..... along with fees as provided in the Companies
- (a) MSC-1 (b) MSC-2
- (c) MSC-3 (d) MSC-4
54. Application for obtaining the status of an active company and shall be accompanied by a return in ..... in respect of the financial year in which the application for obtaining the status of an active company is being filed:
- (a) MSC-1 (b) MSC-2
- (c) MSC-3 (d) MSC-4
55. The Registrar shall initiate the process of striking off the name of the company if the company remains as a dormant company for a period of consecutive ..... years
- (a) 3 (b) 5
- (c) 7 (d) 9
56. Notwithstanding anything contained in any other law for the time being in force, the Registrar, any officer of the Government or any other person ..... be compelled to disclose to any court, Tribunal or other authority, the source from where he got any information which has led the Central Government to order an investigation or is or has been material or relevant in connection with such investigation
- (a) shall (b) shall not
- (c) may (d) may not
57. Where any application required to be made to the Central Government under any provision of the Companies Act, 2013 in respect of any matter is not made within the time specified therein, that Government may, ..... condone the delay
- (a) for reasons to be recorded in writing
- (b) for reasons as communicated orally
- (c) (a) or (b)
- (d) None of the above



58. Where officer of the company has reason to apprehend that any proceeding will or might be brought against him in respect of any negligence, default, breach of duty, misfeasance or breach of trust, he may apply to the ..... for relief.
- (a) High Court (b) Supreme Court  
(c) NCLT (d) NCLAT
59. Every alteration made by the Central Government shall be laid as soon as may be after it is made before each House of Parliament while it is in session for a total period of ..... days:
- (a) 90 (b) 60  
(c) 45 (d) 30
60. Power of Central Government to make rules relating to winding up and such rules may provide for all or any of the following matters:
- (a) as to the mode of proceedings to be held for winding up of a company by the Tribunal under the Companies Act, 2013  
(b) for the holding of meetings of creditors and members in connection with proceedings  
(c) for giving effect to the provisions of the Companies Act, 2013 as to the reduction of the capital  
(d) All of the above

#### MCQs Answers

1(b)	8(d)	15(b)	22(d)	29(c)	36(a)	43(a)	50(d)	57(a)
2(d)	9(d)	16(b)	23(c)	30(d)	37(c)	44(b)	51(b)	58(a)
3(d)	10(b)	17(d)	24(d)	31(a)	38(b)	45(d)	52(b)	59(d)
4(c)	11(a)	18(a)	25(d)	32(d)	39(a)	46(c)	53(d)	60(d)
5(c)	12(a)	19(b)	26(b)	33(d)	40(c)	47(c)	54(c)	
6(b)	13(d)	20(a)	27(a)	34(b)	41(b)	48(a)	55(b)	
7(a)	14(b)	21(b)	28(a)	35(b)	42(b)	49(d)	56(b)	

## Compounding of Offences, Adjudication and Special Courts

1. .... offences are those offences where the complainant enters into a compromise, and agrees to have the charges dropped against the accused.  
(a) Compoundable (b) Non-compoundable (c) Non-cognizable
2. Penalties in case of compoundable offences include:  
(a) Imprisonment only (b) Imprisonment and fine  
(c) Imprisonment upto 3 years (d) Imprisonment or fine
3. Penalties in case of non-compoundable offences include:  
(a) Imprisonment only  
(b) Imprisonment and fine  
(c) Fine only  
(d) Both (a) & (b)
4. Speedy trial of offences punishable under Companies Act, 2013 with imprisonment of two years or more is outside the jurisdiction of Special Court. Given statement is .....  
(a) Incorrect (b) Correct
5. Every offence under the Companies Act, 2013 except specified offences shall be ..... deemed to be  
(a) Non-bailable offences (b) Bailable offences  
(c) Non-cognizable (d) Cognizable
6. Court shall take cognizance of any offence under the Companies Act, 2013 which is alleged to have been committed by any company or any officer thereof only on the written complaint of the .....  
(a) Recognised Stock exchange (b) RBI  
(c) SEBI (d) Registrar
7. In case of a government company, court shall take cognizance of an offence under the Companies Act, 2013 which is alleged to have been committed by any company or any officer thereof on the complaint in writing of a person authorized by the ..... in that behalf  
(a) RBI (b) Central Government  
(c) SEBI (d) Registrar
8. The court imposing any fine under this the Companies Act, 2013 may direct that the whole or any part thereof shall be applied .....  
(a) in or towards payment of the costs of the proceedings  
(b) in or towards the payment of a reward to the person on whose information the proceedings were instituted  
(c) (a) and (b)  
(d) (a) or (b)
9. Penalty levied on One Person Company or small company if it fails to comply with the provisions of the Companies Act, 2013 such company and officer in default of such company shall be punishable with fine or imprisonment or fine and imprisonment, as the case may be, which shall not be more than ..... of the fine or imprisonment or fine and imprisonment, as the case may be, of the minimum

or maximum fine or imprisonment or fine and imprisonment, as the case may be, specified in specified sections

(a) one-half

(b) 4/10th

(c) 2/10<sup>th</sup>

(d) one-fourth

10. Offences punishable under the Companies Act, 2013 with imprisonment of two years or more shall be tried by a Metropolitan Magistrate or a Judicial Magistrate of the First Class. Given statement is .....

(a) True

(b) False

11. Offence other offences punishable under the Companies Act, 2013 with imprisonment of two years or more shall be tried by a Special Courts. Given statement is .....

(a) True

(b) False

12. A Special Court shall consist of a single judge who shall be appointed by the

(a) RBI

(b) State Government

(c) Central Government

(d) SEBI

13. A person shall not be qualified for appointment as a judge of a Special Court unless he is, immediately before such appointment, holding office of .....

(a) High Court Judge

(b) Supreme Court Judge

(c) a Sessions Judge or an Additional Sessions Judge

(d) None of the above

14. In case of more than one Special Courts in a particular area, which special court shall try the case:

(a) by such one of them as may be specified in this behalf by the High Court concerned;

(b) by such one of them as may be mutually decided

(c) (a) or (b)

(d) None of the above

15. Where a person accused of, or suspected of the commission of, an offence under the Companies Act, 2013. Such person is forwarded to a Magistrate under section 167 of the Code of Criminal Procedure, 1973. Such Magistrate may authorize the detention of such person in such custody as he thinks fit for a period not exceeding ..... days in the whole where such Magistrate is a Judicial Magistrate.

(a) 7

(b) 15

(c) 30

(d) 45

16. Where a person accused of, or suspected of the commission of, an offence under the Companies Act, 2013. Such person is forwarded to a Magistrate under section 167 of the Code of Criminal Procedure, 1973. Such Magistrate may authorise the detention of such person in such custody as he thinks fit for a period not exceeding ..... days in the whole where such Magistrate is an Executive Magistrate.

(a) 7

(b) 15

(c) 30

(d) 45

17. The Special Court may, if it thinks fit, try the case in summary way any offence under the Companies Act, 2013 which is punishable with imprisonment for a term not exceeding ..... years

(a) 1

(b) 2

- (c) 3 (d) 4
18. In the case of conviction in a summary trial no sentence of imprisonment for a term exceeding ..... year shall be passed  
(a)1 (b) 2 (c)3 (d)4
19. The Special Court shall, after hearing the parties to the summary trial ..... record an order to that effect and thereafter recall any witnesses who may have been examined and proceed to hear or rehear the case in accordance with the procedure for the regular trial  
(a)may (b) may not  
(c) shall (d) shall not
20. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any offence punishable under the Companies Act, 2013 (whether committed by a company or any officer thereof) with fine only, fine exceeding five lakh rupees may, either before or after the institution of any prosecution, be compounded by .....  
(a) Tribunal  
(b) Regional Director  
(c) any officer authorised by the Central Government  
(d) None of the above
21. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any offence punishable under the Companies Act, 2013 (whether committed by a company or any officer thereof) with fine only, fine not exceeding five lakh rupees may, either before or after the institution of any prosecution, be compounded by  
(a) Tribunal  
(b) Regional Director  
(c) any officer authorised by the Central Government  
(d) (b) or (c)
22. Any offence by any company or its officer, shall be compounded by the special court if the investigation against such company has been initiated or is pending under this the Companies Act, 2013. Given statement is .....  
(a)True (b) False
23. Offence committed by a company or its officer within a period of three years from the date on which a similar offence committed by it or him was compounded, ..... be compounded for a subsequent offence  
(a)cannot (b) can also
24. Any second or subsequent offence committed after the expiry of a period of ..... years from the date on which the offence was previously compounded, shall be deemed to be a first offence  
(a) 1 (b) 2  
(c) 3 (d) 4
25. The sum so specified ..... , in any case, exceed the maximum amount of the fine which may be imposed for the offence so compounded  
(a) may (b) may not

- (c) shall (d) shall not
26. If offence is compounded before the institution of any prosecution, no prosecution ..... be instituted in relation to such offence, either by the Registrar or by any shareholder of the company or by any person authorised by the Central Government against the offender in relation to whom the offence is so compounded.
- (a) may (b) may not  
(c) shall (d) shall not
27. Any officer or other employee of the company who fails to comply with any order made by the Tribunal or the Regional Director or any officer authorised by the Central Government for dealing with a proposal for compounding of offence shall be punishable with imprisonment for a term which may extend to ..... months, or with fine not exceeding ..... lakh rupees, or with both.
- (a) 12 ; 5 (b) 6 ; 1  
(c) 24 ; 10 (d) 12 ; 7
28. Any offence which is punishable under the Companies Act, 2013 with imprisonment only or with imprisonment and also with fine ..... be compoundable
- (a) may (b) may not  
(c) shall (d) shall not
29. The Mediation and Conciliation Panel shall follow such procedure as may be specified in Rule 11 of the Special Courts (Companies Mediation and Conciliation) Rules, 2016, and dispose of the matter referred to it within a period of ..... months from the date of such reference
- (a) 1 (b) 2  
(c) 3 (d) 4
30. If a One Person Company or a small company fails to comply with the provisions of sub-section (5) of section 92, sub-section (2) of section 117 or sub-section (3) of section 137, such company and officer in default of such company shall be punishable with fine or imprisonment or fine and imprisonment, as the case may be, which shall not be more than ..... of the fine or imprisonment or fine and imprisonment
- (a) 1/8 (b) 1/4  
(c) 1/3 (d) 1/2
31. The court or the Special Court, while deciding the amount of fine or imprisonment under the Companies Act, 2013, shall have due regard to the following factors, namely:
- (a) size of the company (b) nature of the default  
(c) repetition of the default (d) All of the above

#### MCQ Answers

1(a)	4(a)	7(b)	10(b)	13(c)	16(a)	19(a)	22(b)	25(d)	28(d)
2(d)	5(c)	8(d)	11(b)	14(a)	17(c)	20(a)	23(a)	26(c)	29(c)
3(d)	6(d)	9(a)	12(c)	15(b)	18(a)	21(d)	24(c)	27(b)	30(d)
									31(d)



## National Company Law Tribunal and Appellate Tribunal

1. .... has replaced the Company Law Board (CLB), the Board for Industrial and Financial Reconstruction (BIFR) and the Appellate Authority for Industrial and Financial Reconstruction
  - (a) NCLT
  - (b) NLCAT
  - (c) (a) or
  - (b) (d) (a) and (b)
2. After appointment of National Company Law Tribunal, all matters or proceedings or cases pending before the Board of Company Law Administration (Company Law Board) shall .....
  - (a) shall stand transferred to the National Company Law Tribunal
  - (b) shall not be transferred to the National Company Law Tribunal and will be disposed by Company Law Board only
  - (c) shall lapse
  - (d) None of the above
3. NCLT and NCLAT do not provide a single window for settlement of all disputes relating to companies. Given statement is .....
  - (a) Correct
  - (b) Incorrect
4. Qualification for the President of NCLT is .....
  - (a) Current or previous Judge of a Supreme Court for five years
  - (b) Current or previous Judge of a High Court for five years
  - (c) Current or previous Judge of a Session Court for five years
  - (d) None of the above
5. A person shall not be qualified for appointment as a Judicial Member of NCLT unless he is or has been .....
  - (a) Current or previous judge of a High Court
  - (b) Current or previous District Judge for at least five years
  - (c) an advocate of a court for at least ten years
  - (d) Any of the above
6. The National Company Law Appellate Tribunal consists of judicial and technical members, not exceeding ..... , as the Central Government may deem fit
  - (a) 7
  - (b) 11
  - (c) 16
  - (d) 20
7. The chairperson of the Appellate Tribunal shall be a person who is or has been .....
  - (a) a Judge of the Supreme Court
  - (b) a Chief Justice of a High Court
  - (c) a Judge of the High Court
  - (d) (a) or (b)
8. Appointment of the Members of the Tribunal or the Appellate Tribunal shall ..... by reason of any vacancy or any defect in the constitution of the Selection Committee.
  - (a) not be invalid merely
  - (b) be valid
9. The President and every other Member of the Tribunal shall hold office for a term of ..... years from the date on which he enters upon his office
  - (a) 4
  - (b) 5

- (c) 7 (d) 10
10. Under section 413 (2), a Member of the Tribunal shall hold office as such until he attains in the case of the President, the age of ..... years, in the case of any other Member, the age of ..... years.
- (a) 64 ; 62 (b) 65 ; 67  
(c) 67 ; 65 (d) 70;65
11. A person who has not completed 50 years of age shall be eligible for appointment as Member of Tribunal. Given statement is .....
- (a) True (b) False
12. In the event of the occurrence of any vacancy in the office of the President or the Chairperson by reason of his death, resignation or otherwise, the ..... shall act as the President or the Chairperson
- (a) Most-qualified member (b) Senior-most Member  
(c) (a) or (b) (d) None of the above
13. The President, the Chairperson or any Member may, by notice in writing under his hand addressed to the Central Government, resign from his office. Provided that the President, the Chairperson, or the Member shall continue to hold office:
- (a) until the expiry of 3 months from the date of receipt of such notice by the Central Government  
(b) until a person duly appointed as his successor enters upon his office or until the expiry of his term of  
(c) (a) or (b), whichever is earliest  
(d) (a) or (b), whichever is later
14. The Central Government may, after consultation with the Chief Justice of India, remove from office the President, Chairperson or any Member, who:
- (a) has not been adjudged an insolvent  
(b) has not been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or  
(c) has become physically or mentally incapable of acting as such President, the Chairperson, or Member  
(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as such President, the Chairperson or Member;
15. Benches of Tribunal consists of 2 person out of whom one shall be a ..... and the other shall be a ..... :
- (a) Chairman ; President  
(b) Judicial Member; Technical Member  
(c) President; Judicial Member  
(d) Chairman ; Technical Member
16. If there is a difference of opinion within the members of the bench and it cannot be decided by majority due to equal votes, what are the possible options in line within the provisions of the Companies Act, 2013:
- (a) they shall state the point or points on which they differ, and the case shall be referred by the President for hearing on such point or points by one or more of the other Members of the Tribunal and



such point or points shall be decided according to the opinion of the majority of Members who have heard the case, including those who first heard it

(b) they shall in between themselves convince other member and cast a majority

(c) (a) or (b)

(d) None of the above

17. The Tribunal may, at any time within ..... year/s from the date of the order, with a view to rectifying any mistake apparent from the record, amend any order passed by it

(a) 4

(b) 3

(c) 2

(d) 1

18. Every appeal to AT against order of Tribunal shall be filed within a period of ..... days from the date on which a copy of the order of the Tribunal is made available to the person aggrieved

(a) 30

(b) 45

(c) 60

(d) 90

19. The time limit for disposal of appeal filed before Tribunal is 3 months. The appeal .....

(a) may be expeditiously disposed as possible within 3 months

(b) should be strictly disposed within 3 months

(c) can also be disposed after 3 months without no sufficient cause for delay

(d) None of the above

20. Any person aggrieved by any order of the Appellate Tribunal may file an appeal to the Supreme Court within ..... days from the date of receipt of the order of the Appellate Tribunal

(a) 30

(b) 45

(c) 60

(d) 90

21. Civil court shall also have jurisdiction to entertain any suit or proceeding in respect of any matter which the Tribunal or the Appellate Tribunal is empowered to determine by or under the Companies Act or any other law for the time being in. The statement is .....

(a) Correct

(b) Incorrect

22. Any person aggrieved by any decision or order of the Company Law Board made before notified date may file an appeal to the ..... within specified time limit from the date of communication of the decision or order of the Company Law Board to him on any question of law arising out of such order:

(a) NCLT

(b) NCLAT

(c) High Court

(d) Supreme Court

23. Any person aggrieved by any decision or order of the Company Law Board made before notified date may file an appeal to the High Court within ..... days from the date of communication of the decision or order of the Company Law Board to him on any question of law arising out of such order:

(a) 30

(b) 45

(c) 60

(d) 90

#### MCQs Answers

1 (a)	4(b)	7(d)	10(c)	13(c)	16(a)	19(a)	22(c)
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2(a)	5(d)	8(a)	11(b)	14(d)	17(c)	20(c)	23(c)
3(b)	6(b)	9(b)	12(b)	15(b)	18(b)	21(b)	

## E Governance

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Form filing will be done using ..... downloadable software and it can be done offline
  - (a) paid
  - (b) freely
  - (c) (a) or (b)
  - (d) None of the above
2. What is the program goal that has been set keeping in mind stakeholders' needs?
  - (a) Business enabled to register a company and file statutory documents quickly and easily
  - (b) Public to get easy access to relevant records and effective grievances re- dressal
  - (c) Professionals to be able to offer efficient services to their client companies
  - (d) All of the above
3. MCA 21 program includes anywhere electronic services with speed and certainty to all the stakeholders for:
  - (a) Setting up of temporary Front Offices (FOs) for the peak periods to meet with the requirements and subsequent shutdown of temporary FOs at the end of such peak periods
  - (b) Providing MCA services to all MCA 21 stakeholders in accordance with the Service Oriented Approach
  - (c) Providing user training at all levels and all offices (Front and Back Offices)
  - (d) All of the above
4. What is/are the key benefits of MCA 21 project?
  - (a) Zero transparency through e-Governance
  - (b) Non-Customer centric approach
  - (c) Difficulty in filing of Forms/ Returns
  - (d) Expeditious incorporation of cos.

### MCQs Answers

- 1 (b) 1 2 (d) 3 (d) 4(d)

## Declaration and Payment of Dividend

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. A dividend is a ..... made by a company to its shareholders, usually as a distribution of .....  
(a) payment; profits (b) receipt; capital reserve  
(c) payment; capital reserve (d) None of the above
2. A dividend is allocated as a ..... (generally in %) per share  
(a) variable amount (b) fixed amount  
(c) (a) or (b) (d) None of the above
3. As per Section 2(35) of the Companies Act, 2013, "dividend" ..... any interim dividend.  
(a) includes (b) excludes
4. When the Board of Directors declare dividend ..... two annual general meetings of the company, such dividend is known as Interim dividend.  
(a) before (b) after  
(c) between (d) None of the above
5. When the dividend is declared ..... the annual general meeting of the company, it is known as Final dividend.  
(a) at (b) before  
(c) after (d) None of the above
6. Preference shareholders are assured of a preferential dividend at a ..... rate during the life of the company.  
(a) variable (b) fixed  
(c) a or b (d) a & b
7. In case no dividend is declared in a year due to any reason, the right to receive such dividend for that year expires. It implies that holder of such a share is not entitled to arrears of dividend in future. This is a ..... type of preference share  
(a) Cumulative Preference Shares  
(b) Non-cumulative Preference Shares  
(c) Cannot say  
(d) None of the above
8. Equity shares ..... enjoy any preferential rights in the matter of payment of dividend or repayment of capital  
(a) do not (b) do
9. The rate of dividend on equity shares is recommended by the Board of Directors and ..... vary from year to year  
(a) shall not (b) shall  
(c) may (d) may not
10. Dividend can be declared or paid by a company for any financial year:

- (a) out of the profits of the company for that year arrived at before providing for depreciation in accordance with the provisions of section 123(2) of the Companies, Act 2013
- (b) out of the profits of the company for any previous financial year or years arrived at before providing for depreciation in accordance with the provisions of that sub-section and remaining undistributed
- (c) out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government.
- (d) None of the above
11. Dividend shall be declared or paid by a company for any financial year only:
- (a) out of the profits of the company for that year arrived at after providing for depreciation in accordance with the provisions of section 123(2) of the Companies, Act 2013
- (b) out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with the provisions of that sub-section and remaining undistributed
- (c) out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government.
- (d) All of the above
12. A company may, before the declaration of any dividend in any financial year, transfer ..... of its profits for that financial year
- (a) mandatorily transfer 10%
- (b) transfer such percentage it may consider appropriate to the reserves of the company
- (c) mandatorily transfer 15%
- (d) None of the above
13. Dividend shall be declared or paid by a company only from its ..... reserves.
- (a) capital reserves (b) free reserves
- (c) Reserves including (a) and (b) (d) None of the above
14. Company shall declare dividend ..... set off of previous losses and depreciation not provided in previous year or years against profit of the company for the current year.
- (a) after (b) before
- (c) after 2 years (d) None of the above
15. The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the 3 years immediately preceding that year. However, this rule will not apply if a company has not declared any dividend in each of the ..... preceding financial years.
- (a) 2 (b) 3
- (c) 4 (d) 5
16. The total amount to be drawn from accumulated profits shall not exceed ..... of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.
- (a) 1/8th (b) 1/9th
- (c) 1/10th (d) 1/11th
17. The balance of reserves after such withdrawal for payment of dividend shall not fall below ..... % of its paid up share capital as appearing in the latest audited financial statement.
- (a) 10 (b) 15

- (c) 20 (d) 25
18. The amount of the dividend to be paid, including interim dividend, shall be deposited in a scheduled bank in a separate account within ..... days from the date of declaration of such dividend
- (a) 5 (b) 30  
(c) 14 (d) 21
19. Dividend are payable to the shareholder in following mode
- (a) cash/cheque (b) electronic mode  
(c) warrant (d) All of the above
20. Dividend shall be paid to the .....
- (a) not the registered shareholder of the share  
(b) not order of the registered shareholder  
(c) banker of the registered shareholder  
(d) None of the above
21. Dividend shall be payable only to the .....
- (a) registered shareholder of the share  
(b) order of the registered shareholder  
(c) banker of the registered shareholder  
(d) All of the above
22. Where a dividend has been declared by a company but has not been paid or claimed within 30 days from the date of the declaration, the company shall, within ..... days from the date of expiry of the said period of 30 days, transfer the total amount to the Unpaid Dividend Account
- (a) 5 (b) 7  
(c) 14 (d) 21
23. The company shall, within a period of 90 days of making any transfer to ..... prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the web-site of the company
- (a) Dividend A/c (b) Unpaid Dividend Account  
(c) (a) or (c) whichever is later (d) None of the above
24. If any default is made in transferring the total amount or any part thereof to the Unpaid Dividend Account of the company it shall pay, from the date of such default, interest on so much of the amount as has not been transferred to the said account, at the rate of ..... per cent per annum.
- (a) 12 (b) 15  
(c) 18 (d) 24
25. Any money transferred to the Unpaid Dividend Account of a company which remains unpaid or unclaimed for a period of ..... years from the date of such transfer shall be transferred by the company along with interest accrued, if any, thereon to the Fund established
- (a) 5 (b) 6  
(c) 7 (d) 8
26. .... not paid or claimed for a period of 7 years is / are to be transferred to established fund

- (a) Unpaid dividend  
 (b) Shares in respect of which dividend has not been paid or claimed  
 (c) (a) and (b)  
 (d) (a) or (b)
27. If a company fails to comply with any of the provisions of unclaimed dividend, the company shall be punishable with fine which shall not be less than ..... lakh rupees but which may extend to ..... lakh rupees
- (a) 2; 20 (b) 5 ; 25  
 (c) 2 ; 25 (d) 2 ;20
28. .... will be credited to the Investor Education and Protection Fund
- (a) Amount given by the Central Government  
 (b) Income from investments  
 (c) Amount of Unpaid Dividend Account  
 (d) All of the above
29. .... will be debited from the Investor Education and Protection Fund (a) the refund in respect of unclaimed dividends, matured deposits, matured debentures, the application money due for refund and interest thereon
- (b) promotion of investors' education, awareness and protection  
 (c) reimbursement of legal expenses incurred in pursuing class action suits by members, debenture-holders or depositors as may be sanctioned by the Tribunal  
 (d) All of the above
30. Where any instrument of transfer of shares has been delivered to any company for registration and the transfer of such shares has not been registered by the company, the company shall:
- (a) transfer the dividend in relation to such shares to the Unpaid Dividend Account referred to in section 124 unless the company is authorised by the registered holder of such share in writing to pay such dividend to the transferee specified in such instrument of transfer  
 (b) keep in abeyance in relation to such shares any offer of rights shares and any issue of fully paid-up bonus shares  
 (c) (a) or (b)  
 (d) (a) and (b)
31. Where a dividend has been declared by a company but has not been paid or the warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, every director of the company shall, if he is knowingly a party to the default, be punishable with:
- (a) imprisonment which may extend to three years and a fine which shall not be less than 5,000 rupees for every day during which such default continues.  
 (b) imprisonment which may extend to four years and a fine which shall not be less than 10,000 rupees for every day during which such default continues.  
 (c) imprisonment which may extend to two years and a fine which shall not be less than 1,000 rupees for every day during which such default continues.

(d) None of the above

32. The company shall be liable to pay simple interest at the rate of ..... % p.a. during the period for which such default continues in addition to imprisonment and fine for default in transferring dividend within 30 days from the date of declaration

(a) 18

(b) 15

© 24

(d) 12

33. The exceptions under which no offence shall be deemed to have been committed for default in transferring dividend within 30 days from the date of declaration:

(a) where the dividend was payable due to operation of any law;

(b) where there wasn't any dispute regarding the right to receive the dividend

© where the dividend could not be paid by reason of the operation of any law

(d) All of the above

#### MCQs Answers

1 (a)	2(b)	3(a)	4(c)	5(a)	6(b)	7(b)	8(a)	9(c)	10(c)
11(d)	12(b)	13(b)	14(a)	15(b)	16(c)	17(b)	18(a)	19(d)	20(c)
21(d)	22(b)	23(b)	24(a)	25(c)	26(c)	27(b)	28(d)	29(d)	30(d)
31(c)	32(a)	33(c)							



## Accounts and Audit

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Every company ..... prepare "books of account" and other relevant books and papers and financial statement for every financial year.  
(a) shall (b) may  
(c) may not (d) None of the above
2. These books of accounts must be kept on .....  
(a) accrual basis  
(b) according to double entry system of accounting.  
(c) (a) and (b)  
(d) None of the above
3. "Books of account" as defined in Section 2(13) of the Companies Act, 2013 includes records maintained in respect of:  
(a) the items of cost as may be prescribed under section 148 in the case of a company which belongs to any class of companies specified under that section  
(b) the assets and liabilities of the company  
(c) all sales and purchases of goods and services by the company  
(d) All of the above
4. Every company to prepare and keep the books of account and other relevant books and papers and financial statements at its .....  
(a) registered office  
(b) any other place as they Board of Directors may decide  
(c) Additional place of business  
(d) (a) or (b)
5. Company does not have the option of keeping such books of account or other relevant papers in electronic mode as per Rule 3 of the Companies (Accounts) Rules, 2014. The statement is .....  
(a) True (b) False
6. The back-up of the books of account and other books and papers of the company maintained in electronic mode, including at a place outside India, if any, shall be kept in servers ..... on a periodic basis  
(a) physically located in India (b) physically located outside India  
(c) (a) or (b) (d) None of the above
7. Books of accounts of Branch Office are periodically sent by the branch office to the company at its registered office and are kept open for inspection at the registered office of the company or at such other place in India by ..... during business hours.  
(a) any director (b) any shareholder  
(c) general public (d) All of the above

8. The books of account of every company relating to a period of not less than ..... financial years immediately preceding a financial year, shall be kept in good order
- (a) 5 (b) 6  
(c) 7 (d) 8
9. The person responsible to take all reasonable steps to secure compliance by the company with the requirement of maintenance of books of accounts etc. shall be ..... :
- (a) Managing Director  
(b) Whole-Time Director, in charge of finance  
(c) Chief Financial Officer  
(d) All of the above
10. In case failure to take reasonable steps to secure compliance in respect of maintenance of books of accounts, they shall in respect of each offence, be punishable with imprisonment for a term which may extend ..... :
- (a) to three year or with fine which shall not be less than fifty thousand rupees but which may extend to ten lakh rupees or both.  
(b) to one year or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees or both.  
(c) to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees or both.  
(d) to one year or with fine which shall not be less than one lakh rupees but which may extend to ten lakh rupees or both
11. At every annual general meeting of a company, the Board of Directors of the company shall not lay before such meeting financial statements for the financial year. Given statement is .....  
(a) Correct (b) Incorrect
12. If a company has one or more subsidiaries, it shall prepare .....  
(a) standalone financial statements  
(b) consolidated financial statements  
(c) (a) and (b)  
(d) None of the above
13. In case of a company covered under sub-section (3) of section 129 which is not required to prepare consolidated financial statements under the Accounting Standards, it shall not be sufficient if the company complies with provisions on consolidated financial statements provided in Schedule III of the Act. Given statement is .....  
(a) True (b) False
14. Provisions for preparation of consolidated financial statements shall not apply if the company meets the following conditions:
- (a) it is a wholly-owned subsidiary, or is a partially-owned subsidiary of another company and all its other members, including those not otherwise entitled to vote, having been intimated in writing and for which the proof of delivery of such intimation is available with the company, do not object to the company not presenting consolidated financial statements  
(b) it is a company whose securities are listed on stock exchange, whether in India or outside India; and

- (c) its ultimate or any intermediate holding company files consolidated financial statements with the Registrar which are not in compliance with the applicable Accounting Standards.
- (d) None of the above
15. If a company contravenes the provisions of preparation of consolidation of financial statements, the managing director, the whole-time director in charge of finance, the Chief Financial Officer shall be punishable with imprisonment for a term which .....
- (a) may extend to three year or with fine which shall not be less than fifty thousand rupees but which may extend to ten lakh rupees, or with both
- (b) may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.
- (c) may extend to seven years or with fine which shall not be less than fifty thousand rupees but which may extend to seven lakh rupees, or with both.
- (d) may extend to two years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.
16. A company shall not re-open its books of account and not recast its financial statements, unless an application in this regard is made by
- (a) the Central Government (b) the Income-tax authorities
- (c) the Securities and Exchange Board (d) All of the above
17. Preparation of revised financial statement or revised report prepare revised financial statement or a revised report in respect of any of the five preceding financial years after obtaining approval of the Tribunal on an application made by the company in such form. The statement is .....
- (a) Incorrect (b) Correct
18. Revised financial statement or report shall not be prepared or filed more than ..... in a financial year
- (a) once (b) twice
- (c) thrice (d) None of the above
19. Where copies of the previous financial statement or report have been sent out to members or delivered to the Registrar or laid before the company in general meeting, the revisions must not be confined to
- (i) the correction in respect of which the previous financial statement or report do not comply with the provisions of section 129 or section 134; and
- (ii) the making of any necessary consequential alternation The statement is .....
- (a) Incorrect (b) Correct
20. The NFRA shall .....
- (a) make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be
- (b) monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed
- (c) oversee the quality of service of the professions associated with ensuring compliance with such standards, and suggest measures required for improvement in quality of service and such other related matters as may be prescribed

- (d) All of the above
21. Members of NFRA, be appointed by the Central Government and such other members not exceeding ..... consisting of part-time and full-time members as may be prescribed.
- (a) 5 (b) 10  
(c) 15 (d) 20
22. .... shall initiate or continue any proceedings in such matters of misconduct where the NFRA has initiated an investigation
- (a) No other institute or body (b) SEBI  
(c) RBI (d) None of the above
23. Where professional or other misconduct is proved in case of individuals NFRA penalty to be imposed is .....
- (a) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals  
(b) not less than five lakh rupees, but which may extend to three times of the fees received, in case of individuals  
(c) not less than seven lakh rupees, but which may extend to seven times of the fees received, in case of individuals  
(d) not less than ten lakh rupees, but which may extend to seven times of the fees received, in case of individuals
24. The officer authorised by the Appellate Authority shall prepare in such form and at such time as may be prescribed its annual report giving a full account of its activities and forward a copy thereof to the Central Government and the Central Government shall cause the annual report to be laid before .....
- (a) Rajya Sabha (b) Lok Sabha  
(c) each House of Parliament (d) None of the above
25. Report by Board of Directors includes
- (a) Directors' Liability Statement  
(b) Details in respect of frauds reported by auditors which are reportable to the Central Government  
(c) a statement on declaration given by independent directors under subsection (6) of section 149;  
(d) Particulars excluding particulars of loans, guarantees or investments
26. Cost Accountants is as defined in:
- (a) Cost & Works Accountant Act, 1959  
(b) Cost & Works Accountant Act, 1969 & holds a Certificate of Practice  
(c) Cost & Works Accountant Act, 1959 & holds a Certificate of Practice  
(d) Cost & Works Accountant Act, 1969
27. The Directors' Responsibility Statement shall state that:
- (a) Number of meetings of the Board  
(b) Directors' Responsibility Statement  
(c) The amounts, if any, which it proposes to, carry to any reserves  
(d) None of the above

28. The Directors' Responsibility Statement shall state that
- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
  - (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period
  - (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
  - (d) All of above
29. Company has contravened the provisions of Financial Statement, Board's Report, Directors' Responsibility Statement, etc penalty imposed will be fine which shall not be less than INR ..... but which may extend to INR ..... Lacs
- (a) 1,00,000; 50
  - (b) 50,000; 25
  - (c) 10,000 ; 10
  - (d) 25,000; 10
30. Section 135 of the Companies Act, 2013, Corporate Social Responsibility lays down the provisions requiring to ..... spend a prescribed percentage of their profits on certain specified areas of social up-liftment in discharge of their social responsibilities.
- (a) mandatorily
  - (b) voluntarily
  - (c) mandatorily in few cases and voluntarily in other cases
  - (d) None of the above
31. Every company including its holding or subsidiary, and a foreign company defined under section 2(42) of the Companies Act, 2013 having its branch office or project office in India, having net worth of rupees ..... crore or more, or turnover of rupees ..... crore or more or a net profit of rupees ..... crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board.
- (a) 1000 ; 1000 ; 5
  - (b) 1000 ; 2000 ; 10
  - (c) 500 ; 1000 ; 5
  - (d) 500 ; 1000 ; 10
32. Duties of CSR Committee include :
- (a) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII
  - (b) recommend the amount of expenditure to be incurred on the activities referred to in (a)
  - (c) monitor the CSR Policy of the company from time to time.
  - (d) All of the above
33. Contents of the CSR Policy includes:
- (a) the activities undertaken in pursuance of normal course of business of a company

- (b) list of CSR projects or programs which a company plans to undertake falling outside the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same
- (c) the CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall form part of the business profit of a company.
- (d) None of the above
34. The Board of every company shall ensure that the company spends, in every financial year, at least ..... per cent of the average net profits of the company made during the ..... immediately preceding financial years, in pursuance of its CSR Policy
- (a) one ; three (b) four; two  
(c) three ; two (d) two ; three
35. A company may not collaborate with other companies for undertaking projects or programs or CSR activities. Given statement is .....
- (a)Correct (b) Incorrect
36. The CSR projects or programs or activities undertaken ..... only shall amount to CSR Expenditure
- (a) In India (b) outside India  
(c) (a) or (b) (d) None of the above
37. Companies may build CSR capacities of their own personnel as well as those of implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed ..... % of total CSR expenditure of the company in one financial year.
- (a)5 (b) 10  
(c) 15 (d) 20
38. As per the Companies (CSR Policy) Rules, 2014 following activity/ies are considered as CSR activities
- (a) The CSR projects or programs or activities undertaken outside India  
(b) The CSR projects or programs or activities that benefit only the employees of the company and their families.  
(c) Contribution of any amount directly or indirectly to any political party under section 182 of the Act.  
(d) None of the above
39. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc. would not be qualified as part of CSR expenditure. The statement is .....
- (a)Correct (b) Incorrect
40. If the Company fails to disclose information relating to composition of the Corporate Social Responsibility Committee and failure to spend such specified amount, it shall be punishable with fine, which shall not be less than ..... thousand rupees but which may extend to ..... lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to ..... years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees or with both.
- (a) twenty ; thirty; seven (b) fifty; twenty-five ; three  
(c) thirty; fifty ; four (d) None of the above

41. Financial statements of a company shall be sent in not less than ..... days before the date of the annual general meeting.
- (a) 14 (b) 21  
(c) 7 (d) 28
42. Contravention of Right to members to copies of audited financial statement as per section 136:
- (i) If any default is made in complying with the provisions of this section, the company shall be liable to a penalty of INR .....
- (ii) Every officer of the company who is in default shall be liable to a penalty of INR .....
- (a) 25,000 ; 5,000 (b) 50,000 ; 25,000  
(c) 1,00,000 ; 50,000 (d) 20,000 ; 10,000
43. A copy of the financial statements, including consolidated financial statement, if any, along with all the documents which are required to be or attached to such financial statements under the Companies Act, 2013 duly adopted at the annual general meeting of the company, shall be filed with the Registrar within ..... days of the date of annual general meeting
- (a) 15 (b) 21  
(c) 30 (d) 45
44. U/s 137(3), the managing director and the Chief Financial Officer of the company, if any shall be punishable with imprisonment for a term which may extend to 6 months or fine which shall not be less than INR ..... lac but which may extend to INR ..... Lacs or both with imprisonment and fine.
- (a) 7 ; 10 (b) 5 ; 7  
(c) 3 ; 15 (d) 1 ; 5
45. Every company shall, ..... the first annual general meeting, appoint an individual or a firm as an auditor of the company.
- (a) before (b) at  
(c) after (d) None of the above
46. Competent authority for a company which is required to constitute an Audit Committee under section 177 is .....
- (a) Audit Committee (b) BOD  
(c) Shareholders (d) None of the above
47. If the Board agrees with the recommendation of the Audit Committee, it shall further recommend the appointment of an individual or a firm as auditor to the members in the AGM. The statement is .....
- (a) True (b) False
48. The auditor appointed shall submit a certificate including:
- (a) the individual or the firm, as the case may be, is not eligible for appointment and is disqualified for appointment under the Act, the Chartered Accountants Act, 1949 and the rules or regulations made there under  
(b) the proposed appointment is not as per the term provided under the Companies Act, 2013

- (c) the list of proceedings against the auditor or audit firm or any partner of the audit firm pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct.
- (d) All of the above
49. Further, the company shall inform the auditor concerned of his or its appointment/ reappointment, and also file a notice of such appointment/ reappointment with the Registrar within ..... days of the meeting in which the auditor is appointed
- (a) 7 (b) 15
- (c) 20 (d) 30
50. Listed companies and other prescribed class of companies shall not appoint or re-appoint:
- (1) an individual as auditor for more than two term of five consecutive years; and
- (2) an audit firm as auditor for more than one terms of five consecutive years
- The statement is .....
- (a)Correct (b) Incorrect
51. Appointment or reappointment for number/s of term exceeding the specified limit is not applicable to:
- (a) one person companies (b) small companies
- (c) Section 8 companies (d) (a) and (b)
52. The incoming auditor or audit firm shall not be eligible if such auditor or audit firm is associated with the outgoing auditor or audit firm under the ..... network of audit firms.
- (a)same (b) different
- (c) similar (d) None of the above
53. Where a company has appointed two or more individuals or firms or a combination thereof as joint auditors, the company may follow the rotation of auditors in such a manner that both or all of the joint auditors, as the case may be .....
- (a) do not complete their term in the same year
- (b) do complete their term in the same year
- (c) reappointed in the same year
- (d) None of the above
54. The first auditor of a company shall be generally appointed by the Board of directors .....
- (a) within 30 days of the date of registration of the company
- (b) at the first annual general meeting
- (c) within 45 days of the date of registration of the company
- (d) after the first annual general meeting
55. The Board may fill any casual vacancy in the office of an auditor within ..... days but where such vacancy is caused by the resignation of an auditor, such appointment shall also be approved by the company at a general meeting convened within ..... months of the recommendation of the Board.
- (a)30; three (b) 45; four
- (c) 60 ; five (d) 90 ; six
56. The auditor shall be appointed in case of Government Company .....



- (a) within 30 days of the date of registration of the company  
 (b) at the first annual general meeting,  
 (c) within a period of 180 days from the commencement of the financial year  
 (d) None of the above
57. In the case of a Government company the first auditor shall be appointed by the Comptroller and Auditor-General of India within ..... days from the date of registration of the company.  
 (a) 30 (b) 45  
 (c) 60 (d) 90
58. At any annual general meeting, a retiring auditor may be re-appointed at an AGM, if:  
 (a) he is disqualified for re-appointment;  
 (b) he has given the company a notice in writing of his unwillingness to be reappointed; and  
 (c) a special resolution has been passed at that meeting appointing some other auditor or providing expressly that he shall not be re-appointed.  
 (d) None of the above
59. Where at any annual general meeting, no auditor is appointed or reappointed what are the possible options in lines with the Companies Act, 2013 available with the company:  
 (a) Appoint auditor by passing ordinary resolution within 30 days of the AGM  
 (b) Appoint auditor by passing special resolution within 30 days of the AGM  
 (c) Keep the office of the auditor vacated till new auditor is appointed by board  
 (d) The existing auditor shall continue to be the auditor of the company
60. The auditor appointed under section 139 may be removed from his office before the expiry of his term only by a ..... resolution of the company and after obtaining the previous approval of the Central Government  
 (a) ordinary (b) special  
 (c) (a) or (b) (d) None of the above
61. Correct chronological order for removal of auditor is:  
 (i) Auditor shall be given a reasonable opportunity of being heard  
 (ii) Auditor will be removed  
 (iii) A Special Notice is received for Removal of auditor  
 (iv) Approval of CG received  
 (a) (iii), (i), (iv), (ii) (b) (i), (ii), (iii), (iv)  
 (c) (ii), (i), (iv), (v) (d) (iv), (ii), (iii), (i)
62. If the Auditor has resigned from the company, he shall file within a period of ..... days from the date of resignation, a statement in the prescribed form with the company and the Registrar.  
 (a) 90 (b) 60  
 (c) 45 (d) 30
63. If the auditor does not comply with Section 140(2), he or it shall be punishable with fine which shall not be less than INR ..... but which may extend to INR ..... Lacs  
 (a) 10,000 ; 1 (b) 1,00,000 ; 10

(c) 50,000 ; 5

(d) 75,000 ; 5

64. If the application is made by the Central Government and the Tribunal that auditor has acted in a fraudulent manner and is satisfied that any change of the auditor is required, it shall within ..... days of receipt of such application, make an order that he shall not function as an auditor and the Central Government may appoint another auditor in his place.
- (a) 7 (b) 14  
(c) 15 (d) 21
65. An auditor, whether individual or firm, against whom final order has been passed by the Tribunal for acting in a fraudulent manner shall not be eligible to be appointed as an auditor of any company for a period of ..... years from the date of passing of the order and the auditor shall also be liable for action under section 447.
- (a) three (b) five  
(c) seven (d) ten
66. A person is said to be qualified as an auditor of the company if he satisfies the following condition/s:
- (a) A person shall be eligible to be appointed as auditor of a company only if he is a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949.  
(b) A firm whereof majority of partners practising in India are qualified for appointment as aforesaid may be appointed by its firm name to be auditor of a company.  
(c) Where a firm including a Limited Liability Partnership is appointed as an auditor of a company, only the partners who are chartered accountants shall be authorised to act and sign on behalf of the firm.  
(d) All of the above
67. .... is not disqualified to be appointed as auditor of a company:
- (a) a officer or employee of the company;  
(b) a person who is a partner, or who is in the employment, of an officer or employee of the company;  
(c) a person or his relative or partner who is holding any security of or interest in the company or its subsidiary, or of its holding or associate company or a subsidiary of such holding company of face value not exceeding INR 1,00,000  
(d) is indebted to the company, or its subsidiary, or its holding or associate company or a subsidiary of such holding company, in excess of INR 5 Lacs;
68. If a person appointed as an auditor of a company incurs any of the disqualifications specified in Section 141(3) of the Companies Act 2013, he shall be deemed to have vacated his office. Such vacation shall be deemed .....
- (a) to be a resignation  
(b) to be a casual vacancy in the office of the auditor  
(c) as he shall not be re-appointed or some other auditor to be appointed due to special resolution that has been passed at that meeting  
(d) None of the above
69. The auditor shall not inquire into the following matters:
- (a) Whether loans and advances made by the company on the basis of security have been properly secured and whether the terms on which they have been made are prejudicial to the interests of the company or its members

- (b) Whether transactions of the company which are represented merely by book entries are prejudicial to the interests of the company
- (c) Where the company not being an investment company or a banking company, whether so much of the assets of the company as consist of shares, debentures and other securities have been sold at a price less than that at which they were purchased by the company
- (d) None of the above
70. The auditor shall report the matter to the Board or the Audit Committee, as the case may be, immediately but not later than ..... days of his knowledge of the fraud, seeking their reply or observations within ..... days;
- (a) 2 ; 50 (b) 2 ; 45  
(c) 2 ; 60 (d) 3 ; 90
71. In case of a fraud involved of INR 75 Lakhs the auditor shall report the matter to ..... immediately but not later than two days of his knowledge of the fraud
- (a) Audit Committee (b) Audit Committee or to the Board  
(c) Central Government (d) None of the above
72. If any auditor, the cost accountant in practice conducting cost audit or the company secretary in practice conducting secretarial audit do not comply with the provisions of section 143(12) (reporting about the fraud to the Central Government), he shall be punishable with fine which shall not be less than INR ..... Lacs but which may extend to INR .....
- (a) 15; 50 Lacs (b) 5 ; 30 Lacs  
(c) 1; 25 Lacs (d) 25 ; 1 crore
73. The Comptroller and Auditor-General of India shall within 60 days from the date of receipt of the audit report have a right to conduct a ..... of the financial statement of the company by such person or persons as he may authorise in this behalf; and for the purposes of such audit, require information or additional information to be furnished to any person or persons, so authorised, on such matters, by such person or persons, and in such form, as the Comptroller and Auditor-General of India may direct
- (a) fresh audit (b) expenses audit  
(c) supplementary audit (d) (a) or (c)
74. The auditor of the branch shall prepare a report on the accounts of the ..... examined by him and send it to the auditor of the company who shall deal with it in his report in such manner as he considers necessary
- (a) branch (b) head office  
(c) (a) and (b) (d) None of the above
75. Auditor can render following services directly or indirectly to the company (auditee) or its holding company or subsidiary:
- (a) accounting and book keeping services  
(b) internal audit  
(c) design and implementation of any financial information system  
(d) None of the above
76. Auditor cannot render following services directly or indirectly to the company (auditee) or its holding company or subsidiary:

- (a) actuarial services
  - (b) investment banking/ advisory services
  - (c) management services
  - (d) All of the above
77. Any of the provisions of sections 139 to 146 (both inclusive) (Audit and Accounts) is contravened, the company shall be punishable with fine which shall not be less than INR ..... but which may extend to INR ..... Lacs.
- (a) 2,00,000 ; 7
  - (b) 1,00,000 ; 7
  - (c) 50,000 ; 5
  - (d) 25,000 ; 5
78. Cost audit conducted under section 148 shall be ..... the statutory audit conducted under section 143
- (a) in substitution of
  - (b) in addition to
79. A company XYZ Ltd whose shareholding pattern is as follows; 30 percent shareholding by Central Government, 10 percent by State Government, 30 percent by Government Company. .... shall appoint the first auditor.
- (a) BOD
  - (b) C&AG
  - (c) Members
  - (d) Government
80. For the purpose of Section 141(3)(g), Limit of 20 companies shall exclude:
- (a) Public Companies
  - (b) Private Ltd Co. having PUSC of Rs. 80 crore
  - (c) Government Companies
  - (d) Section 8 companies
81. Mr. Lokesh the auditor of the company wants to submit his resignation. He is required to intimate to?
- (a) Board of Directors
  - (b) Registrar of Companies
  - (c) (a) and (b)
  - (d) Board of Directors, Registrar of Companies and Central Government
82. Mr Santosh, director of the company. He cannot be appointed as the auditor in .....
- (a) The company
  - (b) The company and its subsidiary.
  - (c) The company, subsidiary and associate.
  - (d) He can be appointed as the auditor in all of them.
83. Saurabh's grandfather holds security of Rs 25 lakh face value in XYZ Ltd. Which of the following statement is correct?
- (a) Saurabh is disqualified to be appointed as auditor in the company
  - (b) Saurabh is disqualified to be appointed as auditor in the company and its subsidiary.
  - (c) Saurabh is disqualified to be appointed as auditor in the company and its subsidiary and associate.

(d) He can be appointed as the auditor in all of them.

84. Rahul purchases goods of Rs 7,00,000 on credit. Subsequently he gets appointed as an auditor of ABC Ltd . However, before getting appointed as auditor he pays off all his dues. Which of the following statement is correct?

(a) Rahul is disqualified to be appointed as auditor in the company.

(b) Rahul is disqualified to be appointed as auditor in the company , subsidiary, holding, associate and subsidiary of holding.

(c) Rahul is disqualified to be appointed as auditor in the company , subsidiary, holding, associate and subsidiary of holding and associate.

(d) He can be appointed as the auditor in all of them.

85. Which of the following do not fall in the category of regulated sectors for the purpose of cost audit?

(a) Fertilizers

(b) Telecommunication

(c) Petrol products

(d) Electricity

#### MCQs Answers

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

## The FEMA, 1999

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Salient features of FEMA include:
  - (a) Free transactions on current account subject to reasonable restrictions that may be imposed
  - (b) RBI control over capital account transactions
  - (c) Control over realisation of export proceeds
  - (d) All of the above
2. Right, obligation, liability, proceedings or appeal ..... by reason of death or insolvency of the person
  - (a) shall not abate
  - (b) shall abate
3. Foreign Exchange Management Act, 1999 aims to consolidate and amend the law relating to foreign exchange with the objective of
  - (a) facilitating external trade and payments
  - (b) for promoting the orderly development and maintenance of foreign exchange market in India
  - (c) (a) and (b)
  - (d) (a) or (b)
4. Foreign Exchange Management Act, 1999 extends to .....
  - (a) Whole of India except the State of Jammu and Kashmir
  - (b) Whole of India including the State of Jammu and Kashmir
  - (c) Whole of India except the State of Jammu and Kashmir and Sikkim
  - (d) None of the above
5. Where a person committing a contravention of any of the provisions of Foreign Exchange Management Act, 1999 or of any rule, direction or order made thereunder is a company, every person who ..... shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly
  - (a) person in charge after the contravention has occurred
  - (b) person in charge at the time of contravention
  - (c) person other than person in charge
  - (d) None of the above
6. The Foreign Exchange Management Act, 1999 came into force with effect from .....
  - (a) 15th May 1999
  - (b) 1st June, 2000
  - (c) 21st September 2001
  - (d) 12th December 2002
7. Capital Account Transaction means
  - (a) a transaction, which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India

- (b) a transaction, which alters the assets or liabilities, including contingent liabilities, in India of persons resident outside India
- (c) includes transactions referred to in sub-section (3) of Section 6 of The Foreign Exchange Management Act, 1999
- (d) All of the above
8. Currency includes
- (a) bills of exchange
- (b) promissory notes
- (c) credit cards
- (d) All of the above
9. Current Account Transaction means a transaction ..... capital account transaction
- (a) other than a
- (b) including a
- (c) covering a
- (d) None of the above
10. Current Account Transaction includes
- (a) payments due in connection with foreign trade, other current business, services, and short-term banking and credit facilities in the ordinary course of business.
- (b) payments due as interest on loans and as net income from investments.
- (c) remittances for living expenses of parents, spouse and children residing abroad
- (d) All of the above
11. Repatriate to India means bringing into India the realised foreign exchange .....
- (a) the selling of such foreign exchange to an authorised person in India in exchange for rupees
- (b) the holding of realised amount in an account with an authorised person in India to the extent notified by the Reserve Bank.
- (c) Also includes use of the realised amount for discharge of a debt or liability denominated in foreign exchange and the expression "repatriation" shall be construed accordingly;
- (d) All of the above
12. Where any document has been produced by any person or has been seized from the custody or has been received from any place outside India. Such document is tendered in any proceeding under Foreign Exchange Management Act, 1999 as evidence, the court or the Adjudicating Authority, as the case may be, shall presume, unless the contrary is proved, that the signature and every other part of such document which purports to be in the handwriting of .....
- (a) Owner of property where such evidence was found
- (b) other person
- (c) same person
- (d) None of the above
13. A transaction which alters the assets or liabilities including contingent liabilities outside India of persons resident in India or assets or liabilities in India of persons resident outside India would be a .....
- (a) capital account transaction

- (b) current account transaction  
 (c) (a) or (b)  
 (d) None of the above
14. Capital and current account transactions .....  
 (a) are not intended to be mutually exclusive  
 (b) are intended to be mutually exclusive  
 (c) (a) or (b)  
 (d) None of the above
15. The concept of capital account transaction ..... for residents and non-residents  
 (a) is different  
 (b) is similar  
 (c) is same  
 (d) None of the above
16. Citizenship ..... criteria for determining whether or not a person is resident in India  
 (a) may be the  
 (b) is the  
 (c) is not the  
 (d) may not be
17. The residence of a person is calculated with reference to his stay in India during current year; The statement is .....  
 (a) Correct  
 (b) Incorrect  
 (c) Cannot say  
 (d) None of the above
18. Mr. A had resided in India during the financial year 2015-2016 for less than 183 days. He had come to India on April 1, 2016 for employment. What would be his residential status during the financial year 2016-2017?  
 (a) Insufficient information  
 (b) person resident in India  
 (c) cannot be considered as person resident in India  
 (d) None of the above
19. Appeal filed with High Court shall be filed within ..... from receipt of order  
 (a) 120 days (b) 60 days  
 (c) 30 days (d) 45 days
20. Under The Foreign Exchange Management Act, 1999, there are restrictions only on ..... account transactions. Current account transactions are .....  
 (a) current; free unless there is specific restriction  
 (b) capital; free unless there is specific restriction  
 (c) capital; restricted



- (d) current; restricted
21. For ..... transactions, drawal of foreign exchange is prohibited
- (a) Remittance for purchase of lottery tickets, banned/prescribed magazines, football pools, sweepstakes etc
  - (b) Payment of commission on exports under Rupee State Credit Route, except commission up to 10% of invoice value of exports of tea and tobacco
  - (c) Payment related to "Call Back Services" of telephones
  - (d) All of the above
22. Multi-modal transport operators making remittance to their agents abroad
- (a) Ministry of Finance, Department of Economic Affairs
  - (b) Ministry of Human Resources Development (Department of Education and Culture)
  - (c) Registration Certificate from the Director General of Shipping
  - (d) Ministry of Surface Transport (Chartering Wing)
23. Remittance for membership of P & I Club
- (a) Registration Certificate from the Director General of Shipping
  - (b) Ministry of Finance (Insurance Division)
  - (c) Ministry of Surface Transport (Chartering Wing)
  - (d) Ministry of Information and Broadcasting and Ministry of Communication and Information Technology
24. Prior approval of Reserve Bank for ..... drawal of foreign exchange for transactions included in Schedule III (Current Account Transaction) shall be governed as provided.
- Provided that this rule ..... apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter
- (a) Every ; shall not
  - (b) Every; shall
  - (c) specified ; shall not
  - (d) specified ; shall
25. Individuals can avail of foreign exchange facility for the following purposes within the limit of ..... only.
- (a) USD 3,60,000
  - (b) EUR 1,50,000
  - (c) INR 2,50,000
  - (d) None of the above
26. Any additional remittance in excess of the specified limit for the following purposes shall not require any approval of the Reserve Bank of India. Statement is .....
- (a) Correct
  - (b) Incorrect
  - (c) Insufficient information
  - (d) None of the above
27. The below mentioned remittance by persons other than individuals shall require prior approval of the Reserve Bank of India.

Donations exceeding ..... per cent, of their foreign exchange earnings during the previous ..... financial years or ..... whichever is less

- (a) one; three; USD 5,000,000
  - (b) two; two; USD 3,000,000
  - (c) one; four; USD 5,000,000
  - (d) None of the above
28. Under the Liberalised Remittance Scheme, Authorised Dealers may freely allow remittances by resident individuals up to USD ..... per Financial Year (April-March) for any permitted current or capital account transaction or a combination of both.
- (a) 3,00,000 (b) 2,50,000
  - (c) 1,00,000 (d) 1,50,000
29. Schedule I of FEM (Permissible Capital Account Transactions) Regulations, 2000 does not include:
- (a) Investment by a person resident in India in foreign securities
  - (b) Cultural Tours outside India
  - (c) Transfer of immovable property outside India by a person not resident in India
  - (d) Remittance outside India of capital assets of a person resident in India
30. Following purposes shall require prior approval of the Reserve Bank of India:
- (a) Emigration
  - (b) Expenses in connection with medical treatment abroad
  - (c) Studies abroad
  - (d) All of the above
31. As per the FEM (Permissible Capital Account Transactions) Regulations, 2000 transaction on which restrictions cannot be imposed includes:
- (a) Export, import and holding of currency/currency notes.
  - (b) Loans and overdrafts (borrowings) by a person resident in India from a person resident outside India.
  - (c) For depreciation of direct investments in ordinary course of business.
  - (d) Maintenance of foreign currency accounts in India and outside India by a person resident in India.
32. An NRI or an OCI may:
- (a) acquire immovable property in India other than agricultural land/farm house/plantation property
  - (b) acquire agricultural land/ farm house/ plantation property in India only
33. Appeal filed with Special Director (Appeals) shall be filed within ..... from receipt of order
- (a) 120 days (b) 60 days
  - (c) 30 days (d) 45 days
34. Any contravention of the Foreign Exchange Management Act, 1999, rule, regulation, notification, etc may be compounded within ..... from the date of receipt of application by the person committing such contravention
- (a) one hundred and eighty days
  - (b) two months
  - (c) one hundred and twenty days

- (d) 1 month
35. Penalty on person for non-payment of imposed penalty where demand exceeds Rs. 1 Crore, within a period of ninety days from the date on which the notice for payment of such penalty is served on him is he shall be liable to civil imprisonment upto .....
- (a) 3 years (b) 2 years  
(c) Six Months (d) 12 Months
36. No person being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal, Bhutan, Macau or Hong Kong without prior permission of the Reserve Bank shall acquire or transfer immovable property in India .....
- (a) other than lease, not exceeding seven years  
(b) other than lease, not exceeding five years  
(c) other than sale  
(d) None of the above
37. Every exporter of goods shall- (a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing:
- (a) full export value  
(b) if the full export value of the goods is not ascertainable at the time of export, the value which the exporter  
(c) (a) or (b)  
(d) (a) and (b)
38. Declaration of exports is not required in ..... :
- (a) trade samples of goods and publicity material supplied for some payment  
(b) by way of gift of goods accompanied by a declaration by the exporter that they are not more than five lakh rupees in value  
(c) replacement goods exported by charging in accordance with the provisions of Foreign Trade Policy in force, for the time being.  
(d) All of the above
39. The declaration in form EDF shall be submitted in ..... to the Commissioner of Customs.
- (a) Triplicate (b) Quadruplicate  
(c) Single copy (d) Duplicate
40. The declaration in Form SOFTEX in respect of export of computer software and audio/video/ television software shall be submitted in ..... to the designated official of Ministry of Information Technology, Government of India at the Software Technology Parks of India (STPIs) or at the Free Trade Zones (FTZs) or Special Economic Zones (SEZs) in India.
- (a) Triplicate  
(b) Quadruplicate  
(c) Single copy  
(d) Duplicate

41. The designated official of Ministry of Information Technology, Government of India shall after certifying copies of the SOFTEX form, forward the original form directly to the nearest office of .....
- (a) Customs Department
  - (b) Reserve Bank
  - (c) (a) and (b)
  - (d) (a) or (b)
42. Authority to whom the declaration form is submitted, may require such evidence to establish that:
- (a) the exporter is a person resident in India and has a place of business in India
  - (b) the value stated in the declaration the full export value of the goods or software or where the full export value is not ascertainable, then value expected to receive.
  - (c) (a) or (b)
  - (d) None of the above
43. The amount representing the export value of goods / software/ services exported shall be normally realised and repatriated to India within months from the date of export, provided
- (a) 9
  - (b) 12
  - (c) 18
  - (d) 24
44. In respect of export of any goods or software for which a declaration is required to be furnished under Regulation 3, no person shall take any action except with the permission of the Reserve Bank or, subject to the directions of the Reserve Bank, permission of an authorised dealer which has following effect that:
- (a) payment is made otherwise than in the specified manner; or
  - (b) payment is delayed beyond the period specified under these Regulations
  - (c) proceeds of sale do not represent the full value
  - (d) All of the above
45. Where the specified period has expired and payment is still due, then the Reserve Bank may give such directions to any person who has sold the goods for the purpose of securing:
- (a) payment thereof if the goods or software has been sold
  - (b) sale of goods and payment thereof, if goods or software has not been sold or re-import thereof into India as the circumstances permit, within such period as the Reserve Bank may specify in this behalf
  - (c) (a) or (b) or both
  - (d) None of the above
46. Where an exporter receives advance payment, the exporter shall be under an obligation to ensure that:
- (a) the shipment of goods is made within two year from the date of receipt of advance payment
  - (b) the rate of interest, if any, payable on the advance payment does not exceed LIBOR rate of interest + 200 basis points and
  - (c) the documents covering the shipment are routed through the authorised dealer through whom the advance payment is received
  - (d) None of the above
47. Provision of realisation and repatriation of export value shall not apply in following cases:

- (a) possession of foreign currency or foreign coins by any person up to such limit as the Securities and Exchange Board of India may specify
- (b) foreign currency account held or operated by such person or class of persons and the limit up to which the Reserve Bank may specify;
- (c) foreign exchange acquired or received before the 8th day of July, 1948
- (d) None of the above
48. Penalty levied on authorised person if authorised person contravenes any direction by RBI or failure to file any return as directed by RBI
- (a) Upto Rs. 10,000 and additional penalty upto Rs. 2,000 per day for continuing offence
- (b) Upto Rs. 5,000 and additional penalty upto Rs. 1,000 per day for continuing offence
- (c) Upto Rs. 30,000 and additional penalty upto Rs. 3,000 per day for continuing offence
- (d) Upto Rs. 40,000 and additional penalty upto Rs. 4,000 per day for continuing offence
49. As per RBI specification, retention by a person resident in India of foreign currency notes, bank notes and foreign currency traveller's cheques not exceeding ..... or its equivalent in aggregate, provided that such foreign exchange in the form of currency notes, bank notes and travellers cheques:
- (a) USD 3,000 (b) USD 5,000
- (c) USD 2,000 (d) USD 1,000
50. A person not being an individual resident in India shall sell the realised foreign exchange to an authorised person in case of foreign exchange due or accrued as remuneration for services rendered, whether in or outside India, or in settlement of any lawful obligation, or an income on assets held outside India, or as inheritance, settlement or gift, within ..... days from the date of its receipt;
- (a) Four (b) Five
- (c) Six (d) Seven
51. Any person not being an individual resident in India who has acquired or purchased foreign exchange for any purpose mentioned in the declaration made by him does not use it for such purpose shall surrender such unused portion of foreign exchange to an authorised person within a period of ..... days from the date of its acquisition or purchase by him.
- (a) 60 (b) 120
- (c) 90 (d) 30
52. A Person being an individual resident in India shall surrender the received/realised/unspent/ unused foreign exchange whether in the form of currency notes, coins and travellers cheques, etc. to an authorized person within a period of ..... days from the date of such receipt/realisation/purchase/acquisition or date of his return to India, as the case may be.
- (a) 120 days (b) 180 days
- (c) 160 days (d) 90 days
53. RBI if satisfied may revoke authorization of authorized person dealing in foreign exchange if
- (a) it is necessary to do so in public interest
- (b) the authorised person has failed to comply with the condition subject to which the authorisation was granted or has contravened any of the provisions of the Act or any rule, regulation, notification, direction order made thereunder
- (c) (a) or(b)

(d) None of the above

54. The Reserve Bank may cause an inspection to be made by any officer of the Reserve Bank specially authorized for verification of business for

(a) correctness of any statement, information or particulars furnished to the Reserve Bank

(b) obtaining any information or particulars which such authorised person has failed to furnish on being called upon to do so;

(c) securing compliance with the provisions of this Act or of any rules, regulations, directions or orders made there under.

(d) All of the above

MCQ Answers of FEMA, 1999

1- (d)	19. (b)	37. (c)
2. (a)	20. (b)	38. (b)
3. (c)	21. (d)	39. (d)
4.(b)	22. (c)	40. (a)
5. (b)	23. (b)	41. (b)
6. (b)	24. (a)	42. (a)
7.(d)	25. (d)	43. (a)
8. (d)	26. (b)	44. (d)
9. (a)	27. (a)	45. (c)
10. (d)	28. (b)	46. (d)
11. (d)	29. (b)	47. (b)
12. (c)	30. (d)	48.(a)
13. (a)	31. (c)	49. (c)
14. (b)	32. (a)	50. (d)
15. (a)	33. (d)	51. (a)
16. (b)	34. (a)	52. (b)
17. (a)	35. (a)	53. (c)
18. (c)	36. (b)	54. (d)

## **The SARFESI Act, 2002**

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. "Securitisation" means acquisition of financial assets by any asset reconstruction company from any originator, whether by raising of funds by such asset reconstruction company from qualified buyers by issue of security receipts representing undivided interest in such .....  
(a) Financial assets  
(b) Current assets  
(c) Non Performing assets  
(d) None of the above
2. Such a company can commence or carry on the business of securitisation or asset reconstruction only after obtaining a certificate of registration granted under this section and having the net owned fund of not less than ..... or such other higher amount as the Reserve Bank, may, by notification, specify  
(a) 100 lakhs (b) 30 lakhs  
(c) 100 crores (d) 30 crores
3. The Reserve Bank may, for the purpose of considering to grant its approval for the application for registration of an ARC to commence or carry on the business of securitisation or asset reconstruction, as the case may be, require to be satisfied, by an inspection of records or books of such ARC, or otherwise, that the following conditions are fulfilled, namely  
(a) that the ARC has not incurred losses in any of the three preceding financial years;  
(b) that the directors of ARC have adequate professional experience in matters related to finance, securitisation and reconstruction;  
(c) that any of its directors has not been convicted of any offence involving moral turpitude;  
(d) All of the above
4. The Reserve Bank may cancel a certificate of registration granted to an ARC, if such company:  
(a) ceases to carry on the business of securitisation or asset reconstruction  
(b) ceases to receive or hold any investment from a qualified buyer  
(c) (a)or(b)  
(d) (a) and (b)
5. If ARC is aggrieved by the order of cancellation of certificate of registration by the Reserve Bank, then it may prefer an appeal, within a period of ..... from the date on which such order of cancellation is communicated to it, to the Central Government (Secretary, Ministry of Finance, and Government of India).  
(a) 60 (b) 30  
(c) 90 (d) 120
6. It must be noted that an ARC, which is holding investments of qualified buyers and whose application for grant of certificate of registration has been rejected or certificate of registration has been cancelled shall, notwithstanding such rejection or cancellation be deemed to be an ARC until it repays

..... investments held by it (together with interest, if any) within such period as specified by the Reserve Bank.

(a) at least 50% of

(b) at least 75% of

(c) entire

(d) at least 25% of

7. An Asset Reconstruction Company may, provide for following measure/s, for the purposes of asset reconstruction

(a) the proper management of the business of the borrower, by change in, or takeover of, the management of the business of the borrower

(b) the sale or lease of a part or whole of the business of the borrower

(c) (a) or (b)

(d) None of the above

8. The Reserve bank may give following directions to any Asset Reconstruction Company in relation to following matters:

(a) income recognition

(b) making provisions for bad and doubtful debts

(c) capital adequacy based on risk weights for assets and also relating to deployment of funds

(d) All of the above

9. Where any borrower, who is under a liability to a secured creditor under a security agreement, makes any default in repayment of secured debt or any instalment thereof, and his account in respect of such debt is classified by the secured creditor as non-performing asset, then, the secured creditor may require the borrower by notice in writing to discharge in full his liabilities to the secured creditor within ..... days from the date of notice failing which the secured creditor shall be entitled to exercise all or any of the rights under sub-section (4) of Section 13.

(a) 60

(b) 30

(c) 90

(d) 120

10. If the borrower fails to discharge his liability in full within the above specified period, the secured creditor may take recourse to one or more of the following measures to recover his secured debt:

(a) take possession of the secured assets of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset

(b) take over the management of the business of the borrower including the right to transfer by way of lease, assignment or sale for realising the secured asset

(c) appoint any person (hereafter referred to as the manager), to manage the secured assets the possession of which has been taken over by the secured creditor

(d) Any of the above

11. Subject to the provisions of the Insolvency and Bankruptcy Code, 2016, in the case of financing of a financial asset by more than one secured creditors or joint financing of a financial asset by secured creditors, secured creditor can enforce the security interest only if secured creditors representing not less than ..... per cent in value of the amount outstanding as on a record date and such action shall be binding on all the secured creditors.



- (a) 30 (b) 60  
(c) 26 (d) 40
12. Managing director or any other director or a manager or any person in charge of management of the business of the borrower ..... to any compensation for the loss of office or for the premature termination under The Securitization And Reconstruction of Financial assets and Enforcement of Security Interest Act, 2002:  
(a) shall be entitled  
(b) shall not be entitled
13. If secured creditor jointly with other secured creditors or any asset reconstruction company or financial institution or any other assignee has converted part of its debt into shares of a borrower company and thereby acquired controlling interest in the borrower company, such secured creditors ..... be liable to restore the management of the business to such borrower  
(a) may (b) may not  
(c) shall (d) shall not
14. Any person aggrieved by any of the measures given in section 13(4) taken by the secured creditor or his authorised officer, may make an application along with such fee, as may be prescribed to the Debts Recovery Tribunal having jurisdiction in the matter within ..... days from the date on which such measure had been taken.  
(a) 30 (b) 45  
(c) 60 (d) 90
15. Any person aggrieved, by any order made by the Debts Recovery Tribunal under section 17, may prefer an appeal along with such fee, as may be prescribed to the Appellate Tribunal within ..... days from the date of receipt of the order of Debts Recovery Tribunal  
(a) 30 (b) 45  
(c) 60 (d) 90
16. No appeal shall be entertained unless the borrower has deposited with the Appellate Tribunal fifty per cent of the amount of debt due from him, as claimed by the secured creditors or determined by the Debts Recovery Tribunal, whichever is less. However that the Appellate Tribunal may, for the reasons to be recorded in writing, reduce the amount to not less than ..... per cent of debt referred above.  
(a) 15 (b) 25  
(c) 20 (d) 35
17. The particulars of securitisation or reconstruction or security interest entered in the Central Register of such transactions kept under section 22 shall be open during the business hours for inspection by any person ..... of such fee as may be prescribed.  
(a) on full payment  
(b) without payment  
(c) 75% payment  
(d) None of the above

18. Any registration of transactions of creation, modification or satisfaction of security interest by a secured creditor or other creditor or filing of attachment orders shall be deemed to constitute a ..... from the date and time of filing of particulars of such transaction with the Central Registry.
- (a) Special Notice
  - (b) Ordinary Notice
  - (c) Public Notice
  - (d) Private Notice
19. No secured creditor shall be entitled to exercise the rights of enforcement of securities unless the security interest created in its favour by the borrower has been registered with the Central Registry. Statement is
- (a) Correct
  - (b) Incorrect
20. No court shall take cognizance of any offence punishable under section 27 in relation to noncompliance with the provisions the Act, except upon a complaint in writing made by an officer of the Central Registry or ..... .
- (a) SEBI
  - (b) NCLT
  - (c) RBI
  - (d) DRAT
21. Where any asset reconstruction company or any person fails to comply with any direction issued by the Reserve Bank under The Securitization And Reconstruction of Financial assets and Enforcement of Security Interest Act, 2002 the adjudicating authority may, by an order, impose on such company or person in default, a penalty not exceeding one crore rupees or ..... the amount involved in such failure where such amount is quantifiable, whichever is more.
- (a) Thrice
  - (b) Twice
  - (c) Equal
  - (d) None of the above
22. Situations in which the provisions of The Securitization And Reconstruction of Financial assets and Enforcement of Security Interest Act, 2002 does not apply are as follows
- (a) a lien on any goods, money or security given by or under the Indian Contract Act, 1872 or the Sale of Goods Act, 1930 or any other law for the time being in force
  - (b) a pledge of movables within the meaning of section 172 of the Indian Contract Act, 1872;
  - (c) (a) or(b)
  - (d) (a) and (b)
23. Caveat application means that you are requesting any Court that if in case a person files a case in which you have interest, then no order should be passed by the court, without giving a ..... .
- (a) Notice
  - (b) Summons
  - (c) Memorandum of Objections
  - (d) None of the above
24. Asset Reconstruction Company means a company registered with Reserve Bank under section 3 for the purposes of carrying on the business of:
- (a) Asset reconstruction

(b) Securitisation

(c) (a) or (b) or both

(d) None of the above

25. An asset under this Act, which is not a financial asset ..... be securitised, acquired or transferred.

(a) Can

(b) Cannot

MCQs Answers of SARFAESI Act, 2002

1- (a)	6. (c)	11. (b)	16. (b)	21-(b)
2. (c)	7(c)	12. (b)	17. (a)	22. (d)
3- (d)	8. (d)	13. (d)	18. (c)	23. (a)
4. (c)	9. (a)	14. (b)	19. (a)	24. (c)
5. (b)	10. (d)	15. (a)	20. (c)	25. (b)

## Prevention of Money Laundering Act, 2002

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Prevention of Money Laundering Act, 2002 serves ..... purpose / s
  - (a) prevent money laundering
  - (b) secondly to provide for confiscation of property derived from, or involved in money laundering
  - (c) (a) and (b)
  - (d) (a) or (b)
2. Money laundering is a ..... process
  - (a) single staged
  - (b) dual staged
  - (c) three staged
  - (d) None of the above
3. Three distinct stages of Money laundering does not include .....
  - (a) Placement
  - (b) Layering
  - (c) Integration
  - (d) Sources of Income
4. Multiple methods through which money can be laundered and huge profit is being made, some of them are:
  - (a) Kidnapping and Extortion
  - (b) Structuring
  - (c) Cash Smuggling
  - (d) All of the above
5. Money laundering can erode a nation's economy by
  - (a) changing the demand for cash
  - (b) making interest and exchange rates more volatile
  - (c) causing high inflation in countries where criminal elements are operating
  - (d) All of the above
6. Prevention of Money Laundering Bill became an Act after receiving assent from the President on .....
  - (a) 15th April 2002
  - (b) 17th January 2003
  - (c) 24th September 2006
  - (d) 1st July 2005
7. PMLA Act came into force wef
  - (a) 15th April 2002
  - (b) 17th January 2003
  - (c) 24th September 2006
  - (d) 1st July 2005
8. Payment system under Prevention of Money Laundering Act, 2002 means a system that enables payment to be effected between ..... , involving clearing, payment or settlement service or all of them.
  - (a) a buyer or a seller

- (b) a payer or a beneficiary
  - (c) a payer and a beneficiary
  - (d) (a) or (c)
9. Scheduled offence under Prevention of Money Laundering Act, 2002 means .....
- (a) The offences specified under Part D of the Schedule
  - (b) The offences specified under Part B of the Schedule if the total value involved in such offences is one crore rupees or more
  - (c) (a) and (b)
  - (d) All offences except offences specified under Part A of the Schedule
10. Transfer under Prevention of Money Laundering Act, 2002 does not include .....
- (a) sale
  - (b) purchase
  - (c) mortgage
  - (d) gift
11. Beneficial owner means .....
- (a) a person who ultimately owns or controls a client of a reporting entity
  - (b) a person on whose behalf a transaction is being conducted
  - (c) a person who exercises ultimate effective control over a juridical person
  - (d) All of the above
12. .... is not included in the definition of Payment system under Prevention of Money Laundering Act, 2002
- (a) transfer through Hawala
  - (b) systems enabling debit card operations
  - (c) money transfer operations
  - (d) systems enabling credit card operations
13. Financial Institution under Prevention of Money Laundering Act, 2002 does not include .....
- (a) a housing finance institution
  - (b) a chit fund company
  - (c) a non-banking financial company
  - (d) None of the above
14. Whoever commits the offence of money-laundering not covered under offences under the Narcotic Drugs and Psychotropic Substances Act, 1985 shall be punishable for ..... term
- (a) term which shall not be less than three years
  - (b) term which shall not be less than three years but which may extend to seven years
  - (c) (a) and shall also be liable to fine.
  - (d) (b) and shall also be liable to fine.
15. Whoever commits the offence of money-laundering covered under offences under the Narcotic Drugs and Psychotropic Substances Act, 1985 shall be punishable for ..... term
- (a) term which shall not be less than three years
  - (b) term which shall not be less than three years but which may extend to ten years
  - (c) (a) and shall also be liable to fine.

- (d) (b) and shall also be liable to fine.
16. Obligation of Banking Companies, Financial Institutions and Intermediaries includes:
- (a) Maintenance of records
  - (b) Confidentiality
  - (c) (a) and (b)
  - (d) (a) or (b)
17. Power of director to impose fine does not include .....
- (a) Initiation of Inquiry
  - (b) Direct for audit of records
  - (c) To pass an Order
  - (d) None of the above
18. Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may pass an order:
- (a) to issue a warning in writing
  - (b) to direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions
  - (c) to impose a monetary penalty on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.
  - (d) All of the above
19. The Prevention of Money Laundering Act, 2002 gives extremely ..... powers to the authorities to attach properties suspected to be involved in Money Laundering.
- (a) wide
  - (b) narrow
  - (c) restricted
  - (d) None of the above
20. Competent Authority to attach property under Prevention of Money Laundering Act, 2002:
- (a) Is the Director or any other officer not below the rank of Deputy Director authorised by the Director
  - (b) Is the Director
  - (c) Officer not below the rank of Deputy Director authorised by the Director
  - (d) None of the above
21. Provisionally attach such property for a period not exceeding ..... from the date of the order
- (a) period not exceeding one hundred and eighty days from the date of the order including the period during which the proceedings under this section is stayed by the High Court
  - (b) period not exceeding one hundred and eighty days from the date of the order excluding the period during which the proceedings under this section is stayed by the High Court
  - (c) period not exceeding one hundred and eighty days from the date of the order excluding the period during which the proceedings under this section is stayed by the High Court, shall be excluded and a further period not exceeding thirty days from the date or order of vacation of such stay order shall be counted.

- (d) period not exceeding one hundred and twenty days from the date of the order including the period during which the proceedings under this section is stayed by the High Court
22. Member of Adjudicating Authority under Prevention of Money Laundering Act, 2002 shall have experience in the field of .....
- (a) Law
  - (b) Administration,
  - (c) Finance and Accountancy
  - (d) All of the above
23. If the Adjudicating Authority has reason to believe that any person has committed an offence under section 3 or is in possession of proceeds of crime, it may serve a notice calling for .....
- (a) sources of his income out of which he has acquired the property attached under section 5(1)
  - (b) earning or assets by which he has acquired the property attached under section 5(1)
  - (c) (a)or(b)
  - (d) None of the above
24. .... has power to confiscate property under Prevention of Money Laundering Act, 2002
- (a) High Court
  - (b) Supreme Court
  - (c) Special Court
  - (d) Magistrate under section 173 of the Code of Criminal
25. Where an order of confiscation has been made under sub-section (5) or sub-section (7) of section 8 or section 58B or sub-section (2A) of section 60 in respect of any property of a person, all the rights and title of such property ..... :
- (a) shall vest with person from whom property is attached
  - (b) shall vest absolutely in the State Government free from all encumbrances
  - (c) shall vest absolutely in the Central Government free from all encumbrances
  - (d) None of the above
26. .... is the hierarchy under the Prevention of Money Laundering Act, 2002
- (a) (i) Supreme Court
  - (ii) High Court
  - (iii) Appellate Tribunal
  - (iv) Adjudicating Authority
  - (b) (i) High Court
  - (ii) Special Court
  - (iii) Appellate Tribunal
  - (iv) Adjudicating Authority
  - (c) (i) Supreme Court
  - (ii) High Court
  - (iii) Appellate Tribunal
  - (iv) Director

- (d) None of the above
27. The Appellate Tribunal constituted under ..... shall be the Appellate Tribunal for hearing appeals against the orders of the Adjudicating Authority and the other authorities under Prevention of Money Laundering Act, 2002 Act
- (a) Income-tax Act, 1961
- (b) The Central Excise Act, 1944
- (c) Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976
- (d) Goods & Service Tax Act
28. The appeal by director or any other person shall be filed within ..... from the date on which a copy of the order made by the Adjudicating Authority is received
- (a) 45 days
- (b) 30 days
- (c) 60 days
- (d) 90 days
29. The appeal filed before the Appellate Tribunal shall dealt ..... shall be made by it to dispose of the appeal finally within ..... from the date of filing of the appeal
- (a) with by it as expeditiously as possible and endeavour; within 6 months
- (b) strictly ; within 3 months
- (c) strictly ; within 6 months
- (d) with by it as expeditiously as possible and endeavour; within 3 months
30. As per section 35(1) of Prevention of Money Laundering Act, 2002, the Appellate Tribunal ..... be bound by the procedure laid down by the Code of Civil Procedure, 1908, but shall be guided by the principles of natural justice and, subject to the other provisions of this Act
- (a) may not (b) shall not
- (c) may (d) shall
31. Appellate Tribunal shall have, for the purposes of discharging its functions under this Act, the same powers as are vested .....
- (a) in a local court under the Code of Civil Procedure, 1908
- (b) in a special court under the Code of Civil Procedure, 1908
- (c) in a civil court under the Code of Civil Procedure, 1908
- (d) None of the above
32. If the Members of a Bench consisting of two Members differ in opinion on any point, they shall state the point or points on which they differ, and make a reference to the ..... who shall either hear the point or points himself or refer the case for hearing on such point or points by third Member of the Appellate Tribunal and such point or points shall be decided according to the opinion of the majority of the Members of the Appellate Tribunal who have heard the case, including those who first heard it.[Section 38]
- (a) Director (b) Chairman
- (c) (a) or (b) (d) (a) and (b)



33. Any person aggrieved by any decision or order of the Appellate Tribunal may file an appeal to the High Court within ..... from the date of communication of the decision or order of the Appellate Tribunal to him on any question of law or fact arising out of such order.
- (a) 30 days (b) 90 days  
(c) 120 days (d) 60 days
34. Special Courts under sub-section (1) of section 43 of Prevention of Money Laundering Act, 2002 ..... the provisions of the Code of Criminal Procedure
- (a) is subject to  
(b) overrides  
(c) (a) and (b)  
(d) None of the above
35. Offences under the Prevention of Money Laundering Act, 2002 shall be cognizable and non-bailable. Statement is .....
- (a) Correct  
(b) Incorrect  
(c) May be  
(d) None of the above
36. No police officer shall investigate into an offence under this Act unless specifically authorised, by the Central Government by ..... :
- (a) general order  
(b) special order  
(c) (a) or (b)  
(d) (a) and (b)
37. The Special Court shall be deemed to be a Court of Session and the persons conducting the prosecution before the Special Court, shall not be deemed to be a Public Prosecutor. Statement is .....
- (a) Incorrect  
(b) Correct  
(c) Correct, in specific instances  
(d) None of the above
38. Special Courts under Prevention of Money Laundering Act, 2002 shall ..... Court of Session
- (a) not be deemed as  
(b) be Deemed to be a  
(c) report to  
(d) None of the above
39. Offence of cross border implications means any conduct by a person at a place outside India which constitutes an offence at that place and which would have constituted an offence specified in Part A, Part B or Part C of the Schedule, had it been committed in India and if such person 2 [transfers in any manner] the proceeds of such conduct or part thereof .....
- (a) to a place outside India

- (b) to India  
(c) (a) and (b)  
(d) (a) or (b)
40. Contracting State means any country or place outside India in respect of  
(a) which arrangements have been made by the Central Government with the Government of such country through a treaty  
(b) which arrangements have been made by the Central Government with the Government of such country through otherwise than by a treaty  
(c) (a) or (b)  
(d) None of the above
41. Investigating Officer may issue a letter of request to a court or an authority in the contracting State competent to deal with such request to:  
(a) examine facts and circumstances of the case  
(b) take such steps as the Special Court may specify in such letter of request, and  
(c) forward all the evidence so taken or collected to the Special Court issuing such letter of request  
(d) All of the above
42. Letter of request to be deemed as an .....  
(a) information  
(b) evidence  
(c) (a) and (b)  
(d) None of the above

MCQ Answers of PM LA, 2002

1. (C)	22. (d)
2. (c)	23. (c)
3. (d)	24. (c)
4. (d)	25. (c)
5. (d)	26. (b)
6. (b)	27. (c)
7. (d)	28. (b)
8. (c)	29. (a)
9- (b)	30. (b)
10. (d)	31. (c)
11. (d)	32. (b)
12. (a)	33. (d)
13. (d)	34. (b)

14. (d)	35. (a)
15. (d)	36. (c)
16. (c)	37. (a)
17. (d)	38. (b)
18. (d)	39. (b)
19. (a)	40. (c)
20. (a)	41. (d)
21. (c)	42. (b)

## **The FCR Act, 2010**

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. The FCRA, 2010 provisions shall apply to .....
  - (a) Whole of India except the State of Jammu and Kashmir
  - (b) Whole of India including the State of Jammu and Kashmir
  - (c) Whole of India except the State of Jammu and Kashmir and Sikkim
  - (d) None of the above
2. As per Section 1(2) of FCRA, 2010, the provisions of the act shall apply to:
  - (a) Whole of India
  - (b) Citizens of India outside India
  - (c) Associate Branches or subsidiaries, outside India, of companies or bodies corporate, registered or incorporated in India.
  - (d) All of the above
3. The Central Government hereby appointed the ..... as the date on which the provisions of the said Act came into force.
  - (a) 1st day of May, 2011
  - (b) 3rd day of September, 2012
  - (c) 25th day of October, 2013
  - (d) 12th day of February, 2010
4. The Foreign Contribution (Regulation) Act, 2010, is an Act to consolidate the law
  - (a) to regulate the acceptance and utilisation of foreign contribution or foreign hospitality by certain individuals or associations or companies
  - (b) to prohibit acceptance and utilisation of foreign contribution or foreign hospitality for any activities detrimental to the national interest and for matters connected therewith or incidental thereto.
  - (c) (a)or(b)
  - (d) (a) and (b)
5. Foreign company means any company or association or body of individuals incorporated outside India and includes
  - (a) Company which is a subsidiary of a foreign company;
  - (b) the registered office or principal place of business of a foreign company
  - (c) a multi-national corporation
  - (d) All of the above
6. Foreign contribution includes gift for his personal use, if the market value, in India, of such article, on the date of such gift .....
  - (a) exceeds INR 25,000
  - (b) does not exceed INR 25,000
  - (c) exceeds INR 35,000
  - (d) does not exceed INR 35,000

7. Any amount received, by any person from any foreign source in India, by way of fee (including fees charged by an educational institution in India from foreign student) or towards cost in lieu of goods or services rendered by such person in the ordinary course of his business, trade or commerce whether within India or outside India or any contribution received from an agent of a foreign source towards such fee or cost shall ..... from the definition of foreign contribution within the meaning of this clause
- (a) not be excluded
  - (b) be excluded
  - (c) be included
  - (d) None of the above
8. As per the FCR Act, 2012 following persons are not prohibited to accept foreign contribution:
- (a) candidate for election;
  - (b) correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper;
  - (c) Judge, Government servant or employee of any corporation or any other body controlled or owned by the Government;
  - (d) None of the above
9. As per the FCR Act, 2012 following persons are prohibited to accept foreign contribution:
- (a) candidate for election;
  - (b) correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper;
  - (c) Judge, Government servant or employee of any corporation or any other body controlled or owned by the Government;
  - (d) All of the above
10. Following other persons are prohibited from accepting foreign contribution
- (a) Person, resident in India, and citizen of India resident outside India shall not accept any foreign contribution any currency from a foreign source, on behalf of any political party
  - (b) Person, resident in India shall not deliver any currency, whether Indian or foreign, which has been accepted from any foreign source, to any person if he knows or has reasonable cause to believe that such other person intends, or is likely, to deliver such currency to any political party or any person referred to in (a), or both.
  - (c) Citizen of India resident outside India shall not deliver any currency, whether Indian or foreign, which has been accepted from any foreign source, to:
    - (i) any political party or any person referred to in (a), or both; or
    - (ii) any other person, if he knows or has reasonable cause to believe that such other person intends, or is likely, to deliver such currency to a political party or to any person referred to in sub-section (a), or both.
  - (d) All of the above
11. Person receiving any currency, whether Indian or foreign, from a foreign source on behalf of any person or class of persons shall not deliver such currency ..... :
- (a) to any person other than a person for which it was received

- (b) to any other person, if he knows or has reasonable cause to believe that such other person intends, or is likely, to deliver such currency to a person other than the person for which such currency was received. See
- (c) (a) or (b)
- (d) (a) and (b)
12. Person/s to whom prohibition of foreign currency shall not apply is/are:
- (a) by way of salary, wages or other remuneration due to him or to any group of persons working under him, from any foreign source or by way of payment in the ordinary course of business transacted in India by such foreign source
- (b) by way of payment, in the course of international trade or commerce, or in the ordinary course of business transacted by him outside India
- (c) as an agent of a foreign source in relation to any transaction made by such foreign source with the Central Government or State Government
- (d) All of the above
13. As per FCRA, 2010 every person is allowed to accept foreign contribution from their relatives. However, in terms of Rule 6 of FCRR, 2011, any person receiving foreign contribution in excess of ..... or equivalent thereto in a financial year from any of his relatives shall inform the Central Government in prescribed Form within thirty days from the date of receipt of such contribution
- (a) 2,50,000 (b) 2,00,000
- (c) 1,50,000 (d) 1,00,000
14. Following categories of persons require prior approval from Ministry of Home Affairs before accepting Foreign Hospitality
- (a) Members of a Legislature
- (b) Office bearers of political parties
- (c) Judges
- (d) All of the above
15. It shall not be necessary to obtain any such permission for an emergent medical aid needed on account of sudden illness contracted during a visit outside India. But, where such foreign hospitality has been received, the person receiving such hospitality shall give an intimation to the Central Government as to the receipt of such hospitality within ..... from the date of receipt of such hospitality, and the source from which, and the manner in which, such hospitality was received.
- (a) 1 month (b) 45 days
- (c) 2 months (d) 90 days
16. The application to Central Government for grant of permission to accept foreign hospitality must reach the appropriate authority ordinarily ..... weeks before the proposed date of onward journey
- (a) one (b) two
- (c) three (d) four
17. In case of emergent medical aid needed on account of sudden illness during a visit abroad, the acceptance of foreign hospitality shall be required to be intimated to the Central Government within ..... days of such receipt giving full details including the source, approximate value in Indian Rupees, and the purpose for which and the manner in which it was utilised.

- (a) 30 (b) 45  
(c) 60 (d) 90
18. Intimation to Central Government is not required if the value of such hospitality in emergent medical aid is upto ..... rupees or equivalent thereto.  
(a) four lakhs (b) three lakhs  
(c) two lakhs (d) one lakh
19. A person shall be required to seek the prior approval of the Central Government for transferring the foreign contribution received by him to another person who has been granted a certificate of registration or prior permission under the FCR Act, 2012  
(a) True (b) False
20. .... shall be responsible for ensuring proper utilisation of the foreign contribution so transferred and such transfer of foreign contribution  
(a) Only the transferor  
(b) Only the recipient  
(c) Both the transferor and the recipient  
(d) Either the transferor or the recipient
21. Every person, who is registered and granted a certificate or given prior permission under this Act and receives any foreign contribution, shall utilise such contribution for the purposes for which the contribution has been received. Provided that any foreign contribution or any income arising out of it shall not be used for ..... :  
(a) Speculative business (b) Non speculative business  
(c) Trading business (d) Non trading business
22. Every person, who is registered and granted a certificate or given prior permission under this Act and receives any foreign contribution, shall not defray as far as possible such sum, not exceeding ..... per cent of such contribution, received in a financial year, to meet administrative expenses :  
(a) 35 (b) 40  
(c) 45 (d) 50
23. Where the Central Government is satisfied, after making such inquiry, that any person has in his custody or control any article, currency or security, whether Indian or foreign, which has been accepted by such person in contravention of any of the provisions of this Act, it may, by order in writing otherwise dealing with, such article or currency or security  
(a) such person from paying, delivering, transferring  
(b) otherwise dealing with, such article or currency or security  
(c) (a) or (b) (d) (a) and (b)
24. Prior Permission is the only mode of obtaining permission to accept foreign contribution according to FCRA, 2010. The statement is .....  
(a) True (b) False
25. Person having a definite cultural, economic, educational, religious or social programme ..... accept foreign contribution unless such person obtains a certificate of registration from the Central Government.

- (a) shall not (b) shall  
(c) may not (d) may
26. Every person may, if it is not registered with the Central Government, accept any foreign contribution only after obtaining the prior permission of the Central Government and such prior permission shall be valid for the ..... for which it is obtained and from the specific source  
(a) general purpose (b) specific purpose  
(c) (a) or (b) (d) None of the above
27. The Central Government may, by notification in the Official Gazette, specify:  
(a) the area or areas in which the foreign contribution shall be accepted and utilised with the prior permission of the Central Government  
(b) the purpose or purposes for which the foreign contribution shall be utilised with the prior permission of the Central Government  
(c) the source or sources from which the foreign contribution shall be accepted with the prior permission of the Central Government  
(d) All of the above
28. A private limited company too may seek prior permission/registration for receiving foreign funds in case they wish to do some charitable work at some point of time  
(a) True (b) False
29. All bodies constituted or established by or under a Central Act or a State Act requiring to have their accounts compulsorily audited by Comptroller & Auditor General of India are ..... from the operations of all the provisions of FCRA, 2010.  
(a) not exempt (b) exempt
30. Following person can make an application for registration or grant of prior permission:  
(a) is fictitious or benami;  
(b) has been prosecuted or convicted for indulging in activities aimed at conversion through inducement or force, either directly or indirectly, from one religious faith to another;  
(c) has been found guilty of diversion or mis-utilisation of its funds;  
(d) is not engaged or likely to engage in propagation of sedition or advocate violent methods to achieve its ends;
31. On receipt of an application for grant of certificate or giving prior permission and after making such inquiry as the Central Government deems fit, it is of the opinion that the conditions specified are satisfied, it may, ordinarily within ..... days from the date of receipt of application, register such person and grant him a certificate or give him prior permission, as the case may be, subject to such terms and conditions as may be prescribed.  
(a) 30 (b) 45  
(c) 60 (d) 90
32. The certificate of registration granted shall be valid for a period of ..... years from the date of its issue and the prior permission shall be valid for the specific purpose or specific amount of foreign contribution proposed to be received, as the case may be.  
(a) 5 (b) 7  
(c) 6 (d) 4



33. Where the Central Government is satisfied that pending consideration of the question of cancelling the certificate on any of the grounds specified it is necessary so to do, it may, by order in writing, suspend the certificate for such period not exceeding ..... days as may be specified in the order.
- (a) 60 (b) 90  
(c) 150 (d) 180
34. The Central Government may, by an order, cancel the certificate if
- (a) the holder of the certificate has made a statement in, or in relation to, the application for the grant of registration or renewal thereof, which is incorrect or false  
(b) the holder of the certificate has violated any of the terms and conditions of the certificate or renewal thereof  
(c) in the opinion of the Central Government, it is necessary in the public interest to cancel the certificate  
(d) All of the above
35. Any person whose certificate has been cancelled shall not be eligible for registration or grant of prior permission for a period of ..... years from the date of cancellation of such certificate.
- (a) two (b) three (c) four (d) five
36. Management of foreign contribution of person whose certificate has been cancelled
- (a) The foreign contribution and assets created out of the foreign contribution in the custody of every person whose certificate has been cancelled shall not vest in such authority as may be prescribed  
(b) Such an authority may, if it considers necessary and in public interest- manage the activities of the person, as the SEBI may direct and such authority may utilise the foreign contribution or dispose of the assets created out of it in case adequate funds are not available for running such activity  
(c) The authority shall- return the foreign contribution and the assets vested upon it to the person, if such person is subsequently registered under this FCR Act  
(d) None of the above
37. Every person who has been granted a certificate, shall have such certificate renewed within ..... months before the expiry of the period of the certificate.
- (a) 3 (b) 6  
(c) 9 (d) 4
38. In case no application for renewal of registration is received or such application is not accompanied by the requisite fee, the validity of the certificate of registration of such person shall be deemed to have ceased from the date of completion of the period of five years from the date of the grant of registration but not later than ..... months from such expiry
- (a) 1 (b) 2  
(c) 3 (d) 4
39. Every person who has been granted a certificate or given prior permission shall receive foreign contribution in a single account only through such one of the branches of a bank as he may specify in his application for grant of certificate. However, person may open one or more accounts in one or more banks for utilising the foreign contribution received by him. No funds other than foreign contribution shall be received or deposited in such account or accounts
- (a) True (b) False

40. Every person who has been granted a certificate or given prior approval under this FCR Act, 2012 shall be maintained in following form and manner as may be prescribed:
- (a) an account of any foreign contribution received by him
  - (b) a record as to the manner in which such contribution has been utilised by him.
  - (c) (a) or (b)
  - (d) (a) and (b)
41. Officer holding a Group A post under the Central Government or any other officer or authority or organization shall have the right to enter in or upon any premises at any reasonable hour, ..... , for the purpose of auditing the said books of account
- (a) during business hours only
  - (b) at any hour of time
  - (c) before sunset and after sunrise
  - (d) None of the above
42. Appeal may be preferred within ..... month from the date of communication to such person of the order passed by the Court of Session, any other officer
- (a) 1
  - (b) 2
  - (c) 3
  - (d) 4
43. Any organisation referred of political nature, or any person or association referred to in section 6 or section 9, aggrieved by an order made in pursuance of section 5 or by an order of the Central Government refusing to give permission under this FCR Act, 2012 or by any order made by the Central Government prefer an appeal against such order to the High Court within ..... days from the date of such order.
- (a) 30
  - (b) 45
  - (c) 60
  - (d) 90
44. The Central Government shall not of its own motion revise any order if ..... year has elapsed
- (a) 1
  - (b) 2
  - (c) 3
  - (d) 4
45. In the case of an application for revision under this section the application must be made within ..... year from the date on which the order in question was communicated to him or the date on which he otherwise came to know of it, whichever is earlier.
- (a) 1
  - (b) 2
  - (c) 3
  - (d) 4
46. Any person, on whom any prohibitory order has been served by Central Government to prohibit currency received in contravention of FCR Act, 2012 pays, delivers, transfers or otherwise deals with, any article or currency or security, whether Indian or foreign, in contravention of such prohibitory order, penalty levied will be .....
- (a) shall be punished with imprisonment for a term which may extend to three years, or with fine, or with both
  - (b) shall be punished with imprisonment for a term which may extend to two years, or with fine, or with both
  - (c) shall be punished with imprisonment for a term which may extend to seven years, or with fine, or with both
  - (d) None of the above

47. Person having been convicted of any offence under section 35 or section 37, insofar as such offence relates to the acceptance or utilisation of foreign contribution, is again convicted of such offence then he shall not accept any foreign contribution for a period of ..... years from the date of the subsequent conviction

(a) 5

(b) 4

(c) 3

(d) 2

MCQs Answers of FCR Act, 2010

1- (b)	9. (d)	17. (c)	25. (a)	33. (d)	41. (c)
2- (d)	10. (d)	18. (d)	26. (b)	34. (d)	42. (a)
3. (a)	11. (c)	19. (b)	27. (d)	35. (b)	43. (c)
4.(d)	12. (d)	20. (c)	28. (a)	36. (c)	44. (a)
5. (d)	13. (d)	21. (a)	29. (b)	37. (b)	45. (a)
6. (a)	14. (d)	22. (d)	30. (d)	38. (d)	46. (a)
7. (b)	15. (a)	23. (c)	31. (d)	39. (a)	47. (a)
8. (d)	16. (b)	24. (b)	32. (a)	40. (d)	

## **The Arbitration & Conciliation Act, 1996**

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Arbitration and Conciliation Act, 1996 applies to Whole of India including J&K. This statement is:
  - (a) True
  - (b) False
  - (c) Partly True
  - (d) None of the above
2. Part I, III, IV of Arbitration & Conciliation Act, 1996 shall extend to J&K if:
  - (a) Related to Domestic arbitration
  - (b) Related to International commercial arbitration
  - (c) Related to Enforcement of foreign arbitral awards
  - (d) None of the above
3. .... is used to resolve disputes inside the ordinary court system.
  - (a) Conciliation
  - (b) Mediation
  - (c) Alternate method of dispute resolution
  - (d) Litigation
4. Which are the most two common methods of Alternate method of dispute resolution?
  - (a) Arbitration & Negotiation
  - (b) Arbitration & Conciliation
  - (c) Arbitration & Mediation
  - (d) None of the above
5. .... is a method of dispute resolution involving one or more dispute resolution involving one or more neutral third person selected by disputing parties & whose decision is binding.
  - (a) Panchayats
  - (b) Litigation
  - (c) Negotiation
  - (d) Arbitration
6. Conciliation is governed by:
  - (a) Part I of Arbitration & Conciliation Act, 1996
  - (b) Part II of Arbitration & Conciliation Act, 1996
  - (c) Part III of Arbitration & Conciliation Act, 1996
  - (d) Both (b) and (c)
7. .... agreement refers to disputes that already exist to arbitration. Such an agreement is entered into after the disputes have arisen.
  - (a) Arbitration
  - (b) Negotiation

- (c) Submission
  - (d) None of the above
8. Arbitration agreements are required to be mandatorily in:
    - (a) Oral
    - (b) Writing
    - (c) Both (a) & (b)
    - (d) None of the above
  9. An important principle of arbitration is the principle of:
    - (a) Party autonomy
    - (b) Party Justice
    - (c) Both (a) & (b)
    - (d) None of the above
  10. As per Arbitration & conciliation Act, 1996 number of arbitrators should be:
    - (a) 2
    - (b) 4
    - (c) Parties are free to determine
    - (d) None of the above
  11. In case of international commercial arbitration, nationality of arbitrator could be:
    - (a) Any Nationality
    - (b) Depending on Arbitration agreement
    - (c) Both (a) or (b)
    - (d) None of the above
  12. In case of appointment of new arbitrator, parties are free to approach:
    - (a) Supreme court of India
    - (b) High court of India
    - (c) Both (a) or (b)
    - (d) None of the above
  13. .... is similar to a judgment given by a court of law.
    - (a) Negotiation
    - (b) Mediation
    - (c) Arbitral award
    - (d) None of the above
  14. .... award is made in accordance with requirement of law.
 

(a) Additional award	(b) Interim award
(c) Settlement award	(d) Final award
  15. Two mandatory requirements of an arbitral award are:
    - (a) Must be in writing & should have signature of majority members of arbitral tribunal
    - (b) Must be orally communicated & should have signature of majority members of arbitral tribunal

- (c) Must be e-mailed & should be a decision by the majority  
(d) None of the above
16. .... is a process of getting the parties to come to an agreement about a common problem as a process of getting the parties to come to an agreement about a common dispute through confidential discussion.  
(a) Conciliation  
(b) Meditation  
(c) Negotiation  
(d) None of the above
17. As per Arbitration & Conciliation Act, 1996 number of conciliation should be maximum:  
(a) 3 (b) 5  
(c) As provided by the agreement (d) None of the above
18. When the conciliation proceedings are ongoing parties cannot start arbitration proceeding. This Statement is:  
(a) True  
(b) False  
(c) True, Except when it concerns preserving its right  
(d) None of the above
19. .... plays a facilitative role & attempts to guide the parties towards a solution.  
(a) Negotiation (b) Arbitrator  
(c) Mediator (d) Conciliation
20. Mediation is governed by:  
(a) Arbitration & conciliation Act, 1996  
(b) Code of Civil Procedure, 1908  
(c) Both (a) & (b)  
(d) None of the above
21. The most common procedures of appointing an arbitrator are:  
(a) The parties will jointly appoint.  
(b) Each party will appoint one and the two arbitrators would appoint the rest.  
(c) Appointment would be made by an unrelated person or institution, e.g. President of ICAI, President FICCI, etc.  
(d) All of the above
22. When the arbitration process ends?  
(a) when final award has been made  
(b) failure to make the award within 12 months or  
(c) when the parties decide to no longer continue with arbitration  
(d) Any of the above
23. First challenge must be raised before:  
(a) Arbitral Tribunal (b) District Court

- (c) High Court (d) Supreme Court
24. In this method of ..... , parties don't compete against each other to prove themselves as correct and others as wrong  
 (a) Arbitration (b) Litigation  
 (c) Conciliation (d) Negotiation
25. Particular form or template for an arbitration agreement is given in:  
 (a) No Such Specific Format (b) In the Act  
 (c) Schedule A to the Act (d) Annexure I to the Act
26. Arbitrator can resign when they want,  
 (a) After giving reasons for doing so  
 (b) Without giving reasons for resigning  
 (c) Cannot resign till the case gets closed  
 (d) None of the above
27. Request for Settlement Award must be made within ..... days of receipt of final award:  
 (a) 45 (b) 30  
 (c) 90 (d) 120
28. Nationality of Arbitrator is usually relevant in:  
 (a) Domestic Arbitration  
 (b) International Arbitration  
 (c) (a) or(b)  
 (d) (a) & (b)
29. Arbitration and Conciliation Act, 1996 came into enforcement on:  
 (a) 1<sup>st</sup> January 1996 (b) 1<sup>st</sup> April 1996  
 (c) 22<sup>nd</sup> August 1996 (d) 22<sup>nd</sup> April 1996

MCQs Answers of Arbitration & Conciliation Act, 1996

1. (C)	6. (c)	11-(a)	16. (a)	21. (d)	26. (b)
2. (b)	7. (c)	12. (c)	17. (a)	22. (d)	27. (b)
3- (d)	8. (b)	13. (c)	18. (c)	23. (a)	28. (b)
4. (c)	9. (a)	14. (d)	19. (c)	24. (c)	29. (c)
5- (d)	10. (c)	15. (a)	20. (b)	25. (a)	

## The Insolvency & Bankruptcy Code, 2016

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. IBC, 2016 was introduced in Lok Sabha on:  
(a) 28<sup>th</sup> May, 2016 (b) 21<sup>st</sup> December, 2015  
(c) 15<sup>th</sup> May, 2016 (d) None of the above
2. For IBC, 2016 President's assent was received on:  
(a) 28<sup>th</sup> May, 2016 (b) 21<sup>st</sup> December, 2015  
(c) 15<sup>th</sup> May, 2016 (d) None of the above
3. Insolvency in case of individuals is known as:  
(a) Liquidation (b) Bankruptcy  
(c) Corporate Insolvency (d) Both (a) & (b)
4. Insolvency in case of organizations is known as:  
(a) Liquidation (b) Bankruptcy  
(c) Corporate Insolvency (d) Both (b) & (c)
5. In case of non-corporates, if insolvency is untreated it leads to:  
(a) Liquidation (b) Bankruptcy  
(c) Corporate Insolvency (d) Both (a) & (b)
6. In case of corporates, if insolvency is untreated it leads to:  
(a) Liquidation (b) Bankruptcy  
(c) Corporate Insolvency (d) Both (a) & (b)
7. .... is a legal proceeding involving a person or business that is unable to repay outstanding debts.  
(a) Liquidation (b) Insolvency  
(c) Bankruptcy (d) None of the above
8. If any person is unable to pay debts then such person/entity is treated as:  
(a) Liquidated (b) Insolvent  
(c) Bankrupt (d) None of the above
9. .... is winding up of a company  
(a) Liquidation (b) Insolvency  
(c) Bankruptcy (d) None of the above
10. Purpose behind enactment of IBC, 2016 is:  
(a) Balance interest of all stakeholders  
(b) Promote entrepreneurship  
(c) Increase availability of credit (d) All of the above
11. 1<sup>st</sup> level of Adjudicating Authority for LLP is:  
(a) NCLT (b) DRT  
(c) DRAT (d) Supreme Court



12. Insolvency & Bankruptcy Board of India was established on:  
(a) 1<sup>st</sup> October, 2016 (b) 15<sup>th</sup> October, 2016  
(c) 30<sup>th</sup> September, 2016 (d) None of the above
13. Head office of Insolvency & Bankruptcy Board of India is at:  
(a) Kolkata (b) New Delhi (c) Mumbai (d) Chennai
14. Insolvency & Bankruptcy Board of India is a:  
(a) LLP (b) Body Corporate  
(c) Association (d) HUF
15. Composition of Insolvency & Bankruptcy Board of India includes:  
(a) 2 members from office of CG  
(b) 2 members nominated by RBI  
(c) 3 Chairmen  
(d) Atleast 3 whole time members nominated by CG
16. Quasi Judicial function of Insolvency professional agencies includes:  
(a) Addressing Grievances  
(b) Monitoring Insolvency professionals  
(c) Drafting Bye-laws for Insolvency professionals  
(d) All of the above
17. Information Utilities means a centralized electronic database about information on:  
(a) Financial Institutions (b) Insolvency Professionals  
(c) Creditors (d) Corporate Debtors
18. Part III of IBC, 2016 applies to:  
(a) Whole of India  
(b) Whole of India excluding Jammu & Kashmir  
(c) Jammu & Kashmir (d) None of the above
19. IBC, 2016 is applicable to:  
(a) Individuals (b) LLPs  
(c) Personal guarantors to corporate debtors (d) All of the above
20. Provisions relating to Corporate Insolvency Resolution Process are covered in ..... of the code.  
(a) Part I (b) Part II  
(c) Part III (d) None of the above
21. IBC, 2016 shall apply to matters relating to insolvency & liquidation of corporate debtors where:  
(a) Minimum amount of default is Rs. 5 lakhs  
(b) Minimum amount of default is Rs. 1 lakhs  
(c) Minimum amount of default is Rs.5 lakhs  
(d) None of the above
22. Limit of amount of default under IBC, 2016 can be increased upto::  
(a) Rs. 5 Crore (b) Rs. 1 Crore

- (c) Rs. 10 Crore (d) None of the above
23. Financial creditor may file an application to Adjudicating Authority:  
 (a) Either by itself (b) Jointly with other financial creditor  
 (c) (a) or (b) (d) None of the above
24. Adjudicating Authority shall ascertain default done by corporate debtor within ..... days of receipt of application.  
 (a) 7 (b) 15  
 (c) 14 (d) None of the above
25. Corporate debtor shall bring to the notice of operational creditor:  
 (a) Existence of dispute (b) Record of pendency of suit filed earlier  
 (c) Payment of unpaid operational debt (d) All of the above
26. Operational Creditor, while submitting the following documents to AA, i.e. copy of record with information utility confirming that no payment is done by corporate debtor, is:  
 (a) Mandatory (b) Optional  
 (c) To be submitted if available (d) None of the above
27. CIRP by corporate applicant shall include necessary documents such as:  
 (a) Information relating to BOA & other documents  
 (b) Information relating to RP, proposed to be appointed as IRP  
 (c) SR passed by SHS of corporate debtors or resolution passed by 3/4<sup>th</sup> of total number of partners of corporate debtor  
 (d) All of the above
28. Who are not entitled to make application to initiate CIRP under IBC, 2016?  
 (a) Corporate debtor undergoing CIRP  
 (b) Corporate debtor having completed CIRP 12 months preceding date of making application  
 (c) Corporate debtor/ financial creditor who has violated terms of resolution plan which was approved 12 months before date of making application  
 (d) All of the above
29. CIRP must be completed within ..... days from date of admission of application to initiate such process.  
 (a) 30 (b) 45  
 (c) 90 (d) 180
30. CIRP shall be extended if resolution is passed at committee of creditors meeting by a vote of ..... % of voting shares.  
 (a) 25 (b) 60  
 (c) 33 (d) 66
31. On satisfaction of AA, maximum extension that can be granted to CIRP is of ..... days.  
 (a) 180 (b) 45  
 (c) 90 (d) 60
32. How many times can extension be granted in case of CIRP?

- (a) 2 times (b) 1 time  
(c) Depends on the IBBI or AA  
(d) No limit
33. Adjudicating authority may allow to withdraw the applications on an application made by applicant with approval of ..... % of voting share of COC as per section 12A.  
(a) 51 (b) 66  
(c) 25 (d) 90
34. Public announcement shall be made immediately after appointment of IRP, maximum within ..... days  
(a) 7 (b) 3  
(c) 15 (d) 10
35. In moratorium, a calm period of ..... days is declared.  
(a) 90 (b) 145  
(c) 180 (d) None of the above
36. Supply of goods/services shall be terminated or suspended during the moratorium period. This statement is:  
(a) True (b) False  
(c) Partly True (d) None of the above
37. AA shall appoint IRP within ..... days of commencement of process.  
(a) 7 (b) 15  
(c) 30 (d) None of the above
38. Tenure of IRP shall be:  
(a) Till the date of appointment of resolution professional u/s 22  
(b) Till 180 days from date of appointment  
(c) Till the time specified by Adjudicating Authority  
(d) None of the above
39. IRP vested with management of corporate debtor shall:  
(a) Act & execute in name & on behalf of corporate debtor  
(b) Take actions specified by Insolvency & Bankruptcy Board of India  
(c) Be responsible for complying with requirements under any law on behalf of corporate debtor  
(d) All of the above
40. As per Regulation 16 of Insolvency & Bankruptcy Regulations, 2016 where corporate debtor has no financial debt or where financial creditors are related parties of corporate debtor, committee shall consist of:  
(a) 18 largest operational creditors by value  
(b) 1 representative elected by all workmen  
(c) 1 representative elected by all employees  
(d) All of the above
41. All decisions of committee of creditors shall be taken by a vote of ..... % of voting share.

- (a) > 50% (b) >60%
- (c) > 51% (d) None of the above
42. 1<sup>st</sup> meeting of committee of creditors shall be held within ..... days of its formation.
- (a) 30 (b) 7
- (c) 14 (d) 14
43. In 1<sup>st</sup> meeting of committee of creditor it can either resolve to appoint IRP or replace the IRO by another RP by majority vote of ..... % of voting share.
- (a) 51 (b) 75
- (c) 33 (d) 66
44. Committee of creditor can resolve to continue IRP as RP subject to ..... consent from IRP.
- (a) Oral (b) Written
- (c) Both (a) & (b) (d) None of the above
45. If COC resolves to replace the IRP then it shall file an application to AA for appointment of new RP along with:
- (a) Written consent of IRP (b) Written consent from RP
- (c) Written consent from proposed RP (d) All of the above
46. Rights & duties of Authorised representatives of financial creditor includes:
- (a) Right to participate & vote in meeting of committee of creditor on behalf of financial creditor
- (b) Filing with committee of creditor any instruction received from financial creditor for voting
- (c) Circulate agenda & minutes of meeting of committee of creditors to the financial creditor he represents
- (d) All of the above
47. RP shall give notice of each meeting of committee of creditor to:
- (a) Members of committee of creditors
- (b) Members of committee if creditors including authorized representatives
- (c) Members of suspended BOD/ partners of corporate debtor
- (d) Both (b) & (c)
48. RP shall give notice of each meeting of committee of creditor to operational creditor or their representative if amount of aggregate dues is ..... % of debt.
- (a) >10 (b) >10
- (c) <10 (d) 10
49. Duties of resolution professional includes:
- (a) Convene & attend all meetings of committee of creditor
- (b) Prepare Information Memorandum
- (c) Invite prospective lenders, investors to put forward resolution plans
- (d) All of the above
50. Resolution Professional can be replaced by Committee of Creditors by vote of:
- (a) 75% (b) 50% (c) 66% (d) 90%

51. If any disciplinary proceedings are pending against the proposed Resolution Professional, then the existing Resolution Professional shall:
- (a) continue forever (b) resign  
(c) continue till new RP is appointed (d) continue till IBBI orders
52. Information Memorandum is prepared by:
- (a) Resolution Professional (b) Interim Resolution Professional  
(c) Committee of Creditors (d) Corporate Debtor
53. Who is ineligible to be a resolution applicant?
- (a) An undischarged insolvent  
(b) A Wilful defaulter as per RBI  
(c) Person whose account is classified as NPA & a period of 6 months has elapsed from such classification  
(d) Prohibited by SEBI
54. After submission of plan, COC may approve the same by vote of:
- (a) 75% (b) 50%  
(c) 66% (d) 90%
55. If resolution plan consists of provision for Combination u/s 5 of Competition Act, Applicant shall take approval from:
- (a) RBI (b) Cartel  
(c) CG (d) Competition Commission of India
56. Can Resolution Professional act as a Liquidator?
- (a) Yes  
(b) No  
(c) Yes, with written consent by such RP  
(d) Yes, with written consent by such COC
57. Liquidator cannot sell assets/properties of company to such person:
- (a) who is a part of COC (b) who is an Operational Creditor  
(c) who was ineligible u/s 29A (d) who is a Financial Creditor
58. Can Appeal be filed by Creditor against acceptance of claim by Liquidator during Liquidation Process?
- (a) Yes (b) No
59. Fast Track CIRP shall be completed within ..... days:
- (a) 180 (b) 90  
(c) 270 (d) 45
60. Fast Track CIRP ..... can be made in respect of which Corporate Debtor?
- (a) Small Company as per IBC (b) Partnership Startup Firm  
(c) Any Listed Company (d) None of the above
61. Amount raised from Allottee under Real Estate Project is treated as:
- (a) Operational Debt (b) Financial Debt (c) Either of (a) or (b)

(d) Cannot be treated as Debt at all

62. Quorum for the meeting of COC shall be ..... % of Voting Rights

(a) 33%

(b) 67%

(c) 75%

(d) 50%

63. If Assessee has invested in Real Estate under an "Assured Return Plan", & not received the Return or the Real Estate Property, Assessee can still be treated as:

(a) Financial Creditor

(b) Operational Creditor

(b) Corporate Debtor

(d) None of the above

MCQs Answers of Insolvency & Bankruptcy Code, 2016

1- (b)	11. (a)	21. (b)	31. (c)	41. (c)	51. (c)	61. (b)
2. (a)	12. (a)	22. (b)	32. (b)	42. (b)	52. (a)	62. (a)
3. (b)	13. (b)	23. (c)	33. (d)	43. (d)	53. (c)	63. (a)
4. (c)	14. (b)	24. (c)	34. (b)	44. (b)	54. (c)	
5- (b)	15. (d)	25. (d)	35. (c)	45. (c)	55. (d)	
6. (a)	16. (a)	26. (c)	36. (b)	46. (d)	56. (c)	
7. (c)	17. (d)	27. (d)	37. (d)	47. (d)	57. (c)	
8-(b)	18. (b)	28. (d)	38. (a)	48. (a)	58. (a)	
9. (a)	19. (d)	29. (d)	39. (d)	49. (d)	59. (b)	
10.(d)	20. (b)	30. (d)	40. (d)	50.(c)	60. (d)	

## Securities Contract (Regulation) Act, 1956 & SCR Rules, 1957

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Securities Contract (Regulation) Act, 1956 extends to .....
  - (a) Whole of India except the State of Jammu and Kashmir
  - (b) Whole of India except the State of Sikkim
  - (c) Whole of India except the State of Jammu and Kashmir and Sikkim
  - (d) None of the above
2. The provisions of this Act shall not apply to
  - (a) The Government, the Reserve Bank of India (RBI), any local authority, or any corporation set-up by a special law or any person who has effected any transaction with or through the agency of any such authority as is referred to in this clause
  - (b) Any convertible bond or share warrant or any option or right in relation thereto, in so far as it entitles that the person in whose favour any of the former has been issued to obtain shares (optional) on the basis of agreed price.
  - (c) (a) and (b)
  - (d) None of the above
3. Securities Contract (Regulation) Act, 1956 states that every application made to SEBI, shall contain following details:
  - (a) The governing body of such stock exchange, its constitution and powers of management and the manner in which its business is to be transacted
  - (b) The powers and duties of the office bearers of the stock exchange
  - (c) The admission into the stock exchange of various classes of members, the qualifications for membership, and the exclusion, suspension, expulsion and re-admission of members there from or there into
  - (d) All of the above
4. Central Government (or SEBI) after inquiry in this behalf may require:
  - (a) That the rules and bye-laws of a stock exchange applying for registration are in conformity with such conditions as may be prescribed with a view to ensure fair dealing and to protect investors
  - (b) That the stock exchange is willing to comply with any other conditions (including conditions as to the number of members) which the Central Government (or SEBI) may impose for the purpose of carrying out the objects of this Act
  - (c) That it would be in the interest of the trade and also in the public interest to grant recognition to the stock exchange
  - (d) All of the above
5. Question only for new course -No person shall be eligible to be elected as a member if -
  - (a) he is less than 30 years of age
  - (b) he is a citizen of India
  - (c) adjudged bankrupt or insolvent
  - (d) None of the above
6. Question only for new course -

No person who is a member at the time of application for recognition or subsequently admitted as a member shall continue as such if

- (a) he ceases to be a citizen of India
- (b) he is adjudged bankrupt or insolvent
- (c) (a) or (b)
- (d) None of the above

7. The Central Government/ SEBI is of the opinion that the recognition granted to a stock exchange under the provisions of the Securities Contract (Regulation) Act, 1956, should, in the interest of the trade or in the public interest, be withdrawn if
- (a) where the recognised stock has been corporatized or demutualised
  - (b) submits the scheme referred within the specified time
  - (c) the scheme has been rejected by SEBI
  - (d) None of the above
8. Question only for new course -Books of Account and other documents by every stock exchange shall be maintained and preserved for a period of .....
- (a) 5 years
  - (b) 4 years
  - (c) 7 years
  - (d) 8 years
9. Question only for new course -Every recognised stock exchange shall before the ..... in each year or within such extended time as the SEBI may from time-to-time allow, furnish an annual report to SEBI about its activities during the preceding calendar year
- (a) 31<sup>st</sup> March
  - (b) 31<sup>st</sup> July
  - (c) 31<sup>st</sup> January
  - (d) 31<sup>st</sup> May
10. The provisions of the Securities Contract (Regulation) Act, 1956 state that the recognised stock exchange has the power to make rules or amend its rules to provide for:
- (a) The restriction of voting rights to members only in respect of any matter placed before the stock exchange at any meeting;
  - (b) The regulation of voting rights in respect of any matter placed before the stock exchange at any meeting so that each member may be entitled to have one vote only, irrespective of his share of the paid-up equity capital of the stock exchange
  - (c) The restriction on the right of a member to appoint another person as his proxy to attend and vote at a meeting of the stock exchange
  - (d) All of the above
11. If the Central Government opines that an emergency has arisen and for the purpose of meeting the emergency, the Central Government considers it expedient so to do, it may, by notification in the Official Gazette direct a recognised stock exchange to suspend such of its business for a period not exceeding ..... and subject to the conditions as may be specified in the notification. Central Government may also extend the period of notification, if it is so considered in the interest of trade or public interest.
- (a) 10 days
  - (b) 7 days
  - (c) 12 days
  - (d) 14 days



12. If after making or causing to be made an inquiry, SEBI is satisfied that it is necessary to issue directions ..... :
- (a) in the interest of the investors
  - (b) to prevent the affairs of any recognised stock exchange being conducted in a manner detrimental to the interests of investors or securities market
  - (c) (a) or (b)
  - (d) None of the above
13. Additional trading floor means a trading ring or a trading facility offered by a recognised stock exchange ..... its area of operating to enable the investors to buy and sell securities through such trading floor under the regulatory framework of that stock exchange.
- (a) Inside
  - (b) Outside
  - (c) (a) and (b)
  - (d) None of the above
14. No member of a recognised stock exchange shall enter into any contract as a principal with any person, other than a member of a recognised stock exchange, unless he received ..... consent
- (a) written
  - (b) oral
  - (c) (a) or (b)
  - (d) None of the above
15. In case the Central Government or SEBI opines that it is necessary to prevent undesirable ..... in specified securities in any State or area, it may, by notification in the Official Gazette, declare that no person in the State or area, may enter into a contract for the sale or purchase of any security specified in the notification, except with the permission of Central Government or SEBI.
- (a) hedge
  - (b) speculation
  - (c) (a) and (b)
  - (d) None of the above
16. No securities of the nature referred to in Section 2(h)(ie) shall be offered to the public or listed on any recognised stock exchange unless the issuer fulfils such eligibility criteria and complies with such other requirements as may be specified by regulations made by .....
- (a) RBI
  - (b) SEBI
  - (c) (a) and (b)
  - (d) None of the above
17. If the issuer does not get the required permission by the recognised stock exchange, he shall repay all the money received from the applicants in pursuance of the offer document, and if such money is not repaid within 8 days after the issuer becomes liable to repay it, then the issuer and every director or trustee thereof, who is in default shall be jointly and severally liable to repay that money with interest at the rate of ..... per cent per annum, on and after the expiry of 8th day.
- (a) 15
  - (b) 18
  - (c) 12
  - (d) None of the above
18. Where a recognised stock exchange acting in pursuance of any power given to it by its bye-laws, refuses to list the securities of any public company or collective investment scheme, the company or scheme shall be entitled to file an appeal before Securities Appellate Tribunal be furnished with reasons for refusal, and may within ..... days from the date on which the reasons for such refusal are furnished to it

- (a) 30 (b) 60  
(c) 15 (d) 45
19. Where a recognised stock exchange, acting in pursuance of any power given to it by its bye-laws, refuses to list the securities of any company, the company shall be entitled to file an appeal before Supreme Court within ..... days from the date on which the reasons for such refusal are furnished to it  
(a) 30 (b) 60  
(c) 15 (d) 45
20. Penalty levied for Failure by a stock broker or sub-broker or a listed company or proposed listed company to redress investors' grievances within the time stipulated by SEBI or recognised stock exchange is Fine of at least INR 1,00,000 but may extend to INR 1,00,000 per day during which such failure continues, subject to a maximum of INR 1 crore  
(a) Correct (b) Incorrect
21. Penalty levied for Failure to comply with the provisions of listing conditions or delisting conditions or grounds, by a company or a person managing collective investment scheme is .....  
(a) At least INR 10,00,000 which may extend to INR 35 crores  
(b) At least INR 3,00,000 which may extend to INR 10 crores  
(c) At least INR 5,00,000 which may extend to INR 25 crores  
(d) At least INR 7,00,000 which may extend to INR 15 crores
22. While adjudging the quantum of penalty under section 23-1, the adjudicating officer shall have due regard to the following factors:  
(a) The amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default  
(b) The amount of loss caused to an investor or group of investors as a result of the default  
(c) The repetitive nature of the default  
(d) All of the above
23. Central Government for the purpose of providing speedy trial of offences under this Act, by notification establish or designate as many ..... as may be necessary  
(a) Special Court (b) Tribunal  
(c) Speedy Court (d) None of the above
24. Any offence punishable under Securities Contract (Regulation) Act, 1956, not being an offence punishable 'with imprisonment' only, ..... 'with imprisonment and also with fine' may either before or after the institution of any proceeding, be compounded by SAT or a court before which such proceedings are pending  
(a) or (b) and
25. It shall be lawful for the holder of any security whose name appears on the books of the company issuing the said security to receive and retain any dividend declared by the company for any year unless  
(a) the said security has already been transferred by him for consideration  
(b) the transferee who claims the dividend from the transferor has lodged the security and all other documents relating to the transfer which may be required by the company with the company for being registered in his name within fifteen days of the date on which the dividend became due

- (c) (a) and (b)  
(d) None of the above
26. Derivative as per definition under Securities Contract (Regulation) Act, 1956 includes  
(a) a security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for difference or any other form of security  
(b) a contract which derives its value from the prices, or index of prices, of underlying securities.  
(c) Commodity derivatives;  
(d) All of the above
27. Option in Securities as per definition under Securities Contract (Regulation) Act, 1956 includes:  
(a) teji, (b) mandi,  
(c) teji mandi (d) All of the above
28. Spot Delivery Contract as per definition under Securities Contract (Regulation) Act, 1956 means a contract which provides for Actual delivery of securities and the payment of a price therefor either on the .....  
(a) same day as the day of contract  
(b) next day of the day of contract  
(c) (a) or (b)  
(d) None of the above
29. Ready Delivery Contract "Means a contract which provides for the delivery of goods and the payment of a price therefor, either immediately, or within such period not exceeding ..... days after the date of the contract and subject to such conditions as the Central Government:  
(a) 11 (b) 12  
(c) 15 (d) 14
30. Entire Securities Contract (Regulation) Act, 1956 is ..... to non-transferable specific delivery contracts  
(a) applicable (b) not applicable

MCQs Answers of SCRA & SCRR

1. (d)	7. (c)	13. (b)	19. (b)	25. (c)
2. (c)	8. (a)	14. (a)	20. (a)	26. (d)
3. (d)	9. (c)	15. (b)	21. (c)	27. (d)
4. (d)	10. (d)	16. (b)	22. (d)	28. (c)
5. (c)	11. (b)	17. (a)	23. (a)	29. (a)
6. (c)	12. (c)	18. (c)	24. (a)	30. (b)

## Unit 1: The SEBI Act, 1992

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. .... is not the prime objective of the SEBI Act, 1992 :
  - (a) Protecting the interests of the investors in securities;
  - (b) Promoting the development of, and;
  - (c) Regulating, the securities market and for matters connected therewith or incidental thereto.
  - (d) to protect the interest of consumers in the securities and to promote the development of, and to regulate the securities market and for matters connected therewith
2. Term of office and conditions of service of Chairman and members of the SEBI as per the rules framed in this regard, the Chairman and Whole time Members may hold office for a period of ..... years subject to the maximum age limit of ..... years and can be re-appointed by the Central Government.
  - (a) 5; 65
  - (b) 3; 65
  - (c) 5 ; 67
  - (d) 4; 67
3. A part-time member of SEBI may also hold office for a maximum of three years but there .....
  - (a) subject to age limit of 64
  - (b) subject to age limit of 67
  - (c) is no age limit
  - (d) None of the above
4. The Central Government will have the right to terminate the services of the Chairman or other members appointed to the SEBI (other than its own officials or of the Reserve Bank on the Board) at any time before the expiry of their tenure by giving not less than three months' notice in writing, or ..... months' salary and allowance in lieu thereof.
  - (a) one
  - (b) two
  - (c) four
  - (d) three
5. The Central Government shall have the power to remove a member or the Chairman appointed in SEBI, if he:
  - (a) at any time has been adjudicated as solvent;
  - (b) has been declared by a competent court to be of sound mind;
  - (c) has been convicted of an offence which in the opinion of the Central Government, involves amoral turpitude.
  - (d) All of the above
6. Any vacancy in the SEBI ..... invalidate any of the acts or proceeding of the SEBI.
  - (a) may
  - (b) may not
  - (c) shall
  - (d) shall not
7. The Board may take measures to undertake inspection of any book, or register, or other document or record of any listed public company or a public company which intends to get its securities listed on any recognised stock exchange where the Board has reasonable grounds to believe that such company has been indulging in insider trading or ..... relating to securities market.

- (a) Fraudulent and unfair trade practices
  - (b) Genuine and fair trade practices
  - (c) Malpractices
  - (d) Wrongful Act
8. The SEBI shall have the same powers as are vested in a ..... court
- (a) Civil
  - (b) Criminal
  - (c) Special
  - (d) High
9. The Board may, by an order, for reasons to be recorded in writing, in the interests of investors or securities market, take any of the following measures, either pending investigation or inquiry or on completion of such investigation or inquiry:
- (a) suspend the trading of any security in a recognised stock exchange
  - (b) restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities
  - (c) suspend any office-bearer of any stock exchange or self-regulatory organization from holding such position;
  - (d) All of the above
10. SEBI Act deemed to have come into force on the
- (a) 25<sup>th</sup> day of May 1992
  - (b) 10<sup>th</sup> day of September, 1992
  - (c) 3<sup>rd</sup> day of December, 1992
  - (d) 30<sup>th</sup> day of January, 1992
11. The SEBI Act, 1992 extends to whole of India
- (a) Whole of India except the State of Jammu and Kashmir
  - (b) Whole of India including the State of Jammu and Kashmir
  - (c) Whole of India except the State of Jammu and Kashmir and Sikkim
  - (d) None of the above
12. For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of the SEBI Act, 1992 or regulations made there under, to disgorge an ..... to the wrongful gain made or loss averted by such contravention.
- (a) equivalent amount
  - (b) twice the amount
  - (c) thrice the amount
  - (d) meaning
13. Where the Board has reasonable ground to believe that the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market; or any intermediary or any person associated with the securities market has violated any of the provisions of The SEBI Act, 1992 or the rules or the regulations made or directions issued by the Board there under. It may, at any time by order in writing, direct any person as:
- (a) the Investigating Authority, specified in the order to arrest the person
  - (b) the Investigating Authority, specified in the order to investigate the affairs

- (c) the Investigating Authority, specified in the order to file a law suit
- (d) None of the above
14. Penalty for default in case of person, registered as a stock broker fails to issue contract notes in the form and manner specified by the stock exchange of which such broker is a member, he shall be liable to a penalty of more than llakh but which may extend .....
- (a) INR 1,00,00,000
- (b) INR 5,00,00,000
- (c) to the amount of contract note was required to be issued by that broker
- (d) to the value of security traded
15. Any insider shall be liable to a penalty of more than ten lakh rupees extending upto ..... , whichever is higher:
- (a) twenty-five crore rupees / three times the amount of profits made out of insider trading
- (b) twenty-five crore rupees / four times the amount of profits made out of insider trading
- (c) twenty crore rupees / three times the amount of profits made out of insider trading
- (d) twenty crore rupees / four times the amount of profits made out of insider trading
16. A Bench constituted by the Presiding Officer of the Securities Appellate Tribunal under The SEBI Act, 1992 with two or more Judicial or ..... Members as he may deem fit:
- (a) Professional
- (b) Council
- (c) Technical
- (d) None of the above
17. A Bench constituted by the Presiding Officer of the Securities Appellate Tribunal under The SEBI Act, 1992 shall include at least ..... Judicial Member and one Technical Member;
- (a) One
- (b) Two
- (c) Three
- (d) Four
18. A person shall not be qualified for appointment as the Presiding Officer of the Securities Appellate Tribunal constituted under The SEBI Act, 1992, unless he is, or has been, a Judge of the Supreme Court or a Chief Justice of a High Court or a Judge of ..... for at least seven years
- (a) Supreme Court (b) High Court
19. Qualification for appointment as Presiding Officer or Member of Securities Appellate Tribunal constituted under The SEBI Act, 1992 is ..... :
- (a) is, or has been, a Secretary or an Additional Secretary in the Ministry or Department of the Central Government or any equivalent post in the Central Government or a State Government
- (b) is a person of proven ability, integrity and standing having special knowledge and professional experience, of not less than fifteen years, in financial sector including securities market or pension funds or commodity derivatives or insurance.
- (c) (a) or (b)
- (d) None of the above

20. The Presiding Officer and Judicial Members of the Securities Appellate Tribunal shall be appointed by the Central Government in consultation with the ..... or his nominee:
- (a) Comptroller and Auditor General of India
  - (b) Chief Justice of India
  - (c) Prime Minister of India
  - (d) None of the above
21. Time limit for every appeal filed with Securities Appellate Tribunal established under the SEBI Act, 1992 shall be filed within a period ..... from the date on receipt of order:
- (a) 30
  - (b) 45
  - (c) 60
  - (d) 90
22. Provided that the Securities Appellate Tribunal ..... entertain an appeal after the expiry of specified period if it is satisfied that there was sufficient cause for not filing it within that period.
- (a) shall not
  - (b) shall
  - (c) may not
  - (d) may
23. Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the Supreme Court within ..... days from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order:
- (a) 30
  - (b) 45
  - (c) 60
  - (d) 90
24. Save as otherwise provided in the SEBI Act 1992, the provisions of the ..... shall apply to the proceedings before a Special Court and for the purposes of the said provisions, the Special Court shall be deemed to be a Court of Session.
- (a) Code of Civil Procedure, 1908
  - (b) Code of Criminal Procedure, 1973

MCQs Answers to SEBI - Unit 1

1.(d)	7.(a)	13.(b)	19(c)
2.(b)	8(a)	14(c)	20.(b)
3(c)	9. (d)	15. (a)	21(b)
4.(d)	10-(d)	16.(c)	22.(d)
5.(c)	11(b)	17(a)	23.(c)
6-(d)	12.(a)	18(b)	24.(b)

## **Unit 2: SEBI (ICDR)**

### **Regulations, 2009 For Old & New Course**

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 applies to ..... :
  - (a) Public Issues
  - (b) Rights issue, in excess of INR 20 lakhs by a listed company
  - (c) (a) and (b)
  - (d) None of the above
2. One of the Pre-Requisites for a Company to be eligible to opt for IPO with respect to SEBI is that the company should have a ..... of at least three crore rupees in each, of the preceding three full years (of twelve months each), of which not more than fifty percent are held in monetary assets.
  - (a) net tangible assets
  - (b) net intangible assets
  - (c) net assets
  - (d) None of the above
3. One of the Pre-Requisites for a Company to be eligible to opt for IPO with respect to SEBI is that the company has a minimum average ..... of rupees fifteen crore, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years
  - (a) pre-tax operating profit
  - (b) post-tax operating profit
  - (c) operating income
  - (d) None of the above
4. One of the Pre-Requisites for a Company to be eligible to opt for IPO with respect to SEBI is it has a net worth of at least ..... crore rupees in each of the preceding three full years
  - (a) one
  - (b) two
  - (c) three
  - (d) four
5. One of the Pre-Requisites for a Company to be eligible to opt for IPO with respect to SEBI is that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed ..... times its pre-issue net worth as per the audited balance sheet of the preceding financial year;
  - (a) two
  - (b) three
  - (c) four
  - (d) five
6. An issuer not satisfying the conditions for a Company to be eligible to opt for IPO with respect to SEBI, may make an Initial Public Offer if the issue is made through the book-building process and the issuer



undertakes to allot, ..... of the net offer to public, to qualified institutional buyers and to refund full subscription money if it fails to make the said minimum allotment to qualified institutional buyers.

- (a) at least 75%
  - (b) not exceeding 75%
  - (c) at least 60%
  - (d) not exceeding 60%
7. The issuer of shares by public issue type, ..... determine in a decimal of a rupee Face Value
- (a) cannot
  - (b) can
8. The issuer of shares by public issue type. If issue price does not exceed INR 500 per share. Face value should be INR ..... per share
- (a) 10
  - (b) between 1 to 10
  - (c) (a) or (b)
  - (d) None of the above
9. The minimum offer to the Public should be ..... of the issue size if the post issue capital of the company calculated at the offer price is less than or equal to INR 1,600 crores
- (a) 15
  - (b) 20
  - (c) 25
  - (d) 30
10. In case of an initial public offer, the minimum contribution of promoter should not be less than ..... of the post issue capital;
- (a) 40%
  - (b) 30%
  - (c) 25%
  - (d) 20%
11. Minimum Promoter Contribution shall be locked-in for ..... years from commencement of commercial production or date of allotment, whichever is later
- (a) 7
  - (b) 5
  - (c) 4
  - (d) 3
12. Cross-listing is the listing of a company's common shares on a different exchange than its primary and original stock exchange
- (a) True
  - (b) False
13. A listed issuer company cannot make any rights issue of securities, where the aggregate value of such securities, including premium, if any exceeds 50 lakhs unless a ..... of offer has been filed with the board, through a merchant Banker, at least 30 days prior to the filing of the letter of offer with the designated Stock Exchange.
- (a) Prospectus
  - (b) Draft Letter
  - (c) (a) or (b)
  - (d) None of the above
14. The Company shall issue fully paid up Bonus Shares except out of:
- (a) Free Reserves of the Company,
  - (b) The securities premium account;
  - (c) The capital redemption reserve account

- (d) Reserves created by the revaluation of assets.
15. Condition to be fulfilled of Bonus Issue includes that the partly paid shares, if any outstanding on the date of allotment, are made fully paid up  
(a) Correct (b) Incorrect
16. Once the decision to make a bonus issue is announced, the issue ..... be withdrawn.  
(a) can (b) cannot  
(c) can be withdrawn subject to provisions of SEBI (ICDR) Regulations, 2009  
(d) None of the above
17. The expression 'preferential allotment' means an issue of shares or other securities, by a company to any select person or groups of person on a preferential basis and include shares or other securities offered through a public issue, employee stock option scheme, or an issue of sweat equities or bonus shares or depository receipts issued in a country outside India or foreign securities.  
(a) True (b) False
18. Minimum Price for Frequently traded shares listed for 26 weeks or more is Higher of the average of weekly high/low of volume weighted average prices during, ..... weeks prior and 2 weeks prior  
(a) 20 (b) 22  
(c) 24 (d) 26
19. The difference between the QIP and Preferential allotment of shares is that the QIPs allotment can be made only to QIBs and preferential allotment can be made to selected persons/organizations including QIBs.  
(a) True (b) False
20. Qualified Institutional Buyers means following:-  
(a) a mutual fund, venture capital fund, Alternative Investment Fund and foreign venture capital investor registered with the Board  
(b) a foreign portfolio investor other than Category III foreign portfolio investor, registered with the Board  
(c) a public financial institution as defined in section 4A of the Companies Act, 1956  
(d) All of the above
21. Minimum Number of Allottee: the minimum number of allottees for each placement of eligible securities that has to be made under QIPs shall not be less than ..... , where the issue size is less than or equal to Rs. 250 crores  
(a)2 (b)3  
(c)4 (d)5
22. Quantum of issue: The aggregate of the proposed qualified institutional placement and all previous qualifies institutional placements made by the issuer in the same financial year shall not exceed 5 times the ..... of the issuer as per the audited balance sheet of the previous financial year.  
(a) net asset (b) working capital  
(c) net worth (d) None of the above

MCQs Answers of SEBI - Unit 2

1- (a)	7. (a)	13. (b)	19. (a)
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2. (a)	8. (a)	14. (d)	20. (d)
3. (a)	9.(c)	15. (a)	21. (a)
4. (a)	10. (d)	16. (b)	22. (c)
5. (d)	11. (d)	17. (b)	
6. (a)	12. (a)	18. (d)	

### Unit 3: SEBI (LODR) New Course Only

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. A listed entity shall appoint a qualified Company Secretary as the Compliance Officer. The Compliance officer so appointed shall be responsible for .....
  - (a) ensuring non conformity with regulatory compliance
  - (b) co-ordination and reporting to the RBI
  - (c) ensuring that correct procedures have been followed that would result in correctness of information filed by listed entity under the regulations and monitoring email address of grievance redressal division.
  - (d) None of the above
2. Corporate Governance Requirements with respect to subsidiary of Listed Entity includes that, at least one ..... on Board shall be a Director on Board of Unlisted Material Subsidiary.
  - (a) Whole time director
  - (b) Managing Director
  - (c) Independent Director
  - (d) None of the above
3. A listed entity shall not dispose of shares in its material subsidiary resulting in reduction of its shareholding (either on its own or together with other subsidiaries) to less than 50 % or cease the exercise of control over the subsidiary without passing a ..... in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.
  - (a) Ordinary resolution
  - (b) Special resolution
  - (c) (a) or (b)
  - (d) None of the above
4. The listed entity shall file with the recognized stock exchange(s) on a quarterly basis, within 30 days from the end of each quarter, a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter
  - (a) Correct
  - (b) Incorrect
5. A listed entity shall submit a statement showing holding of securities and shareholding pattern separately for each class of securities
  - (a) One day prior to listing of its securities on the stock exchange
  - (b) On a quarterly basis, within 21 days from the end of each quarter;
  - (c) Within 10 days of any capital restructuring of the listed entity resulting in a change exceeding 2 % per cent of the total paid-up share capital
  - (d) All of the above
6. The listed entity shall submit ..... and year-to-date standalone financial results to the stock exchange within 45 days of end of such period
  - (a) Monthly
  - (b) Six monthly
  - (c) Quarterly
  - (d) None of the above

7. Prior intimation of Board Meeting to RSE in case of Financial Results at least 5 days in advance ..... date of meeting and date of intimation.  
 (a) Excluding (b) Including
8. Prior Intimation by the listed entity for any alteration in the form or nature of any of its securities or any alteration in the date on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable shall give intimation to the stock exchange(s) at least ..... working days before any of the following proposal is placed before the board of directors  
 (a) 30 (b) 15  
 (c) 20 (d) 11
9. Listed entity shall submit audited standalone financial results for the financial year, along with the audit report in either ..... (for audit report with unmodified opinion) ..... (for audit report with modified opinion) within 60 days from end of Financial Year.  
 (a) Form A, Form B (b) Form A-I, Form B-I  
 (c) (a)or(b) (d) None of the above
10. .... reports are submitted to RSE in relation to corporate governance:  
 (a) Quarterly Compliance Report  
 (b) Compliance Report  
 (c) Annual Compliance Report  
 (d) All of the above
11. Stakeholders Relationship Committee & Nomination and Remuneration Committee shall meet atleast ..... time in a year:  
 (a) 4 (b) 1  
 (c) 2 (d) 6
12. Every listed entity shall constitute a qualified and independent audit committee:  
 (a) True (b) False
13. The ..... shall act as secretary to Audit the to the audit committee  
 (a) Internal Auditor (b) Company Secretary  
 (c) Restricted to home committee (d) None of the above
14. At least ..... meetings in a year of Audit Committee should take place and gap between two meetings should not be more than ..... days between two meetings  
 (a) 3, 120 (b) 4, 120  
 (c) 5, 30 (d) 6, 90
15. At least ..... Percentage of directors in Nomination and Remuneration committee should be independent directors  
 (a) At least 50% (b) At least 55%  
 (c) At least 60% (d) None of the above
16. The ..... entity shall constitute a Stakeholders Relationship Committee to specifically look into the mechanism of redressal of grievances of shareholders, debenture holders and other security holders of

(a) Listed (b) Public (c) All of the above

(d) (a) or (b)

17. The provisions of SEBI (LODR) regulation regarding risk management committee shall be applicable to top ..... listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year.

(a) 25

(b) 500

(c) 75

(d) 100

MCQs Answers to SEBI - Unit 3

1. (c)	5- (d)	9. (a)	13. (b)
2- (c)	6. (c)	10. (d)	14. (b)
3. (b)	7. (a)	11. (b)	15. (a)
4- (b)	8. (d)	12. (a)	16. (a)
			17. (b)

## Unit 4: SEBI(ICDR) For Old Course only

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Wilful defaulter means an issuer who is categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the ..... and includes an issuer whose director or promoter is categorized as such.  
(a) SEBI (b) RBI  
(c) IRDA (d) None of the above
2. No issuer shall make a public issue or rights issue of specified securities if:  
(a) if the issuer, any of its promoters, promoter group or directors or persons in control of the issuer are debarred from accessing the capital market by the SEBI  
(b) if any of the promoters, directors or persons in control of the issuer was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI  
(c) (a)or(b)  
(d) None of the above
3. Warrants may be issued along with public issue or rights issue of specified securities subject to the tenure of such warrants shall not exceed twelve months from their date of allotment in the public/rights issue. The said statement is .....  
(a) True (b) False
4. Warrants may be issued along with public issue or rights issue of specified securities subject to the price or conversion formula of the warrants shall be determined upfront and at least ..... of the consideration amount shall also be received upfront  
(a) 40 (b) 35  
(c) 30 (d) 25
5. No issuer shall make, a public issue; or a rights issue, where the aggregate value of the specified securities offered is fifty lakh rupees or more unless a ..... , along with fees as specified, has been filed with the SEBI through the lead merchant banker, at least thirty days prior to registering the prospectus, red herring prospectus or shelf prospectus with the Registrar of Companies as the case may be.  
(a) Allotment letter  
(b) Actual offer document  
(c) Draft offer document  
(d) None of the above
6. The issuer shall, simultaneously while registering the prospectus, red herring prospectus or shelf prospectus with the Registrar of Companies or filing the letter of offer with the designated stock exchange or before the opening of the issue, file a copy thereof with the SEBI through the .....  
(a) Underwriter  
(b) merchant banker other than lead merchant banker  
(c) lead merchant banker

- (d) None of the above
7. .... making an application for specified securities of value not more than two lakhs rupees, may be offered specified securities at a price lower than the price at which net offer is made to other categories of applicants
- (a) Retail individual investors or retail individual shareholders
- (b) employees entitled for reservation made under regulation 42
- (c) (a) or (b)
- (d) None of the above
8. The requirements of minimum promoters' contribution shall not apply in case of:
- (a) an issuer which does not have any identifiable promoter
- (b) a further public offer, where the equity shares of the issuer are not infrequently traded in a recognised stock exchange for a period of at least three years and the issuer has a track record of dividend payment for at least immediately preceding three years:
- (c) rights issues
- (d) All of the above
9. An issuer making a public issue of specified securities may provide green shoe option for stabilising the pre listing price of its specified securities
- (a) Correct (b) Incorrect
10. Prior to filing the offer document with the Board, the stabilising agent has entered into an agreement with the promoters or pre-issue shareholders or both for borrowing in excess of the issue size which shall not be in excess of ..... per cent of the issue size;
- (a) 30 (b) 25
- (c) 20 (d) 15
11. The specified securities bought from the market and credited in the special account with the depository participant shall be returned to the promoters or pre-issue shareholders immediately, in any case not later than two working days after the end of the stabilization period.
- (a) True (b) False
12. The provisions of this Chapter shall apply to an exit offer made by the promoters or shareholders in control of an issuer to the ..... in case of change in objects or variation in the terms of contract referred to in the prospectus.
- (a) All shareholders (b) Preference shareholders
- (c) dissenting shareholders (d) None of the above
13. The promoters or shareholders in control shall make the exit offer in accordance to the dissenting shareholders if the proposal for change in objects or variation in terms of a contract, referred to in the prospectus is dissented by at least ten per cent of the shareholders who voted in the general meeting and the amount to be utilized for the objects for which the prospectus was issued is less than ..... per cent of the amount raised
- (a) 80 (b) 75
- (c) 70 (d) 65
14. In the event, the shares accepted in the exit offer were such that the shareholding of the promoters or shareholders in control, taken together with persons acting in concert with them pursuant to



completion of the exit offer results in their shareholding exceeding the maximum permissible nonpublic shareholding, the promoters or shareholders in control, as applicable, ..... be required to bring down the non-public shareholding to the level specified and within the time permitted under Securities Contract (Regulation) Rules, 1957.

(a) may not (b) may (c) shall not (d) shall

15. Institutional placement programme means a further public offer of eligible securities by an eligible seller, in which the offer, allocation and allotment of such securities is made only to .....  
(a) qualified institutional buyers (b) public  
(c) Specified organisations (d) None of the above
16. Following is/ are the conditions for institutional placement programme:  
(a) An institutional placement programme may be made only after a general resolution approving the institutional placement programme has been passed by the shareholders of the issuer in terms of section 81(1A) of the Companies Act, 1956.  
(b) No partly paid-up securities shall be offered.  
(c) The issuer shall obtain an in-principle approval from the SEBI  
(d) None of the above
17. Following is/ are the conditions for institutional placement programme:  
(a) An institutional placement programme may be made only after a special resolution approving the institutional placement programme has been passed by the shareholders of the issuer in terms of section 81(1A) of the Companies Act, 1956.  
(b) No partly paid-up securities shall be offered  
(c) The issuer shall obtain an in-principle approval from the stock exchange(s)  
(d) All of the above
18. The eligible seller shall have the option to make allocation/allotment of institutional placement programme as per the following methods:  
(a) proportionate basis  
(b) price priority basis  
(c) criteria as mentioned in the offer document  
(d) Any of the above
19. The minimum number of allottees for each offer of eligible securities made under institutional placement programme shall not be less than ..... :  
(a) 5 (b) 10  
(c) 15 (d) 20
20. The aggregate of all the tranches of institutional placement programme made by the eligible seller shall not result in increase in ..... by more than ten per cent, or such lesser per cent, as is required to reach minimum public shareholding.  
(a) public shareholding (b) private shareholding  
(c) (a) and (b) (d) None of the above
21. The eligible seller in case of offering of shares in institutional placement programme shall have the right to withdraw the offer in case it is not fully subscribed

(a) True (b) False

22. An issuing company making an issue of IDR shall also satisfy the following:
- (a) the issuing company is not listed in its home country;
  - (b) the issuing company is prohibited to issue securities by any regulatory body
  - (c) the issuing company has track record of compliance with securities market regulations in its home country.
  - (d) None of the above
23. An issuing company making an issue of IDR shall also satisfy the following:
- (a) the issuing company is listed in its home country
  - (b) the issuing company is not prohibited to issue securities by any regulatory body
  - (c) the issuing company has track record of compliance with securities market regulations in its home country
  - (d) All of the above
24. An issue of IDR shall be subject to the following conditions:
- (a) issue size shall be less than fifty crore rupees;
  - (b) procedure to be followed by each class of applicant for applying shall be mentioned in the prospectus;
  - (c) minimum application amount shall be fifty thousand rupees;
  - (d) None of the above
25. An issue of IDR shall be subject to the following conditions:
- (a) issue size shall not be less than fifty crore rupees;
  - (b) procedure to be followed by each class of applicant for applying shall be mentioned in the prospectus;
  - (c) minimum application amount shall be twenty thousand rupees;
  - (d) All of the above
26. The cap on the price band shall be less than or equal to ..... of the floor price.
- (a) 140% (b) 130%
  - (c) 120% (d) 110%
27. If the issue size, excluding the size of offer for sale by selling shareholders exceeds one hundred crore rupees, the issuer shall make arrangements for the use of proceeds of the issue to be monitored by a public financial institution or by one of the scheduled commercial banks named in the offer document as bankers of the issuer. The statement is .....
- (a) True (b) False

MCQs Answers to SEBI Unit - 4

1. (b)	10. (d)	19. (b)
2. (c)	11. (a)	20. (a)
3. (b)	12. (c)	21. (a)
4. (d)	13. (b)	22. (c)

5. (c)	14. (d)	23. (d)
6. (c)	15. (a)	24. (b)
7. (c)	16. (b)	25. (d)
8. (d)	17. (d)	26. (c)
9. (b)	18. (d)	27. (b)

## **The Competition Act, 2002**

MCQs covers certain general information also which needs to be considered from this section directly for examination purpose.

1. Competition Bill became an Act after receiving assent from the President on
  - (a) 15th April 2002
  - (b) 13th January 2003
  - (c) 24th September 2006
  - (d) 4th December 2005
2. Competition Act extends to .....
  - (a) Whole of India except the State of Jammu and Kashmir
  - (b) Whole of India including the State of Jammu and Kashmir
  - (c) Whole of India except the State of Jammu and Kashmir and Sikkim
  - (d) None of the above
3. Which of the following is not the objective of Competition Act, 2002
  - (a) to prevent practices having adverse effect on competition
  - (b) to promote and sustain competition in markets
  - (c) to protect the interests of investors
  - (d) to ensure freedom of trade carried on by other participants in markets in India and -for matters connected therewith or incidental thereto
4. As per World Bank, broad definition of Competition is a situation in a market in which firms or sellers independently strive for the ..... in order to achieve a particular business objective
  - (a) profit making
  - (b) buyers' patronage
  - (c) sellers' patronage
  - (d) none of the above
5. A pre-requisite for a good competition is .....
  - (a) trade
  - (b) awareness
  - (c) market penetration
  - (d) none of the above
6. .... is the real culprit for non existence of free market
  - (a) Competitive system
  - (b) Income distribution system
  - (c) both (a) and (b)
  - (d) none of the above
7. .... is central economic goal of the Competition Policy is the
  - (a) Promotion of free trade
  - (b) Economic efficiency
  - (c) Economic growth and development
  - (d) Preservation and promotion of the competitive process
8. Following is / are the focus of Competition Law
  - (a) Prohibition of certain agreements, which are considered to be anticompetitive in nature.

- (b) Prohibition of Abuse of dominant position
  - (c) Regulation of combinations
  - (d) All of the above
9. .... is / are examples of agreement
- (a) Not intended to be enforceable by legal proceedings
  - (b) Intended to be enforceable by legal proceedings
  - (c) Oral agreement
  - (d) All of the above
10. .... is not a type of Agreement under Competition Act, 2002
- (a) Horizontal Agreement
  - (b) Vertical Agreement
  - (c) Hybrid Agreement
  - (d) None of the above
11. Example of Horizontal Agreement is:
- (a) The agreements between producers or between wholesalers or between retailers, operating at the same level in the economic process.
  - (b) Agreement between a producer and a distributor
  - (c) The agreements between manufacturers of components, manufacturers of products, between producers and whole-sellers or between producers, whole-sellers and retailers.
  - (d) The agreements between non-competing undertakings operating at different levels of manufacturing and distribution process.
12. In accordance with Competition Act, 2002 following can be considered as consumer:
- (a) Person purchasing goods for personal use
  - (b) Person purchasing goods for resale
  - (c) Person purchasing goods for any commercial purpose
  - (d) All of the above
13. Activity carried on by organisation shall not be regarded as Enterprise as per Competition Act, 2002
- (a) Activity of Central Government dealing in defence
  - (b) Mr. Vayu providing services to local customers
  - (c) M/S Richard Brokers underwriting shares
  - (d) Mr. Ramesh carrying on production of goods
14. .... cannot be considered as goods U/S 2(i) of Competition Act, 2002
- (a) products manufactured, processed or mined;
  - (b) debentures, stocks and shares before allotment
  - (c) in relation to goods supplied, distributed or controlled in India, goods imported into India
  - (d) none of the above
15. Anti competitive agreements are:
- (a) void
  - (b) voidable
  - (c) valid
  - (d) none of the above
16. Following shall not be presumed to have an appreciable adverse effect on competition:

- (a) agreement by Joint Ventures to increase efficiency in distribution of goods
  - (b) directly or indirectly determines purchase or sale prices
  - (c) limits or controls production, supply, markets, technical development, investment or provision of services
  - (d) directly or indirectly results in bid rigging or collusive bidding.
17. Following shall not be presumed to have an appreciable adverse effect on competition:
- (a) A Ltd. provides distribution of his goods to B Ltd. only in South India
  - (b) That the Purchaser shall not deal with goods, products, articles, by whatever name called, manufactured by any person other than the Seller.
  - (c) That the Purchaser shall not sell the goods manufactured by the Seller outside the municipal limits of the city of Secunderabad.
  - (d) Restriction of rights under Designs Act, 2000
18. Following will be considered as abuse of dominant position:
- (a) directly or indirectly, imposes unfair or discriminatory prices
  - (b) limits or restricts production of goods or provision of services
  - (c) indulges in practice or practices resulting in denial of market access in any manner
  - (d) All of the above
19. Merger or amalgamation of enterprises shall be a combination if parties to Acquisition jointly have in India:
- (a) Assets > 2000 Cr Rs.
  - (b) Turnover > 6000 Cr Rs.
  - (c) (a) or (b)
  - (d) (a) and (b)
20. Merger or amalgamation of enterprises shall be a combination if the group to the enterprise will belong after acquisition jointly have in India:
- (a) Assets > 2000 Cr Rs. or Turnover > 6000 Cr Rs.
  - (b) Assets > 8000 Cr Rs. or Turnover > 24000 Cr Rs.
  - (c) Assets > 1000 Cr Rs. or Turnover > 3000 Cr Rs.
  - (d) None of the above
21. Central Government may by notification supersede the Commission for ..... reason:
- (a) that on account of circumstances beyond the control of the Commission, it is unable to discharge the functions or perform the duties imposed on it by or under the provisions of this Act
  - (b) that the Commission has persistently made default in complying with any direction given by the Central Government under this Act or in the discharge of the functions or performance of the duties imposed on it by or under the provisions of this Act and as a result of such default the financial position of the Commission or the administration of the Commission has suffered;
  - (c) that circumstances exist which render it necessary in the public interest so to do
  - (d) All of the above
22. Office holding term and Age limit of Chairperson of Competition Commission is:

- (a) Appointed for a term of 5 years however maximum age limit of 65
  - (b) Appointed for a term of 5 years however maximum age limit of 67
  - (c) Appointed for a term of 5 years however maximum age limit of 64
  - (d) Appointed for a term of 5 years however maximum age limit of 62
23. The Central Government appointed Hon'ble Justice, aged 61 years Mr. H CJ as the Chairperson of the Competition Commission of India with effect from 1st January, 2005.
- (a) Can be Appointed for a term of 5 years
  - (b) Can be Appointed for a term of 5 years and reappointment for another term of 5 years
  - (c) Can be Appointed for a term of 5 years, reappointment for another term of 5 years but will have to step down in between of Second Term
  - (d) Invalid Appointment
24. Central Government may, by order, remove the Chairperson or any other Member from his office if such Chairperson or Member, as the case may be
- (a) is, or at any time has been, adjudged as an insolvent; or
  - (b) has engaged at any time, during his term of office, in any paid employment, or
  - (c) has so abused his position as to render his continuance in office prejudicial to the public interest; or
  - (d) All of the above
25. The Chairperson and other Members shall not for a period of ..... from the date on which they cease to hold office accept any employment in, or be connected with the management or administration of, any enterprise which has been a party to a proceeding before the Commission
- (a) 12 months
  - (b) 3 years
  - (c) 18 months
  - (d) 2 years
26. Provision for restriction on employment of Chairperson and other Members of Competition Commission is not applicable in following cases
- (a) Employment under Private Sector Units
  - (b) Employment under Public Sector Units
  - (c) Employment under Local Authority
  - (d) None of the above
27. Which of the following is not the duty of Competition Commission:
- (a) to prevent practices having adverse effect on competition
  - (b) to promote and sustain competition in markets
  - (c) to protect the interests of investors
  - (d) to ensure freedom of trade carried on by other participants in markets in India and -for matters connected therewith or incidental thereto
28. The Commission shall not initiate any inquiry after the expiry of ..... from the date on which such combination has taken effect.
- (a) 1 year
  - (b) 2 years
  - (c) 3 years
  - (d) 18 months
29. Central Government may by notification supersede the Commission for such ..... :
- (a) not exceeding six months
  - (b) four month

- (c) not exceeding nine months                      (d) eight month
30. What types of orders can be passed by Commission after inquiry into agreements or abuse of dominant position
- (a) discontinue and not to re-enter such agreement or discontinue such abuse of dominant position
- (b) impose such penalty, as it may deem fit
- (c) direct that the agreements shall stand modified to the extent and in the manner as may be specified in the order by the Commission
- (d) All of the above
31. The Central Government has power to issue directions on questions of policy to Competition Commission except ..... :
- (a) Relating to technical matters
- (b) Relating to administrative matters
- (c) (b) and (c)
- (d) Relating to functional matters
32. .... has power to exempt enterprise, practice or agreement from application of Competition Act, 2002
- (a) Competition Commission
- (b) Appellate Tribunal
- (c) State Government
- (d) Central Government
33. An appreciable adverse effect on competition in the relevant market in India is said to take place when:
- (a) an agreement referred to in section 3 has been entered into outside India
- (b) any enterprise abusing the dominant position is outside India
- (c) any enterprise abusing the dominant position in India
- (d) All of the above
34. .... cannot appear before Commission
- (a) Director General
- (b) Chartered accountants
- (c) Regular Banking Officer
- (d) Company secretaries
35. If any person, without reasonable cause, fails to comply with the orders or directions of the Commission issued under sections 27, 28, 31, 32, 33, 42A and 43A of the Act, he shall be punishable with fine of:
- (a) rupees one lakh for each day during which such non-compliance occurs, subject to a maximum of rupees ten crore
- (b) rupees two lakh for each day during which such non-compliance occurs, subject to a maximum of rupees ten crore
- (c) Such person shall be punishable with fine which may extend to rupees one crore
- (d) one per cent of the total turnover or the assets, subject to a maximum of rupees ten crore
36. .... penalty for failure to comply with directions of Commission and Director General



- (a) rupees one lakh for each day during which such non-compliance occurs, subject to a maximum of rupees ten crore
  - (b) rupees one lakh for each day during which such failure continues, subject to a maximum of rupees one crore.
  - (c) Such person shall be punishable with fine which may extend to rupees one crore
  - (d) one per cent of the total turnover or the assets, subject to a maximum of rupees ten crore
37. Competition Commission will exercise the power to impose lesser penalty if:
- (a) Producer, seller, distributor, trader or service provider included in any cartel, which is alleged to have violated section 3, has made a full and true disclosure in respect of the alleged violations
  - (b) Producer, seller, distributor, trader or service provider included in any cartel, which is alleged to have violated section 3, has made concealed information in respect of the alleged violations
  - (c) In cases where report of investigation directed under section 26 has been received before making such disclosure
  - (d) In respect of a producer, seller, distributor, trader or service provider included in the cartel, who was not the first one to make full, true and vital disclosures under this section.
38. Competition Fund shall be credited with:—
- (a) All Government grants received by the Commission;
  - (b) The fees received under this Act
  - (c) The interest accrued on the amounts in (a) and (b)
  - (d) All of the above
39. Amount of Competition Fund can be applied to:
- (a) the salaries and allowances payable to the Chairperson and other Members and the administrative expenses including the salaries, allowances and pension payable to the Director General, Additional, Joint, Deputy or Assistant Directors General, the Registrar and officers and other employees of the Commission;
  - (b) other expenses of the Commission in connection with the discharge of its functions and for the purposes of this Act.
  - (c) Spend monies out of the Fund for carrying out the objects for which the Fund has been constituted.
  - (d) All of the above
40. Audit Report of Competition Commission as audited by Comptroller and Auditor-General of India shall be forwarded annually to:
- (a) Central Government
  - (b) Central Government shall forward the same to be laid before both Houses of Parliament
  - (c) (a) and
  - (b) (d) (a) or (b)
41. Appeal to Appellate Tribunal can be filled within ..... :
- (a) one twenty days
  - (b) thirty days
  - (c) sixty days
  - (d) one eighty days
42. Time limit for disposal of appeal by Appellate Tribunal in case of appeal filed is ..... from the date of receipt of appeal:

- (a) mandatory within six months (b) as possible within six months  
(c) mandatory within four months (d) as possible within four months
43. Competition Appellate Tribunal ..... bound by the procedure laid down in the Code of Civil Procedure, 1908  
(a) may be (b) may not be (c) shall not be (d) shall be
44. If any person contravenes, without any reasonable ground, any order of the Appellate Tribunal, he shall be liable for a penalty of .....  
(a) not exceeding rupees one crore  
(b) imprisonment for a term up to three years  
(c) (a) or (b) or both  
(d) not exceeding rupees three crores and imprisonment for a term up to seven years
45. Appeal to Supreme Court can be filled within ..... :  
(a) 120 days (b) 30 days  
(c) 60 days (d) 180 days

MCQs Answers to Competition Act 2002

1- (b)	6- (b)	11. (a)	16. (a)	21-(d)	26. (c)	31. (c)	36. (b)	41. (c)
2. (a)	7.(d)	12. (d)	17. (d)	_22Jb)_	27. (c)	32. (d)	37. (a)	42. (b)
3. (c)	8.(d)	13. (a)	18. (d)	23^1	28. (a)	33. (d)	38. (d)	43. (c)
4.(b)	9. (d)	14. (b)	19. (c)	Jl(d^	29.(3)	34. (c)	39. (d)	44. (c)
5. (a)	10. (c)	15. (a)	20. (b)	25-(d _	30. (d)	35. (a)	40. (c)	45. (c)

## Interpretation of Statutes, Deeds and Documents

1. Record is an element of document:  
(a) True (b) False
2. .... means a formal legal document which creates or confirms a right or records a fact:  
(a) Contract (b) Statute  
(c) Instrument (d) None of the above
3. Interpretation is not the process by which the real meaning of an Act and the intention of the legislature in enacting it is ascertained:  
(a) True (b) False
4. An interpretation of Act serves as the bridge between statute making and process of interpretation of statutes:  
(a) True (b) False
5. It is ..... when its purpose is to discover real and true meaning of statute:  
(a) Doctrinal (b) Legal  
(c) Interpretation (d) Functional
6. Doctrinal interpretation can be divided into two categories: grammatical & legal:  
(a) True (b) False
7. Interpretation is of two kinds: literal & functional:  
(a) True (b) False
8. Interpretation differs from construction:  
(a) True (b) False
9. Associated words to be understood in common sense manner is ..... rule of construction:  
(a) Primary (b) Secondary
10. Rule of Ejusdem Generis is a ..... rule of construction:  
(a) Primary (b) Secondary
11. On occasions when choice has to be made between two interpretations, narrower and wider one should adopt ..... interpretation.  
(a) Narrower (b) Wider  
(c) Any of the above (d) None of the above
12. The rule of ..... stands for elimination of statutes and words in a statute which defeat the real objective of the statute or make no sense.  
(a) Exceptional Construction (b) Beneficial Construction  
(c) Heydon's rule (d) Harmonious Construction
13. The term ..... means of same kind or species:  
(a) Heydon's rule (b) Ejusdem Generis  
(c) Exceptional Construction (d) Harmonious Construction
14. The ..... expresses the scope, object and purpose of the act more comprehensively than the .....

- (a) Preamble, Short Title (b) Long Title, Preamble  
(c) Long Title, Short Title (d) Preamble, Long title
15. Heading is an ..... to construction/interpretation.  
(a) Internal Aid (b) External Aid
16. Historical Setting is ..... to construction/interpretation.  
(a) Internal Aid (b) External Aid
17. Dictionary Definitions is ..... to construction/interpretation.  
(a) Internal Aid (b) External Aid
18. Marginal notes is ..... to construction/interpretation.  
(a) Internal Aid (b) External Aid
19. Where language used in statute is capable of more than one interpretation, the most firmly established rule for construction is the principle laid down in:  
(a) Heydon's case (b) Ejusdem Generis  
(c) Exceptional Construction (d) Harmonious Construction
20. A provision which is mandatory would be sufficient if substantially complied with:  
(a) True (b) False
21. Non observance of directory provision does not entail the consequences invalidating:  
(a) True (b) False
22. .... is also known as mischief rule:  
(a) Heydon's rule (b) Ejusdem Generis  
(c) Rule of Exceptional Construction (d) Rule of Harmonious Construction

MCQs Answers of Interpretation of Statutes, Deeds and Documents:

1. (a)	6. (b)	11. (b)	16. (b)	21. (a)
2. (c)	7. (a)	12-(a)	17. (b)	22. (a)
3- (b)	8. (a)	13.(b)	18. (a)	
4. (a)	9.(b)	14.(d)	19. (a)	
5. (a)	10. (a)	15. (a)	20. (b)	

## Overview of Banking Regulation Act, 1949

1. Banking Companies Act is presently known as Banking Regulation Act, 1949:  
(a) True (b) False
2. Which of the following act was an amending act of the Banking Regulation Act, 1949:  
(a) The Banking Corporate Act (b) The Companies Act 1956  
(c) The Companies Act 2013 (d) The Social Control Act 1968
3. Consultancy services are General Utility Services provided by Bank:  
(a) True (b) False
4. Section ..... of Banking Regulation Act, 1949 states the forms of business in which banking companies may engage:  
(a) 3 (b) 6  
(c) 7 (d) 9
5. Banking company may engage in undertaking and executing trusts:  
(a) True (b) False
6. Banking company may engage in:  
(a) Drawing, making, accepting, discounting, buying, selling, collecting and dealing in railway receipts  
(b) Drawing, making, accepting, discounting, buying, selling, collecting and dealing in coupons  
(c) Both A & B  
(d) None of the above
7. Banking company can be a managing agent or secretary and treasurer of a company:  
(a) True (b) False
8. The following is an Agency Service of Bank:  
(a) Payment of Pension (b) Demat Services  
(c) Providing Safe-custody facility to its customers for keeping their valuables  
(d) Collection of bills
9. Single window banking is ..... of Bank:  
(a) an Agency Service (b) A General Utility Service  
(c) Both (d) None of the above
10. No banking company shall hold any immovable property except such as is required for its own use, for any period exceeding ..... years from the acquisition thereof or from the commencement of the Act, whichever is later or any extension of such period as provided:  
(a) Three (b) Five  
(c) Seven (d) Nine
11. The ..... can extend the period of holding of immovable property by Banking Company:  
(a) Central Government (b) State Government  
(c) Reserve Bank (d) None of the above
12. Every banking company incorporated in India must create a Reserve Fund and transfer a sum equal to not less than ..... of its net profits:

- (a) 10% (b) 15%  
(c) 20% (d) 30%
13. The requirement of transferring sum of net profits to reserve fund can be exempted by Central Government on recommendation of RBI if the amounts in the reserve fund and the share premium account are not less than the ..... of the banking company:  
(a) Advances (b) Loans  
(c) Paid up Capital (d) Authorised Capital
14. If a banking company appropriates any sum from the Reserve fund or the share premium account, it must be reported to RBI within ..... days from the date of such appropriation explaining the circumstances leading to such appropriation:  
(a) 90 Days (b) 21 Days  
(c) 30 Days (d) 60 Days
15. A banking company cannot enter into any commitment for granting any loan or advance to or on behalf of any individual in respect of whom any of its Directors is a guarantor:  
(a) True (b) False
16. The Balance Sheet and Profit & Loss account of Banking Company incorporated outside India in respect of all business transacted by it in India shall be signed by:  
(a) CMD (b) Directors  
(c) Principal Officer of the company in India (d) None of the above
17. The accounts and balance sheet along with auditors report shall be furnished to RBI within ..... months from the end of the period to which they refer:  
(a) Three (b) Six  
(c) Four (d) Two
18. Amendments relating to no. of directors, remuneration, appointment, reappointment, removal etc, of chairman, managing director or any other director or any other chief executive shall not have effect unless approved by ..... :  
(a) Central Government (b) Shareholders  
(c) RBI (d) All of the above
19. Chairman of tribunal shall be:  
(a) A person who is or has been a judge of the High Court or the Supreme Court.  
(b) A person who in the opinion of the Central Govt, has had commercial banking experience  
(c) A person who is a Chartered Accountant  
(d) Any of the above
20. Reserve Bank can by order direct special audit of Banking Company if it is of the opinion that it is in the public interest or in interest of the .....  
(a) Government (b) Depositors  
(c) Shareholders (d) Lenders
21. RBI can terminate any employee of the bank where it is of the opinion that conduct of such person is detrimental to the interest of the depositors.  
(a) True (b) False

22. RBI is empowered to appoint additional directors for the banking company in interest of the bank.  
 (a) True (b) False
23. In case of termination by RBI of managerial or other persons from office, such terminated official can make appeal to the Central Govt, within ..... days.  
 (a) 15 (b) 30  
 (c) 45 (d) 60

MCQs Answers of Banking Regulation Act:

1. (a)	4. (b)	7.(b)	10. (c)	13. (c)	16. (c)	19. (a)	22. (a)
2. (d)	5. (a)	8. (d)	11. (c)	14. (b)	17. (a)	20. (b)	23. (b)
3. (a)	6. (c)	9. (b)	12. (c)	15. (a)	18. (c)	21. (a)	

## **The Insurance Act, 1938**

1. .... means the officer appointed by the Central Government under section 2B to exercise all the powers, discharge the functions and perform the duties of the Authority under this Act or the Life Insurance Corporation Act, 1956 or the General Insurance Business (Nationalisation) Act 1972 or the Insurance Regulatory and Development Authority Act 1999: (a) Authority (b) Controller of Insurance  
(c) Court (d) Director
2. Indian insurance company means any insurer, being a company which is limited by shares, and in which the aggregate holdings of equity shares by foreign investors, including portfolio investors, do not exceed ..... per cent of the paid up equity capital of such Indian insurance company, which is Indian owned and controlled, in such manner as may be prescribed:  
(a) 50% (b) 51%  
(c) 49% (d) 20%
3. Life insurance business cannot include any unit linked insurance policy which provides a component of investment and a component of insurance issued by an insurer:  
(a) True (b) False
4. .... means the insurance of part of one insurer's risk by another insurer who accepts the risk for a mutually acceptable premium:  
(a) Insurance (b) General insurance business  
(c) Insurance policy (d) Re-insurance
5. Without the permission of the ....., no person shall take out or renew any policy of insurance in respect of any property in India or any ship or other vessel or aircraft registered in India with an insurer whose principal place of business is outside India:  
(a) Central Government (b) Controller of Insurance  
(c) IRDAI (d) None of the above
6. Minimum Paid up Capital required for general insurance is:  
(a) 100 Crore (b) 200 Crore  
(c) 150 Crore (d) 250 Crore
7. At least twice a year, every insurer carrying on life insurance business shall cause an investigation of the life insurance business carried on by him including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the regulations:  
(a) True (b) False
8. An insurer cannot grant loans to:  
(a) Actuary  
(b) Banking company specified by the authority  
(c) Reinsurer  
(d) All of the above
9. No person shall act as an insurance agent for more than ..... life insurer:  
(a) One (b) Two  
(c) Three (d) Five



10. Multilevel marketing scheme is allowed to insurance business:  
 (a) True (b) False
11. No policy of life insurance shall be called in question on any ground whatsoever after the expiry of ..... years from the date of the policy:  
 (a) One (b) Two  
 (c) Three (d) Five
12. Assets shall be valued at value not exceeding their market or realizable value and certain assets may be ..... by the Authority in the manner as may be specified by the regulations made in this behalf:  
 (a) Excluded (b) Included
13. In Determining minimum paid up equity capital required for insurance business, any preliminary expenses incurred in the formation & registration of any insurer shall be ..... :  
 (a) Included (b) Excluded
14. .... includes a person to whom the whole of the interest of policy holder in the policy is assigned once and for all, but does not include an assignee thereof whose interest in the policy is defeasible or is for the time being subject to any condition:  
 (a) Policy Holder (b) Nominee  
 (c) Reinsurer (d) None of the above
15. .... means fire, marine or miscellaneous insurance business, whether carried on singly or in combination with one or more of them:  
 (a) Life Insurance (b) Accident Insurance  
 (c) General Insurance (d) Reinsurance
16. .... means a company whose principal business is the acquisition of shares, stocks, debentures or other securities:  
 (a) Investment company (b) Portfolio Company  
 (c) Insurance company (d) None of the above
17. Reinsurer shall not be registered unless he has ..... of not less than 5,000 crore:  
 (a) Share capital (b) Assets  
 (c) Deposits (d) Net owned funds
18. In the business of life, general, health or reinsurance the voting rights of shareholders are restricted to ..... .  
 (a) Preference Shares (b) Equity Shares  
 (c) None of the above (d) Both
19. The audited accounts and statements and the abstract and statement referred to in section 13 shall be printed, and four copies thereof shall be furnished as returns to the Authority within ..... from the end of the period to which they refer.  
 (a) Three Months (b) One Month  
 (c) Six Months (d) 30 Days

MCQs Answers to Insurance Act, 1938:

1. (b)	7. (b)	13. (b)	19. (c)
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2. (c)	8. (a)	14. (a)	
3- (b)	9. (a)	15. (c)	
4. (d)	10. (b)	16. (a)	
5. (c)	11. (c)	17. (d)	
6. (a)	12. (a)	18. (b)	

## **The Insurance Regulatory and Development Authority Act, 1999**

1. Member of IRDAI means a whole time or part-time member of the "Authority" and includes the ..... :  
(a) Chairperson (b) Director  
(c) Manager (d) None of the above
2. The members of Authority of IRDAI shall consist of maximum ..... whole time members:  
(a) Three (b) Two  
(c) Four (d) Five
3. The members of Authority of IRDAI shall consist of maximum ..... Part time members:  
(a) Three (b) Two  
(c) Four (d) Five
4. The Chairperson of IRDAI shall hold office for a term of five years until he reaches ..... years:  
(a) 60 (b) 62  
(c) 63 (d) 65
5. Chairperson of IRDAI is not eligible for re-appointment:  
(a) True (b) False
6. The Whole time member of IRDAI shall hold office for a term of five years until he reaches ..... years:  
(a) 60 (b) 62  
(c) 63 (d) 65
7. A member of IRDAI can relinquish his membership by giving ..... month prior notice to the Central Government:  
(a) 3 (b) 1  
(c) 2 (d) 6
8. All decisions regarding administrative matters of IRDAI are taken by the  
(a) Member (b) Chairperson (c) Director  
(d) None of the above
9. The remuneration for each member of IRDAI shall be:  
(a) Maximum 2% of Assets (b) Maximum 5% of Fees  
(c) Maximum 1% of Grants (d) as per prescribed law
10. The assets transferred from IIRA to IRDA can be:  
(a) Movable (b) Immovable  
(c) Both a & b (d) None of the above
11. All debts owed to IIRA are transferred to IRDA:  
(a) True (b) False
12. All legal proceedings instituted by or against IIRA are transferred to IRDA:  
(a) True (b) False

13. The Insurance Advisory Committee shall consist of maximum ..... members:  
 (a) 5 (b) 15  
 (c) 10 (d) 25
14. Authority cannot conduct investigations relating to issues concerning insurance business:  
 (a) True (b) False

MCQs Answers to IRDA Act, 1999:

1. (a)	3. (c)	5- (b)	7. (a)	9. (d)	11. (a)	13. (d)
2- (d)	4. (d)	6. (b)	8. (b)	10. (c)	12. (a)	14. (b)

## CORPORATE AND ALLIED LAWS PREVIOUS YEARS QUESTION BANK

### CHAPTER 11 – DIRECTORS

#### Number of Directorships, Minimum and Maximum number

1. With reference to the provisions of the Companies Act, 2013 examine the validity of the following: (a) D, who is a director already in 7 public limited companies, accepts the directorship of the following companies: (i) BC Private limited, which is the subsidiary company of a public limited company. (ii) RM Company which is an unlimited company. (iii) MJ & Company Ltd., as an alternate director. (CA November 1997 Modified)

2. Mr. Influential is already a director of 20 companies. He is being appointed as a director of another company named M/s Expensive Remedies Ltd. Advise Mr. Influential in regard to the following: (i) Restrictions on the number of directorships to be held by an individual and whether he can accept the new appointment in view thereof. (ii) What are the companies to be excluded for the purpose of calculating the ceiling on the appointment of directors? (CA November, 2001 Modified)

3. Mr. PMC is Director in 11 Public Limited Companies as on 30<sup>th</sup> July, 2014. He continues to be so till 4<sup>th</sup> September, 2014. The following companies appoint Mr. PMC as a Director at their respective Annual General Meetings held on dates mentioned against their names: (i) PQR Ltd. (AGM held on 29<sup>th</sup> September, 2014). (ii) BCD Private Ltd. (AGM held on 25<sup>th</sup> September, 2014). (iii) City Traders Association (A company registered under Section 8 of the Companies Act, 2013- AGM held on 26<sup>th</sup> September, 2014). iv) TSP Ltd. (AGM held on 25<sup>th</sup> September, 2014)? You are required to state with reference to the relevant provisions of the Companies Act, 2013 the options available to Mr. PMC in respect of accepting or not accepting the appointment of Director of the above companies. (CA November, 2003, May 2008 Modified)

4. Mr. Raj is director in 9 public limited companies as on 30<sup>th</sup> July, 2014 and continues to be so till 26<sup>th</sup> September, 2014. The following companies appoint Mr. Raj as a director at their respective Annual General Meetings held on dates mentioned against their names: (1) MLP Ltd. (AGM held on 27<sup>th</sup> September, 2014) (2) PAT Private Ltd. (AGM held on 25<sup>th</sup> September, 2014) (3) Retail Traders Association (a company registered under Section 8 of the Companies Act, 2013 (AGM held on 26<sup>th</sup> September, 2014) (4) KMC Ltd. (AGM held on 29<sup>th</sup> September, 2014) You are required to state with reference to the relevant provisions of the Companies Act, 2013 the options available to Mr. Raj in respect of accepting or not accepting the appointment of the above companies. (CA May 2008 Modified)

5. Jolly was director of 17 companies out of which 9 directorships is with public company. Subsequently- i. he became elected President of a Chamber of Commerce; and ii. a private company in which he was a director became a public company. Advise Jolly about his course of action. (CS December 2000 Modified)

#### **CONSENT FOR DIRECTORSHIP - SECTION 152(5)**

1. J, existing rotational director of MRN Ltd whose term expired at the company's annual general meeting held on 30<sup>th</sup> September, 2014, was re-appointed at the same meeting. J accepted the reappointment and resumed the office without filing his consent with the concerned Registrar of Companies on his reappointment. A group of members of the company object to J's continuation as director, since J did not file his consent with the Registrar within the stipulated period as required under the Companies Act, 2013. Examining the provisions of the Act, decide: (a) Whether the members' contention is correct and whether J has violated the provisions of the Companies Act, 2013 in this regard? (b) What would be your answer in case J is a person named as director of the company in the company's articles of association registered with the Registrar of Companies? (CA May 1998 Modified)

2. Mr. John has been appointed as Additional Director on the Board of MCX Ltd. on 12<sup>th</sup> June, 2014. Mr. John has filed his consent to Act as a Director, if appointed, only with the company. Examine with reference to the provisions of the Companies Act, 2013 whether he is also required to file his consent with the Registrar of Companies. (CA May 2006 Modified)

#### **Rotation of Directors**

1. ABC Company Ltd. in its First General Meeting appointed six Directors whose period of office is liable to be determined by rotation. Briefly explain the procedure and rules regarding retirement of these directors. Will it make any difference, if ABC Company Ltd. does not carry on business for profit? (CA November, 2002)

2. The articles of association of M/s. XY Ltd provide for 5 directors and all of them are in positions. How many directors are liable to retire at the ensuing annual general meeting? (CA November 1995)

3. The promoters of a public company propose to have the strength of the board of directors as 11. They also purpose to make the managing director and whole time directors not liable to retire by rotation. They seek your advice on the following matters: (a) Maximum number of persons, who can be appointed as directors not liable to retire by rotation. (b) How many of the remaining directors will have to retire by rotation every year at the annual general meeting? (CA November 2002)

4. A company has 10 directors-

A and B	Nominees of IFCI and ICICI respectively in June 2014
C, D, E	Appointed as directors in June, 2012 (AGM).
H	Appointed as director in June, 2013 (AGM).
I	Appointed as additional director in January, 2014.
J	Appointed as director in place of F who died in June, 2014 (F was appointed in January, 2014).
K	Managing director (appointed in June, 2012 for 5 years)
L	Additional director appointed in February, 2014.

Advise the Board on the directors who are to vacate their office in the general meeting to be held in June, 2015. (CS December 1995 Modified)

5. The Board of directors of your company consists of the following directors:

A. Chairman and director re-appointed at ASM on 27.9.2012.

B. Vice-chairman and director re-appointed at ASM on 22.9.2013.

C. Director re-appointed at ASM on 22.9.2013.

D. Managing director was appointed for five years from 1.7.2009; re-appointed by the Board on 10.5.2014 another five years.

E. Joint managing director appointed as additional director on 5.2.2013; subsequently appointed as regular director on 22.9.2013.

F. Director re-appointed on 27.9.2012.

G. Director re-appointed on 22.9.2011 at AGM.

H. Director re-appointed on 22.9.2013.

I. Director re-appointed on 22.9.2011.

S. Director and secretary re-appointed on 27.9.2012.

The next annual general meeting of the company is to be held on Monday, the 27<sup>th</sup> September, 2014 and the necessary notice is to be issued. Write a note to the chairman regarding the approvals to be obtained from the shareholders based on the above data (CA June 1999 Modified)

6. Mr. Wilson was appointed in ABC Ltd. as a director and he was to retire by rotation on 1<sup>st</sup> September, 2014. On account of some unavoidable reasons the annual general meeting of the company could not be held on the said date, nor could the vacancy caused by retirement be filled up at the adjourned meeting. State the relevant provisions of the Companies Act, 2013 and decide whether Mr. Wilson shall be deemed to be retired on 1<sup>st</sup> September, 2014 when the meeting was scheduled to be held or it will become a case of deemed reappointment. (CA November 2008 Modified)

7. The annual general meeting of a company was held in November, 2013. The company did not hold any general meeting in 2014. R, S and T are the directors liable to retire at the general meeting. Can they continue in office? (CS December 1997, 1999 Modified)

### **Appointment of Directors**

1. Notice has been received from a member proposing himself for appointment as a director after the issue of notice convening the annual general meeting. As a secretary of a public company, how will you deal with the above situation? (CA November 1999)

2. The management of ATP Ltd., a company listed with The Stock Exchange, Mumbai wants to appoint Mr. BDF as a Director of a Company at the Annual General Meeting of the Company to be held on 24<sup>th</sup> December, 2014. It may be noted that Mr. BDF is not a retiring Director. The Management seeks your guidance regarding the procedure to be adopted for the purpose. You are required to state the procedure to be followed for giving effect to such proposal and formalities to be observed after appointment of Mr. BDF as Director, by the management of ATP Ltd., as per the provisions of the Companies Act, 2013. (CA May 2007 Modified)

3. Mr. Suresh, an additional director appointed by the board of directors of a public company, is proposed to be appointed as a regular director in the Annual General Meeting. Explain the requirements under the Companies Act, 2013 to give effect to the proposed appointment. (CA November 2008 Modified)

4. Mr. Sachin was appointed as an Additional Director of Conservative Finance Ltd. w.e.f. 1<sup>st</sup> October, 2013, in a casual vacancy by way of a circular resolution passed by the Board of Directors. The next annual general meeting of the company was due on 31<sup>st</sup> March, 2014, but the same was not held due to delay in the finalisation of the accounts. Some of the shareholders of the company have questioned the validity of the appointment of Mr. Sachin and his continuation as additional director beyond 31<sup>st</sup> March, 2014. Advise the company on the complaints made by the shareholders. (CA May 2010 Modified)

5. M, was appointed as additional director at the board meeting held on 31<sup>st</sup> December, 2013 continues to be in his office on the ground that the annual general meeting for the year 2014 was not held as required under the Act Whether continuation of M in the office is valid? Will your answer be different if M was also appointed as

- managing director for a period of 5 years with effect from 1<sup>st</sup> January, 2014 at the same board meeting? (CA May 1996, CS June 1998, December 2001 Modified)
6. Samrat, vice-president of PQR Ltd., was appointed as an additional director in January, 2014. On the office of managing director falling vacant he was appointed as managing director on existing remuneration. Whether Samrat will cease to be managing director in the next annual general meeting? (CS December 2000 Modified)
7. The articles of association of a company have fixed the maximum strength of the Board as 12 directors. At present the Board has 9 directors of whom 6 are liable to retire by rotation and 3 not liable to retire by rotation. The Board wishes to appoint 3 additional directors. Can it appoint as desired? (CS June 1996)
8. Mr. N is appointed as an additional director by the board of directors of MNR Company Limited at its meeting held on 1<sup>st</sup> October, 2014 for a period as permitted by the law. Draft a resolution and state the body which appoints N. (CA November 2014)
9. The Board of Directors of XYZ Limited appointed Mr. A as a Director in the casual vacancy caused by resignation of Mr. X. Mr. A is proposed to be re-appointed as a Director at the Annual General Meeting, when he vacates his office. Examine with reference to the relevant provisions of the Companies Act, 2013 whether Mr. A can be considered as a 'Retiring Director' and state the legal requirements to be fulfilled to give effect to the proposed appointment of Mr. A as a Director at the Annual General Meeting. (CA November, 2003 Modified)
10. The board wants to appoint x as a director in a casual vacancy. Due to certain exigencies, the board could not meet. Advise the Board. (CS June 1996, 1998, December 1998)
11. The Board of Directors of XYZ Ltd. filled up d casual vacancy caused by the death of Mr. P by appointing Mr. C as a director on 3<sup>rd</sup> April, 2014. Unfortunately Mr. C expired on 15<sup>th</sup> May 2014 after working about 40 days as a director. The Board now wishes to fill up the casual vacancy by appointing Mrs. C in the forthcoming meeting of the Board. Advise the Board in this regard. (CA June 2009 Modified)
13. A Public Company proposes to appoint an alternate Director for one of its Directors, who is likely to be outside India for most of the year. There is no specific provision in the Articles of Association in this regard. State the steps to be taken by the Company to give effect to the proposal. Draft a specimen resolution for appointment of alternate Director and also state the kind of meeting at which such resolution is to be passed. (CA May 2006)
14. Examine the validity of the following: Mr. Q a Director of PQR Limited proceeding on a long foreign tour, appointed Mr. Y as an alternate director to act for him during his absence. The articles of the company provide for appointment of alternate directors. Mr. Q claims that he has a right to appoint alternate director. (CA May 2002)
3. Your company has been approached by its foreign collaborators who have three U.K. based directors on your Board with the idea that they would appoint a single individual based in India to act as an alternate for all the three U.K. based directors. Advise by indicating the feasibility of the idea, the voting rights to be enjoyed by the proposed alternate director, and the sitting fees payable to him. (CS June 2001)
15. Whether a company can appoint an alternate director in place of a managing director? Give reasons. (CS December 1994)
16. X, an employee of ABC Ltd., was appointed as an alternate director. In the meantime, the original director returned and wanted to attend the Board meeting. Advise. (CS June 1996, December 1999)

17. Your company's articles of association contains provision for nomination of director by financial institution. In exercise of the powers conferred, the SFC (financial institution) has sent in a nomination. Advise the chairman of your company. (CS June 1997 Modified)

18. Your company's articles of association provision for nomination of directors by A financial institution. The company has borrowed long-term funds from the IDBI and ICICI Ltd. A and B are nominated by the said lenders respectively on the Board of your company. Advise whether the company can accept the nominations. (CS June 2001 Modified)

19. Referring to the provisions of the Companies Act, 2013, examine the validity of the following:

(i) The board of directors of AJD limited appointed Mr. N as an alternate director for a period of two months against a director who has proceeded abroad on leave for a period of 6 months. Article of association of the company is silent.

(ii) Mr. P who is not qualified to be appointed as an independent director by the board of directors of XYZ Company limited, for an independent director, as an alternate director.

(iii) On the request of bank providing financial assistance the board of directors of PQR Limited decides to appoint on its board Mr. Peter, as nominee director. Articles of association of the company do not confer upon the board of directors any such power. Further, there is no agreement between the company and the bank for any such nomination. (CA November 2014)

20. In ABC Ltd. three Directors were to be appointed. The item was included in agenda for the Annual General Meeting scheduled on 30<sup>th</sup> September, 2014, under the category of 'Ordinary Business'. All the three persons as proposed by the Board of Directors were elected as Directors of the company by passing 'single resolution' avoiding the repetition (multiplicity) of resolution. After the three directors joined the Board, certain members objected to their appointment and the resolution. Examine the provisions of Companies Act, 2013 and decide:

Whether the contention of the members shall be tenable and whether both the appointment of Directors and the 'single resolution' passed at the Company's Annual General Meeting shall be void. What would be your answer in case the company in question is an "Association not for Profit" incorporated under Section 8 of Companies Act, 2013? (CA November 2010 Modified)

22. XYZ Company Ltd. in its annual general meeting appointed all its directors by passing one single resolution. No objection was made to the resolution. Examine the validity of appointment of directors explaining the relevant provisions of the Companies Act, 2013. Will it make any difference, if XYZ Company was a private company? (CA May, 2003 Modified)

23. The notice of annual general meeting of XYZ Ltd. includes an item of business for appointment of A and B as its directors by a single resolution. Is this legally valid? (CS December 2001)

### **Disqualification of Directors**

1. State with reference to the relevant provisions of the Companies Act, 2013 whether the following persons can be appointed as a Director of a Public company:

(I) Mr. A, who has huge personal liabilities far in excess of his assets and properties, has applied to the court for adjudicating him as an insolvent and such application is pending.



- (II) Mr. B, who was caught red-handed in a shop lifting case two years ago, was convicted by a court and sentenced to imprisonment for a period of eight weeks.
- (III) Mr. C, a Former Bank Executive, was convicted by a court eight years ago for embezzlement of funds and sentenced to imprisonment for a period of one year.
- (i) Mr. D is a Director of DLT limited, which has not filed its Annual Returns pertaining to the Annual General Meetings held in the calendar years 2011, 2012 and 2013. (CA May, 2004 Modified)
2. Mr. A is a director of ABC limited failed to repay matured deposits from 1<sup>st</sup> April, 2013 onwards and the default continues. But ABC Limited is regular in filing annual accounts and annual returns. Mr. A is also a director of PQR limited and XYZ limited. Answer the following questions with reference to the relevant provisions of the Companies Act, 2013:  
Whether Mr. A is disqualified under Section 164(2)(b) of the Companies Act, 2013 and if so, whether he is required to vacate his office of director in PQR limited and XYZ Limited.
- Is it possible for Board of Directors of DEF Limited to appoint Mr. A as an Additional Director at the board meeting to be held on 15<sup>th</sup> May, 2014? Would your answer be different if Mr. A ceased to be a Director of ABC Limited by resignation on 1<sup>st</sup> March, 2014 ?
- State also the auditor's responsibility with regard to reporting of disqualification under Section 164(2)(g). (CA May, 2002 Modified)
3. Mr. Ram is a Director of ABC limited, XYZ Limited and PQR Limited. ABC Limited was regular in filing annual returns, but did not file financial statements for the year ended 31<sup>st</sup> March, 2014. Further ABC Limited failed to pay interest on loans taken from a public financial institution from 1<sup>st</sup> January, 2013 onwards and also failed to repay the matured deposits on due date from 1<sup>st</sup> April, 2013 onwards. Mr. Ram is proposed to be appointed as additional director of MN Limited on 1<sup>st</sup> June, 2014. MN Limited has sought a declaration from Mr. Ram to the effect that the disqualification specification Section 164 of the Companies Act, 2013 is not applicable in his case. Mr. Ram seeks your advice on the following:  
Whether it is in order for him to give the declaration sought by MN limited in view of the defaults committed by ABC Limited.  
Whether he can continue as a Director in XYZ Limited and PQR Limited and also seek reappointment when he retires by rotation at the annual general meetings of respective companies to be held in September, 2014. (CA May 2003 Modified)
4. Mr. John is a director of MNC Ltd., which had accepted deposits from public. The financial position of MNC Ltd. turned very bad and it failed to repay the deposits which fell due for payment on 10<sup>th</sup> April, 2013 and such repayment has not been made till 5<sup>th</sup> May, 2014. Another company JKL Ltd. wants to appoint the said Mr. John as its director at its annual general meeting to be held on 6<sup>th</sup> May, 2014. You are required to state with reference to the provisions of the Companies Act, 2013 whether Mr. John can be appointed as a director of JKL Ltd. (CA May 2008 Modified)
5. Amber is a director of X Ltd. which has failed to redeem its debentures due for repayment on 30<sup>th</sup> June, 2013 and such failure continue. Amber is proposed to be appointed as a director of your company on 30<sup>th</sup> November, 2014. Advise (CS December 2001 Modified)
6. Clever, a Director of ABC Ltd. made default in filing of financial statements and Annual Returns with the Registrar of Companies for a continuous period of three financial years ending 31<sup>st</sup> March, 2009. Referring to the provisions of the Companies Act, 2013 examine the validity of the following:  
Whether X can continue to be a Director of ABC Ltd. And also EF Ltd., where he is a Director. Also state whether he can be reappointed as a Director in ABC Ltd. as well as EF Ltd?

Would your answer be still the same in case X is a nominee Director of a Public Financial Institution ?  
What would be your answer in case the defaulting company (i.e. ABC Pvt. Ltd.) is a Private Company? (CA May 2006 Modified)

7. Mr. Ramanathan is a Director of Fraudulent Ltd, Honest Ltd. and Regular Ltd. For the financial year ended on 31<sup>st</sup> March, 2014 two irregularities were discovered against Fraudulent Ltd. Fraudulent Ltd. did not file its financial statements for the year ended 31.3.2014 and failed to pay interest on loans taken from a financial institution for the last three years. On 1<sup>st</sup> June, 2014 Mr. Ramnathan is proposed to be appointed as additional director of Goodwill Ltd, which company has sought a declaration from Mr. Ramnathan and he also submitted the declaration stating that the disqualification specified in Section 164 of the Companies Act, 2013 is not attracted in his case. Decide under the provisions of the Companies Act: (i) Whether the declaration submitted by Mr. Ramanathan to Goodwill Ltd. is in order? (ii) Whether Mr. Ramnathan can continue as a Director in Honest Ltd. and Regular Ltd.? (CA June 2009 Modified)

8. Mr. Ravindranathan is holding the post of Director in three companies out of which Goodluck Colours Limited is one. For the financial year ended on 31<sup>st</sup> March, 2014, Goodluck Colours Limited failed to pay interest on loans taken from a financial institution and also failed to repay the matured deposits. On 1<sup>st</sup> June, 2014 Mr. Ravindranathan accepting the post of Additional Director in Soma Footwear Limited, submitted a declaration that the disqualification specified in Section 164 of the Companies Act, 2013 is not applicable in his case. Decide whether the declaration submitted by Mr. Ravindranathan to Soma Footwear Limited is in order.  
(CA May 2010 Modified)

9. Appointment of Mr. Balak, a minor, as a Director of MRN (Pvt.) Ltd. (CA May 1998 Modified)

10. M/s Iqbal Sons Ltd. issued shares of the nominal value of Rs. 10 per share, out of which Rs. 5 was payable on application and balance Rs. 5 was payable on call. The call money was invited by the Board of Directors but some shareholders, including a non-executive director, failed to pay the same within the prescribed period. Explain the status of Director who defaulted in paying call money. (CA May 2005)

#### **VACATION OF OFFICE OF DIRECTOR AND RESIGNATION - SEC 167 AND SEC 168**

1. Due to internal problems in the working of M/s Infighting Detergents Ltd., Mr. Satyam, the Executive Director, and Mr. Shivam, a Director, have submitted their resignations and decided to dissociate themselves with the working of the company. Mr. Sundram, the Managing Director, decides to refuse their resignations. Examine whether the Managing Director can compel Mr. Satyam and Mr. Shivam to continue as per the provisions of the Companies Act, 2013. (CA November 2001 Modified)

2. At an AGM of your company, one of the directors being badly heckled by irate shareholders had tendered his resignation orally which was accepted by the majority of members present at the meeting. Can the director continue in his office after the AGM? (CS December 2001)

3. A is Managing Director of APAR Ltd. He gave his resignation letter to the Chairman of the Board of Directors on 31<sup>st</sup> May, 2014 and requested that he should be relieved immediately. Company received resignation letter on 10<sup>th</sup> June, 2014. When does the resignation of Mr. A take effect? (CA May 2006 Modified)

4. Raja, a director in MNP Ltd., tendered his resignation in June, 2013. Since the company defaulted in holding the annual general meeting and filing annual returns, he was held as officer in default. Discuss. (CS December 2000 Modified)

5. Mr. Raj, a director of POL Ltd., submitted his resignation from the post of director to the Board of Directors on 30<sup>th</sup> June, 2014 and obtained a receipt therefore on the same day. The Board of Directors of POL Ltd. neither

accepted the resignation nor did it file Form DIR 12 with the Registrar of Companies. You are required to state whether Mr. Raj ceases to be the Director of POL Ltd. and if yes, since when? (CA November, 2004 Modified)

6. A, director of the company, resigned from directorship and sent the communication to the company and also registrar of companies. His resignation was not accepted and the company did not file Form DIR 12. Subsequently, the registrar issued notice to all directors including A for certain defaults committed by the company. Advise A. (CS June 1997 Modified)

7. The Board of Directors of Raj Steels Limited consists of one Managing Director, one Technical Director and three ordinary Directors. Mr. Sriram, an ordinary Director sent his resignation in writing to the Company. Mr. Raj, the Managing Director also sent his resignation to the Chairman of the Board of Directors and requested that he shall be relieved immediately. When does the resignation take effect? Is it possible for a Director to resign orally or withdraw the resignation? (CA November 2013)

8. After serious disagreement and different opinion among the shareholders of the company in the last Annual General Meeting. Some of the directors took steps as noted below. Discuss the validity and effect of following: (a) Mr. John, the managing director sends his notice of resignation (b) Mr. Paul, an ordinary director verbally resigns and not in writing. (c) Mr. David, another ordinary director had sent his resignation but withdraw it before the board meeting was held for accepting his resignation. (CA May 1999)

#### **REMOVAL OF DIRECTORS – S.169**

1. Mr. Stubborn is a director of M/s Doubtful Industries Ltd. He along with other two director's has been running the Company for the past twenty years without declaring any dividends or giving any benefit to the shareholders. Frustrated by this, some shareholders are desirous of giving notice to pass a resolution with the support of other shareholders for his removal as a director in the Annual General Meeting of the Company to be held in the month of December of 2014. State the procedure to be followed for the removal of Mr. Stubborn as a director and the right of Mr. Stubborn to defend his position. (CA November, 2001 Modified)

2. A member holding 20% of the paid up equity capital has requested for an extraordinary general meeting to remove a director. State the procedure for removal of director. (CS December 1996)

3. The articles of association of a company provided that X will be a permanent director of the company so long as he holds one-third of the issued share capital. A shareholder sends a special notice to the company for removal of the director X in the general meeting by ordinary resolution. Can X be removed from the directorship? (CS December 1997)

4. Mr. SDR, a shareholder in M/s JKP Ltd. holding ten equity shares of Rs. 10 each fully paid-up wants to give a special notice to the company for removal of Mr. EDM, a Director of M/s JKP Ltd. without stating any reason in the notice. You are required to state as per the provisions of the Companies Act, 2013 and/or any decided case law whether Mr. SDR is entitled to do so. Would your answer be different, if Mr. EDM was a Director appointed by the Tribunal? (CA May, 2004, 2007 Modified)

5. 'A' was appointed as Managing Director for life by the Articles of Association of a private company incorporated on 1<sup>st</sup> June, 1970. The Articles also empowered 'X' to appoint a successor. 'X' appointed, by will 'G' to succeed him after his death. Answer the following: (i) Can 'G' succeed 'X' as Managing Director after the death of 'X'? (ii) Is it possible for the company in general meeting to remove 'X' from his office of directorship during his lifetime?  
(CA. November 1995)

#### **SMALL SHAREHOLDERS DIRECTOR – S.151**

1. The Board of Directors of M/s ABC Limited, listed company having a paid-up capital of Rs.6 crores consisting of equity share capital of Rs. 5 crores and preference share capital of Rs.1 crore and also 1,100 'Small Shareholders' holding equity shares seeks your advice on the following: (i) Is it necessary for the Company to appoint a Director to represent the 'Small Shareholders'? (ii) In case the Company decides to appoint such a Director. The procedure to be followed by the company for such appointment and the period for which such appointment can be made.(iii) Can such a director be removed by the Company before the expiry of his period of appointment without the consent of the 'Small Shareholders'? Advise explaining the relevant provisions of the Companies Act, 2013 and the Rules.

(CA May, 2004, November 2008 Modified)

2. Some small shareholders of TRG Ltd., a company listed with Mumbai Stock Exchange, want to appoint Mr. Raj, who is holding 1,000 Equity Shares of Rs.10 each in the Company as a Director as their representative on the Board of Directors of the said Company. You are required to state the relevant provisions of the Companies Act, 2013 in respect of such proposal to appoint Mr. Raj as a Small Shareholders' Director. (CA November, 2004 Modified)

3. M/s. Neemuch Pharma Limited is a company listed with Malhargarh Stock Exchange. Some small shareholders of the said company want to appoint Mr. Avadhesh as a Director as their representative on the Board of Directors of the said company. Mr. Avadhesh is holding 1000 equity shares of 10 each in the said company. State the provisions of the Companies Act, 2013 in relation to the proposal to appoint Mr. Avdhesh as a Small Shareholders' Director. (CA November 2011 Modified)

4. Some of the small shareholders of M/s. Progressive Industries Ltd approach you for advice regarding appointment of one of them as director of the company. Explain the meaning of small shareholders and the legal position regarding appointment of a director by such small shareholders (CA November 2001 Modified)

5. Some small shareholders of TRG Ltd., a company listed with Mumbai Stock Exchange, want to appoint Mr. Raj, who is holding 1,000 equity shares of Rs. 10 each of the Company as a Director as their representative on the Board of Directors of the said company. You are required to state the relevant provisions of the Companies Act, 2013 in respect of such proposal to appoint Mr. Raj as a Small Shareholders' Director. Also state whether Mr. Raj can be appointed as a Small Shareholders' Director if he is already a Small Shareholders' Director in two other companies. (CA November 2005 Modified)

## **REGISTER OF DIRECTORS**

1. B, who is not a member of the company, wants to inspect the register of directors and key managerial personnel and their shareholding. Can the company refuse inspection? Has B any remedy? (CS June 1997, 1999, December 2001)

2. State whether the following types of changes in the register of directors and key managerial personnel are required to be filed with the Registrar of Companies under Section 170 of the Companies Act, 2013: (a) On re-appointment of a retiring director in AGM; (b) On appointment of additional director as director in AGM; and (c) On reversion of a whole-time director as whole-time officer of the company. (CS December 2000 Modified)

3. A member wants to inspect the register of directors and key managerial personnel and their shareholding on a day other than the date on which the annual general meeting of the company is held. Advise. (CA November 1999 Modified)

4. B, a director, sells some of the shares held by him in the company and does not inform the company. After some delay the company enters this transaction in the register of directors and key managerial personnel and their shareholding. Has the company committed any default? (CS December 1997 Modified)

## **CHAPTER 12 – MEETINGS OF THE BOARD AND ITS POWERS**

### **BOARD MEETINGS**

1. (Nov 2009) (Old) (7 Marks) PQR Limited held three board meetings till 31<sup>st</sup> December, 2008 during the Financial year 2008-09. The next board meeting was due to be held on 27<sup>th</sup> March, 2009, but for want of quorum the meeting could not be held. A group of shareholders complained that the company has violated the provisions of Section 173 of the Companies Act, 2013 is not holding the required board meetings. Further, Mr. P and Mr. Q who are the directors of the company informed the company their inability to attend the meeting because the notice of the meeting was not served on them. Discuss whether there is any default on the part of the company and the consequences thereof. What will be the quorum in the given situation?

2. (May 1999 & 2003) (Marks - 7) Advise the company with reference to the relevant provisions of the Companies Act about sending notice of board meetings to the following directors: (i) Mr. Rohit, a director, who intimates his inability to attend the next board meeting. (ii) Mr. Bipin Ram, who has gone abroad for four months and an alternate director has been appointed in his place. (iii) Mr. James is a director residing abroad representing the foreign collaborator and the Articles of Association of the company provide for sending notice to such directors.

3. (November 1997) (6 Marks) XYZ Company Limited calls a meeting of the Board of Directors without giving notice to directors as required under the Companies Act, 2013. The meeting is attended by all the directors. None of the directors of the company objected to the absence of notice. The proceedings of the meeting are ratified later by the Board of Directors at a regularly constituted meeting. Decide giving reasons for your answer whether: (i) the meeting and the proceedings are valid? (ii) the Board of Directors are competent to ratify at a later meeting the above proceedings?

4. (May 2002) (Marks - 4) & (November 2005) (3 Marks) & (May 2009) (New syllabus) (3 marks)  
Examine the validity of the following with reference to the relevant provisions of the Companies Act, 2013. The Articles of Association of Big Limited provide that a meeting of the Board of Directors of the company shall be held at 11.00 a.m. on the last of every quarter ending 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December. Relying on such a clause in the articles, the Company did not send notices to the directors in respect of the board meeting held on 30<sup>th</sup> September 2005. Some of the directors have questioned the validity of the board meeting on the ground that individual notices have not been sent to the directors.

5. During the year 2014, A Ltd. held for meetings of the Board on 2<sup>nd</sup> January, 2014, 10<sup>th</sup> May, 2014 and 16<sup>th</sup> October, 2014. Company proposed to hold next board meeting on 31<sup>st</sup> December, 2014. Examine whether it will be in accordance with the provisions of the Companies Act, 2013?  
(CS June 1995 Modified)

6. (November 2005) (5 Marks) & (November, 2001) (9 Marks) The Board of Directors of ABC Ltd. met thrice in the year 2004 and the 4<sup>th</sup> Meeting, though called, could not be held for want of quorum. Examine with reference to the relevant provisions of the Companies Act, 2013 the following: (i) Whether any provisions of the companies Act, 2013 have been contravened? (ii) Is a Director bound to attend the Board Meetings and when his frequent absence from the Board Meeting may be excused?

7. (May 2000) (6 Marks) The Board of Directors of M/s Infotech Consultants Limited, registered in Calcutta, proposes to hold the next board meeting in the month of May, 2000. They seek your advice in respect of the following matters: (i) Can the board meeting be held in Chennai, when all the directors of the company reside at

Calcutta? (ii) Whether the board meeting can be called on a public holiday and that too after business hours as the majority of the directors of the company have gone to Chennai on vacation? (iii) Is it necessary that the notice of the board meeting should specify the nature of business to be transacted? Advise with reference to the relevant provisions of the Companies Act.

8. The Articles of Association of a company provide that the meeting of the Board of Directors of the company will be held on the last Friday of every month. The Secretary of the company as a result does not serve the notice to the individual Directors of the company. Consequently, a meeting of the Board of Director was held on 23rd February, 2014. The meeting was attended by all the Directors with the exception of two Directors out of a total of 10 Directors and certain resolutions were passed. The two absentee Directors object to the meeting and the proceedings of the meeting for want of notice. Referring to the provisions of the Company Act, 2013, decide: (i) Whether the objection raised by the two absentee Directors is valid? (ii) Would your answer be the same in case the Secretary of the company, instead of sending notice on a usual format to the individual Directors, sent a copy of the Articles of Association to each one of the Directors? (CA May, 1996 Modified)

9. By an oversight, a notice of meeting of the Board was not sent to one of the Directors who was in India. Is the meeting valid? (CS December 1995, June 1997)

#### **Quorum for board meetings - Sec. 174**

1. (May 2004) (7 Marks) The articles of Association of XYZ Computers Limited provide for a maximum of 15 Directors. But the company has only 10 Directors and for two of them representing Foreign Collaborators, alternate Directors have been appointed. Board Meeting held on 1<sup>st</sup> August, 2003 was attended by 4 Directors including 2 alternate Directors. Examine with reference to the relevant provisions of the Companies Act, 2013 whether quorum was present at the Board meeting held on 1<sup>st</sup> August 2003. Will your answer be different, if the articles provide for a Quorum of 6 Directors?

2. (Nov 2008 ) (New syllabus) (5 marks) The Board meeting of MNO Ltd. was held on 10<sup>th</sup> May, 2008 at Chennai at 11 a.m. At the time of starting the board meeting the number of directors present were 7. The total number of directors were 10. The board transacted ten items in the board meeting. At 12 noon after the completion of four items in the agenda, 4 directors left the meeting. Examine the validity of these transactions explaining the relevant provisions of the Companies Act, 2013.

3. (December 1995 & June 1997) What is the required quorum for holding a Board meeting? Examine the following case: The articles of association of a company fixed 3 as the quorum for a meeting of the Board. At a meeting of the Board, all the 5 directors were present. They allotted the shares of the company to 3 of the directors. Is it valid?

4. (Nov 2010) (Old syllabus) (4 Marks) The Articles of Association of AB Limited provide for a maximum of 15 directors but the company has only 10 directors. The Board Meeting held on 16<sup>th</sup> August, 2010 was attended by 6 directors out of which 3 directors were interested in an item which was considered and approved by 3 non-interested directors. Examine the validity of the resolution passed at the Board Meeting explaining the relevant provisions of the Companies Act, 2013.

5. (June 1995) What is the required quorum for holding a Board meeting? Examine the following cases (a) In a Board meeting, only 3 directors were present out of the total of 11 directors. None of the 3 directors was interested in any of the items of the agenda. Examine the validity of meeting. (b) In a meeting of the Board, out of the total 11 directors, 7 directors were present of which only 2 directors were not interested in one of the transactions. How should the meeting deal with the matter?

6. (November 2004) (8 marks) & (May 2009) (New) (5 marks) ABC Ltd. Has 12 directors on its board and has the following clause in its Articles of Association: "The questions arising at any meeting of the Board of Directors of



any Committee thereof shall be decided by a majority of votes, except in cases where the Companies Act, 2013 expressly provides otherwise". In a meeting of the Board of Directors of ABC Ltd. 8 directors were present. After completion of discussion on a matter voting was done, 3 directors voted in favour of the motion, 2 directors voted against the motion while 3 directors abstained from voting. You are required to state with reference to the provisions of the Companies Act, 1956 whether the motion was carried or not.

7. (November 1998) (3 Marks) & (November 2002) The Board meeting of M/s ABC Company Ltd. was adjourned for want of quorum. Advise the procedure now to be followed and also whether a resolution can be passed by circulation.

8. The Articles of Association of a company fixed 3 as the quorum for a meeting of the Board. At a meeting of the Board, all the 5 directors were present. They allotted the shares of the company to 3 of the Directors. Is it valid? (CS December 1997, June 1995, 1997)

### **Resolution by circulation - Sec. 175**

1. (November 2000) (7 Marks) & (November 1998) (3 Marks) Explain the procedure for passing the resolution by Circulation under Section 175 of the Companies Act, 2013.

2. (May 2007) (8 Marks) & (May 2009) (New syllabus) (5 marks) (May 2012) (8marks) Chairman of Board of Directors of ABC Ltd. came across a matter, which required the approval by way of a board resolution. In the prevailing circumstances, it is not possible to convene and hold a board meeting. The Chairman approaches you to advise him of the way and the relevant procedure to obtain such approval without holding the Board Meeting. You are required to advise him on the matter as per the provisions of the Companies Act, 2013

3. (December 1998) A company has 8 directors, out of whom 5 directors went abroad. A resolution by circulation approved by the remaining 3 directors is passed and forwarded to the concerned authority. On their return, the directors who were then abroad objected to the resolution. Is the resolution validly passed?

4. (Nov 2009) (New) (5 marks) Proximo Limited has 9 Directors out of whom 3 Directors have gone abroad. The Chairman had an urgent matter to be approved by the Board of Directors which could not be postponed till the next Board meeting. The company, therefore, circulated the resolution for approval of the Directors. 4 out of 6 Directors in India approved the resolution. The company claimed that the resolution was passed. Examine with reference to the provisions of Section 175 of the Companies Act, 2013 the validity of the resolution.

### **Minutes of the Board meeting**

1. Accurate Arcs Ltd. maintains the Minutes Book of the Board Meetings in loose-leaf system and get them bound once in three months. Can it do so? Board meetings were held on 24th March, 2000 and 15<sup>th</sup> April, 2000. Mr. Rameshwar, who was the Chairman of these two Board Meetings died on 1.5.2000, without signing the Minutes. How should be the Minutes be signed and by whom? (CA November, 2000)

2 Can a director who is not a whole-time director demand a copy of the minutes of a Board meeting? (CS December 1996, June 1997)

3. Minutes of the meeting of the Board of directors recorded earlier found to be not acceptable to the chairman. Can that be scored out or deleted or crossed out by the chairman? (CS December 2004)

4. A member intends to inspect the minutes of the Board meeting in which a resolution was passed in respect of a contract in which chairman was interested. Advise. (CS June 1997)

5. While drafting the minutes, the chairman wants to delete certain remarks made by a director.  
Comment (CS December 1998)

### Validity of acts of Directors

1. (November 1992) (9 Marks) A was appointed director of the company in its Annual General Meeting. He took over the office and started acting on behalf of the company as its directors. Subsequently, it was found that the appointment of the director was not valid because in the meeting where he was appointed, certain members who had voted were not qualified to vote and certain members has voted twice by mistake. There were also certain mistakes in the counting votes. As such, the appointment of the director was held to be invalid. Would the acts of A, done by him as director, be valid and binding upon the company?

2. Mr. MTP was appointed as a director at the Annual General Meeting of a limited company held on 30<sup>th</sup> September, 2013 and he carried on his duties and functions as a director. In the month of August, 2014, it was found out that there were certain irregularities in his appointment and on 31<sup>st</sup> August, 2014, his appointment was declared invalid. But Mr. MTP continued to act as director even after 31<sup>st</sup> August, 2014. You are required to state, with reference to the provisions of the Companies Act, 2013, whether the acts done by Mr. MTP are valid and binding upon the company? (CA May 2007 Modified)

3. Z was appointed as director of the company in an annual general meeting. He took over the office and carried on his functions as director. Subsequently, it was found that there were some irregularities in voting and hence the appointment was declared invalid. Would the act done by Z, while in office as director, be binding upon the company? (CS December 1995, 1999)

### Powers of the Board, Donations and Political Contribution

1. (December 1997) What powers the Board of Directors can exercise at their meeting.

2. (May 2002) (Marks - 8) M/s Hurybury Builders Limited is contemplating to enter into a joint venture agreement with another construction company for the development of landed properties located at Bangalore. Since it is not possible to convene the Board Meeting immediately, as the directors are at different places in connection with various works, the Managing Director seeks your advice on the following matters: (i) Whether the resolution pertaining to the joint venture agreement is required to be passed at the Board Meeting convened for this purpose or whether it can be passed by means of a circular resolution. (ii) What are the resolutions that are required to be passed only at the meetings of the Board of Directors? (iii) The steps that are required to be taken to pass the Board resolution by circulation. Advice.

3. (Nov 2004) & (Nov 2005) & (May 2008) (8 Marks) The last three years Balance Sheet of PTL Ltd., contains the following information and figures:

As at 31.03.2003		As at 31.03.2004	At as 31.03.2005
	Rs.	Rs.	Rs.
Paid up capital	50,00,000	50,00,000	75,00,000
General Reserve	40,00,000	42,50,000	50,00,000
Credit Balance in			
Profit & Loss Account	5,00,000	7,50,000	10,00,000
Debenture Redemption			



4. (May 1998) The paid-up share capital and free reserves of XYZ Co. Ltd., a public company is Rs. 100 crores as on 1<sup>st</sup> April 1998. The shareholders of the company at their general meeting held on 4<sup>th</sup> April 1998, by a resolution authorized the Board of directors of the company to borrow money 'exceeding the paid-up share capital and free reserves of the company, to the extent required by the Board of directors'. The Board of directors as a result borrowed money to an extent of Rs. 130 crores, including Rs. 20 crores as short-term loan and Rs. 25 crores as temporary loan for financing the construction of a building of the company. Referring to the provisions of the Companies Act, 2013 examine the validity of the following:

- (i) The Board's exercising the powers for borrowing money to an extent of Rs. 130 crores?
- (ii) What would be your answer in case the company's paid-up share capital and free reserves increased to Rs. 150 crores and the Board of directors borrow money to an extent of Rs. 140 crores which neither include any short-term loan nor temporary loan for financing of the construction of a building of the company?

5. (May 2001) (7 Marks) The Board of Directors of Stepping Stones Publications Ltd. at a meeting held on 15.1.2001 resolved to borrow a sum of Rs. 15 crores from a nationalized bank. Subsequently the said amount was received by the company. One of the Directors, who opposed the said borrowing as not in the interest of the company has raised an issue that the said borrowing, is outside the powers of the Board of Directors. The Company seeks your advice and the following data is given for your information:

(i) Share Capital	Rs. 5 crores
(ii) Reserves and Surplus	Rs. 5 crores
(iii) Secured Loans	Rs. 15 crores
(iv) Unsecured Loans	Rs. 5 crores

Advise the management of the company.

6. (May 2011) (8 Marks) The Balance Sheet of International Operations Ltd as at 31.03.2011 disclose the following position:

Particulars	Rs. (in Crores)
Share Capital	100
Reserves & Surplus	300
Secured Loans	150
Unsecured Loans	100
Current Liabilities	70

Mr. X, Managing Director of the Company approaches the Royal Bank for a Secured Loan of Rs. 600 Crores to finance the new projects to be taken up shortly. The Bank seeks your advice whether it can Grant the Loan of Rs. 600 Crores on the application of Mr. X. Advise the Royal Bank having regard to provisions of Companies Act, 2013.

7. (May 2009) (New syllabus) (5 marks) (May 2012) (8 Marks) Big Ben Ltd., a reputed public company, had advanced certain sum of money to one of its Directors namely, Mr. Tanmay on certain terms and conditions and fixing the time limit for repayment thereof. Now, Mr. Tanmay has approached the Company with a request to extend the time limit for repayment of balance of loan amounting to Rs. 12.00 lacs by another six months. You are required to state with reference to the provisions of the Companies Act, 2013, the answer to the following (i) Who is authorized to grant the extension as requested by Mr. Tanmay (ii) Draft an appropriate notice for the meeting where such extension may be granted.

8. (November 2007) (5 Marks) M/s. ABC Ltd., had power under its memorandum to sell its undertaking to another company having similar objects. The Articles of the company contained a provision by which directors were empowered to sell or otherwise deal with the property of the company. The Shareholders passed an ordinary resolution for the sale of its assets on certain terms and required the directors to carry out the sale. The

Directors refused to comply with the wishes of the shareholders where upon it was contended on behalf of the shareholders that they were the principal and directors being their agents were bound to give effect to their decision. Based on above facts, decide the following issues, having regard to the provisions of the Companies Act 2013 and case laws. (i) Whether the contention of shareholders against the non-compliance of their wishes by the directors is tenable. (ii) Can shareholders usurp the powers which by the articles are vested in the directors by passing a resolution in the general meeting.

9. (May 2003) (Marks - 7) & (May 2010) (New syllabus) Advise the Board of Directors of a public company about their powers in respect of the following proposals explaining the relevant provisions of the Companies Act, 2013: (i) Donation of Rs. 5,00,000 to a hospital established exclusively for the benefit of employees. (ii) Buy-back of shares of the company for the first time upto 10% of the paid up equity share capital. (iii) Delegating to the managing director of the company the power to invest surplus funds of the company in the shares of some companies.

10. (May 2009 ) (Old syllabus) (7 marks) Decide in the light of the provisions of the Companies Act, 2013 the validity and extent of powers of Board of Directors and the procedure to be complied with in the following matters (i) Delegation of power to the Managing Director of the company to invest surplus funds of the company in the shares of some companies. (ii) Donation of Rs. 51 lakhs to a hospital established exclusively for the benefit of employees and a donation of Rs. 5 lakhs to a charitable trust registered under Section 12A and exempted under Section 80G of the Income-tax Act, 1961. (iii) Donation of Rs. 5 lakhs to a political party registered with the appropriate authority.

11. (May 1995) (7 Marks) The Board of Directors of a public company in the private sector having made an average net profit of Rs.1 crore during the last three financial years propose to donate during the current year the following amounts: (i) Rs.1,00,000 to a school run exclusively for the benefit of employees. (ii) Rs. 40,000 to a general charitable fund, and (iii) Rs. 4,00,000 to a political party. Advise the Board of Directors about their powers explaining the relevant provisions of the Companies Act.

12. (December 2000) A company made a profit of Rs.500 lakh during the financial year 1999-2000. The Board of directors passed a resolution making a (a) of land worth Rs. 50 lakhs for construction of employees housing cooperative complex (b) donation of Rs. 100 lakh to Gandhi National Memorial Fund. Discuss the validity of the decision of the directors.) Can a company contribute Rs. 5 lakhs to Prime Ministers Relief Fund?

13. (Nov 2009) (New) (5 marks) The Board of Directors of LM Limited propose to donate Rs. 3,00,000 to a school established exclusively for the benefit of children of employees and also donate Rs. 50,000 to a political party during the Financial year ending 31<sup>st</sup> March, 2010. The average net profits determined in accordance with the provisions of Sections 198 of the Companies Act, 2013, during the three immediately preceding financial years is Rs. 40,00,000. Examine with reference to the provisions of the Companies Act, 2013. whether the proposed donations are within the powers of Board of Directors of the Company.

14. (Nov 2002) (Marks - 7) M/s XYZ Ltd. was incorporated on 1<sup>st</sup> January, 2000. On 1<sup>st</sup> November, 2002 a Political Party Approaches the Company for a contribution of Rs. 10 lakhs for political purpose. Advise in respect of the following (i) Is the Company legally authorized to give this Political contribution? (ii) Will it make any difference, if the Company was in existence on 1<sup>st</sup> October 1999? (iii) Can the company be penalised for defiance of Rules in this regard?

15. (Nov 1999) (6 Marks) Papa Group of Companies known for their business reputed have been advocating for payment of donations to political parties as one of the methods of funding elections. The group has recently floated a company by name M/s Papa Computers Limited and in the very first year of its working made a net profit of Rs. 6 crores. Examine with reference to the provisions of the Companies Act, whether the said company can make political donations and what is the maximum limit upto which a company can make political donations.

16. (Nov 1996) (6 Marks) State with reference to the provisions of the Companies Act, 2013 whether the following companies can make donations to political parties and if so the conditions to be complied with in this regard: (i) ABCD Ltd., a government company registered in 1991, wants to donate a sum of Rs. 10 lakhs. (ii) EFG Ltd., a public company registered in 1990, wishes to contribute a sum of Rs. 5 lakhs. (iii) RST Ltd., a company incorporated in the year 1996, decides to contribute a sum of Rs. 3 lakhs.

17. (May 2011) (8 Marks) X Ltd. was registered in the year 2005 under Companies Act, 2013. The Management of Company decides to make donation to a Recognized Political Party. Advise the Management about restrictions and extent upto which such donation can be made under the Act. Will it make any difference if X Ltd. was registered in the year 2009?

18. (May 2012) (8 Marks) Win Ltd. is a company incorporated 15 years ago and during the last three consecutive financial years it earned profits, as determined under Sections 198 of the Companies Act, 2013, of 5.00 lakhs, 8.00 lakhs and 11.00 lakhs. In order to augment its business prospects, it wants to make donations to political parties. State with reference to the provisions of the Companies Act, 2013 whether the company can make such donations and if yes to what extent. Also state which type of donation, Subscription, payment, expenditure is regarded as contribution for political purpose.

19. (May 2005) (4 Marks). Sunrise Industries Ltd. has paid Rs.1,00,000 to a political party as its contributions to fight elections. Can it do so under the provisions of the Companies Act, 2013? Will it make any difference if the company has advertised its products in the monthly magazine published by the political party?

20. (December 1994, 96 & 2001) The chairman wants to release company's advertisement in a souvenir being brought out by a trade union having affiliation with a political party. The advertisement is at a cost of Rs. 20,000. Advise the chairman in the light of section 293A of Companies Act, 2013.

21. (Nov 2010) (New syllabus) (5 Marks) A is the Director of M & Co. Ltd. A has borrowed Rs. 50 lacs on reasonable terms from X for Company's benefit and business. A has no power to borrow. What will be the legal position? Please explain.

22. (CA Nov 2014) Following is data relating to Prince Company limited:

Authorised capital (Equity shares)	Rs. 100 Crores
Paid up capital	Rs. 40 Crores
General Reserve	Rs. 20 Crores
Debenture redemption reserve	Rs. 10 Crores
Provision for taxation	Rs. 5 Crores
Loan (Long term)	Rs. 10 Crores
Short term creditors	Rs. 3 Crores.

Board of directors of the company by a resolution passed at its meeting to borrow an additional sum of Rs. 90 crores from the company's bankers. You being the company's financial advisors, advise the board of directors the procedure to be following as required under the Companies Act, 2013.

### **Loans to Directors**

1. Mr. X is a director of M/s ABC Ltd. He has approached M/s Housing Finance Co. Ltd. for the purpose of obtaining a loan of Rs. 50 lacs to be used for construction of building his residential house. The loan was sanctioned subject to the condition that M/s ABC Ltd. should provide the guarantee for repayment of loan installments by Mr. X. Advise Mr. X. (CA November, 2001)

2. Mr. KMP is director of XLS Ltd. He intends to construct a residential building for his own use. The cost of construction is estimated at Rs. 1.50 Crores, which Mr. KMP proposes to finance partly from his own sources to the tune of Rs. 60 lacs and the balance Rs. 90 lacs from housing loan to be obtained from a housing finance company. For the purpose of obtaining the loan, he has approached the housing finance company which has in principle agreed to grant the loan, but has put a condition. The condition put by the housing finance company is that the Company XLS Ltd. of which Mr. KMP is a director should provide the guarantee for repayment of the loan and interest as per the terms of the proposed agreement for granting the loan to Mr. KMP. You are required to advise Mr. KMP on the matter with reference to the provisions of the Companies Act, 2013. (CA May 2005, June 2009 Modified)

3. Draft a board resolution of XLS Ltd for providing guarantee for Rs. 90.00 lakhs in respect of a loan to be obtained by Mr. D, a Managing Director thereof, from a Housing Finance Company for construction of residential house. (CA June 2009)

4. In the light of the conditions laid down by Section 185 of the Companies Act, 2013, examine if the following transactions can be considered as loans to Directors: (i) Advance payment of salary to the employee who is also the spouse of the Managing Director of the Company. (ii) A sale of flat of the company at the Current Market Rate and Price. The Director pays sixty per cent Cash immediately and contracts to pay the balance in ten monthly installments. (iii) A loan to a firm in which the Director of the company is a Partner. (CA November 2002 Modified)

5. M/s International Carrier Ltd. purchased a flat in Mumbai to give residential accommodation to Shri Ravi Mehta, the Managing Director. At the time of purchase of flat, the Managing Director was given an option to buy the flat during the course of his employment. The Managing Director exercised his option and paid the company half of the purchase price and requested for time to pay the balance amount in three equal half-yearly installments at 10% interest per annum. Examine whether the arrangement would amount to a loan to the Managing Director and if so, whether the loan was in order. (CA May, 1997)

6. A Public Company purchases a flat which is subsequently sold to a Director at the prevailing market price, out of which the Director pays 50 percent immediately and contracts to pay the balance in 10 equal annual installments. (CA November 1999)

7. A company sold one of its flats to one of the directors and received 50% of the price in cash and agreed to receive the balance in installments. Would you consider this as a loan granted to director attracting the provisions of Section 185 of Companies Act, 2013? (CS June, 1995 Modified)

8. Following transaction is made by public company. You are required to examine whether this transaction can be termed as loan to directors requiring the approval of Central Government as required under Section 185 of Companies Act, 2013:

Sale of company's flat to a director at prevailing market price, out of which the director pays 50% immediately and contracts to pay balance amount in 10 equal installments. (CA November 2005 Modified)

9. Mr. X is a director of several companies. He has approached the following companies in which he is a director for financial help to start his own personal business. (i) Expandable Industries Ltd. (ii) Expensive Gadgets Private Ltd. (iii) Easy Finance Ltd. The first named company has agreed to grant a loan of Rs. 50 lakhs. The second company also offered another loan of Rs. 50 lakhs. The third company has agreed to provide guarantee for the repayment of a loan sanctioned to Mr. X by a Private Bank to the tune of Rs. 1 crore. Advise Mr. X about the legal provisions that should be complied with under the Companies Act, 2013 and the consequences if there is a non-compliance. (CA November 2008 Modified)

10. Following transactions are made by a public company. You are required to examine the same whether these transactions can be termed as Loans to Directors requiring the approval of the Central Government as required

under Section 185 of the Companies Act, 2013? (i) A salary advance of Rs. 5,000 to an employee, who is the wife of the managing director of the company. (ii) Sale of company's flat to a director at prevailing market price, out of which the director pays 50% (fifty Percent) immediately and contracts to pay balance amount in 10 equal annual installments. (iii) Making a deposit with the landlord under a license arrangement for securing a residential accommodation for the managing director of the company. (iv) Loan to its 100% (One hundred per cent) subsidiary company. (CA November 2005 Modified)

11. Does an advance payment of salary of Rs. 10,000 to an employee who is the wife of the managing director amount to a loan to a director under Section 185 of the Companies Act, 2013? (CA November 1999 Modified)

12. Wife of managing director is employed in the company as an administrative officer. She wants an advance equal to six months' salary deductible in 24 equal installments in accordance with rules applicable to company's employees. Whether the company is required to obtain permission of shareholders under Section 185 of Companies Act, 2013? (CS December 1998 Modified)

13. Mr. OK is director of VRS Ltd. He intends to construct a residential building for his own use. The cost of construction is estimated at Rs. 1.35 crores, which Mr. OK proposes to finance partly from his own sources to the tune of Rs. 60 lakhs and the balance of Rs. 75 lakhs from housing loan to be obtained from a housing finance company. For the purpose of obtaining the loan, he was approached the housing finance company which has in principle agreed to grant the loan, but has put a condition. The condition put by the housing finance company is that the company VRS Ltd. of which Mr. OK is a director should provide the guarantee for repayment of the loan and interest as per the terms of the proposed agreement for granting the loan to Mr. OK. You are required to advise Mr. OK on the matter with reference to the provisions of Companies Act, 2013 (Modified) (CA May 2014)

14. Mr. RK, a director of Excellent Limited has applied for a loan of Rs. 70 lakhs for the purpose of financing the education of his son. The company has lent a sum of Rs. 50 lakhs to Mr. RK without consent of shareholders at general meeting or without obtaining permission of Central Government. The above said facts have been pointed out by the auditors of the company in their audit report and based on that report of Registrar of Companies has issued a show cause notice to the company and its directors. Examine whether the company has contravened any of the provisions of the Companies Act, 2013 and the remedial action to be taken by the company in this regard. (CA May 2014 Modified)

15. Mr. DRT is a director of PCS Ltd. The said company is having sufficient liquid funds and Mr. DRT is in dire need of funds. In order to mitigate the hardship of Mr. DRT the board of directors of PCS Ltd. wants to lend Rs. 5 lakhs to him and Rs. 2 lakhs to his wife. State whether such loans can be given and if so under what conditions. What would be your answer if the company PCS Ltd. would have been PCS Private Ltd. (CA May 2012)

#### **LOAN AND INVESTMENT BY COMPANY - SEC 186**

1. (May 2009) (Old syllabus) (8 marks), The following information is available from the audited Balance Sheet of Make well Ltd.

Rs. in lakhs	
Equity Share Capital	60
Calls outstanding	01
Preference Share Capital	21
Share application money	10
Securities Premium Account	15
Capital Redemption Reserve	18
Fixed Assets Revaluation Reserve	09
General Reserve	30
Profit and Loss Account (credit balance)	17
Dividend Equalization Reserve	5

The company proposes to acquire 3 lakh equity shares of Rs. 10 each of PQR Ltd. It also intends to execute a corporate guarantee for Rs. 25 lakhs in favour of Goodwill Ltd. a wholly owned subsidiary company and a corporate loan of Rs. 50 lakhs to ABC Ltd. State the legal requirements to be complied with to give effect to the above proposals.

2. (Nov 2009) (Old) (8 Marks) MDV Ltd. is an infra-structure company with paid up capital and free reserves of Rs. Two crores and one crore respectively. The Board of directors granted a loan of Rs. 50 Lakhs to ABC Ltd. and also gave a guarantee to IDBI for giving a loan of Rs. One crore to RMA Co. MDV Ltd. has not given any other loan or guarantee to anyone. A group shareholders of MDV Ltd. objected to the above deals on the ground that they are violative of the provisions of the Companies Act, 1956. Applying the provisions of the said enactment relating to inter-corporate loans and investments in the given case, decide: (i) Whether the objection raised by the shareholders is tenable? (ii) Would your answer be the same in case the amount of loan granted is Rs. One crore and the guarantee given is for an amount of Rs. one and half crores? (iii) What would be your answer in case MDV Ltd. is a private company not being the subsidiary of any public limited company?

3. (May 2002) (Marks - 8) The Board of Directors of M/s. Greenfield Projects Limited, a company whose shares are listed on the Delhi Stock Exchange propose to give loans to sister company in excess of the limit prescribed under Section 372A(1) of the Companies Act, 1956. The next annual general meeting of the company is due only after six months. Since the board is anxious to complete the formalities quickly without waiting for the date of next annual general meeting, advise the Board about the steps to be taken to comply with legal requirements under the Companies Act, 1956.

4. (May 2004) (7 Marks) ABC Engineering Limited proposes to invest Rs.20 lakhs in the Equity shares of PQR Trading Limited. The proposed investment together with the investments in securities of companies and loans to body corporate already made exceed 60 per cent of the paid-up share capital and also 100 per cent of free reserves of the company. The company has taken term loans from IDBI. Explain the procedure to be followed by ABC Engineering Limited to give effect to the proposed investment.

5. (Nov 2007) & (Nov 2002) (Marks - 8) M/s. Sharada Fertilizers Ltd. proposes to acquire equity shares of ABC Ltd. worth Rs. 19lakhs. On the basis of the following information advise Sharada Fertilizers Ltd. about the requirement to be complied with under Companies Act, 1956 for the proposed investment in ABC Ltd.

Authorized Share Capital	50,00,000
Issued, subscribed and paid up Capital	25,00,000
Free Reserves	5,00,000

6. (May 2005) & (May 2008) & (May 2009) (New syllabus) & (Nov 1999) (7 Marks) & (May 2012) (8 marks) Amar Textiles Ltd. is a company engaged in manufacture of fabrics. The Company has investments in shares of other bodies corporate including 70% shares in Amar Cotton Co.Ltd. and it has also advanced loans to other bodies corporate. The aggregate of all the investments made and loans granted by Amar Textiles Ltd. exceeds 60% of its paid up shares capital and free reserves and also exceeds 100% of its free reserves .In course of its business requirements, Amar Textiles Ltd. has obtained a term loan from Industrial Development Bank of India (a public financial institution within the meaning of Section 4A of the Companies Act, 1956 land the same is still subsisting. Now the Company wants to increase its holdings from 70% to 80% of the equity shares capital in Amar Cotton Co. Ltd. by purchase of additional 10%shares from other existing shareholders. State the legal requirements to be complied with by Amar Textiles Ltd. under the provisions of the Companies Act, 1956 to give effect to the above proposal. Would your answer be different if Amar Textiles Ltd. would have defaulted in payment of matured fixed deposits accepted by it from the public?

7. (November 2003)(4 Marks) ABC Forgings Limited proposes to make a loan of Rs.5 lakhs to PQR Limited, a company in which two Directors of ABC Forgings Limited hold 30 percent of the total Equity Share Capital. The



proposed loan together with the inter-corporate loans and investments already made do not exceed 60 percent of paid-up share capital and 100 per cent of free reserves of ABC Forgings Limited. Examine the above proposal with reference to the provisions of Section 372A of the Companies Act, 1956. Whether the provisions of Section 295 containing the marginal notes of 'Loans to Directors, etc.' would also be applicable in this case?

8. (Nov 2001 & May 2005) (7 Marks) & (May 2009) (New syllabus) (5 marks) Mr. KMP is director of XLS. Ltd He intends to construct a residential building for his own use. The cost of construction is estimated at Rs. 1.50 Crores which Mr. KMP proposes to finance partly from his own sources to the tune of Rs 60 Lacs and the balances of Rs. 90 Lacs from housing loan to be obtained from a housing finance company. For the purpose of obtaining the loan, he has approached the housing finance company which has in principle agreed to grant loan, but has put a condition. The condition put by the housing finance company is that the Company XLS Ltd., of which Mr. KMP is a director, should provide the guarantee for repayment of the loan and interest as per the terms of the proposed agreement for granting the loan to Mr. KMP .You are required to advise Mr. KMP on the matter keeping in view the relevant provisions of the Companies Act, 1956.

9. (Nov 2006) (7 marks) Premier Housing Finance Company Limited is prepared to give housing loans to the employees of Supreme Chemicals Limited subject to the condition that the loans are guaranteed by Supreme Chemicals Limited. Supreme Chemicals Limited is not a listed company and the company will be exceeding the limits prescribed under the Companies Act, 1956 by providing such guarantee. The company desires to give the guarantee early as part of employees' welfare measure without waiting for the next annual general meeting, which is due only after eight months. Advise the company about the legal requirements under the Companies Act, 1956 to give effect to the above proposal. What would be your advice, if the company was required to provide security instead of guarantee?

#### **Disclosure of Interest S.184 and Related Party Transactions – S.188**

1. X Ltd. entered into a contract with M & Co. Ltd. for the purchase of raw materials for Rs. 2,50,000, at the prevailing market rate. The Director of X Ltd. Mr. B was holding shares of the value of 1% of the paid-up capital of M& Co. Ltd. Another Director of X Ltd. Mr. C was holding shares of the value of 1.5% of the paid-up capital of M& Co. Ltd. Mr. B at the beginning of the year, gave a general notice to X Ltd., that he was interested in M& Co. Ltd., but did not disclose the nature of interest. Mr. B claims that he had given notice to X Ltd. as required under the Companies Act, 2013 and that his holding being only 1% is within the limit prescribed under the Companies Act, 2013. (CA November, 2000 Modified)

2. Mr. Nanavati holding 3% shares in OPQ Ltd., became a director of this company on 1.5.2014. The company, prior to his appointment as director, had commenced transactions with A Ltd. In the next Board Meeting to be held on 10.5.2014, the Board proposes to discuss about price revisions sought for by A Ltd. Briefly explain: Whether Mr. Nanavati should make a disclosure of his interest in A Ltd., assuming that the company is going to have transactions with A Ltd. on a continuous basis; if yes, when and how? When should it be renewed? (ii) Can he vote in the price revision resolution in the Board Meeting? You are informed that Mr. Nanavati holds 1.5% of the share capital of A Ltd. and that his wife holds another 3% of the share capital of A Ltd. (CA November, 2000 Modified)

3. The Articles of Association of a company states that a director shall not vote in respect of a contract in which he is interested. In a resolution put up for approval of the shareholders, can a director exercise his voting right in favour of a contract in which he is interested? (CA November 2001)

4. A public limited company with a paid-up capital of Rs. 2 crores wants to enter into contracts with the following for supply of materials and advance certain amounts: With a firm in which the wife of the managing

- director is a partner. II with a private company in which the wife of managing director is a member (CS December 1996)
5. Ace Ltd. whose paid-up share capital is Rs. 3 crore, proposes to purchase raw material of Rs. 20 lakh from Bright Ltd. It proposes to purchase raw material of Rs. 10 lakh on cash basis and the balance on 90 days' credit. Shinnie, who is managing director of Ace Ltd. is also a director and shareholder of Bright Ltd. Advise. (CS December 2000, June 1998)
6. Bhopal Chemicals Industries wants to hire suitable premises for its sales office at Chennai and is negotiating with the owner of the premises, being a firm, in which Sundaram, a director is interested. Discuss the procedure to be followed by the company. (CS June 2001)
7. Examine whether the following contracts require previous approval of the shareholders keeping in view the effect of the provisions to section 188 of the Companies Act, 2013: (a) Contracts for purchase of goods from a Public Company having a paid-up Share Capital of more than Rupees one crore by a firm in which a director of the Public Company is a partner. The purchase is for cash at prevailing market prices. (b) Contracts attracting section 188 to be entered into by a public company having a paid-up share capital of Rs. ten crores in circumstances of urgent necessity. (CA May 2004 Modified)
8. PQR Machines Ltd. Entered into a contract with MN forgings, in which wife of P, a director of the company is a partner. The contract is for supply of certain components by the firm for a period of three years with effect from 1st September, 2014 on credit basis. The paid-up Share Capital was increased from Rs. 70 lakhs to Rs. 14 crores on 1<sup>st</sup> December, 2014. Explain the requirements under the Companies Act, 2013, which should have been complied with by PQR Machines Ltd. before entering into contract with MN Forgings. Whether there is any additional requirement which is required to be complied with by PQR Machines Ltd. in view of the increased paid-up Share Capital on 1<sup>st</sup> December, 2014. What would be your answer in case MN forgings is a Private Company in which P's wife is holding shares? (CA May 2006 Modified)
9. XYZ Machinery Ltd. having a paid-up share capital of Rs.80 lakhs proposes to enter into contract with the following parties for the supply of certain components for a period of five years with effect from 1<sup>st</sup> April, 2014: (a)ABC Forgings Private Limited where 'X' a director of XYZ Machineries Limited, is interested as a director and member. (b) DEF Casting Limited, where 'Y', a director of XYZ Machineries limited, is interested as a member holding 25 per cent of the paid-up share capital.
10. State briefly the legal requirements to be complied with under the Companies Act, 2013 to give effect to the above proposals. Will the agreements continue to be valid after the paid-up share capital of XYZ Machineries Ltd. is increased to Rs. 14 crores in December 2014 by further issue of shares? (CA November 1995 Modified)
11. M/s. Raman Limited having a paid-up share capital of Rs. 5crores owns an agency of Cement Corporation of India Ltd. And proposes to supply cement, on credit, to M/s. Raman Enterprises Private limited. Mr. Raman is a common Director in both the companies. State the requirements of the Companies Act, 2013, if any, to be complied with by the company on the facts of this case. Will it make any difference, if -M/s. Raman Enterprises Private limited were a public company; M/s. Raman Limited were carrying on real estate business and it proposes to sell a flat to M/s. Raman Enterprises Private Ltd. for Rs. 50 lakhs? (CA November 2006 Modified)
12. LMB Ltd., Kolkata is a multiproduct manufacturing company having paid-up capital of Rs. 5.00 crores. In order to increase the product portfolio, the said company intends to procure certain machines and equipment worth Rs. 1.00crore from a partnership firm, namely, M/s MLPK, in which the son of managing director of LMB Ltd. is a partner. The contract for purchase of said machines and equipment is to be placed before the board of directors of the company for its consideration. In view of above facts, you are required to explain briefly the procedure under the provisions of the Companies Act, 2013 to be followed by the 1MB ltd., to enter into the said contract. (CA May 2005, 2008, June 2009 Modified)



13. M/s. Excellent Industries Ltd. is a multi-product company with a paid-up capital of Rs. 4 crores. A contract of the purchase of textile machineries and balancing equipment valued at Rs. 1 crore was placed before the board for approval. The managing director of the company is interested in this contract because his son-in law is a partner of the firm selling the machineries and the equipment to the company. Explain briefly the procedure to be followed by the company to enter into the said contract. (CA November 1999)

14. Premier Machineries limited having a paid-up share capital of Rs. 9 crores proposes to enter into a contract with the following parties for supply of components with effect from 1<sup>st</sup> June, 2014 for a period of 3 years: (a) XYZ Metal Forging Private limited in which Mr. John, a Director of Premier Machineries limited, is a Director and member. (b) ABC Casting limited in which Mr. Philips, a Director of Premier Machineries limited, holds 30% of the paid-up share capital. The capital of Premier Machineries limited was increased to Rs. 1.50 crores on 1<sup>st</sup> July, 2014 by issue of further shares. Briefly discuss the legal requirements to be complied with under the Companies Act, 2013 to give effect to the above proposals taking into account the increase in the paid-up share capital as on 1<sup>st</sup> June, 2014. (CA November 2009 Modified)

15. The chairman wants to take certain furniture items at book value from the company's guest house, for use by his son. Advise how the transaction should be carried out so that provision of Companies Act, 2013 are complied with. (CS December 1994 Modified)

16. Your Board of directors wants to advance money against an order placed with a private company in which one of your company's director is interested. Advise. (CS December 1997)

17. P, son of A, who is the Managing Director of ABC limited, proposes to give his flat on lease to the company. The paid-up share capital of ABC limited is Rs.10 crores. Advise the company explaining the restrictions, if any, under the Companies Act, 2013. (CA November 2008 Modified)

18. R is the managing director of a public company with a paid-up capital of Rs. 200 lakhs. He is also a partner of the firm in which the other partners are his wife and two sons. The company proposes to enter into a contract with the firm for sale of its products of the value of Rs. 5 lakhs on credit. (a) When can the contract be entered into? (b) What are the duties of R in such a case? (c) Will it make any difference if the contract is entered into with a private company in which the wife of R and his two sons Sand T are members? (CS June, 1995, CA November 1993)

19. The director is a nominee director of State Government. He asks you whether any general notice is required to be given by him regarding companies in which he is interested. (CS June 1997, 1999, December 1999)

20. Examine the validity of the following with reference to the relevant provisions of the Companies Act, 2013 and/or decided case laws: Mr. G, a Director of Sam Limited was interested in a contract to be entered into by the company. The Articles of Association of Sam Limited contained a clause, which prohibited the directors from voting on the resolution in respect of any contract in which he is interested. The matter in respect of the said contract was put up for approval of the shareholders in a general meeting. The general meeting was attended by Mr. G and he also voted on the resolution. Mr. G, claims that he has a right to vote on the resolution in the general meeting. (CA November 2005)

21. The articles of association of a company states that a director shall not vote in respect of a contract in which he is interested. In a resolution put up for approval of the shareholders, can a director exercise his voting power in favour of contract in which he is interested? (CA November 2001)

22. The directors hold shares of face value of Rs. 50,000 in X Ltd. whose paid-up capital of Rs. 1 crore. Your company proposes to enter into contract with X Ltd. Explain briefly the provisions of

Companies Act, 2013 relating to disclosure of interest by director. Discuss the legal position. (CS June 1997)

23. Directors of ABC Ltd. are not holding any shares in MDJ Company Ltd. Similarly directors of MDJ Company Ltd. are not holding any shares in ABC Ltd. But, wife of director 'A' of ABC Ltd. holds 40% of the paid-up share capital of MDJ Ltd. Board of directors of ABC Ltd. entered into a contract with MDJ Company Ltd. for purchase of goods and director 'A' did not disclose his indirect interest in MDJ Company Ltd. examine whether 'A' has violated any of the provisions of Companies Act and also the validity of the contract. (CA November 1996)

24. James brown, Blue brown, Vasishtbeg and Raman Roy are the directors of John Brown and Company limited. Vasisht Beg and Raman Roy did not attend the board meeting which was properly convened. At the said board meeting two additional directors were appointed. They are wife and brother of James Brown and Blue Brown respectively, the directors who attended the Board meeting. Explain with reference to the relevant provisions of the Companies Act whether the directors who attended the board meeting are entitled to vote on the subject matter. (CA May 1999)

25. Pipliya Powders limited has four Directors, A Board meeting was convened, It was attended by two Directors only and they appointed Mr. Soorajbhan who was related to both of them, as an Additional Director, Decide, whether the said appointment is valid under the provisions of the Companies Act, 2013? (CA November 2012 Modified)

26. M/s Kith and Kin Consultants Private limited seeks your legal advice regarding the following appointments relating to directors and their relatives: (a) Mr. Nephew, who is a relative of one of the directors, is to be appointed as the Managing Director on a monthly salary of Rs. 30,000 plus other perquisites as applicable to other executives of the company. (b) Miss Niece, a relative Director, is to be appointed as Chief Public relations manager on salary of Rs. 15,000 per month (c) Mr. Well connected, a relative of a director, is to be appointed as chief executive office on a consolidated salary of Rs. 25,000 per month. Advise explaining the relevant provisions of the Companies Act, 2013. (CA May, 2002 Modified)

27. H Ltd. is a holding company and S Ltd. is its subsidiary. Teji is a director of HLtd. but not of S Ltd. The relative of Teji is proposed to be appointed as finance controller on a monthly remuneration of Rs. 1,50,000 in S Ltd. (CS December 2000 Modified)

28. Reliable Castings Limited is a subsidiary of unique Machineries Limited. The Board of Directors of the respective companies have made the following appointments on a consolidated monthly salary of Rs. 12,000 in the scale of Rs. 12,000 - 500 - 15,000 with effect from 1.4.2014 (a) Shri Ram Singh, a Director of Unique Machineries Limited, as Factory Manager of Reliable Castings Limited.(b) Shri Rajesh Patel, a Director of Reliable Castings Limited, as Purchase Manager of Unique Machineries Limited. (c) iii Shri Sundar, a relative of a Director of Unique Machineries Limited, as Sales Manager of Unique Machineries Limited. (d). Shri Rakesh not related to any Director of both the companies as Chief Accountant of Unique Machineries Limited. But his relative has been appointed as Additional Director of Unique Machineries Limited with effect from 1.5.2014. Explain the legal requirements to be complied with the Companies Act, 2013 to give effect to or continuation of the above appointments of employees. (CA May 1997 Modified)

29. X, son of Y who is the chairman of XY Ltd., is to be appointed a whole-time director of the company. Y seeks your advice whether such appointment is permissible or not under Companies Act, 2013? Does it attract Section 188 of Companies Act? (CS December 1998 Modified)

30. Mr. Kamlesh, son of Managing Director of a Public Company, is proposed to be appointed as Chief Executive of the Company on a monthly remuneration of Rs.75,000. State the provisions of the Companies Act, 2013 which are required to be complied with by the company in this regard? Will it make any difference if Mr. Kamlesh is appointed as Whole-Time Director on the same remuneration? (CA November 2009 Modified)

31. Mr. Raman, brother of Mr. Rahul, a director of VMR Limited, was appointed as Chief Accounts Officer on a monthly salary of Rs. 2,80,000 without the knowledge of Mr. Rahul. Referring to the provisions of the Companies Act, 2013, state the time limit in which the Company may complete the necessary legal formalities for the said appointment. Also explain the consequences in case the company fails to do so. (CA November 2013 Modified)

32. The board of directors of Quality Forgings Ltd. having paid-up share capital of Rs. 80 Lakhs appointed Ram Marketing Ltd. as sole selling agent for a period of 5 years with effect from 1<sup>st</sup> January, 2014. The directors of Ram Marketing Ltd. were holding fully paid-up shares of face value of Rs. 3.5 lakh in Quality Forgings Ltd. Special resolution approving the appointment of sole selling agent was passed in general meeting held on 20th May, 2014. Examine with reference to the provisions of Companies Act, 2013-whether the appointment of sole selling agent is valid. (CA November 2013 Modified)

33. Sweet Tea Limited wants to sell its tea by entering into contract with the following parties: (a) Tea Bros., a partnership firm in which a director of Sweet Tea Limited is a partner. (b) R & TG Private Limited in which one of the director of Sweet Tea Limited is a member. (c) Strong Tea Limited in which one of the directors of Sweet Tea Limited is director holding 3% of the paid-up capital of Strong Tea Limited. Advise the steps that should be taken by Sweet Tea Limited taking into account the relevant provisions of Companies Act, 2013 for entering into contracts in which the directors are interested. (CA May 2014 Modified)

### **Audit Committee**

1. The paid-up capital of XYZ limited has been increased from Rs. 4 crores to Rs. 16 crores. The Board of Directors of XYZ limited proposes to constitute an 'Audit Committee'. At present the board consists of 10 directors including a Managing Director. Draft a board resolution taking into account the requirements under the Companies Act relating to the constitution of the Audit Committee and the chairman of the audit Committee. XYZ limited is not a listed public company. (CA May, 2002 Modified)

2. A private company having a paid-up capital of Rs. 16 crores has been converted into a public company. The company proposes to constitute an Audit Committee. Draft a board resolution covering the following matters taking into account the provisions of the Companies Act, 2013, if any, in this regard:

- |   |   |
|---|---|
| (i) Members of the audit committee                | (ii) Chairman of the audit committee          |
| (iii) Quorum for a meeting of the audit committee | (iv) Any two main functions of the committee. |

(CA May 2003, November 2008 Modified)

3. MNC Ltd., a company, whose paid up capital was Rs. 4.00 crores, has issued rights shares in the ratio of 1:1. The said company is listed with Mumbai Stock Exchange. Whether the company is required to appoint any Audit Committee and if yes, draft a suitable Board Resolution to appoint an Audit committee covering the aspects as provided in the Companies Act, 2013 and the listing Agreement with the Stock Exchange. In case the company is not required to appoint any Audit Committee, state the provisions of the Companies Act, 2013 in respect of appointment of Audit Committee by a Company. (CA May 2007 Modified)

4. Explain briefly the provisions of the Companies Act, 2013 regarding constitution of "Audit Committee". MNC Ltd. constituted an audit committee as required by the said Act. The committee in its report dated 30<sup>th</sup> April 2014 has pointed out various irregularities in the financial transactions entered into by the company. The management of the company does not agree with the contents of the audit committee report. Explain the action that can be taken in this regard. (CA May 2012 Modified)

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Papers

[https://t.me/notes\\_p6](https://t.me/notes_p6)

Paper 7-DT

[https://t.me/notes\\_p7](https://t.me/notes_p7)

Paper 8-IDT

[https://t.me/notes\\_p8](https://t.me/notes_p8)