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Question Paper	
Corporate & Economic Laws	Duration: 75
Details: Test – 5	Marks: 40

Instructions:

- All the questions are compulsory
- Properly mention test number and page number on your answer sheet, Try to upload sheets in arranged manner.
- In case of multiple choice questions, mention option number only Working notes are compulsory wherever required in support of your solution
- Do not copy any solution from any material. Attempt as much as you know to fairly judge your performance.

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Q-1. In the light of the provisions of Foreign Contribution (Regulation) Act, 2010 examine and decide whether the following persons in India are permitted to receive the amount /articles in the following situations:

(i) M/s KG & C; a partnership firm obtained loan from a club registered in London for its business purpose.

(ii) Hello FM, a registered association, received funds from a foreign company for establishing Frequency Model Radio Station to broadcast audio news.

(iii) Mr. Happy received a wrist watch as marriage anniversary gift from his uncle, a citizen of USA. The market value of the wrist watch is Rs. 25,000

(6 Marks)

Q-2. Mr. Peter, a member of the Legislature in India, visited Sydney, Australia to attend World Trade Conference as a representative of Government of India after obtaining due permission of the Central Government as per the provisions of Foreign Contribution (Regulation) Act, 2010. His expenditure on foreign travel was borne by Bret Lee Limited, a foreign company. While attending the conference, Mr. Peter suddenly encountered chest pain and he was immediately admitted in the nearby hospital for medical care and treatment. The medical expenses of Rs. 2,00,000/- was born by Bret Lee Limited. Mr. Peter seeks your advice about the procedure to be followed in the above situation under the provisions of Foreign Contribution (Regulation) Act, 2010, please advise suitably.

(5 Marks)

Q-3. M/s TAS Constructions Private Limited, an operational creditor on 2nd April, 2018 being the default date issued a demand notice through speed post to M/s Dheeraj Constructions Private

Limited, an unpaid operational/corporate debtor demanding payment of its invoice dated 19th March, 2018 for Rs.5,60,000 (15 days payment terms) towards supply of certain works contract services as per the provisions of section 8(1) of the Insolvency and Bankruptcy Code, 2016 and rules framed there under. Dheeraj Constructions Private Limited on receipt of the demand notice informed the operational creditor, that vide their e-mail dated 30th March, 2018, addressed to the company and all its directors, they have disputed the invoice on the quality of the services rendered and were withholding payment till the dispute is settled but without initiating any legal proceedings under any Law For the time being in force. The operational creditor on expiry of the period of 10 days from the date of delivery of the demand notice and non-payment of its dues approached the Adjudicating Authority for the initiation of the corporate insolvency resolution process under section 9(1) of the Insolvency and Bankruptcy Code, 2016. Will the application of the operational creditor filed under section 9 (1) read with section 8(2) (a) of the Insolvency and Bankruptcy Code, 2016 be permitted?

(5 Marks)

Q-4. Mr. Naman was a resolution professional for the Corporate Insolvency Resolution process initiated against the corporate debtor, POR Pvt. Ltd. However, attempt to resolve the insolvency of PQR Pvt. Ltd. failed. An order for liquidation of PQR Pvt. Ltd., was passed by the NCLT. Mr. Naman acted as liquidator. The resolution plan submitted by Mr. Naman was rejected for failure to meet the requirements. Board recommended for the replacement of Mr. Naman.

What steps may be taken for the appointment of another liquidator under the Insolvency and Bankruptcy Code. What are the other aspects related to the charge of fees for the conduct of liquidation proceeding.

(5 Marks)

Q-5. A dispute has been aroused between the management of Paras Furnishing Ltd. and its labours. The dispute was to provide the basic facilities at the workplace, air-conditioning environment and hours of work. The management of the company sent an invitation to leader of the labour union to conciliate on the issues raised by the labours. The union leader accepted the invitation. It was decided between the parties that each one of them shall appoint one conciliator.

In the given case, explain how the two conciliators, appointed by each of them will address the matter under the Arbitration and Conciliation Act, 1996 and the procedure of conciliation?

(5 Marks)

Q-6. XYZ Foundation, a society registered under the Societies Registration Act, 1860, has received foreign contribution from a Mala Company LLC, a company incorporated in Singapore. XYZ Foundation deposited the amount of foreign contribution in a bank and earned interest on it. XYZ Foundation desires to invest maturity proceeds from deposits in mutual funds. You are required to advise whether XYZ Foundation is allowed to make such investment considering the provisions of the Foreign Contribution (Regulation) Act, 2010

(Note: XYZ Foundation has obtained certificate of registration under section 11 of the Act).

(4 Marks)

Q-7. MCQs

1. Surya Ltd., incorporated and registered in New Delhi with a foreign shareholding more than 50% due to liberalization in Foreign Direct Investment (FDI) policy. State the correct statement as to the status of the Surya Ltd.

(a) Surya limited shall not considered as foreign source because of its registration in India.

(b) Surya Ltd would be "foreign source" have foreign shareholding more than 50% of foreign company.

(c) Surya Ltd would be 'foreign source' have foreign contribution through various international agencies.

(d) Both (b) & (c)

2. MX Limited was admitted in the Corporate Insolvency Resolution Process (CIRP) under section 7 of the Insolvency and Bankruptcy Code. The Resolution Professional (RP) of the MX Limited (Corporate Debtor) conducted the Committee of Creditors (CoC) meeting but the same was adjourned due to lack of quorum. Accordingly, in the adjourned meeting, a resolution was passed by the CoC members present, representing 51% of the voting rights, for liquidation of the Corporate Debtor before the expiry of the Corporate Insolvency Resolution Process (CIRP). You as a qualified Chartered Accountant in the team of RP is required to advise RP whether the resolution of liquidation passed is valid in law considering the provisions of the Insolvency and Bankruptcy Code.

(a) The resolution passed for liquidation is not valid in law as it has not been approved by minimum of 90% of the voting shares of the financial creditors.

(b) The resolution passed for liquidation is not valid in law as it has not been approved by minimum of 66% of the voting shares of the financial creditors.

(c) The resolution passed for liquidation is not valid in law as it cannot be passed before the expiry of the CIRP.

(d) The resolution passed for liquidation is valid in law as it has been passed by 51% of the voting shares of the financial creditors.

3. Mr. A. Mr. B and Mr. C are partners in XYZ partnership firm. The firm made an agreement in writing to refer a dispute between them in business to an arbitrator. In spite of this agreement Mr. B files a suit against Mr. A and Mr. C relating to the dispute in a court. Examine on the admission of the suit filed by Mr. B in the court in the light of the Arbitration and Conciliation Act, 1996.

(a) Yes it can be admitted by the court, as the said court has jurisdiction over the matter and it overpowers arbitration agreement

(b) Yes it can be admitted by the court, only in the case of challenge to the arbitral award in appeal

(c) Yes, it can be admitted by the court, if Mr. A and Mr. C mutually agrees.

(d) No it cannot be admitted by the court, as the jurisdiction of court is ousted because of existence of a valid arbitration agreement

(2×3 = 6 Marks)

4. 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

5. The authorized representatives under sub-section (6) or sub-section (6A) of section 21 or sub-section (5) of section 24 shall have the right to _____ in meetings of the committee of creditors on behalf of the financial creditor he represents.

(a) Participate, but not vote

(b) Participate and vote

(c) Participate, and vote if so authorized by the committee of creditors

(d) Participate, and vote if so authorized by the Adjudicating Authority

6. Statement (1): The Act seeks to consolidate the law to regulate the acceptance and utilization of foreign contribution by certain individuals or associations or companies.

Statement (2): The Act seeks to consolidate the law to regulate the acceptance of foreign hospitality by certain individuals.

Statement (3): The Act seeks to prohibit acceptance and utilization of foreign contribution or foreign hospitality for any activities detrimental to the national interest. (a) Only Statement (1) is correct

(b) Only Statement (2) is correct

(c) Only Statement (3) is correct

(d) All the Statements are Correct

7. Mr. Jain, an office-bearer of a political party, suddenly falls ill during a visit outside India and requires emergency medical aid. A foreign source pays expenses of medical treatment of Mr. Jain in foreign currency equivalent to Rs. 5,80,000. Mr. Jain is required to give intimation to the

Central Government stating there in full details including the source and approximate value in _____, the_____.

(a) Indian Rupees; purpose for which the foreign hospitality was utilized

(b) Indian Rupees; manner in which the foreign hospitality was utilized

(c) Indian Rupees, purpose for which the foreign hospitality was utilized and the manner in which the foreign hospitality was utilized

(d) Foreign Currency; manner in which the foreign hospitality was utilized

(1×4 = 4 Marks)

