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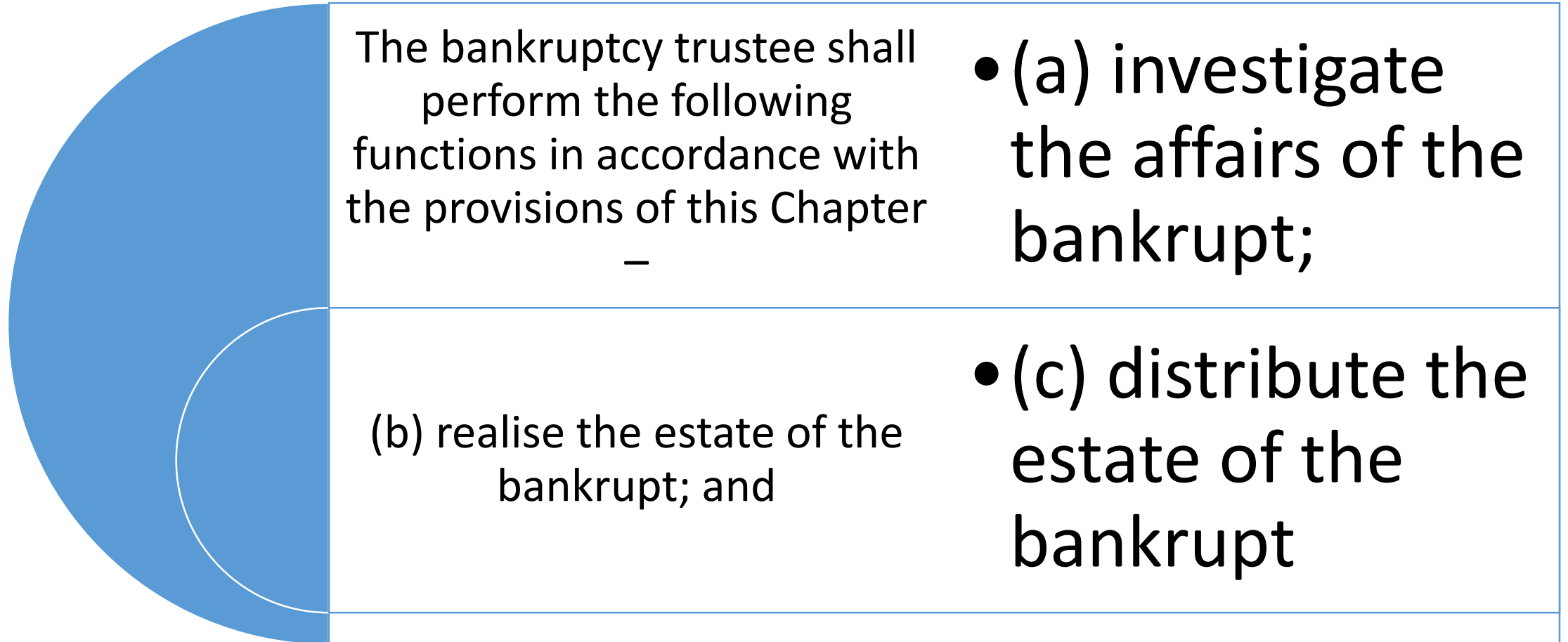
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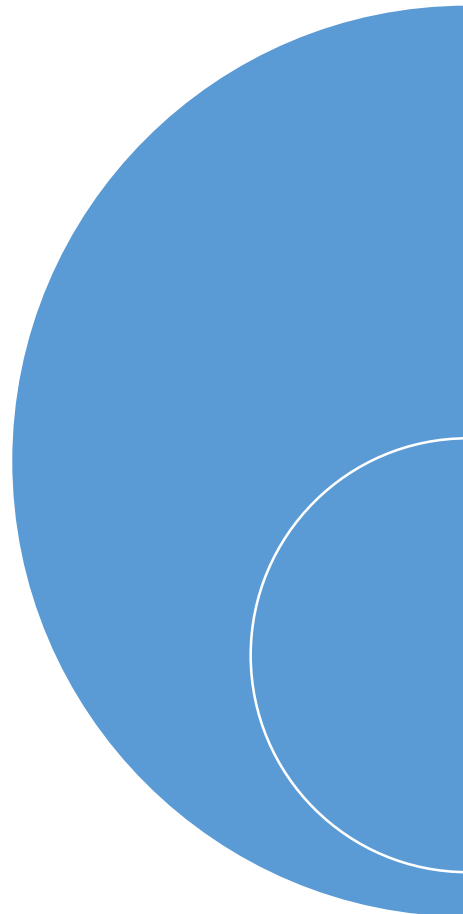
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ADMINISTRATION AND DISTRIBUTION OF THE ESTATE OF THE BANKRUPT

149. Functions of bankruptcy trustee

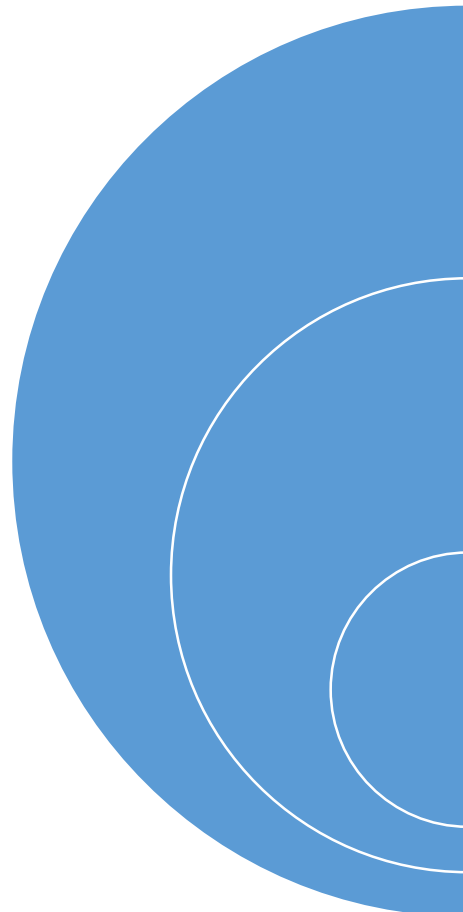


150. Duties of bankrupt towards bankruptcy trustee.



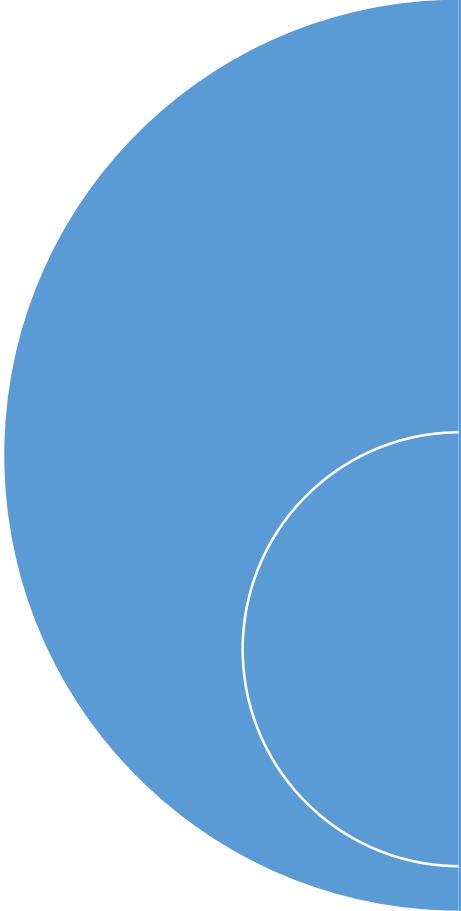
<p>(1) The bankrupt shall assist the bankruptcy trustee in carrying out his functions under this Chapter by –</p>	<ul style="list-style-type: none">• (a) giving to the bankruptcy trustee the information of his affairs;
<p>(b) attending on the bankruptcy trustee at such times as may be required;</p>	<ul style="list-style-type: none">• (c) giving notice to the bankruptcy trustee of any of the following events which have occurred after the bankruptcy commencement date, -

150. Duties of bankrupt towards bankruptcy trustee.



(c) giving notice to the bankruptcy trustee of any of the following events which have occurred after the bankruptcy commencement date, -	
(i) acquisition of any property by the bankrupt;	• (ii) devolution of any property upon the bankrupt;
(iii) increase in the income of the bankrupt;	• (d) doing all other things as may be prescribed

150. Duties of bankrupt towards bankruptcy trustee.



(2) The bankrupt shall give notice of the increase in income or acquisition or devolution of property under clause (c) of sub-section (1)

- **within seven days of such increase, acquisition or devolution.**

(3) The bankrupt shall continue to discharge the duties under sub-section (1) other than the duties under clause (c)

- **even after** the discharge under section 138.

151. Rights of bankruptcy trustee

For the purpose of performing his functions under this Chapter, the **bankruptcy trustee may, by his official name**

—

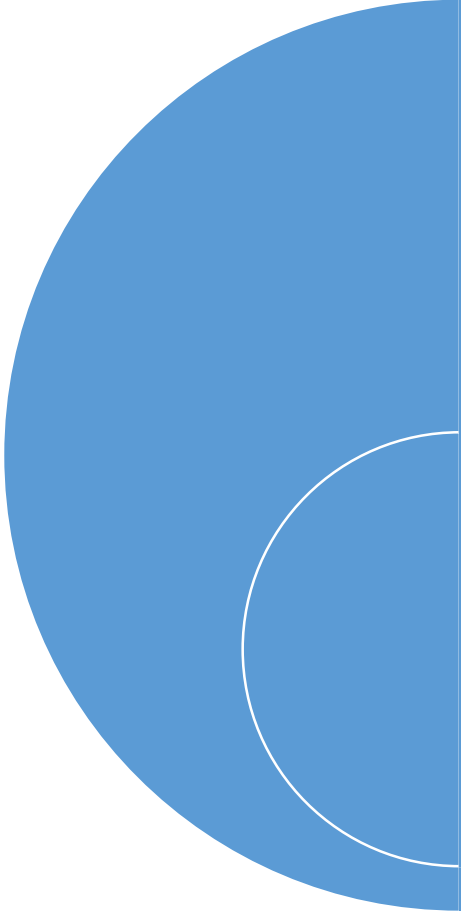
- (a) **hold property of every description;**
- (b) **make contracts;**
- (c) **sue and be sued;**

151. Rights of bankruptcy trustee

For the purpose of performing his functions under this Chapter, the bankruptcy trustee may, by his official name

- **(d) enter into engagements in respect of the estate of the bankrupt;**
- **(e) employ persons to assist him;**
- **(f) execute any power of attorney, deed or other instrument; and**
- (g) do any other act which is necessary or expedient for the purposes of or in connection with the exercise of his rights.

152. General powers of bankruptcy trustee



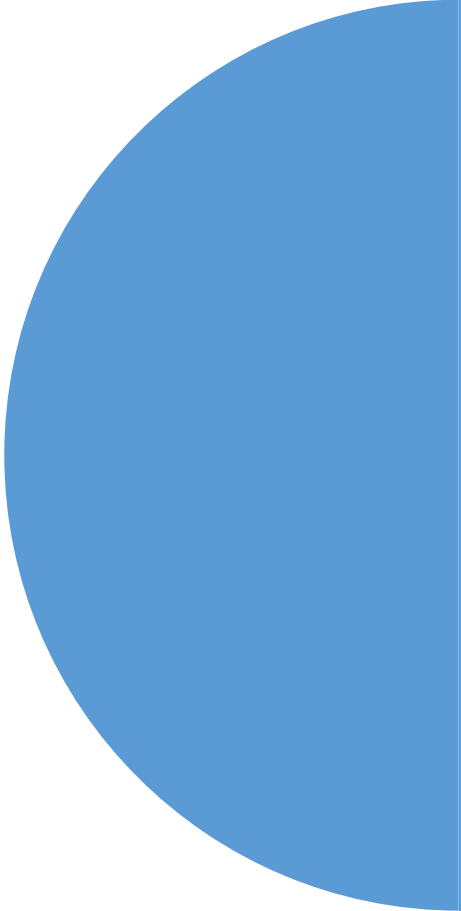
The bankruptcy trustee may while discharging his functions under this Chapter, -

(b) give receipts for any money received by him;

- **(a) sell any part of the estate of the bankrupt;**

- **(c) prove, rank, claim and draw a dividend in respect of such debts due to the bankrupt as are comprised in his estate;**

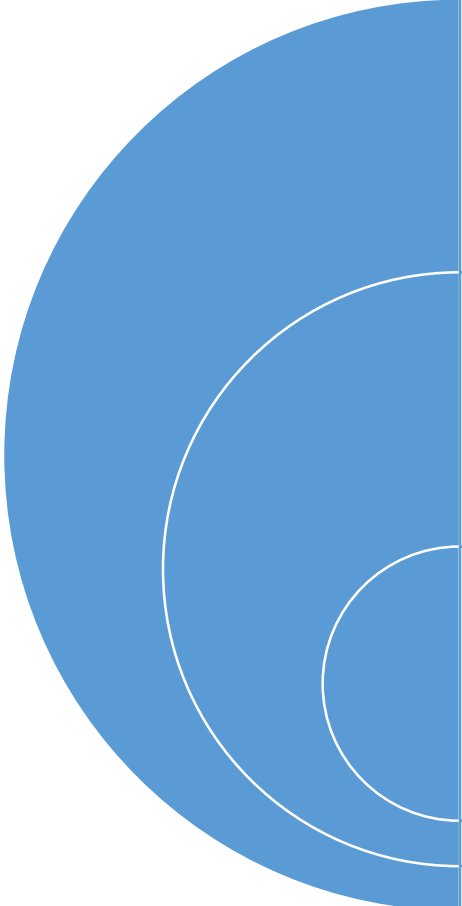
152. General powers of bankruptcy trustee



(d) **where any property comprised in the estate of the bankrupt is held by any person by way of pledge or hypothecation,**

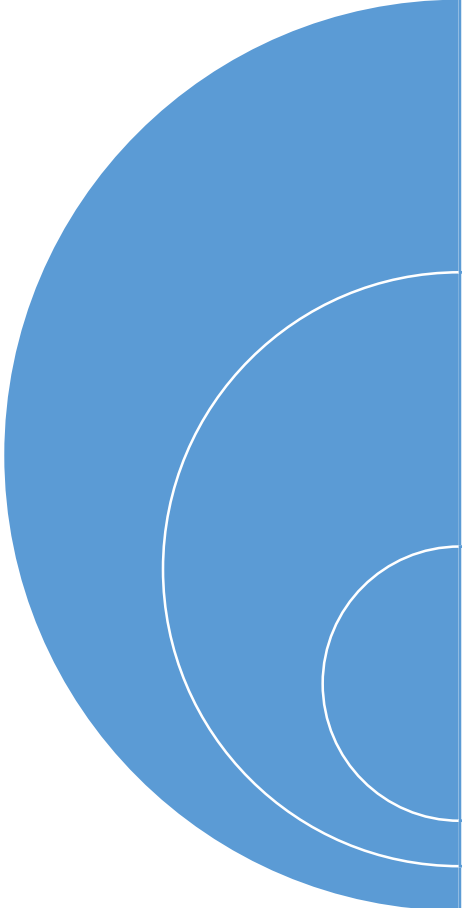
- **exercise the right of redemption in respect of any such property**
- **subject to the relevant contract by giving notice to the said person;**

152. General powers of bankruptcy trustee



(e) where any part of the estate of the bankrupt consists of securities in a company	<ul style="list-style-type: none">• or any other property which is transferable in the books of a person,
exercise the right to transfer the property to the same extent	<ul style="list-style-type: none">• as the bankrupt might have exercised it• if he had not become bankrupt; and
(f) deal with any property comprised in the estate of the bankrupt	<ul style="list-style-type: none">• to which the bankrupt is beneficially entitled• in the same manner as he might have dealt with it.

153. Approval of creditors for certain acts



The bankruptcy trustee for the purposes of this Chapter	<ul style="list-style-type: none">• may after procuring the approval of the committee of creditors, -
(a) carry on any business of the bankrupt	<ul style="list-style-type: none">• as far as may be necessary for winding it up beneficially;
(b) bring, institute or defend any legal action or proceedings relating to the property comprised in the estate of the bankrupt;	

153. Approval of creditors for certain acts

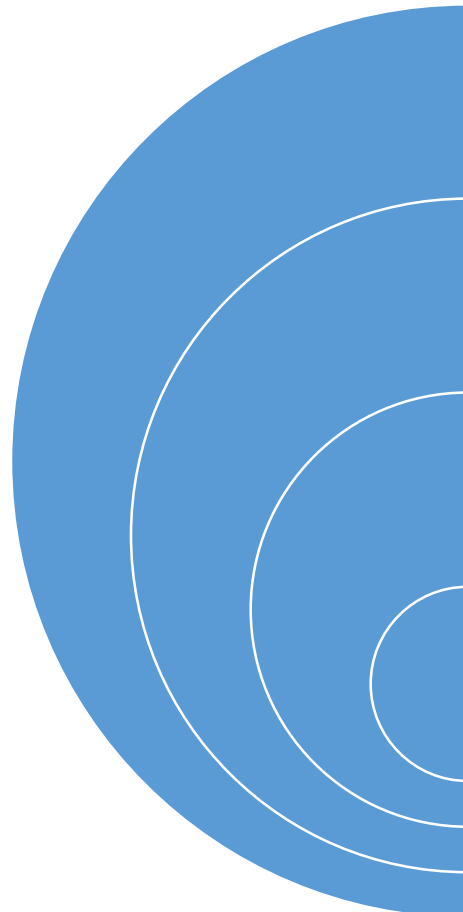
The bankruptcy trustee for the purposes of this Chapter

- may after procuring the approval of the committee of creditors, -

(c) accept as consideration for the sale of any property

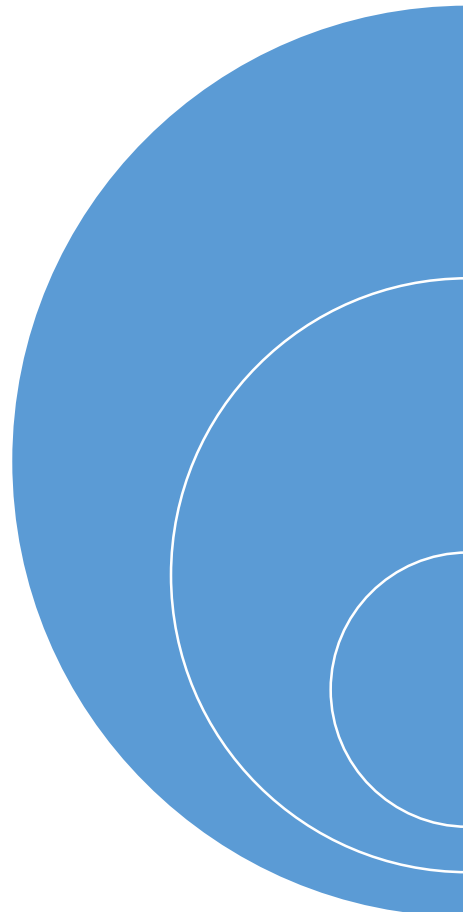
- **a sum of money due at a future time**
- subject to certain stipulations such as security;

153. Approval of creditors for certain acts



The bankruptcy trustee for the purposes of this Chapter	<ul style="list-style-type: none">• may after procuring the approval of the committee of creditors
(d) mortgage or pledge any property	<ul style="list-style-type: none">• for the purpose of raising money for the payment of the debts of the bankrupt;
(e) where any right, option or other power	<ul style="list-style-type: none">• forms part of the estate of the bankrupt,
make payments or incur liabilities with a view to obtaining,	<ul style="list-style-type: none">• for the benefit of the creditors, any property which is the subject of such right, option or power;

153. Approval of creditors for certain acts



The bankruptcy trustee for the purposes of this Chapter	<ul style="list-style-type: none">• may after procuring the approval of the committee of creditors
(f) refer to arbitration or compromise on such terms as may be agreed,	<ul style="list-style-type: none">• any debts subsisting or supposed to subsist between the bankrupt and any person who may have incurred any liability to the bankrupt;
(g) make compromise or other arrangement	<ul style="list-style-type: none">• as may be considered expedient, with the creditors;

153. Approval of creditors for certain acts

The bankruptcy trustee for the purposes of this Chapter

(h) **make compromise or other arrangement as he may deem expedient**

(i) **appoint the bankrupt to –**

- may after procuring the approval of the committee of creditors

- with respect to any claim arising out of or incidental to the bankrupt's estate;

- (A) supervise the management of the estate of the bankrupt or any part of it;
- (B) carry on his business for the benefit of his creditors;
- (C) assist the bankruptcy trustee in administering the estate of the bankrupt.

154. Vesting of estate of bankrupt in bankruptcy trustee. -

(1) The estate of the bankrupt **shall vest**

- in the **bankruptcy trustee** immediately from the date of his appointment.

(2) The **vesting** under sub-section (1)

- shall take effect without any conveyance, assignment or transfer

155. Estate of bankrupt.

(1) The estate of the bankrupt **shall include, –**

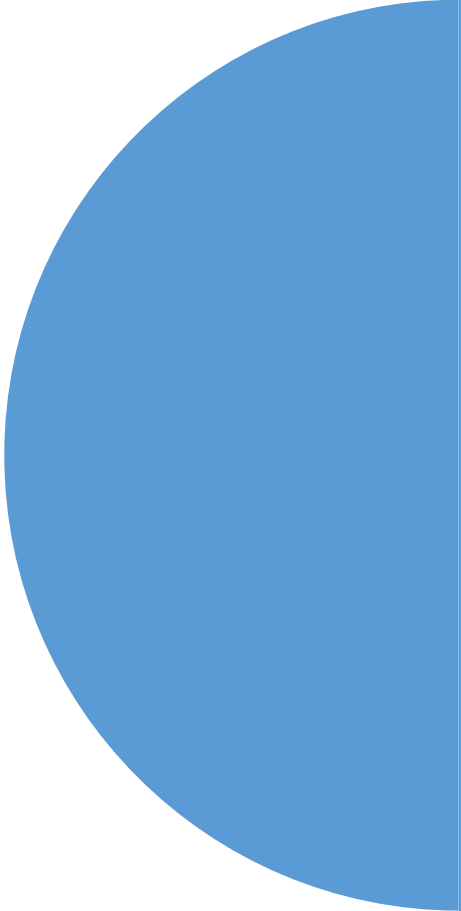
- (a) all property belonging to or vested in the bankrupt at the bankruptcy commencement date;

(b) the capacity to exercise and to initiate proceedings

- for exercising all such powers in or over or in respect of property as might have been exercised by the bankrupt
- for his own benefit at the bankruptcy commencement date or before the date of the discharge order passed under section 138; and

c) all property which by virtue of any of the provisions of this Chapter is comprised in the estate

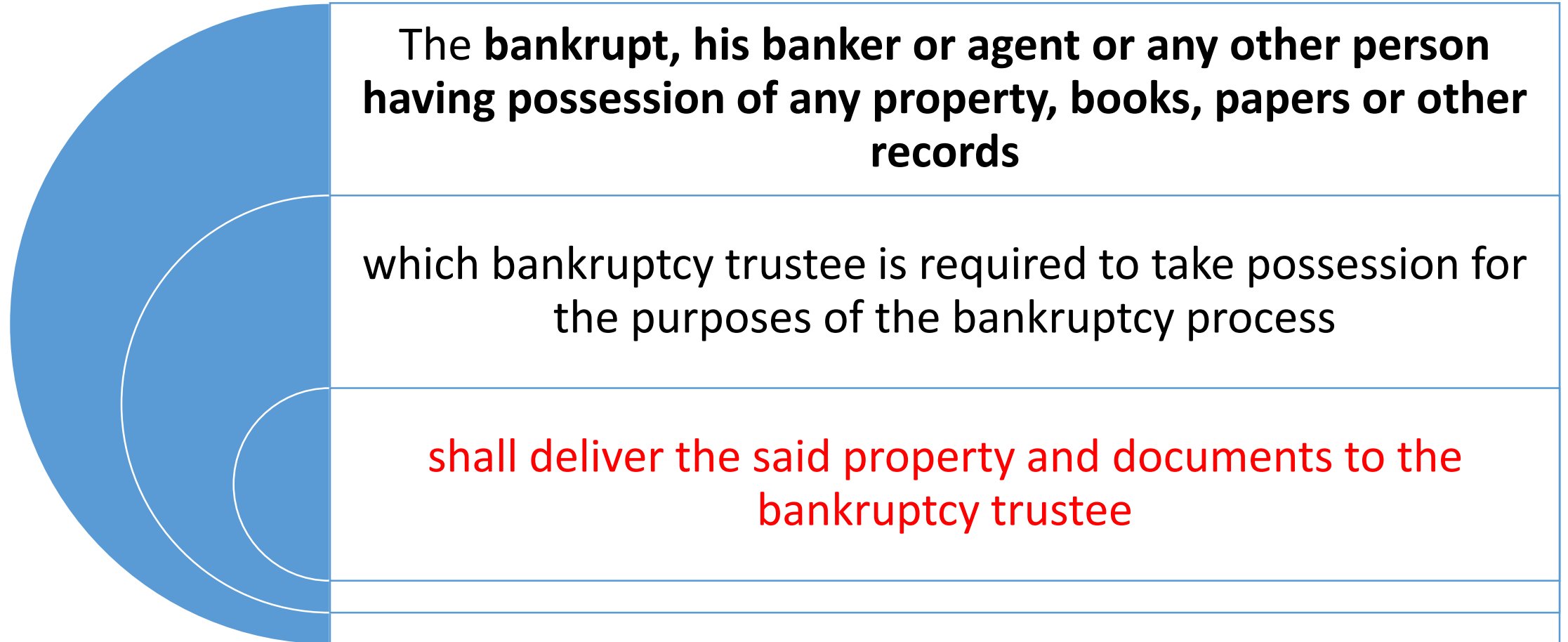
155. Estate of bankrupt.



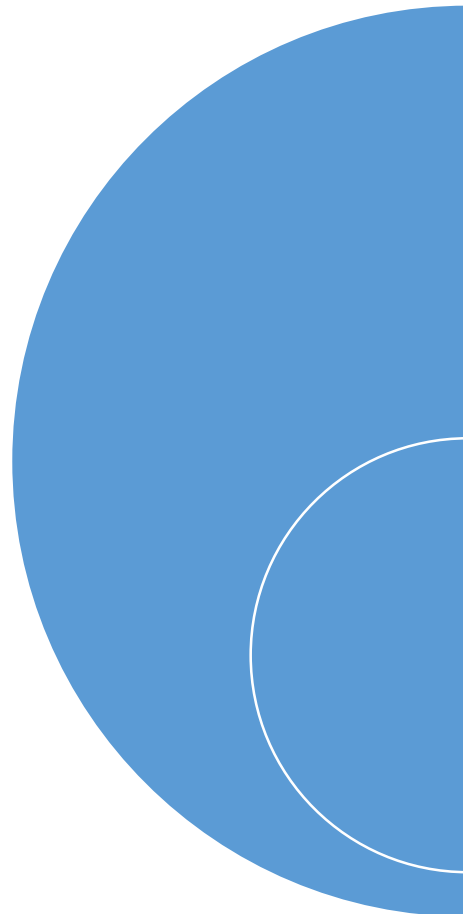
**(2) The
estate of the
bankrupt
shall not
include –**

- (a) **excluded assets;**
- (b) **property held by the bankrupt on trust for any other person;**
- (c) **all sums due to any workman or employee from the provident fund, the pension fund and the gratuity fund; and**
- (d) **such assets as may be notified by the Central Government in consultation with any financial sector regulator**

156. Delivery of property and documents to bankruptcy trustee

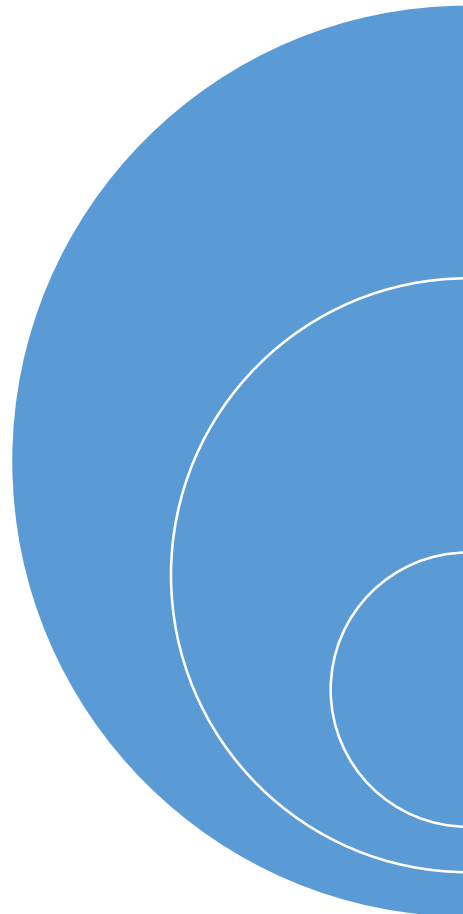


157. Acquisition of control by bankruptcy trustee.



<p>(1) The bankruptcy trustee shall take possession and control of all property, books, papers and other records</p>	<ul style="list-style-type: none">• of the bankrupt relating to the estate t or affairs of the bankrupt which belong to him or are in his possession or under his control.
<p>(2)Where any part of the estate of the bankrupt consists of things in actionable claims,</p>	<ul style="list-style-type: none">• they shall be deemed to have been assigned to the bankruptcy trustee without any notice of the assignment.

158. Restrictions on disposition of property.



(1) Any disposition of property made by the debtor,	• during the period between
the date of filing of the application for bankruptcy	• and the bankruptcy commencement date
shall be void.	

158. Restrictions on disposition of property.

(2) **Any disposition of property made** under sub-section (1) shall not give rise to any right against any person,

- in respect of such property,

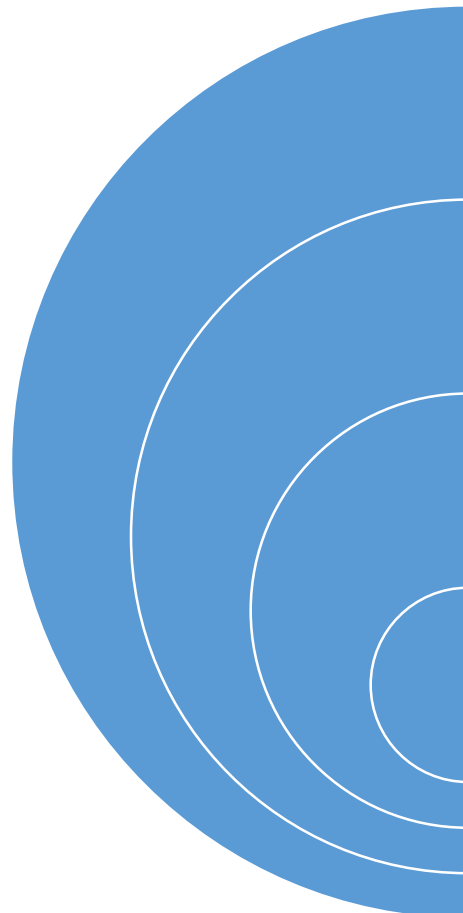
even if he has received such property before the bankruptcy commencement date in –

- In (a) good faith; (b) for value; and (c) without notice of the filing of the application for bankruptcy

(3) For the purposes of this section, the term “**property**” means

- all the property of the debtor,
- **whether or not it is comprised in the estate of the bankrupt,**
- but shall not include property held by the debtor in trust for any other person

159. After-acquired property of bankrupt



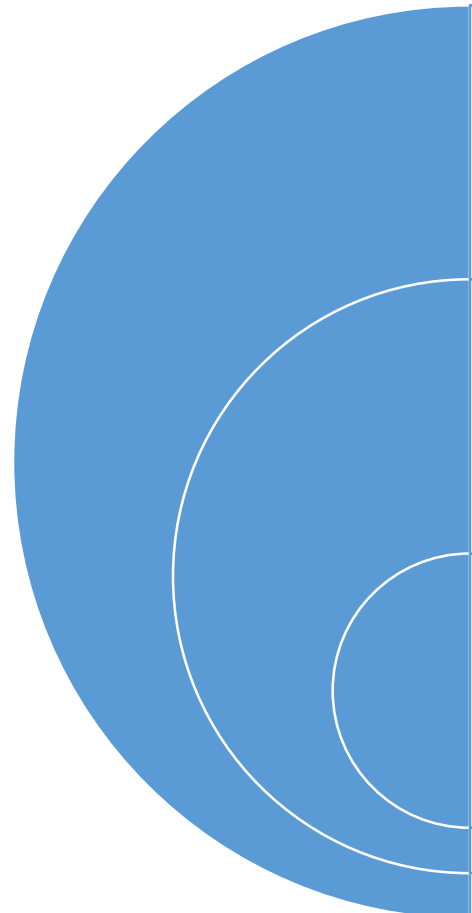
(1) The bankruptcy trustee shall be entitled to claim for the estate of the bankrupt,	<ul style="list-style-type: none">• any after-acquired property by giving a notice to the bankrupt.
(2) A notice under sub-section (1) shall not be served in respect of –	
(a) excluded assets, or	<ul style="list-style-type: none">• (b) any property which is acquired by or devolves upon the bankrupt
after a discharge order is passed under section 138.	

159. After-acquired property of bankrupt

(3) The
notice
under
sub-
section (2)

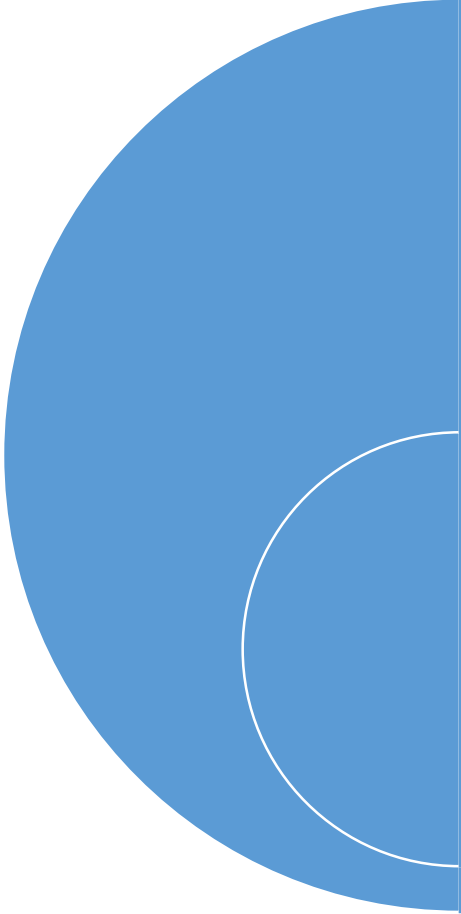
- shall be given **within fifteen days** from the day on which the acquisition or devolution of the after-acquired property
- **comes to the knowledge of the bankruptcy trustee.**

159. After-acquired property of bankrupt



(4) For the purposes of sub-section (3)-	
(a) anything which comes to the knowledge of the bankruptcy trustee	<ul style="list-style-type: none">• shall be deemed to have come to the knowledge of the successor of the bankruptcy trustee at the same time; and
(b) anything which comes to the knowledge of a person before he is appointed as a bankruptcy trustee	<ul style="list-style-type: none">• shall be deemed to have come to his knowledge on the date of his appointment as bankruptcy trustee.

159. After-acquired property of bankrupt

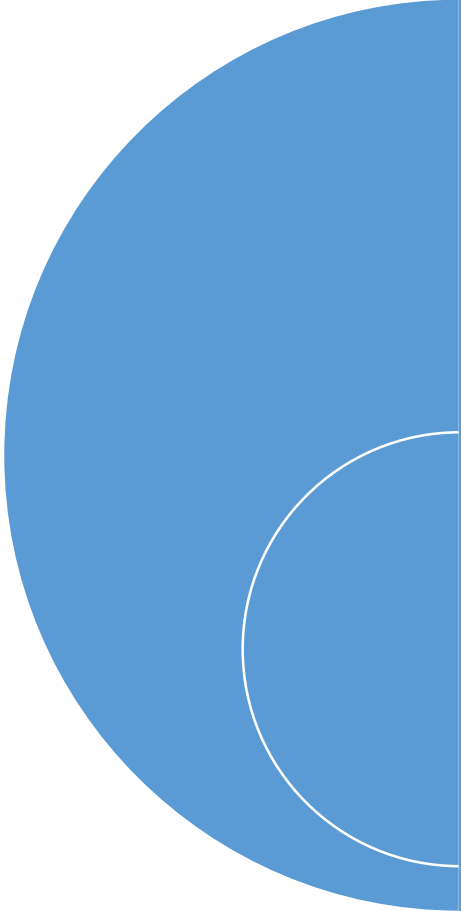


(5) The **bankruptcy trustee shall not be entitled**, by virtue of this section,

- to claim from any person who has acquired any right over after-acquired property,

in good faith, for value and without notice of the bankruptcy.

159. After-acquired property of bankrupt



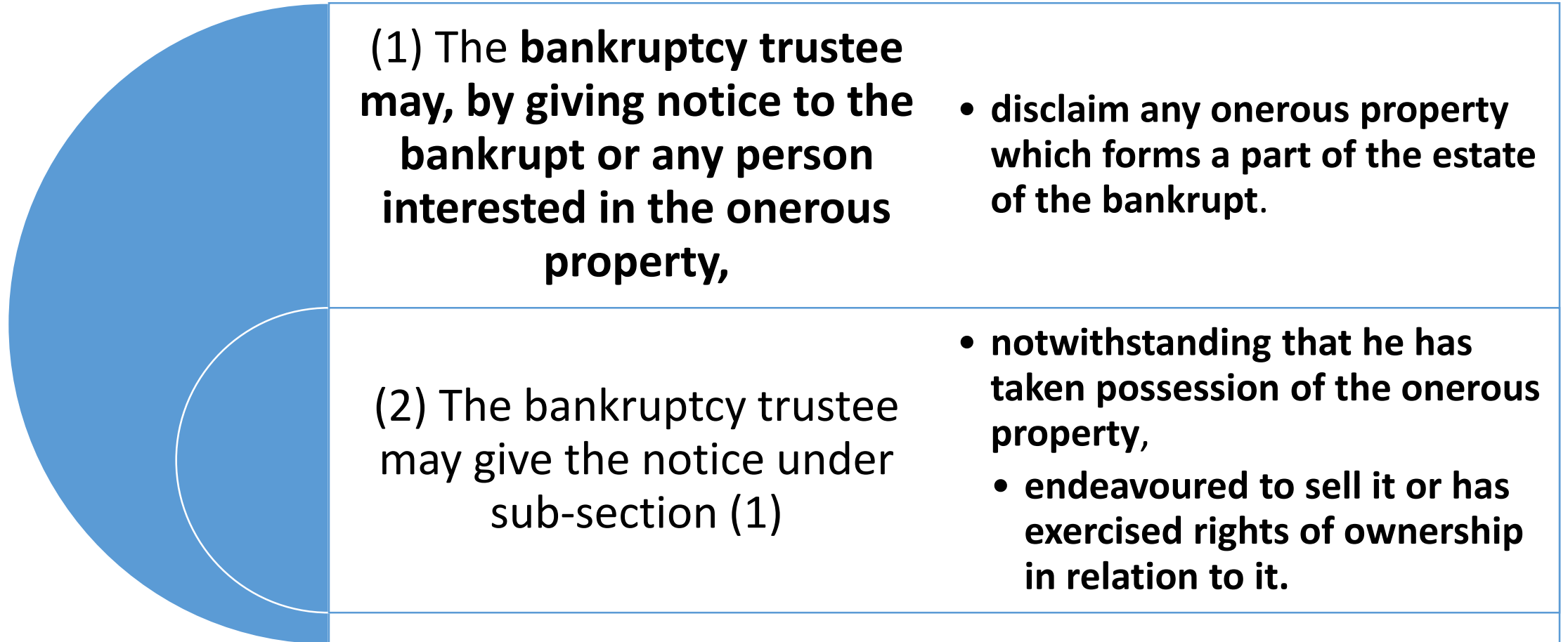
(6) A notice may be served **after the expiry of the period under subsection (3)**

- only with the approval of the Adjudicating Authority.

Explanation. – For the purposes of this section, the **term "after-acquired property" means**

- any property which has been **acquired by or has devolved**
- **upon the bankrupt after the bankruptcy commencement date.**

160. Onerous property of bankrupt

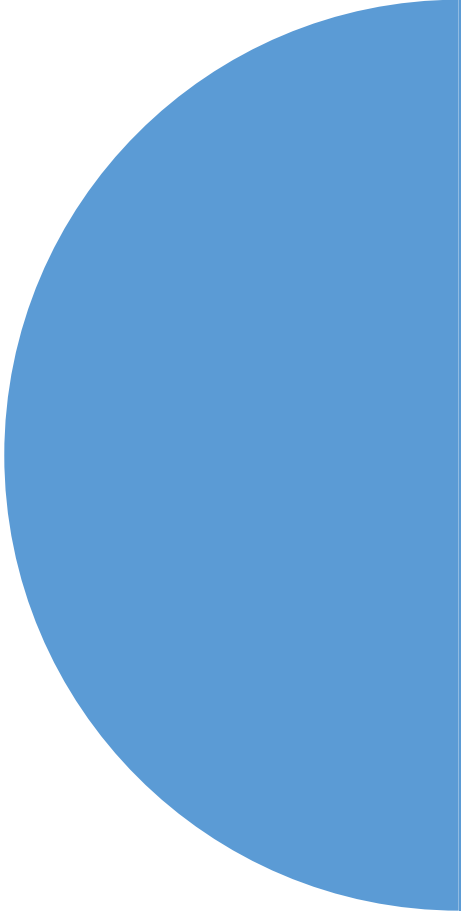


160. Onerous property of bankrupt



(3) A notice of disclaimer under sub-section (1) shall –	
(a) determine, as from the date of such notice,	<ul style="list-style-type: none">• the rights, interests and liabilities of the bankrupt in respect of the onerous property disclaimed;
(b) discharge the bankruptcy trustee from all personal liability	<ul style="list-style-type: none">• in respect of the onerous property as from the date of appointment of the bankruptcy trustee.

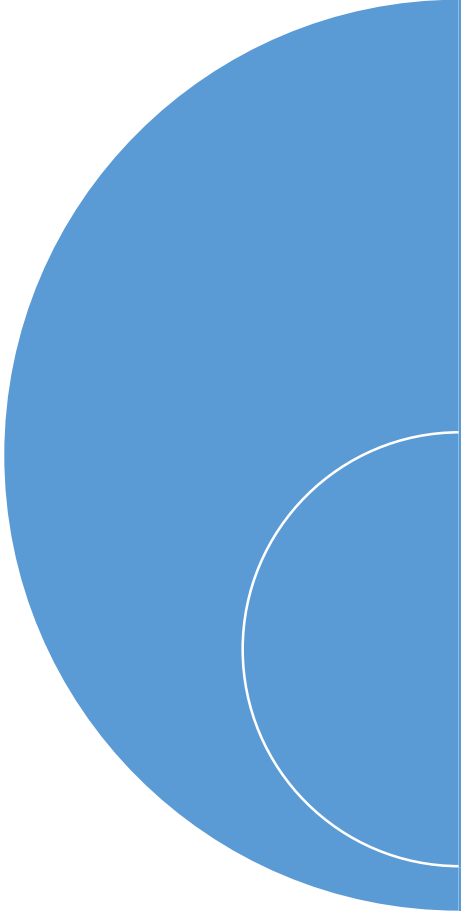
160. Onerous property of bankrupt



(4) A **notice of disclaimer** under subsection (1)

- shall not be given in respect of the property
- which has been claimed for the estate of the bankrupt under section 155
- without the permission of the committee of creditors.

160. Onerous property of bankrupt



(5) A notice of disclaimer under sub-section (1) **shall not affect the rights or liabilities of any other person,**

- and any person who sustains a loss or damage in consequence of the operation of a disclaimer under this section shall be deemed to be a creditor of the bankrupt to the extent of the loss or damage.

Explanation. – For the purposes of this section, the term “**onerous property**” **means**

- (i) any unprofitable contract; and
(ii) any other property comprised in the estate of the bankrupt which is unsaleable or not readily saleable, or is such that it may give rise to a claim

161. Notice to disclaim onerous property



(1) No notice of disclaimer under section 160 shall be necessary if –

(a) a person interested in the onerous property has applied in writing to the bankruptcy trustee or his predecessor requiring him to decide whether the onerous property should be disclaimed or not; and

- **(b) a decision under clause (a) has not been taken by the bankruptcy trustee within seven days of receipt of the notice.**

161. Notice to disclaim onerous property



(2) Any onerous property which cannot be disclaimed under subsection (1)
shall be deemed to be part of the estate of the bankrupt.
Explanation. – For the purposes of this section, an onerous property is said to be disclaimed where notice in relation to that property has been given by the bankruptcy trustee under section 160.

162. Disclaimer of leaseholds.



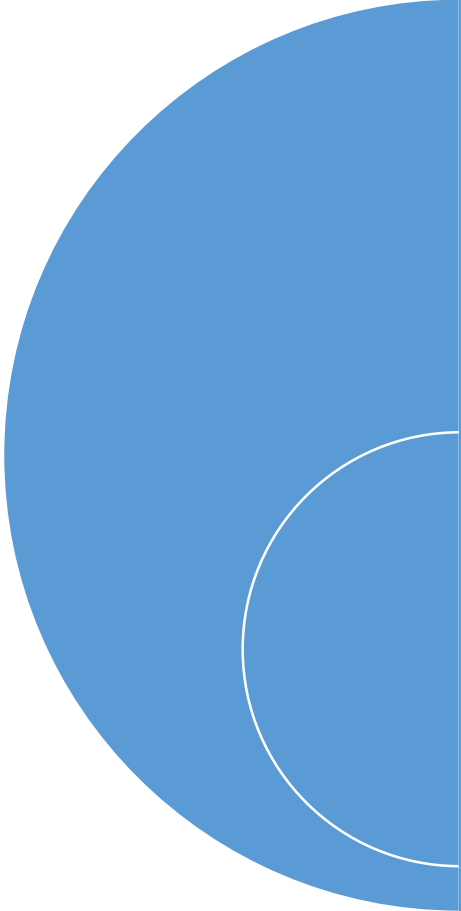
(1) The bankruptcy trustee shall **not be entitled to disclaim any leasehold interest,**

- **unless** a notice of disclaimer has been served on every interested person **and**

(a) no application objecting to the disclaimer by the interested person, has been filed with respect to the leasehold interest, **within fourteen days** of the date on which notice was served; **and**

- (b) where the application objecting to the disclaimer has been filed by the interested person, **the Adjudicating Authority has directed under section 163 that the disclaimer shall take effect**

162. Disclaimer of leaseholds.



(2) Where the Adjudicating Authority gives a direction under clause (b) of sub-section (1),

it may also make order **with respect to fixtures, improvements by tenant and other matters arising out of the lease as it may think fit.**

163. Challenge against disclaimed property

(1) An application challenging the disclaimer **may be made by the following persons** under this section to the Adjudicating Authority-

- (a) any person who claims an interest in the disclaimed property; **or**

(b) any person who is under any liability in respect of the disclaimed property; **or**

- (c) **where the disclaimed property is a dwelling house, any person who on the date of application for bankruptcy was in occupation of or entitled to occupy that dwelling house.**

163. Challenge against disclaimed property



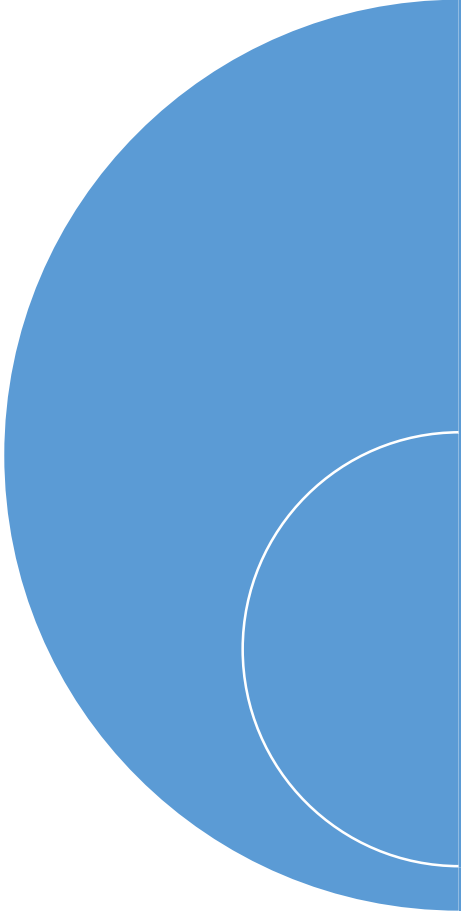
(2) The Adjudicating Authority may on an application under sub-section (1)

- **make an order for the vesting of the disclaimed property in, or for its delivery to any of the persons mentioned in sub-section (1).**

(3) The Adjudicating Authority shall not make an order in favour of a person who has made an application under clause (b) of sub-section (1)

- **except where it appears to the Adjudicating Authority that it would be just to do so for the purpose of compensating the person.**

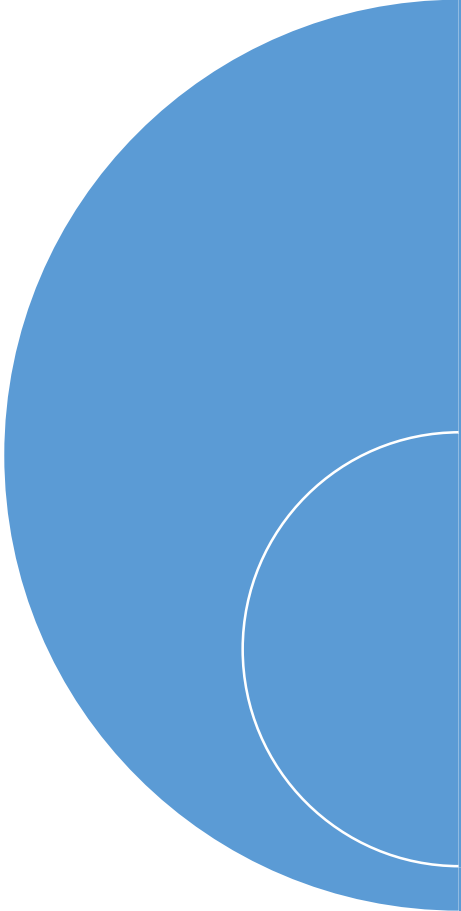
163. Challenge against disclaimed property



(4) The **effect of an order under this section shall be taken into account** while assessing loss or damage sustained by any person in consequence of the disclaimer under sub-section (5) of section 160.

(5) An order under sub-section (2) vesting property in any person **need not be completed by any consequence, assignment or transfer**

164. Undervalued transactions



(1) The bankruptcy trustee may apply to the Adjudicating Authority for an order under this section **in respect of an undervalued transaction between a bankrupt and any person.**

(2) The undervalued transaction referred to in sub-section (1) should have –

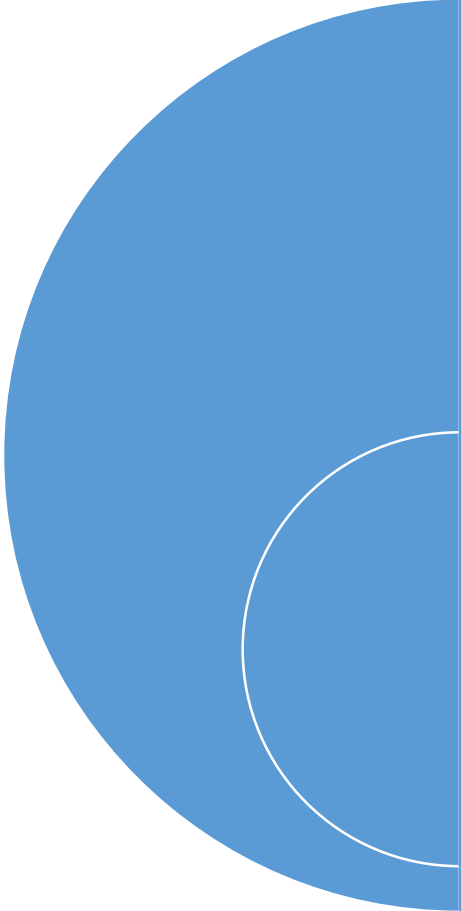
- **(a) been entered into during the period of two years ending on the filing of the application for bankruptcy; **and****
- **(b) caused bankruptcy process to be triggered.**

164. Undervalued transactions

(3) A transaction between a bankrupt and his associate entered into during the period of two years preceding the date of making of the application for bankruptcy

- shall be deemed to be an undervalued transaction under this section

164. Undervalued transactions



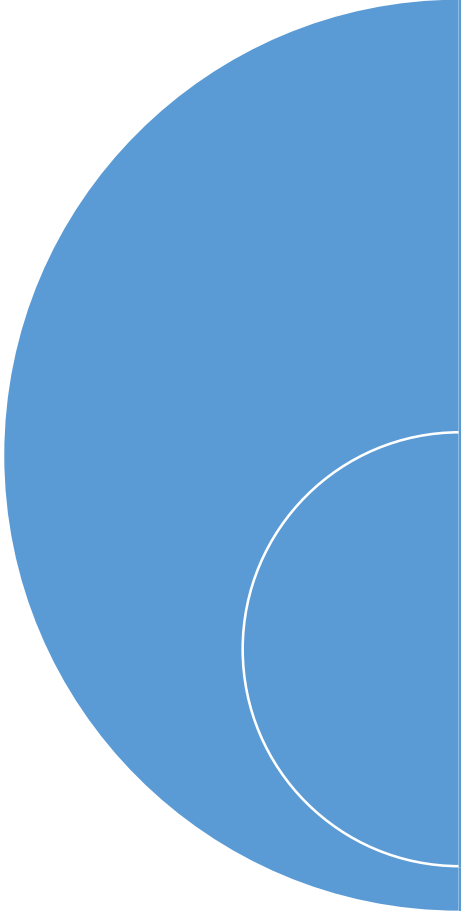
(4) On the application of the bankruptcy trustee under subsection (1), the Adjudicating Authority may –

- (a) **pass an order declaring an undervalued transaction void;**

(b) pass an order requiring any property transferred as a part of an undervalued transaction to be vested with the bankruptcy trustee as a part of the estate of the bankrupt; and

- (c) **pass any other order it thinks fit for restoring the position to what it would have been if** the bankrupt had not entered into the undervalued transaction.

164. Undervalued transactions



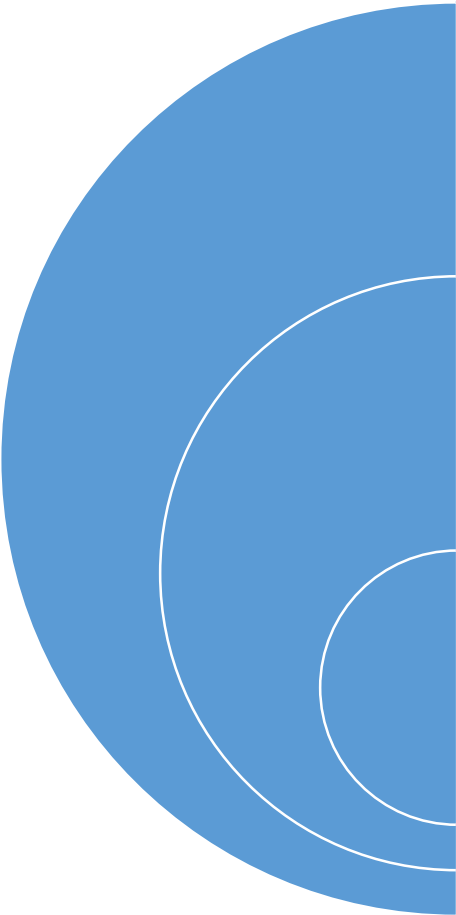
(5) The order under clause
(a) of sub-section (4)

- shall not be passed

**if it is proved by the bankrupt
that the transaction was
undertaken in the ordinary
course of business of the
bankrupt:**

- **Provided that the provisions of this sub-section shall not be applicable to undervalued transaction entered into between a bankrupt and his associate under sub-section (3) of this section.**

164. Undervalued transactions [read b once again]



(6) For the purposes of this section, **a bankrupt enters into an undervalued transaction with any person if –**

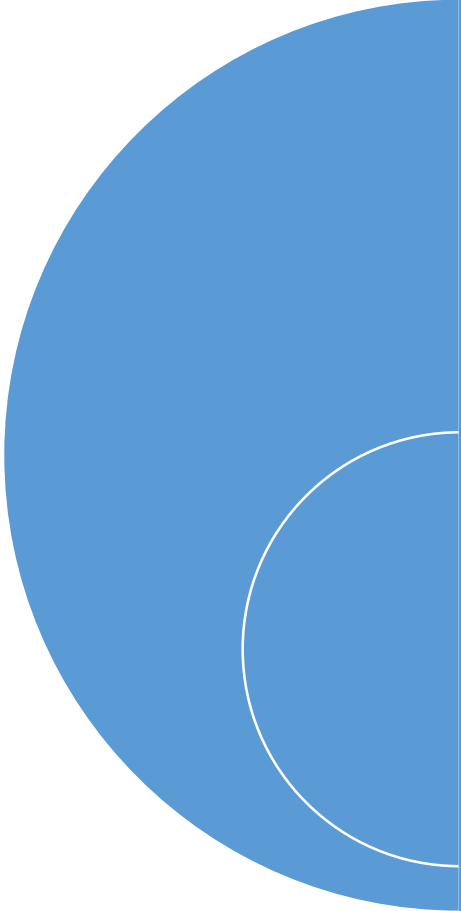
(b) no consideration has been received by that person from the bankrupt;

(d) it is for a consideration, the value of which in money or money's worth is significantly less than the value in money or money's worth of the consideration provided by the bankrupt.

- **(a) he makes a gift to that person;**

- **(c) it is in consideration of marriage; or**

165. Preference transactions



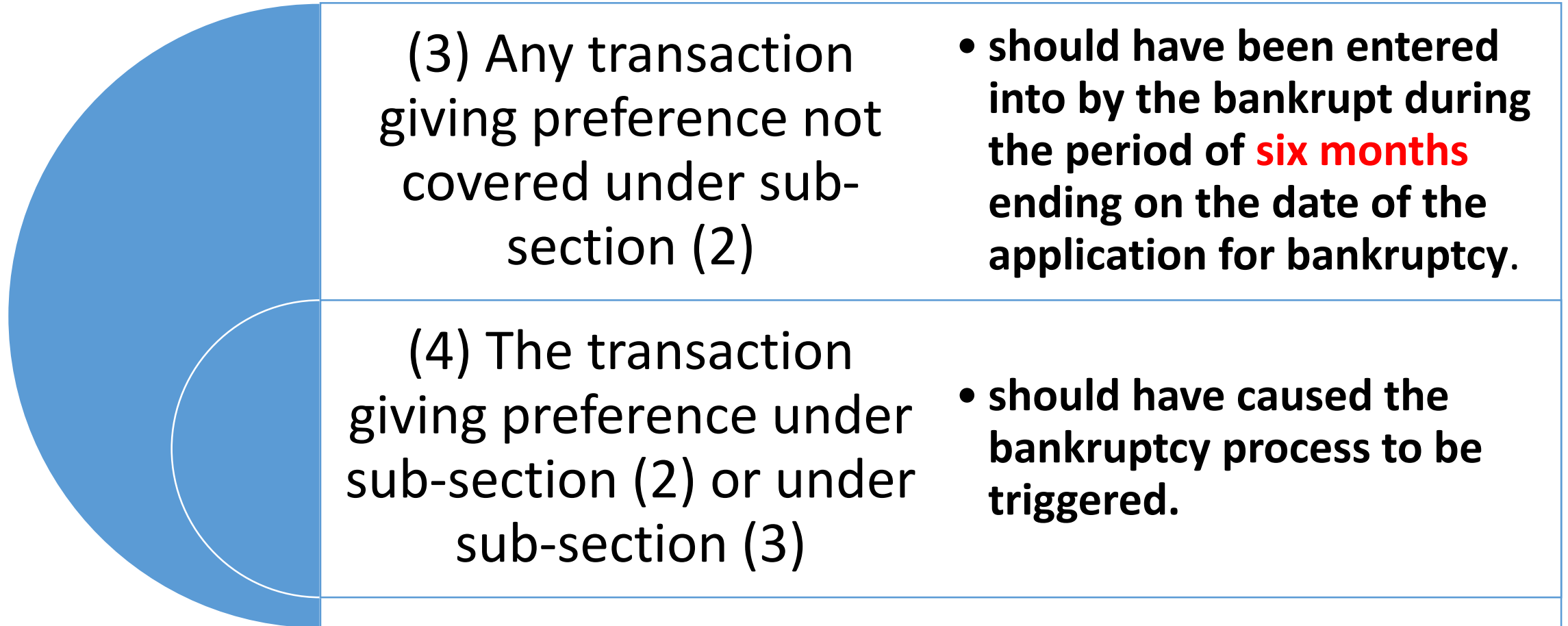
(1) The bankruptcy trustee may apply to the Adjudicating Authority for an order under this section

- **if a bankrupt has given a preference to any person.**

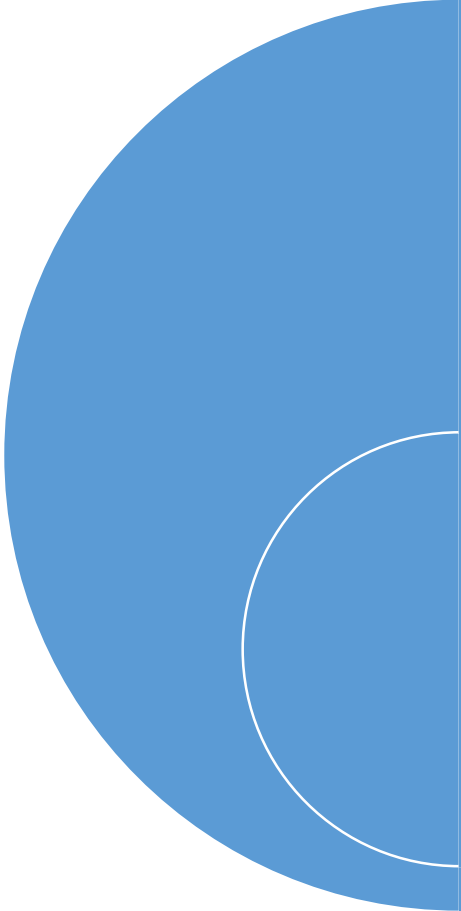
(2) The transaction giving preference **to an associate** of the bankrupt under subsection (1)

- **should have been entered into by the bankrupt with the associate during the period of two years ending on the date of the application for bankruptcy.**

165. Preference transactions



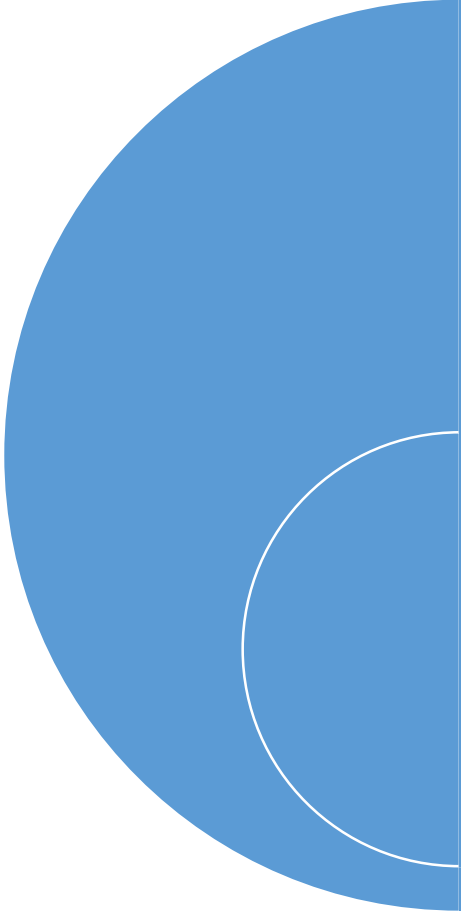
165. Preference transactions



(5) On the application of the bankruptcy trustee under subsection (1), the Adjudicating Authority may –

- (a) **pass an order** declaring a transaction giving preference void;
- (b) **pass an order** requiring any property transferred in respect of a transaction giving preference **to be vested with the bankruptcy trustee** as a part of the estate of the bankrupt; and
- (c) **pass any other** order it thinks fit for **restoring the position** to what it would have been if the bankrupt had not entered into the transaction giving preference.

165. Preference transactions



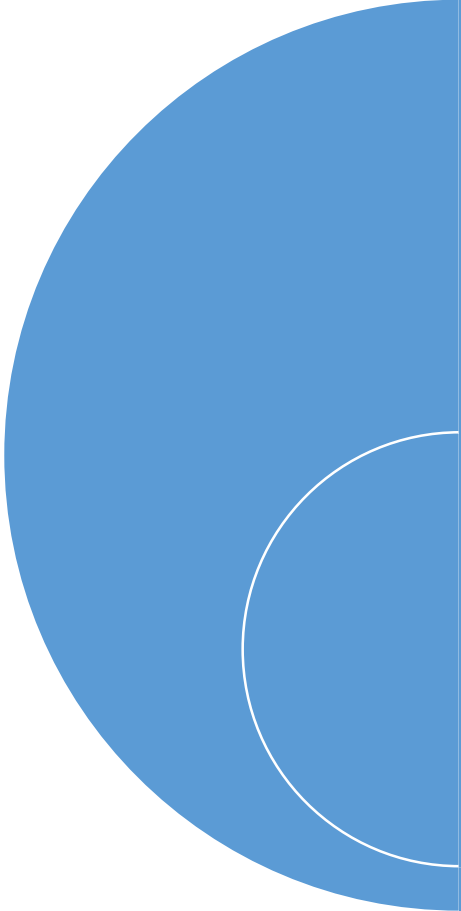
(6) The Adjudicating Authority **shall not pass** an order under sub-section (5) **unless**

- Unless the bankrupt was influenced in his decision of giving preference to a person
- **by a desire** to produce in relation to that person an effect under clause (b) of sub-section (8).

(7) For the purpose of sub-section (6), if the person is an associate of the bankrupt, (otherwise than by reason only of being his employee), at the time when the preference was given,

- **it shall be presumed** that the bankrupt was influenced in his decision under that subsection.

165. Preference transactions



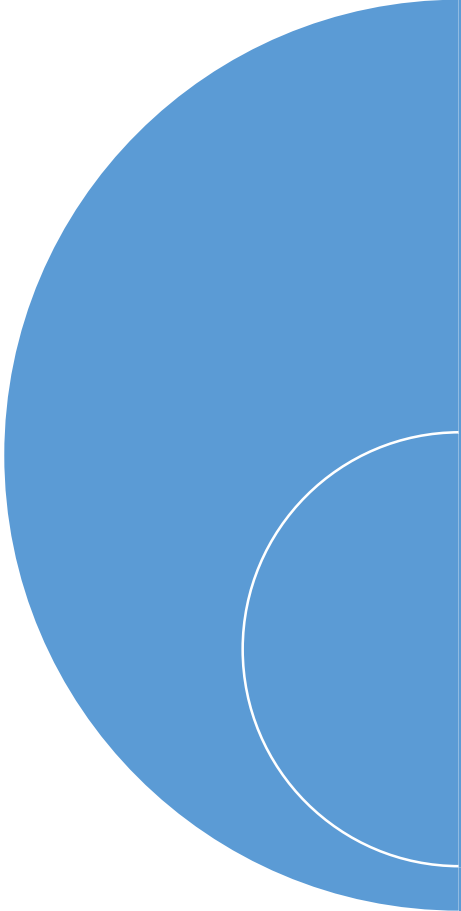
(8) For the purposes of this section, a bankrupt shall be deemed to have entered into a transaction giving preference to any person **if** –

- If (a) the person is the creditor or surety or guarantor for any debt of the bankrupt; and

If (b) the bankrupt does anything or suffers anything to be done

- which has the effect of putting that person into a position which, in the event of the debtor becoming a bankrupt, will be better than the position he would have been in, if that thing had not been done.

166. Effect of order [not understood]



(1) Subject to the provision of sub-section (2), an order passed by the Adjudicating Authority under section 164 or section 165 **shall not**, -

- (a) give rise to a right against a person interested in the property which was acquired in an undervalued transaction or a transaction giving preference,

whether or not he is the person with whom the bankrupt entered into such transaction; and

- (b) require any person to pay a sum to the bankruptcy trustee in respect of the benefit received from the undervalued transaction or a transaction giving preference, whether or not he is the person with whom the bankrupt entered into such transaction.

166. Effect of order

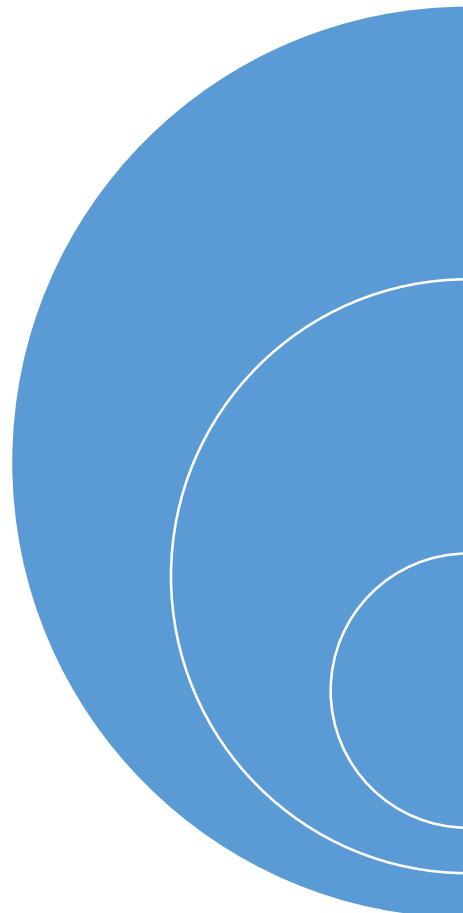
(2) The provision of subsection (1) **shall apply only if**

- the interest was acquired or the benefit was received

(a) in good faith;
(b) for value;
(c) without notice

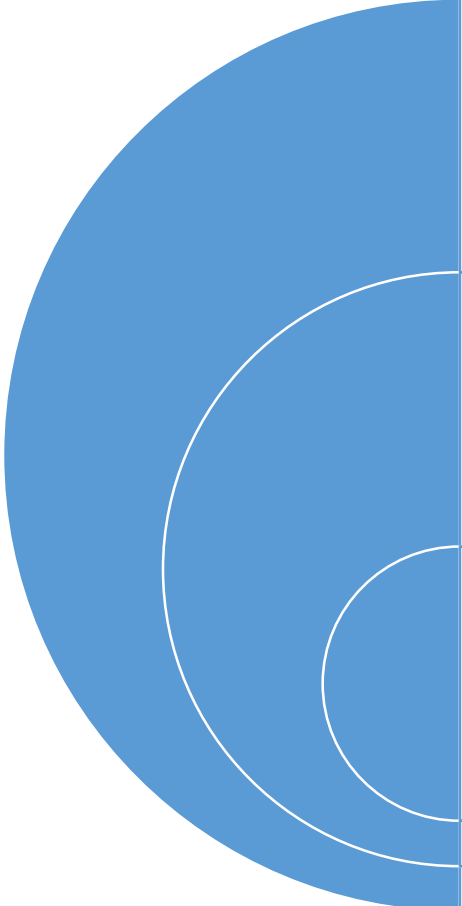
- that the bankrupt entered into the transaction at an undervalue or for giving preference;

166. Effect of order



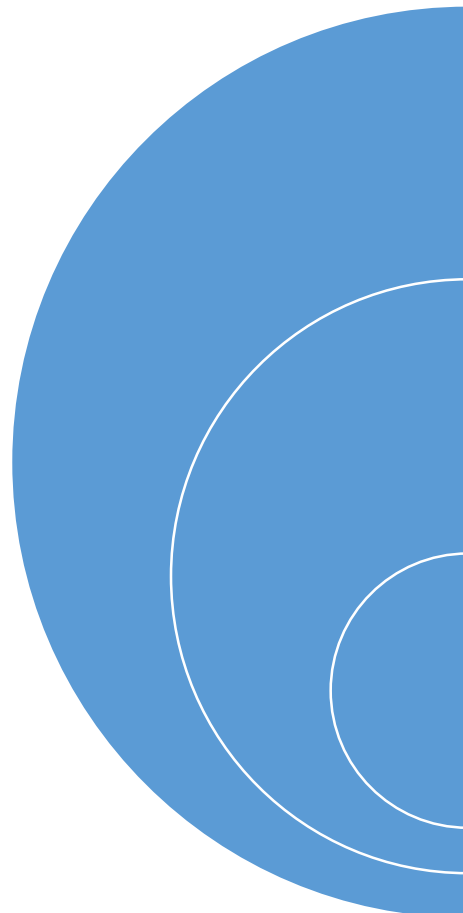
(2) The provision of sub-section (1) shall apply only if	<ul style="list-style-type: none">• the interest was acquired or the benefit was received
(d) without notice that the bankrupt has filed an application for bankruptcy or a bankruptcy order has been passed; and	<ul style="list-style-type: none">• (e) by any person who at the time of acquiring the interest or receiving the benefit was not an associate of the bankrupt.
(3) Any sum required to be paid to the bankruptcy trustee under sub-section (1)	<ul style="list-style-type: none">• shall be included in the estate of the bankrupt.

167. Extortionate credit transactions



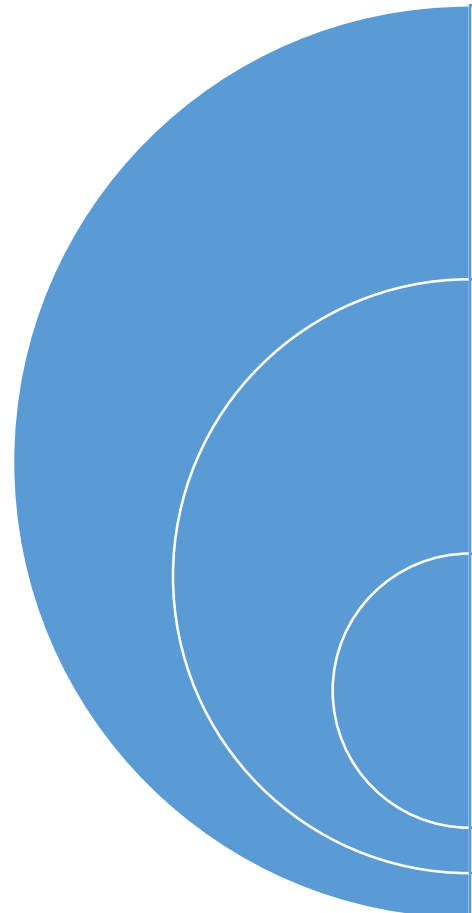
(1) Subject to sub-section (6), on an application by the bankruptcy trustee,	
the Adjudicating Authority may make an order under this section in respect of extortionate credit transactions	<ul style="list-style-type: none">• to which the bankrupt is or has been a party.
(2) The transactions under sub-section (1)	<ul style="list-style-type: none">• should have been entered into by the bankrupt during the period of two years ending on the bankruptcy commencement date.

167. Extortionate credit transactions



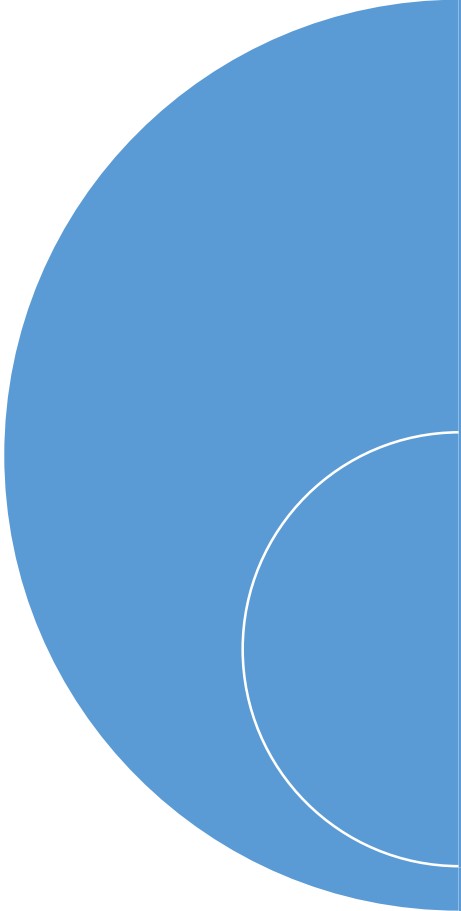
(3) An order of the Adjudicating Authority may –	<ul style="list-style-type: none">• (a) set aside the whole or part of any debt created by the transaction;
(b) vary the terms of the transaction or vary the terms on which any security for the purposes of the transaction is held;	<ul style="list-style-type: none">• (c) require any person who has been paid by the bankrupt under any transaction, to pay a sum to the bankruptcy trustee;
(d) require any person to surrender to the bankruptcy trustee any property of the bankrupt held as security for the purposes of the transaction	

167. Extortionate credit transactions



<p>(4) Any sum paid or any property surrendered to the bankruptcy trustee shall be included in the estate of the bankrupt.</p>	<ul style="list-style-type: none">• (5) For the purposes of this section, an extortionate credit transaction is a transaction for or involving the provision of credit to the bankrupt by any person-
<p>(a)on terms requiring the bankrupt to make exorbitant payments in respect of the credit provided; or</p>	<ul style="list-style-type: none">• (b)which is unconscionable under the principles of law relating to contracts.
<p>(6) Any debt extended by a person regulated for the provision of financial services in compliance with the law in force in relation to such debt, shall not be considered as an extortionate credit transaction under this section.</p>	

168. Obligations under contracts



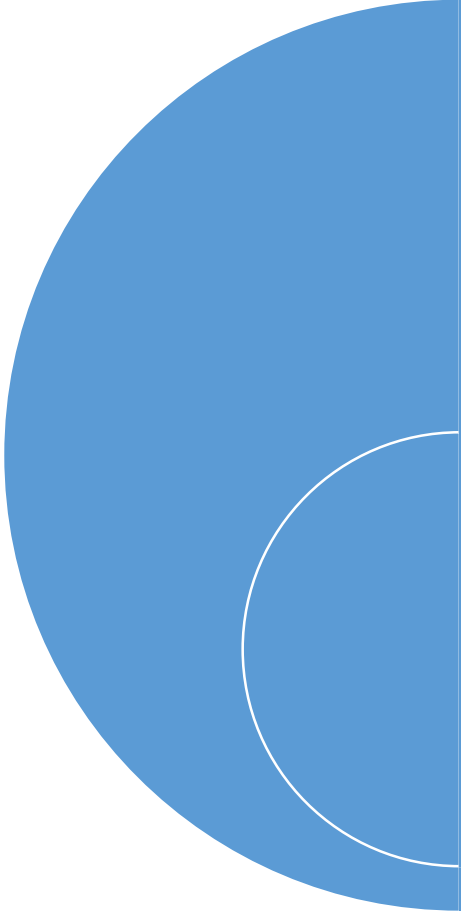
(1) This section shall apply where a contract has been entered into by the bankrupt with a person **before the bankruptcy commencement date.**

(a) For an order discharging the obligations of the applicant or the bankrupt under the contract; and

- (2) Any party to a contract, other than the bankrupt under sub-section (1), may apply to the Adjudicating Authority for –

- **(b) For payment of damages by the party or the bankrupt, for non-performance of the contract or otherwise.**

168. Obligations under contracts



(3) Any damages payable by the bankrupt by virtue of an order under clause (b) of subsection (2) shall be provable as bankruptcy debt.

that person may sue or be sued in respect of the contract

- (4) When a bankrupt is a party to the contract under this **section jointly with another person,**

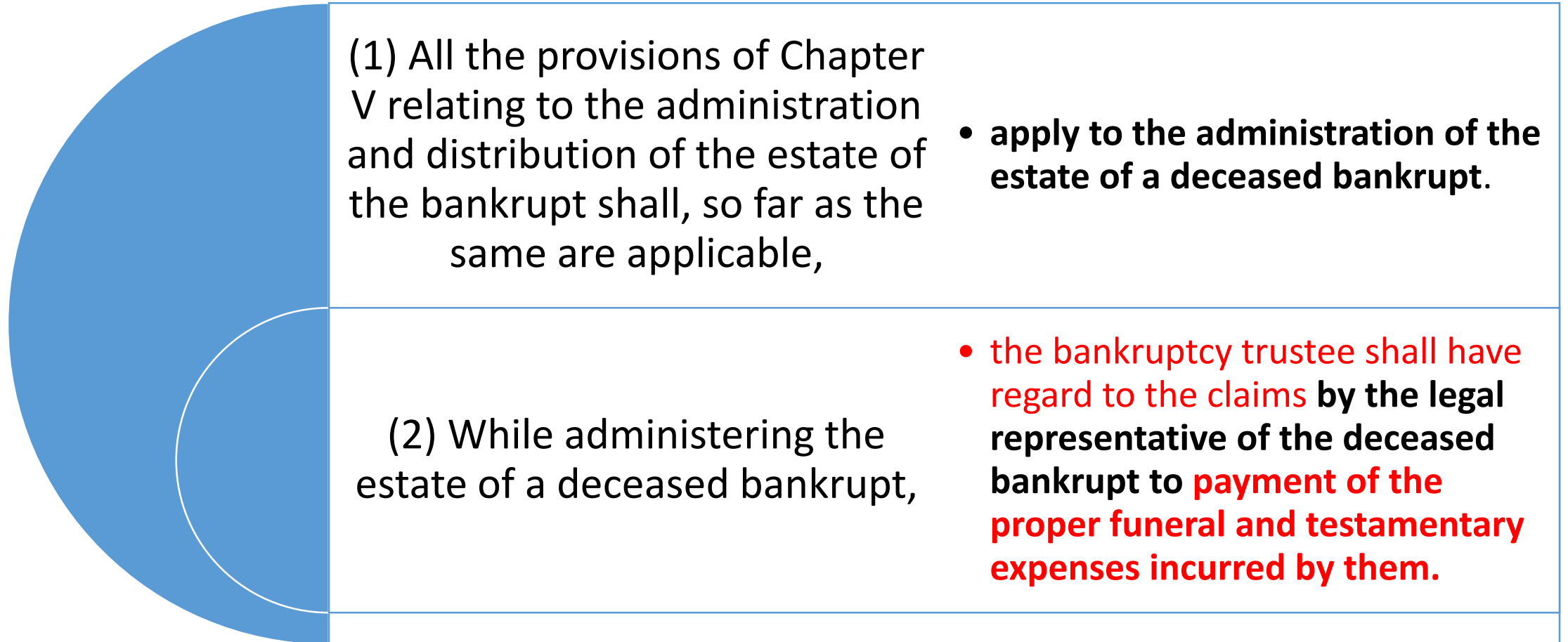
- **without joinder of the bankrupt.**

169. Continuance of proceedings on death of bankrupt

If a
bankrupt
dies,

- the bankruptcy proceedings shall, continue as if he were alive

170. Administration of estate of **deceased** bankrupt



170. Administration of estate of deceased bankrupt



(3) The claims under subsection (2)

- shall rank equally to the secured creditors in the priority provided under section 178.

(4) If, on the administration of the estate of a deceased bankrupt,

- any surplus remains in the hands of the bankruptcy trustee after payment in full of all the debts due from the deceased bankrupt,
- together with the costs of the administration and interest as provided under section 178,
- such surplus shall be paid to the legal representatives of the estate of the deceased bankrupt or dealt with in such manner as may be prescribed.

171. Proof of debt

(1) The **bankruptcy trustee shall give notice to each of the creditors**

- **to submit proof of debt within fourteen days of preparing the list of creditors under section 132.**

(2) The proof of debt shall –

- **(a) require the creditor to give full particulars of debt, including the date on which the debt was contracted and the value at which that person assesses it;**
- **(b) require the creditor to give full particulars of the security, including the date on which the security was given and the value at which that person assesses it;**
- **(c) be in such form and manner as may be prescribed.**

171. Proof of debt

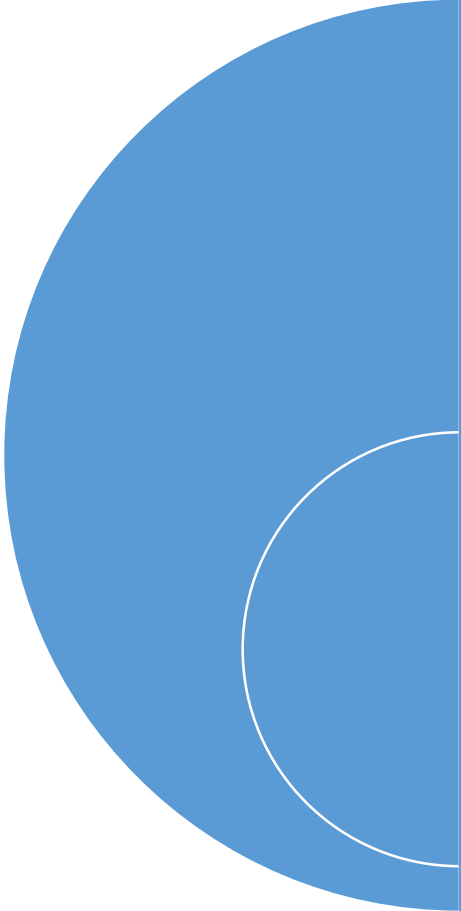
(3) In case the creditor is a decree holder against the bankrupt,

- a copy of the decree shall be a valid proof of debt.

(4) Where a debt bears interest, that interest shall be provable as part of the debt

- except in so far as it is owed in respect of any period after the bankruptcy commencement date.

171. Proof of debt



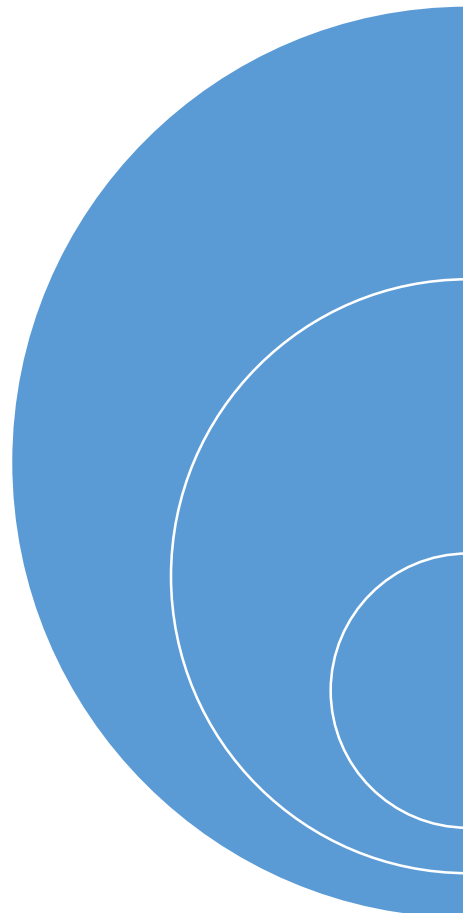
(5) The **bankruptcy trustee shall estimate the value of any bankruptcy debt which does not have a specific value.**

- (6) The value assigned by the bankruptcy trustee under subsection (5) **shall be the amount provable by the concerned creditor.**

(7) A creditor may prove for a debt where payment would have become due

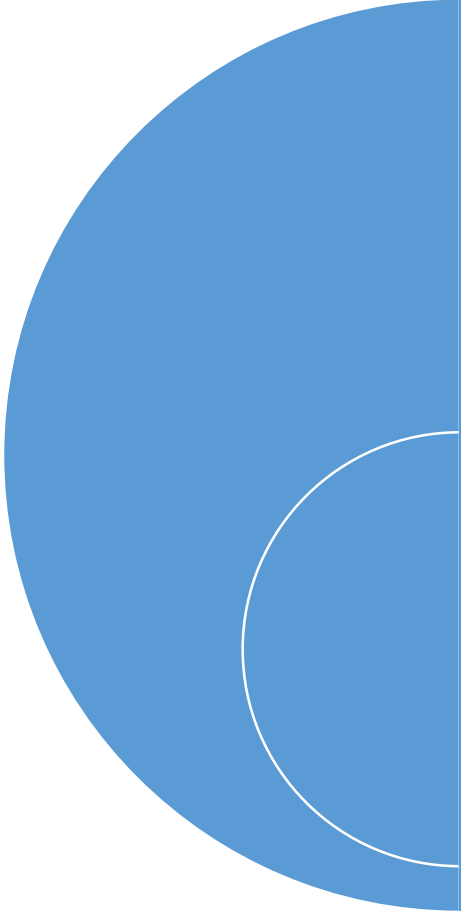
- at a date later than the bankruptcy commencement date as if it were owed presently and may receive dividends in a manner as may be prescribed.

171. Proof of debt



(8) Where the bankruptcy trustee serves a notice under sub-section (1)	<ul style="list-style-type: none">• and the person on whom the notice is served does not file a proof of security
within thirty days after the date of service of the notice,	<ul style="list-style-type: none">• the bankruptcy trustee may, with leave of the Adjudicating Authority,
sell or dispose of any property that was subject to the security, free of that security.	

172. Proof of debt by secured creditors. -



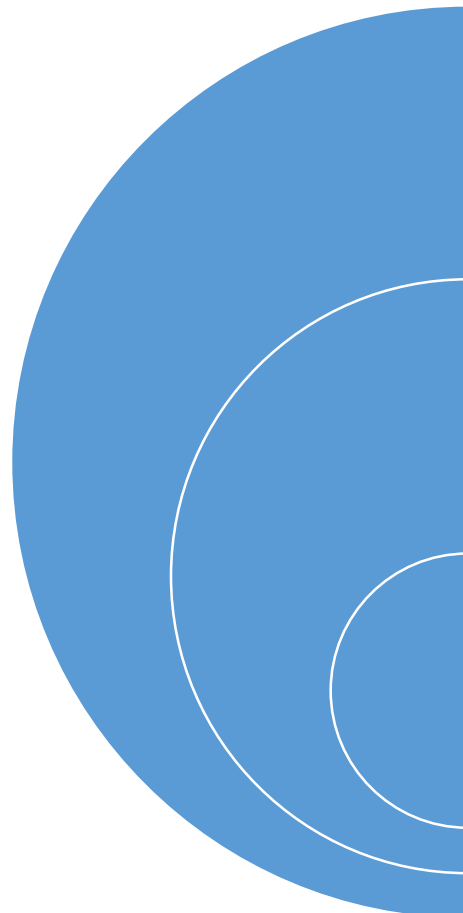
(1) Where a secured creditor realises his security,

- he may produce proof of the balance due to him.

(2) Where a secured creditor surrenders his security to the bankruptcy trustee for the general benefit of the creditors,

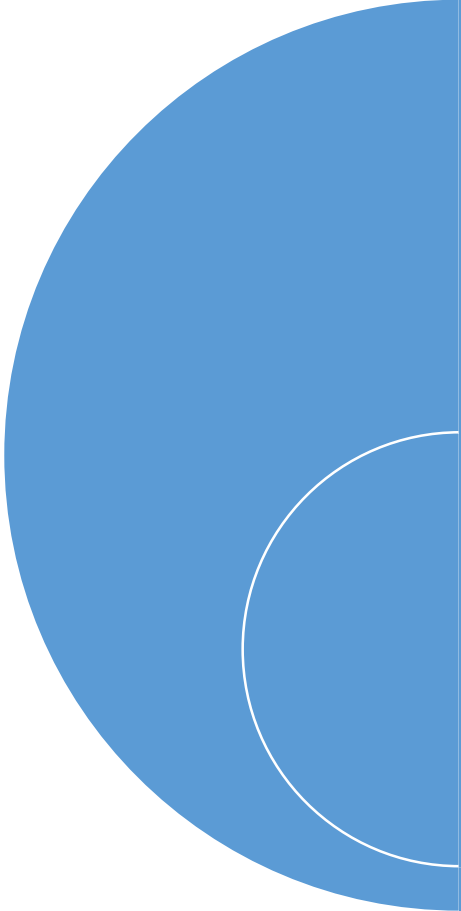
- he may produce proof of his whole claim

173. Mutual credit and set-off.



(1) Where before the bankruptcy commencement date,	<ul style="list-style-type: none">• there have been mutual dealings between the bankrupt and any creditor, the bankruptcy trustee shall –
(a) take an account of what is due from each party to the other in respect of the mutual dealings	<ul style="list-style-type: none">• and the sums due from one party shall be set off against the sums due from the other; and
(b) only the balance shall be provable as a bankruptcy debt	<ul style="list-style-type: none">• or as the amount payable to the bankruptcy trustee as part of the estate of the bankrupt.

173. Mutual credit and set-off.



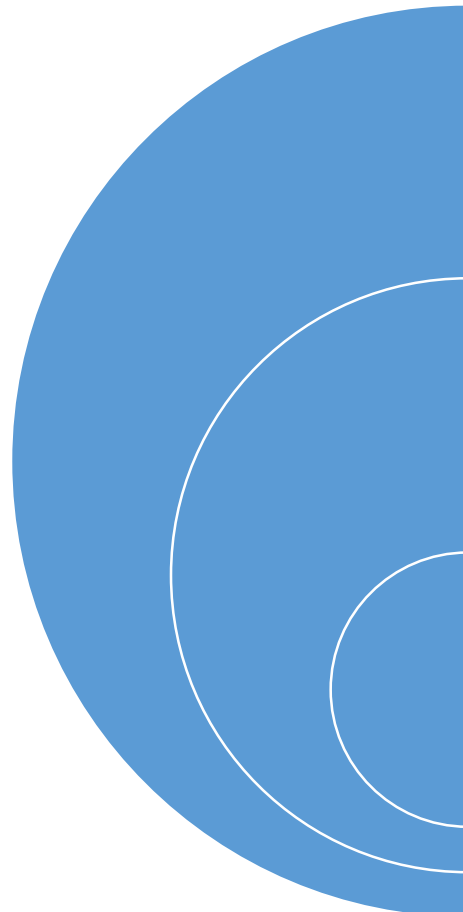
(2) Sums due from the bankrupt to another party

- shall not be included in the account taken by the bankruptcy trustee under sub-section (1),

if that other party had notice at the time they became due


- **that an application for bankruptcy relating to the bankrupt was pending.**

174. Distribution of interim dividend

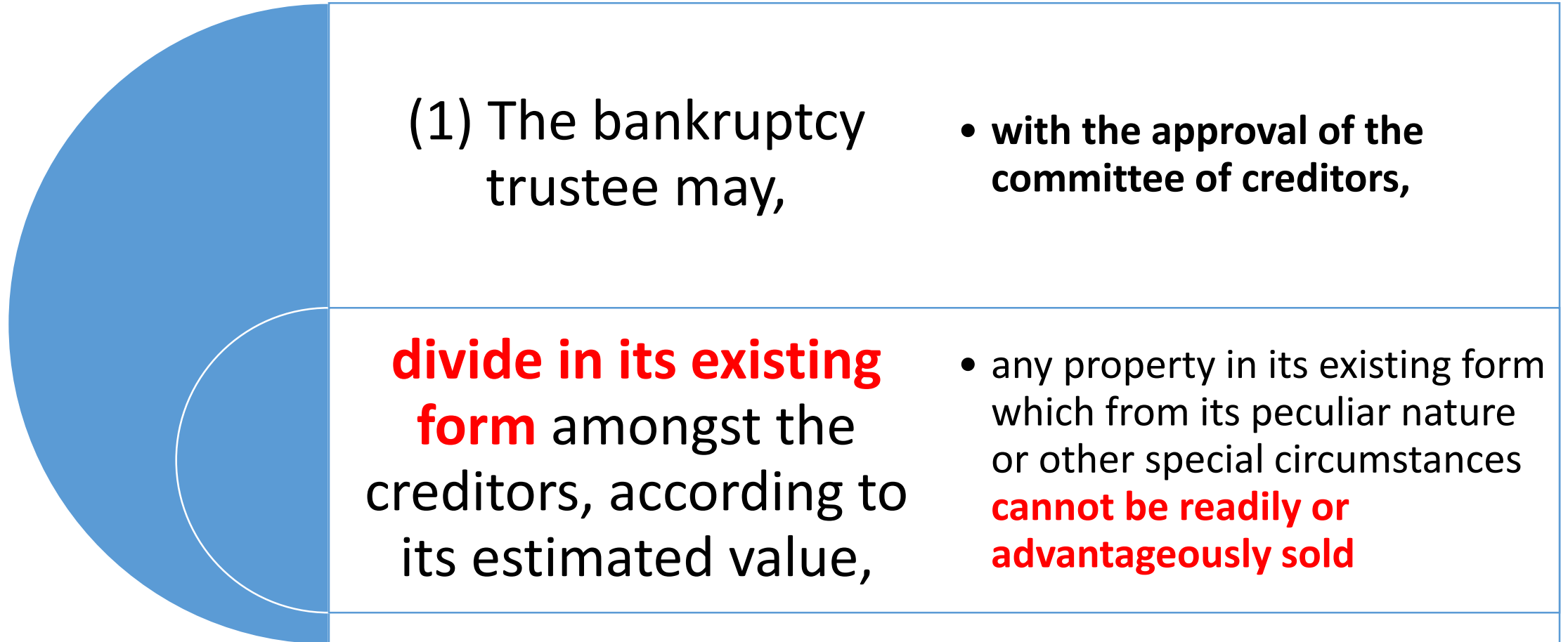


<p>(1) Whenever the bankruptcy trustee has sufficient funds in his hand,</p>
<p>he may declare and distribute interim dividend among the creditors</p> <ul style="list-style-type: none">• in respect of the bankruptcy debts which they have respectively proved.
<p>(2) Where the bankruptcy trustee has declared any interim dividend, he shall give notice of such dividend and the manner in which it is proposed to be distributed.</p>

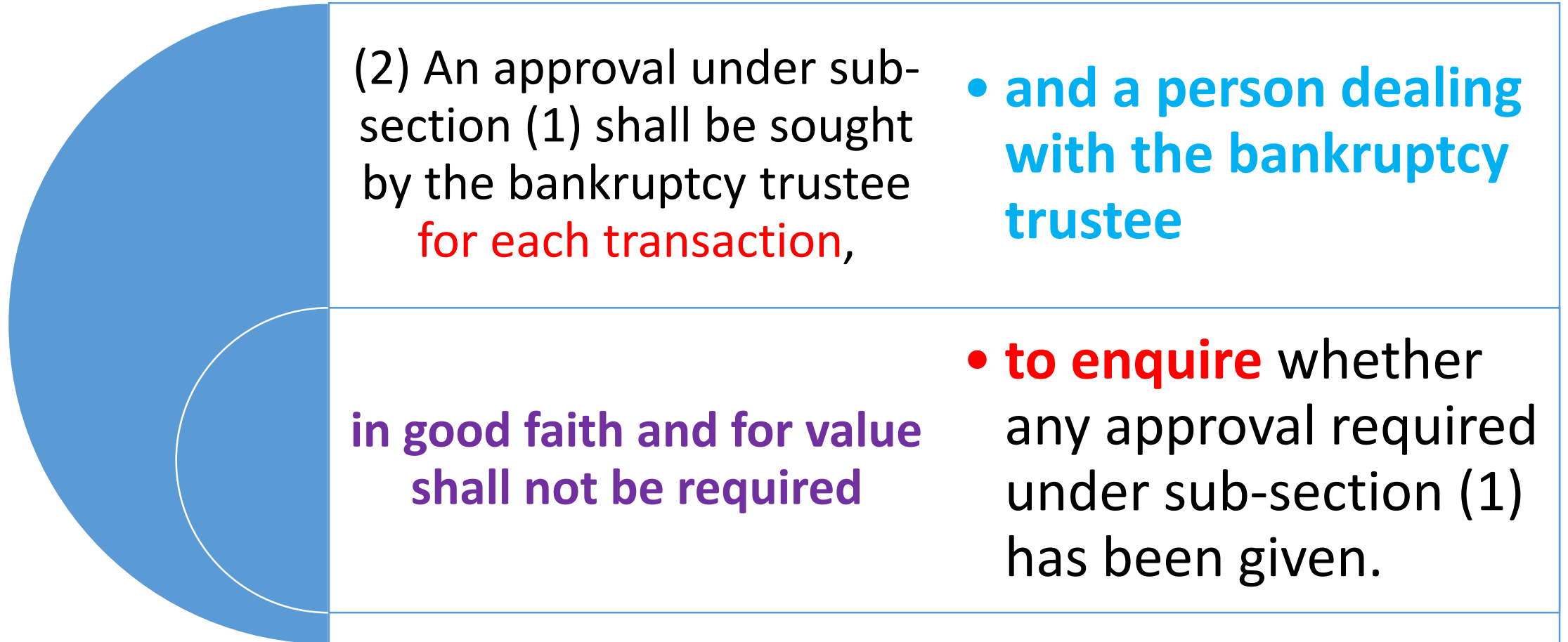
174. Distribution of interim dividend

	(3) In the calculation and distribution of the interim dividend, the bankruptcy trustee shall make provision for –	<ul style="list-style-type: none">• (a) any bankruptcy debts which appear to him to be due to persons
	who, by reason of the distance of their place of residence,	<ul style="list-style-type: none">• may not have had sufficient time to tender and establish their debts; and
	(b) any bankruptcy debts which are subject of claims which have not yet been determined;	<ul style="list-style-type: none">• (c) disputed proofs and claims; and
	(d) expenses necessary for the administration of the estate of the bankrupt.	

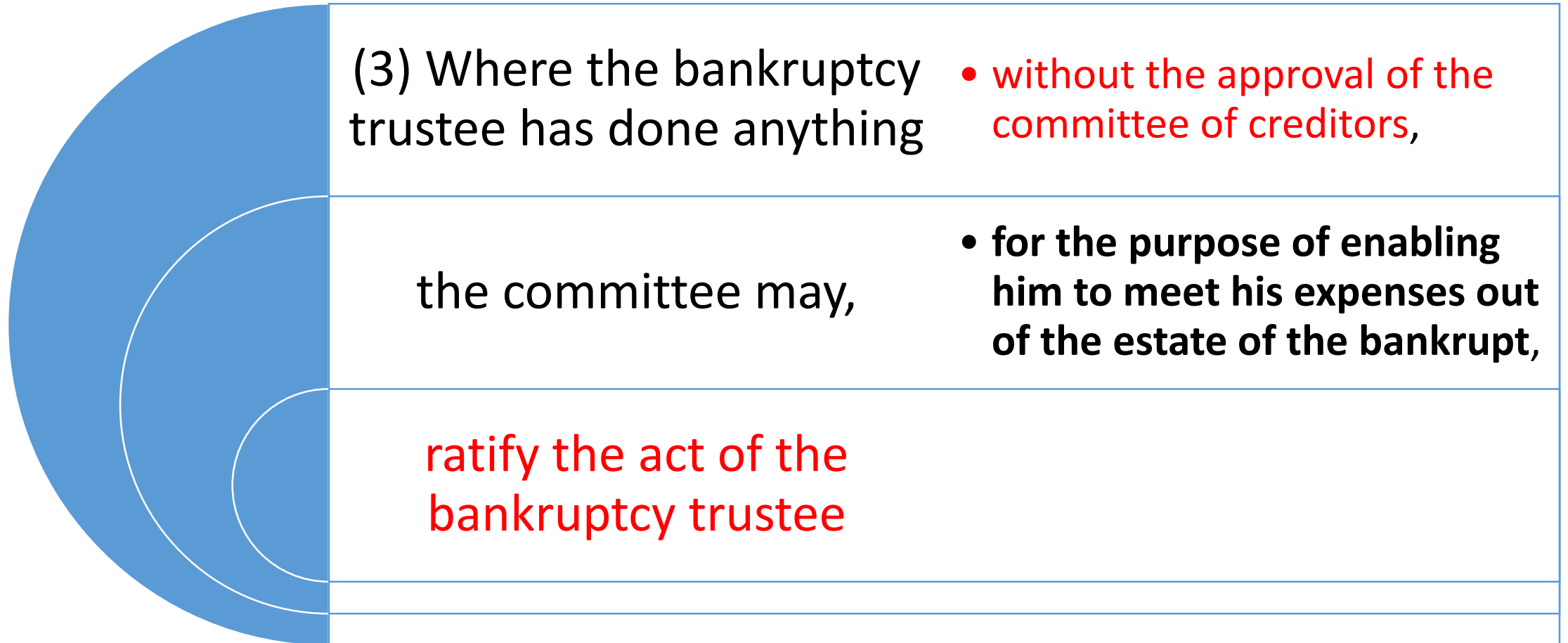
175. Distribution of property



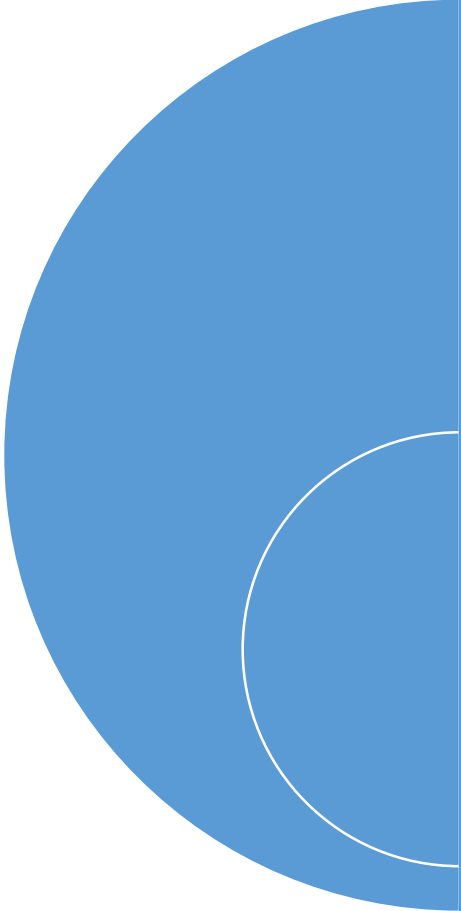
175. Distribution of property



175. Distribution of property



175. Distribution of property



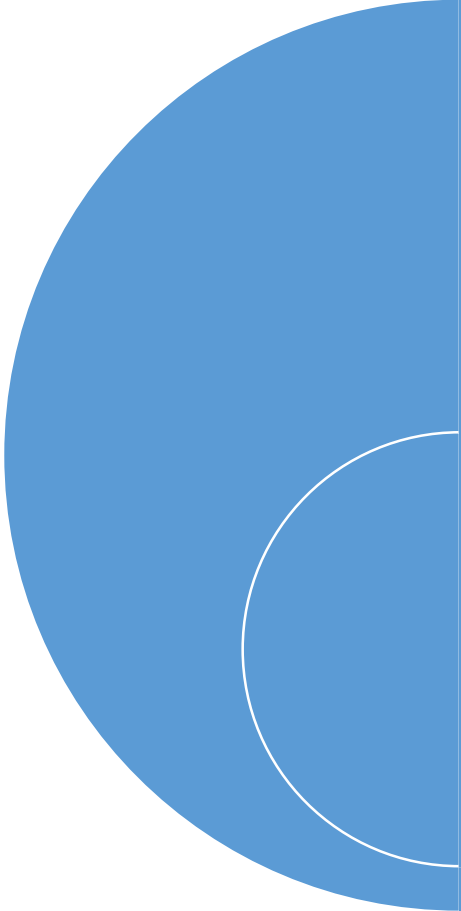
(4) The **committee** of the creditors shall not ratify the act of the bankruptcy trustee under sub-section (3)

- **unless it is satisfied**

that the bankruptcy trustee **acted in a case of urgency**

- **and has sought its ratification without undue delay**

176. Final dividend.



(1) Where the bankruptcy trustee has realised the entire estate of the bankrupt or so much of it as could be realised in the opinion of the bankruptcy trustee,

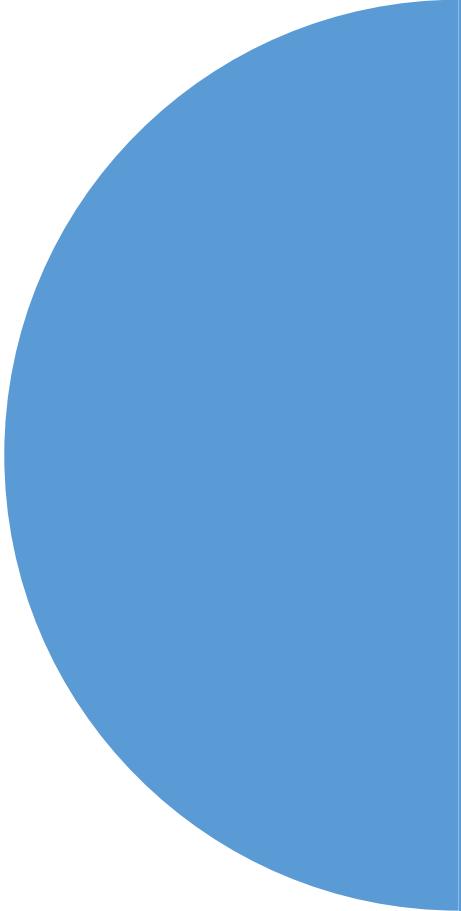
- he shall give notice

—

(a) of his intention to declare a final dividend; **or**

- (b) that **no dividend or further dividend shall be declared.**

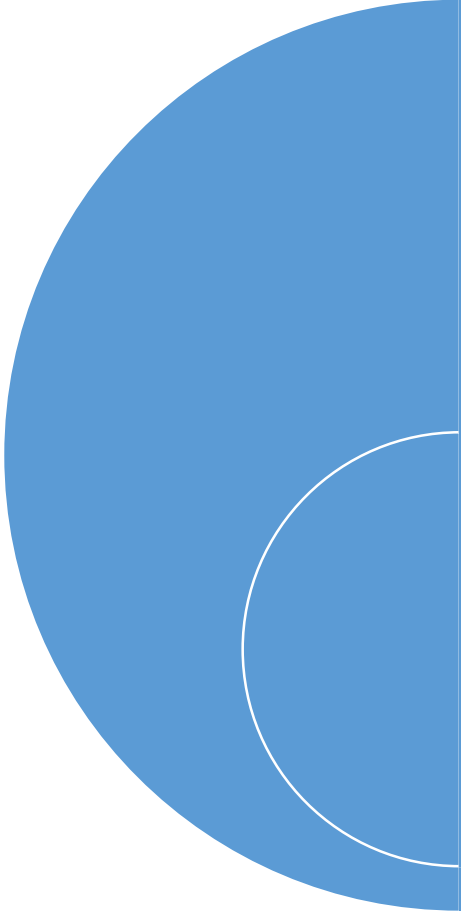
176. Final dividend.



(2) The notice under sub-section (1) shall contain such particulars as may be prescribed

- and shall require all claims against the estate of the bankrupt
- to be established by a final date specified in the notice

176. Final dividend.



(3) The Adjudicating Authority may, **on the application of any person**

- interested in the administration of the estate of the bankrupt,

postpone the final date referred to in sub-section (2).

176. Final dividend.



(4) After the final date referred to
in sub-section (2),

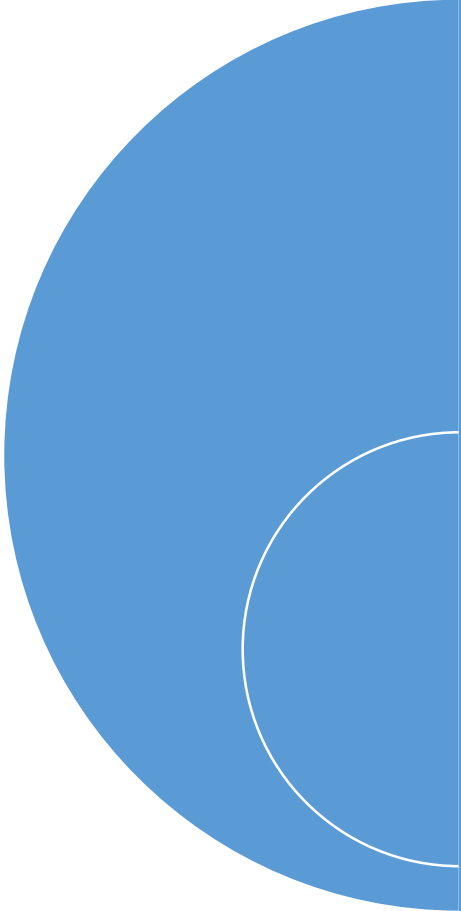
- the bankruptcy trustee shall – (a)
defray any outstanding expenses of
the bankruptcy out of the estate of
the bankrupt; and

**(b) if he intends to declare a final
dividend, declare and distribute
that dividend among the creditors**

- who have proved their debts,

**without regard to the claims of
any other persons.**

176. Final dividend.

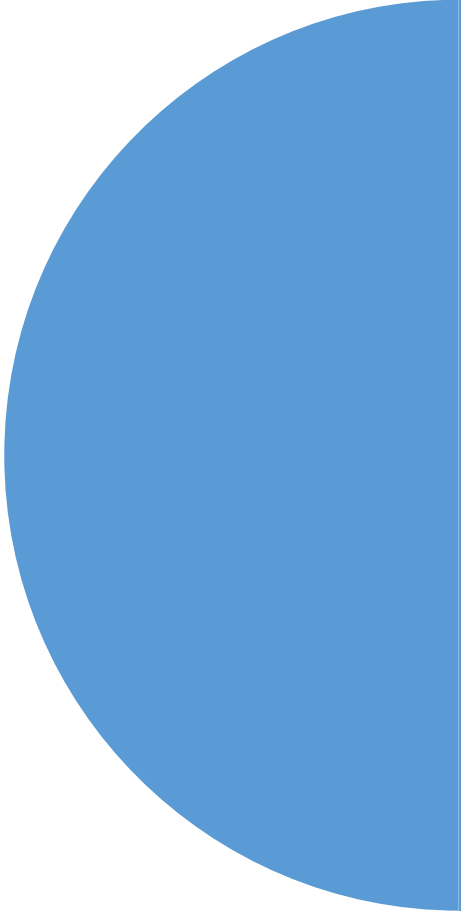


(5) If a surplus remains
**after payment in full
with interest to all the
creditors** of the bankrupt

• **and the payment
of the expenses
of the bankruptcy,**

the **bankrupt shall be
entitled to the surplus**

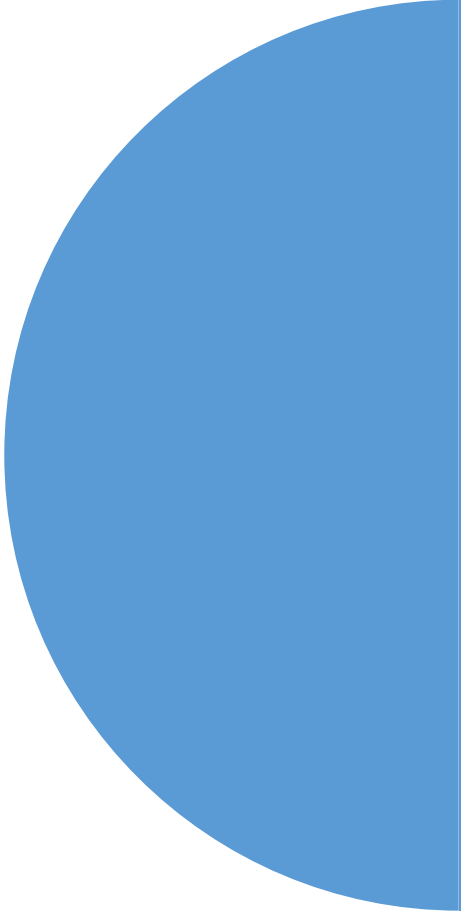
176. Final dividend.



**(6) Where a
bankruptcy
order has been
passed in
respect of one
partner in a firm,**

- a creditor to whom the bankrupt is indebted jointly with the other partners in the firm **or any of them** shall not receive any dividend out of the separate property of the bankrupt
- **until all the separate creditors have received the full amount of their respective debts.**

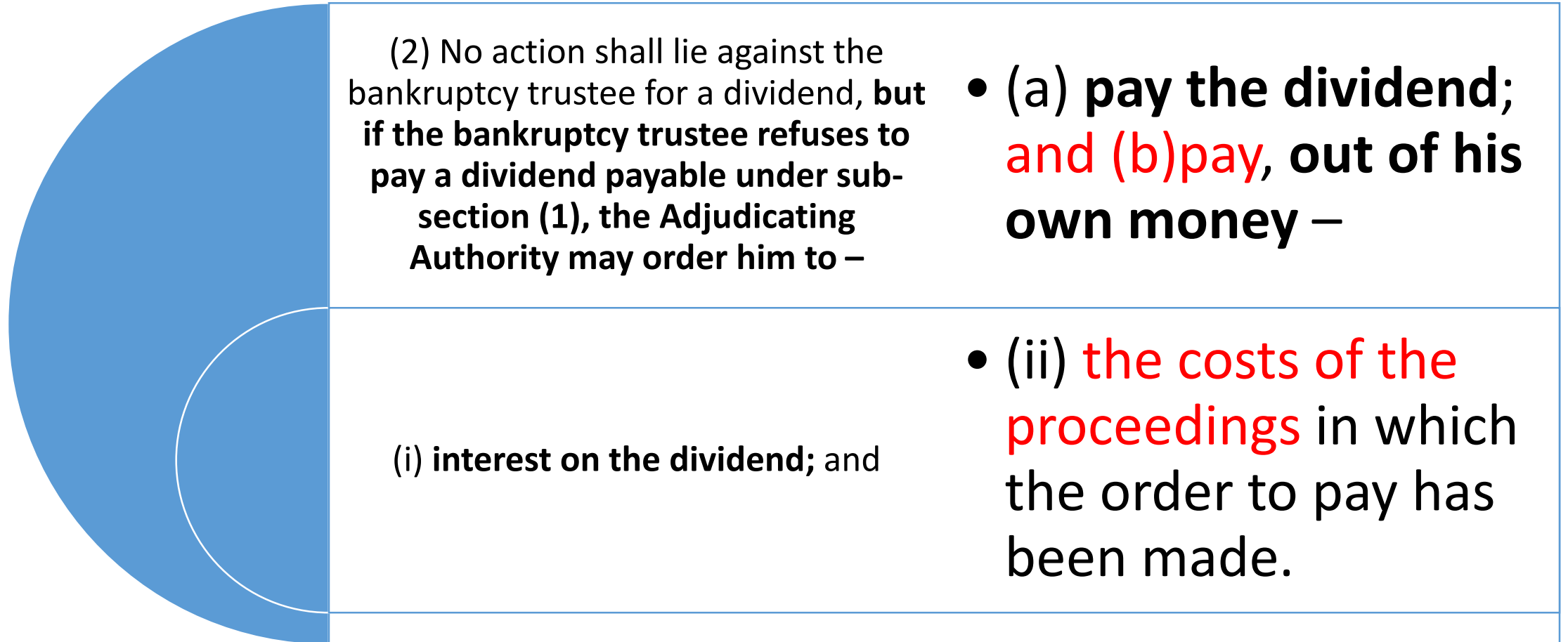
177. Claims of creditors



(1) A creditor who has not proved his debt before the declaration of any dividend

- is not entitled to disturb, by reason that he has not participated in it, the distribution of that dividend or any other dividend declared before his debt was proved, but –
- (a) **when he has proved the debt, he shall be entitled to be paid any dividend or dividends which he has failed to receive**, out of any money for the time being available for the payment of any further dividend; and
- (b) any dividend or dividends payable to him **shall be paid before that money is applied to the payment of any such further dividend.**

177. Claims of creditors



178. Priority of payment of debts

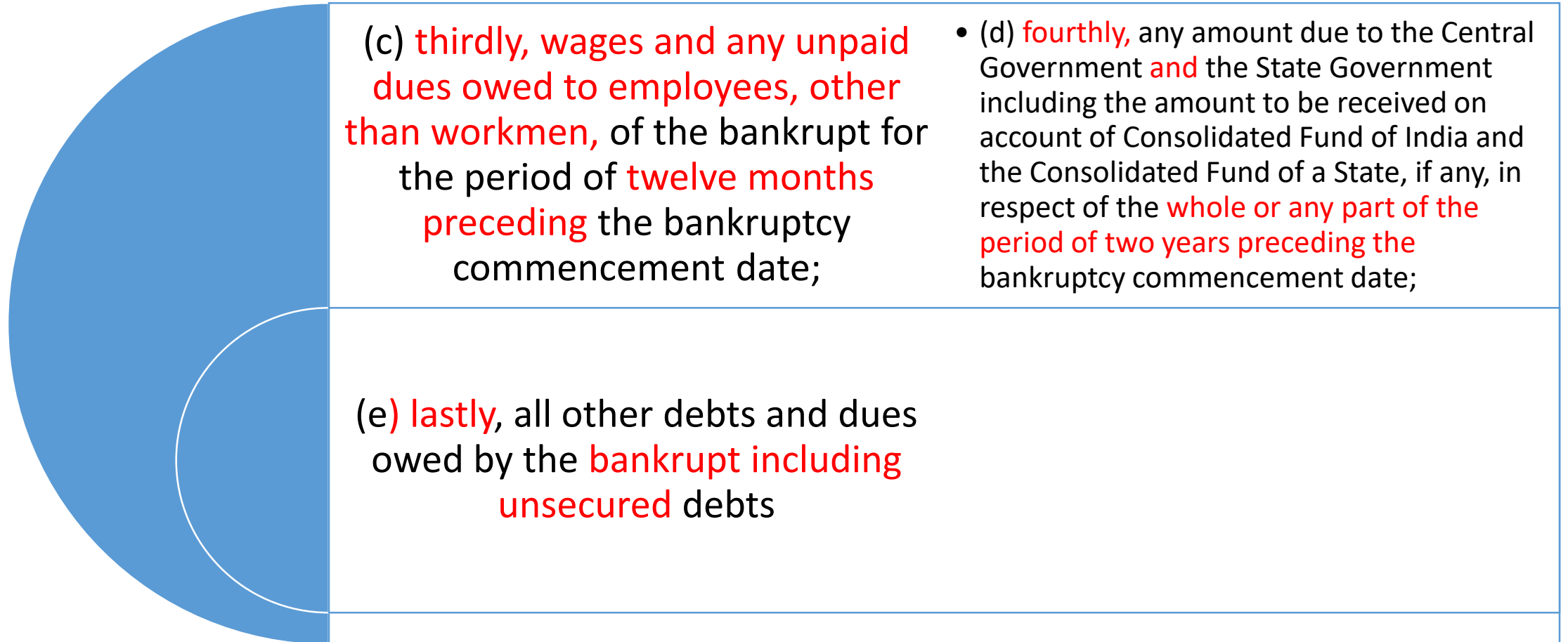
(1) Notwithstanding anything to the contrary contained in any law enacted by the Parliament or the State Legislature for the time being in force,

- in the distribution of the final dividend, the following debts shall be paid in priority to all other debts —

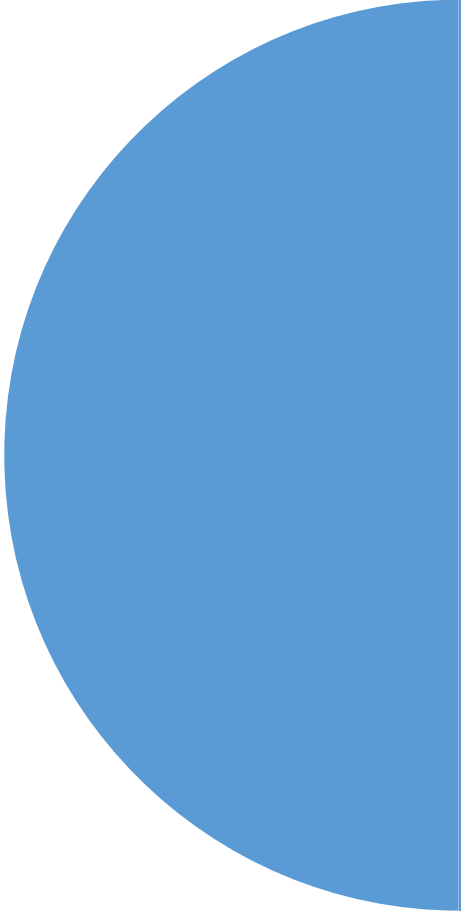
(a) **firstly**, the costs and expenses incurred by the bankruptcy trustee for the bankruptcy process in full;

- (b) **secondly**, - (i) **the workmen's dues** for the period of twenty-four months preceding the bankruptcy commencement date; and (ii) **debts owed to secured creditors**

178. Priority of payment of debts



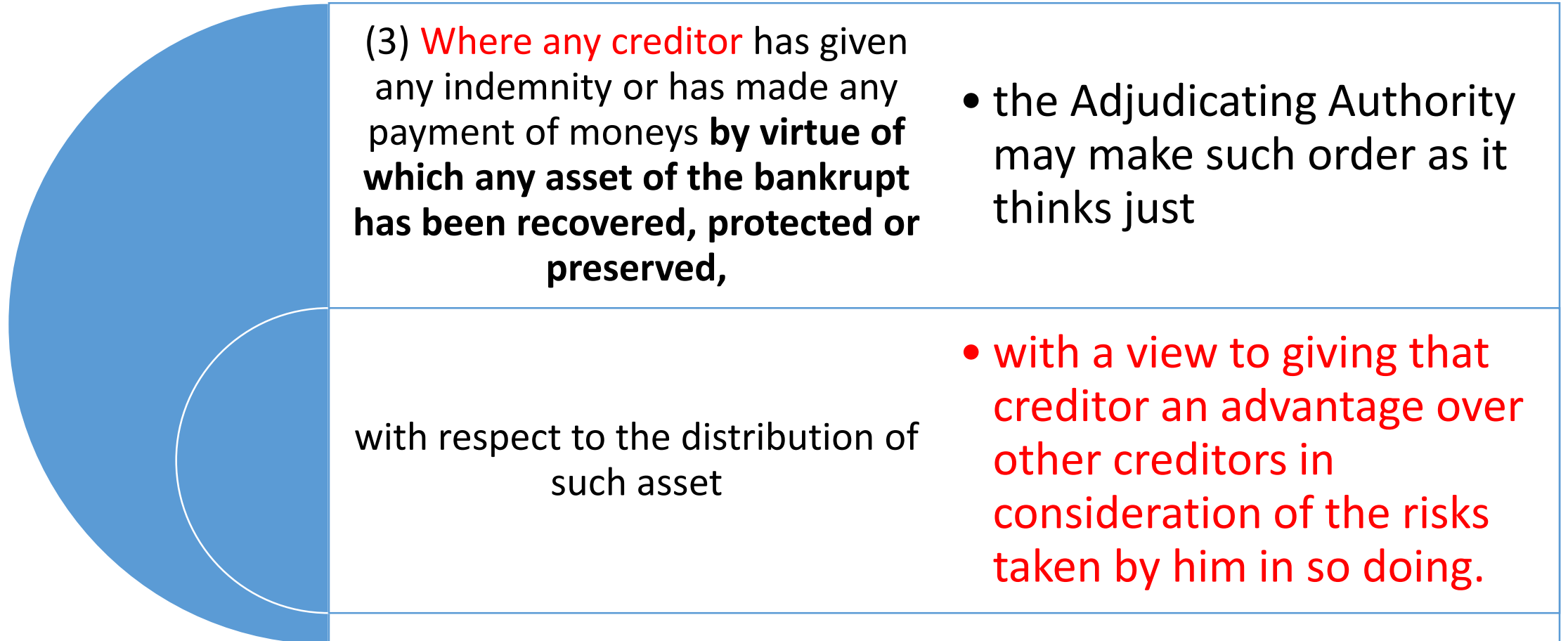
178. Priority of payment of debts



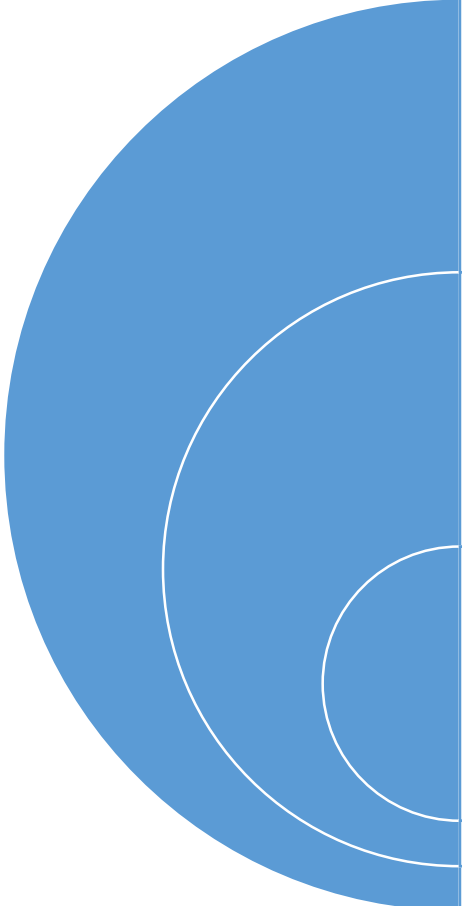
(2) The debts in each class specified in sub-section (1) shall rank in the order mentioned in that sub-section

- but debts of the same class shall rank equally amongst themselves,
- and shall be paid in full,
 - unless the estate of the bankrupt is insufficient to meet them,
- in which case they shall abate in equal proportions between themselves

178. Priority of payment of debts



178. Priority of payment of debts



<p>(4) Unsecured creditors shall rank equally amongst themselves unless contractually agreed to the contrary by such creditors.</p>	
<p>(5) Any surplus remaining after the payment of the debts under subsection (1) shall be applied in paying interest</p>	<ul style="list-style-type: none">• on those debts in respect of the periods during which they have been outstanding since the bankruptcy commencement date.
<p>(6) Interest payments under subsection (5) shall rank equally irrespective of the nature of the debt.</p>	

178. Priority of payment of debts

(7) In the case of partners, the partnership property shall be applicable **in the first instance** in payment of the partnership debts

- and the separate property of each partner shall be applicable **in the first instance** in payment of his separate debts.

(8) Where there is a surplus of the separate property of the partners,

- **it shall be dealt with as part of the partnership property;**

and where there is a surplus of the partnership property,

- **it shall be dealt with as part of the respective separate property in proportion** to the rights and interests of **each partner** in the partnership property.