

CA Final – Paper 4 (Law) – MCQ

Compiled by: CA. Pankaj Garg

(Covering ICAI SM, MTPs & RTPs till Nov. 2022 applicable for May/Nov. 2023 Exams)

Chapter - 19: Arbitration and Conciliation Act, 1996

1	<p>Mrs. Komal and Mr. Rajesh entered into an arbitration agreement in writing for the disputes that might arise in future in relation to their business transactions. Due to certain fault on the part of Mr. Rajesh, a dispute arose and came before the arbitrator for settlement. Before the conclusion of the arbitration proceedings, Mrs. Komal expired. Mr. Rajesh shed of the disputed liabilities on the plea that arbitration agreement had come to an end with the expiry of the other party. In the given situation, which option out of the four given below is appropriately applicable:</p> <p>(a) The arbitration agreement between Mrs. Komal and Mr. Rajesh gets terminated due to the expiry of Mrs. Komal.</p> <p>(b) The arbitration agreement between Mrs. Komal and Mr. Rajesh shall remain enforceable and can be continued by the legal representatives of Mrs. Komal.</p> <p>(c) Since the arbitration agreement between Mrs. Komal and Mr. Rajesh was made privately between themselves, it will get terminated with the expiry of Mrs. Komal.</p> <p>(d) Both (a) & (c).</p>
2	<p>Mr. Abhilash, Mr. Benjamin and Mr. Chandan are partners in a partnership firm named M/s. Abenchan Agro Products & Co. An agreement in writing was reached among the partners to refer any business dispute among them to an arbitrator. In spite of this written agreement, Mr. Benjamin files a suit against Mr. Abhilash and Mr. Chandan disputing certain decisions in a Magistrate Court. Out of the following options, select the one which correctly depicts as to the admission of the suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan by the Magistrate Court in the light of the Arbitration and Conciliation Act, 1996.</p> <p>(a) The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan can be admitted by the Magistrate Court, since the said Court has jurisdiction over the disputed matter and it overpowers arbitration agreement.</p> <p>(b) The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan can be admitted by the Magistrate court, only in the case of challenge to the Arbitral Award in appeal.</p> <p>(c) The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan can be admitted by the Magistrate court only if both Mr. Abhilash and Mr. Chandan mutually agree for filing of such suit by Mr. Benjamin.</p> <p>(d) The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan cannot be admitted by the Magistrate Court since the jurisdiction of the said Court is ousted because of existence of a valid arbitration agreement.</p>

3	<p>What is the main purpose of the Arbitration and Conciliation Act, 1996?</p> <p>(a) to consolidate and amend the law relating to domestic arbitration, international commercial arbitration and enforcement of foreign arbitral awards as also to define the law relating to conciliation and for matters connected therewith or incidental thereto.</p> <p>(b) to cover enforcement of domestic arbitration.</p> <p>(c) to cover international commercial arbitration.</p> <p>(d) to cover enforcement of foreign arbitral awards.</p> <p style="text-align: right;">[MTP-Oct. 19]</p>
4	<p>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.</p> <p>(a) Yes it can be admitted by the court, as the said court has jurisdiction over the matter and it overpowers arbitration agreement.</p> <p>(b) Yes it can be admitted by the court, only in the case of challenge to the arbitral award in appeal.</p> <p>(c) Yes, it can be admitted by the court, if Mr. A and Mr. C mutually agrees.</p> <p>(d) No it cannot be admitted by the court, as the jurisdiction of court is ousted because of existence of a valid arbitration agreement.</p> <p style="text-align: right;">[RTP-Nov. 19, MTP-May 20]</p>
5	<p>Milan Limited entered into an agreement with Vinne Limited for the supply of confectionary biscuits and cakes for a period of 5 years. The Arbitration clause of the agreement states, "That all the disputes shall be submitted to arbitration." After a period, it was found that the principal contract is invalid in the light of the Indian Contract Act, 1872. You are required to select the best option in the given scenario considering the provisions of the Arbitration and Conciliation Act, 1996.</p> <p>(a) The arbitration clause in the principal agreement also stands invalid due to the principal contract becoming invalid.</p> <p>(b) The arbitration clause is an independent agreement of the principal agreement and cannot be treated as invalid merely because the principal contract was invalid.</p> <p>(c) The arbitration clause shall be exercisable only if the Judicial Authority under the Arbitration and Conciliation Act, 1996 allows to treat it as an independent agreement.</p> <p>(d) The arbitration clause in the principal agreement stands valid only till the time the principal contract was in force and valid.</p> <p style="text-align: right;">[RTP-Nov. 20]</p>
6	<p>Under which circumstances the arbitration process comes to an end as per the Arbitration and Conciliation Act, 1996:</p> <p>(a) When Arbitrator denies to pass final award.</p> <p>(b) When arbitrator fails to pass the award within 12 months.</p> <p>(c) When the parties decide to no longer continue with issue.</p> <p>(d) Where the parties decide to refer the matter before the court.</p> <p style="text-align: right;">[MTP-April 21, RTP-Nov. 21]</p>
7	<p>The Arbitral award against Mr. X was rendered on 1st January 2022. Mr. X, the party wants to challenge the award. It can be challenged latest by :</p>

	<p>(a) 31st March 2022</p> <p>(b) 30th April 2022</p> <p>(c) 30th June 2022</p> <p>(d) Arbitral award is final and cannot be further challenged. [MTP-Oct. 21]</p>
8	<p>Mrs. Komal and Mr. Rajesh, entered into arbitration agreement for the disputes that arise, if any in their business transactions. Due to certain fault on the part of Mr. Rajesh, the dispute came before the arbitration for settlement. In the meantime, Mrs. Komal dies. Mr. Rajesh shed of their liabilities on the plea that arbitration agreement has come to an end with the death of the other party. Decide the affirmative statement in the given situation-</p> <p>(a) Arbitration agreement gets terminated due to death of the party.</p> <p>(b) It shall remain enforceable by or against the legal representatives of the deceased.</p> <p>(c) Since it is a private law between the parties, it will be terminated with the death of the party.</p> <p>(d) Both (a) & (c) [MTP-Nov. 21]</p>
9	<p>Mr. Ram and Rahim entered into a contract for a conduct of business and came with an arbitration agreement in case of dispute, if any, in the contract. Said documents were duly executed with proper signature. Identify the correct statement with respect to execution of arbitration agreement referred in such contract:</p> <p>(a) Signature is only required when the arbitration agreement is contained in a contract. However, no signature is required if the arbitration agreement is contained in correspondence or exchange of pleadings.</p> <p>(b) No signature is required at all as the arbitration agreement is forming the part of main contract.</p> <p>(c) Signature is required throughout correspondence or during exchange of pleadings under the arbitration agreement.</p> <p>(d) Signature is every time required in an arbitration agreement though forming a part of a main contract. [MTP-March 22]</p>
10	<p>State the primary legislations amongst the following that deals with alternate methods of dispute resolution:</p> <p>(a) The Code of Civil Procedure, 1908</p> <p>(b) Arbitration</p> <p>(c) Lok Adalat</p> <p>(d) Judicial settlement. [RTP-Nov. 22]</p>

Answers Key		
Q. No	Answer	
1	(b)	The arbitration agreement between Mrs. Komal and Mr. Rajesh shall remain enforceable and can be continued by the legal representatives of Mrs. Komal.
2	(d)	The suit filed by Mr. Benjamin against Mr. Abhilash and Mr. Chandan cannot be admitted by the Magistrate Court since the jurisdiction of the said Court is ousted because of existence of a valid arbitration agreement.

3	(a)	to consolidate and amend the law relating to domestic arbitration, international commercial arbitration and enforcement of foreign arbitral awards as also to define the law relating to conciliation and for matters connected therewith or incidental thereto.
4	(d)	No it cannot be admitted by the court, as the jurisdiction of court is ousted because of existence of a valid arbitration agreement
5	(b)	The arbitration clause is an independent agreement of the principal agreement and cannot be treated as invalid merely because the principal contract was invalid.
6	(b)	When arbitrator fails to pass the award within 12 months
7	(a)	31 st March 2022
8	(b)	It shall remain enforceable by or against the legal representatives of the deceased.
9	(a)	Signature is only required when the arbitration agreement is contained in a contract. However, no signature is required if the arbitration agreement is contained in correspondence or exchange of pleadings.
10	(a)	The Code of Civil Procedure, 1908

