

Multiple Choice Questions

on

The Arbitration and Conciliation Act, 1996

1. In a case relating to arbitration the arbitral award was remitted under section 16 of the Arbitration Act, 1940. The date of award was 1st June, 1992. The Arbitration and Conciliation Act came into force on 22 August, 1996. The validity of award can be challenged under the
 - (a) Limitation Act, 1963
 - (b) General Clauses Act, 1897
 - (c) Arbitration Act, 1940
 - (d) Arbitration and Conciliation Act, 1996 only.
2. The present Arbitration and Conciliation Act of 1996 is based on:
 - (a) Constitution of India
 - (b) Guidelines of Supreme Court of India
 - (c) European Commercial Arbitration Procedure
 - (d) UNCITRAL, 1985.
3. Which among the following options is the main purpose of the Arbitration and Conciliation Act, 1996
 - (a) to comprehensively cover international and commercial arbitration and also conciliation as also domestic arbitration and conciliation
 - (b) to cover only domestic arbitration and conciliation
 - (c) to cover only international arbitration
 - (d) None of above.
4. The power of court to refer parties for arbitration would and must necessarily include, imply and inhere in it
 - (a) the power and jurisdiction to advise the parties
 - (b) the power and jurisdiction to review the award
 - (c) the power and jurisdiction to appoint the arbitrator
 - (d) the power and jurisdiction to call for another arbitrator.
5. Part I of the Arbitration and Conciliation Act, 1996 applies where
 - (a) the place of arbitration is in India
 - (b) the place of arbitration is outside India, but is in Asia
 - (c) the place of arbitration is outside India, but is in Europe
 - (d) the place of arbitration is anywhere in the world.
6. An arbitral award made under Part I of the Arbitration and Conciliation Act, 1996, shall be considered as a
 - (a) domestic award
 - (b) foreign award
 - (c) general award
 - (d) international award.
7. In the matters governed by Part I of the Arbitration and Conciliation Act, 1996
 - (a) a judicial authority can intervene generally
 - (b) a judicial authority shall not intervene under any circumstances
 - (c) a judicial authority cannot intervene except where so provided in this Part
 - (d) either (a) or (c).
8. Arbitral proceedings commence
 - (a) on the date on which a request for a dispute to be referred to arbitration is received by the respondent
 - (b) on the date when the respondent gives consent to the appointment of the arbitrator
 - (c) on the date when the arbitrator issues notice of the parties
 - (d) on the date when the statement of claim and written submission of defence is made.
9. The provisions of 1996 Act have to be interpreted being uninfluenced by principles underlying under 1940 Act. This observation was laid down in:
 - (a) *M.M.T.C. Ltd. v. Sterlite Industries (India) Ltd.*, AIR 1997 SC 605
 - (b) *Sundaram Finance Ltd. v. N.E.P.C. India Ltd.*, AIR 1999 SC 565.
 - (c) *Olympus Super Structures Pvt. Ltd. v. Meena Vijay Khetan*, AIR 1999 SC 2102.
 - (d) *Orma Impex Pvt. Ltd. v. Nissari Arb. Pte. Ltd.*, AIR 1999 SC 2871.

10. 'The validity of an arbitration agreement does not depend on the number of arbitrators specified therein, as the Act does not suggest the requirement of the number of arbitrators for an arbitration agreement': this was laid down in:
- Orma Impex Pvt. Ltd. v. Nissari Arb. Pte Ltd.*, AIR 1999 SC 2871
 - Olympus Super Structures Pvt. Ltd. v. Meena Vijay Khetan*, AIR 1999 SC 2102
 - M.M.T.C. Ltd. v. Sterlite Industris (India) Ltd.*, AIR 1997 SC 605
 - none of the above.
11. **An arbitrator:**
- is chosen and paid by the disputant
 - acts in accordance with privately chosen procedure so far as that is not repugnant to public policy
 - only (a) is correct
 - both (a) and (b) are correct.
12. **An arbitral award:**
- must be connected with the subject-matter of the dispute arbitrated
 - must be founded on principle of trust
 - both (a) and (b) are correct
 - only (a) is correct
13. **An arbitral award**
- has to be in writing but need not be signed
 - has to be in writing and signed by the members of the arbitral tribunal
 - may be oral
 - either (a) or (b) or (c).
14. **An arbitral award**
- must state the reasons upon which it is based
 - must state the reasons upon which it is based only when the parties have agreed for the same
 - need not state the reason upon which it is based
 - may state or may not state the reasons upon which it is based as per discretion of the members of the arbitral tribunal.
15. **After the arbitral award is made, each party shall be delivered**
- the original award
 - a signed copy of the award
 - a photocopy of the award
 - an unsigned copy of the award.
16. **A sum directed to be paid by an arbitral award shall carry interest**
- @ 6% per annum from the date of the award till the date of payment
 - @ 12% per annum from the date of the award till the date of payment
 - @ 18% per annum from the date of the award till the date of payment
 - @ 24 % per annum from the date of the award till the date of payment.
17. **Finality to arbitral awards within meaning of section 35 of the Arbitration and Conciliation Act, 1996 shall**
- not be binding on parties
 - be binding on government authority
 - be binding on first party only
 - be binding on the parties and person claiming under them respectively.
18. **An arbitral award shall be enforced in the same manner as if it were a decree of**
- local authority
 - the court
 - the tribunal
 - both (b) and (c).
19. **An arbitral award becomes enforceable when**
- the time for making an application for setting aside the arbitral award has expired and no such application has been made
 - an application for setting aside the arbitral award has been refused
 - either (a) or (b)
 - neither (a) nor (b).
20. **Which of the following in the correct statement**
- an arbitral award can be inferred with if it is contrary to the substantive provisions of the Act or against the terms of the contract
 - an arbitral award can be set aside if the arbitral tribunal has not followed the mandatory procedure prescribed under the Act
 - an arbitral award can be set aside if it is contrary to fundamental policy of Indian law, or the interest of India, or justice or morality
 - all of the above.
21. **Which one of the following is incorrect statement:**
- an arbitral award is a contract
 - an arbitral award must be in writing and signed.
 - an arbitral award includes an interim award.
 - none of the above.

22. To invoke international commercial arbitration it is necessary that at least one of the parties is:
- a body corporate which is incorporated in any country other than India
 - Government of a foreign country
 - an individual who is a national of, or habitually resident in any country other than India.
 - all of the above.
23. Private arbitration is also described as:
- integral arbitration
 - consensual arbitration
 - domestic arbitration
 - none of the above.
24. Ad-hoc arbitration can be sought:
- when the parties involved in commercial transaction choose to incorporate arbitration clause as a part of agreement to refer their future disputes
 - when a dispute that arose between the parties to a business transaction could not be settled through mediation or conciliation
 - when the parties agree to submit to arbitration 'all or any' differences which have arisen or may arise
 - only (b) and (c).
25. Statutory arbitration is:
- imposed on the parties by operation of law
 - a compulsory arbitration
 - where consent of the parties is not necessary
 - all of the above.
26. Which is correct statement:
- Institutional arbitration has its own set of rules.
 - Indian Council of Arbitration is the apex body
 - the rules may provide for domestic or international arbitration or for both.
 - all of the above.
27. Which is incorrect statement:
- Arbitrator is a person to whom the matters in the dispute are submitted by the parties
 - the Arbitral Tribunal can make law of its own
 - the Arbitral Tribunal is the creature of an agreement
 - both (b) and (c) are incorrect.
28. Court under section 2(1)(e), Arbitration and Conciliation Act means
- Court of Small Causes
 - Principal Civil Court and Civil Court of an inferior grade
 - Principal Civil Court of original jurisdiction
 - all of the above.
29. A 'party' within the meaning of section 2, Arbitration & Conciliation Act, 1996 means
- party to the contract
 - party to the arbitration agreement
 - party to the suit/proceedings
 - either (a) or (b) or (c).
30. The definition of 'Arbitral Tribunal' under the Arbitration and Conciliation Act, 1996 means
- sole arbitrator or a panel of arbitrators
 - sole arbitrator only
 - panel of arbitrators only
 - presiding officer.
31. The arbitral tribunal may arrange for administrative assistance
- with the consent of the parties
 - with the consent of the claimant
 - without the consent of the parties
 - of its own, irrespective of the consent of the parties.
32. The arbitral tribunal may arrange for administrative assistance by a suitable
- institution
 - person
 - either institution or person
 - neither (a) nor (b).
33. A written statement of the reasons for the challenge to the arbitral tribunal has to be sent
- on becoming aware of the constitution of the arbitral tribunal
 - on becoming aware of the reasons of challenge after the appointment of the arbitrator
 - either (a) or (b)
 - neither (a) nor (b).
34. A written statement of the reasons for the challenge to the arbitral tribunal has to be sent within
- 15 days of becoming aware of the constitution or the reasons
 - 30 days of becoming aware of the constitution or the reasons

- (c) 7 days of becoming aware of the constitution or the reasons
 (d) 60 days of becoming aware of the constitution or the reasons
35. The arbitral tribunal has the jurisdiction to rule
 (a) on its own jurisdiction
 (b) on objections as to the existence of the arbitration agreement
 (c) on objection as to the validity of the arbitration agreement
 (d) all of the above.
36. A plea questioning the jurisdiction of the arbitral tribunal
 (a) must be raised before or at the time of submission of statement of defence
 (b) may be raised after the submission of the statement of defence
 (c) can be raised at any time before the conclusion of arbitral proceedings
 (d) can be raised at any time before the making of arbitral award.
37. A party shall be precluded from raising the question of jurisdiction of arbitral tribunal
 (a) where he has appointed the arbitrator
 (b) where he has participated in the appointment of the arbitrator
 (c) both (a) and (b)
 (d) neither (a) nor (b).
38. During the arbitral proceedings the arbitral tribunal
 (a) can make interim award
 (b) may require a party to provide appropriate security
 (c) both (a) and (b)
 (d) either (a) or (b).
39. The arbitral tribunal has the jurisdiction to
 (a) award interest on the whole or part of the money
 (b) award interest on the whole of the money only
 (c) award interest on part of the money only
 (d) either (b) or (c).
40. The expression 'Arbitration agreement' under section 7 of Arbitration and Conciliation Act, 1996 means
 (a) any agreement which have arisen under the Arbitration Act of 1940
 (b) any agreement to submit to arbitration all or certain disputes which have arisen or which may arise between them in respect of a defined legal relationship, contractual or not.
- (c) any agreement to submit to arbitration certain disputes of civil nature
 (d) any agreement to submit to arbitration certain disputes of criminal nature.
41. The expression 'International Commercial Arbitration' has been defined in:
 (a) section 2(1)(e)
 (b) section 2(1)(g)
 (c) section 2(1)(f)
 (d) none of the above.
42. Which is incorrect statement:
 (a) 'Court' means principal Civil Court of original jurisdiction in a district.
 (b) 'Court' also includes any court of a grade inferior to principal Civil Court or any Small Causes Court
 (c) 'Court' also includes High Court in exercise of its ordinary original civil jurisdiction
 (d) none of the above.
43. The word 'arbitration' in 1996 Act connotes the same meaning as contained in:
 (a) Article 2(d) of Model Law of UNCITRAL
 (b) Article 2(b) of Model Law of UNCITRAL
 (c) Article 2(a) of Model Law of UNCITRAL
 (d) none of above.
44. The arbitrator in case of international commercial arbitration is appointed by:
 (a) Parties themselves
 (b) Attorney-General of India
 (c) Chief Justice of India
 (d) Judge of the Supreme Court
 (e) both (a) and (c).
45. The members of Statutory Arbitral Tribunals are appointed by:
 (a) parties themselves
 (b) State
 (c) Centre
 (d) none of the above.
46. Which is incorrect statement:
 (a) Arbitration agreement is a kind of contract
 (b) Parties to the arbitration must be legal persons
 (c) Arbitration agreement recognises verbal agreement
 (d) both (b) and (c) are incorrect.
47. The pendency of any arbitral proceeding is not a pre-condition in exercise of power by court. The court may grant interim relief before or during arbitral proceedings or at anytime after making of the arbitral award before it is enforced. It was held in case of

- (a) *Om Prakash v. State of Uttar Pradesh*, AIR 2010 Ultra 64
 (b) *Globe Co-generation Power Ltd. v. Shri Hirenyakeshi Sahkari Karkhana Niyamit*, AIR 2005 Kant 94.
 (c) *MCD v. Pradeep Oil Mills Pvt. Ltd.*, AIR 2010 Del 119
 (d) none of the above.
48. Which is incorrect statement:
 (a) Arbitration agreement should be in writing
 (b) Arbitration agreement can be in the form of a separate agreement.
 (c) The Act does not require that it should be signed by both the parties
 (d) none of the above.
49. Which article of the Constitution of India authorises the government to enter into an arbitration agreement:
 (a) Art. 235
 (b) Art. 299
 (c) Art. 39
 (d) both (a) and (c).
50. Under section 7, Arbitration and Conciliation Act, 1996, an arbitration agreement
 (a) shall be in writing
 (b) may be oral
 (c) either in writing or oral
 (d) neither in writing nor oral.
51. Reference in a contract to a document containing an arbitration clause
 (a) does not constitute an arbitration agreement
 (b) constitutes an arbitration agreement if the contract is in writing and the reference is such as to make that arbitration clause part of the contract
 (c) constitutes an arbitration agreement where the contract though oral, the reference is such as to make that arbitration clause part of the contract
 (d) either (b) or (c).
52. Under section 7, Arbitration and Conciliation Act, 1996, an arbitration agreement shall be in writing if it is contained in
 (a) a document signed by the parties
 (b) an exchange of letters, telex, telegrams or other means of telecommunication which provide a record of the agreement
 (c) an exchange of statements of claim and defence in which the existence of the agreement is alleged by one party and not denied by the other party
 (d) either (a) or (b) or (c).
53. Scope and object of section 8 of the Arbitration and Conciliation Act, 1996
 (a) the same as that of section 34 of the Arbitration Act, 1940
 (b) different from that of section 34 of the Arbitration Act, 1940
 (c) same or different from that of section 34 of the Arbitration Act, 1940, depending on the facts and circumstances of the case
 (d) either (a) or (c).
54. An application for referring the parties to arbitration under section 8, Arbitration and Conciliation Act, 1996, must be accompanied by
 (a) the original arbitration agreement or a photocopy thereof
 (b) the original arbitration agreement or a duly certified copy thereof
 (c) a duly certified copy of the arbitration agreement or a photocopy thereof
 (d) the original arbitration agreement only.
55. Once an application under section 8, Arbitration and Conciliation Act for referring the parties to arbitration is allowed, the proceedings in which the application was made are liable to be
 (a) stayed
 (b) adjourned *sine die*
 (c) dismissed as not maintainable
 (d) either (a) or (b).
56. The provision of section 8, Arbitration and Conciliation Act, 1996 are
 (a) pre-emptory
 (b) directory
 (c) discretionary
 (d) optional.
57. Section 8, Arbitration and Conciliation Act, 1996
 (a) bars the court from referring the parties to arbitration once the party has submitted his statement
 (b) does not bar the court from referring the parties to arbitration after submission of his statement, where the party who has brought the action does not object
 (c) does not bar the court from referring the parties to arbitration after submission of his statement, irrespective of whether the party who has brought the action has any objection to it or not
 (d) only (a), and not (b) or (c).

58. An application under section 8, Arbitration and Conciliation Act, 1996, contemplates
- a matter pending before the Court
 - a matter pending before a quasi-judicial authority
 - a matter pending before an administrative authority
 - either (a) or (b) or (c).
59. Section 9 of 1996 Act is identical to:
- section 41(b) of 1940 Act
 - section 40 of 1940 Act
 - section 39 of 1940 Act
 - none of the above.
60. Section 9 of 1996 Act deals with:
- interim measures by the court
 - discretionary powers of the court
 - both (a) and (b)
 - none of the above.
61. While considering the grant of interim measures, the Court may see whether:
- the applicant has made *prima facie* case
 - the balance of convenience is in his favour
 - he would suffer irreparable injury if such measures are not granted.
 - all of the above.
62. Under section 9, interim measures by the court does not include:
- appointment of a guardian for a minor or a person of unsound mind for purposes of arbitral proceedings
 - appointment of receiver
 - securing the amount in dispute in arbitration
 - none of the above.
63. The court has a jurisdiction to entertain an application for interim measures:
- either before arbitral proceeding or after making of the arbitral award
 - before the arbitral award is enforced
 - can exercise power *suo motu*
 - both (a) and (b).
64. In case of three arbitrators, the 'third arbitrator' shall act as:
- an umpire
 - a Presiding Arbitrator
 - sole arbitrator
 - none of the above.
65. 'An arbitration agreement specifying even number of arbitrators cannot be a sole ground to render arbitration agreement invalid'—this was laid down in:
- Grid corporation of Orissa Ltd. v. Indian Charge Chrome, AIR 1998 SC 1761
 - K.K. Modi v. K.N. Modi, AIR 1998 SC 1297
 - M.M.T.C. Ltd. v. Sterlite Industries (India) Ltd., AIR 1997 SC 605
 - Sundaram Finance Ltd. v. N.E.P.C. India Ltd., AIR 1999 SC 565.
66. The 'Presiding Arbitrator' is appointed by:
- parties to the arbitration agreement
 - the appointed arbitrator by each party
 - the Court
 - either (a) or (b) or (c).
67. The appointment of arbitrator/arbitrators, can be made:
- by the parties
 - by designated authority
 - by arbitral institution
 - either (a) or (b) or (c).
68. The parties to the arbitration agreement shall appoint arbitrator within:
- thirty days
 - sixty days
 - forty days
 - ninety days.
69. Which is the incorrect statement:
The High Court before appointing an arbitrator, shall have due regard to—
- qualifications required of the arbitrators by the agreement of the parties
 - nationality of the arbitrator
 - other considerations which are likely to secure the appointment of an impartial arbitrator.
 - none of the above.
70. Under section 10, Arbitration and Conciliation Act, 1996, the parties are free to determine the number of arbitrators, provided that such number
- does not exceed three
 - does not exceed five
 - does not exceed seven
 - is not an even number.
71. Where the parties fail to provide for an odd number of arbitrators, the arbitral tribunal shall consist of
- three arbitrators
 - five arbitrators
 - sole arbitrator
 - either (a) or (b) or (c).
72. Under section 11, Arbitration and Conciliation Act, 1996, a person for being an arbitrator

- (a) must be an Indian national
 (b) must be an Indian citizen
 (c) may be a person of any nationality
 (d) may be a person of any nationality, except an alien enemy.
73. In an arbitration by three arbitrators where the parties fail to agree upon appointment of arbitrators, under section 11, Arbitration and Conciliation Act, 1996
- (a) each party shall appoint one, and the two appointed arbitrators shall appoint the third arbitrator
 (b) the claimant shall appoint two arbitrators and the disputant shall appoint one
 (c) the disputant shall appoint two arbitrators and the claimant shall appoint one
 (d) all the three, to be appointed by the Court.
74. Under section 11, Arbitration and Conciliation Act, the arbitrator has to be appointed
- (a) within 30 days of the arbitration agreement
 (b) within 30 days of arising of the dispute
 (c) within 30 days of failure to resolve the dispute of their own
 (d) within 30 days from the receipt of request for appointment of arbitrator from the other party.
75. In the case of appointment of sole or third arbitrator in an international commercial arbitration, a person
- (a) who is of the nationality of the claimant may be appointed as arbitrator
 (b) who is of the nationality of the disputant may be appointed as an arbitrator
 (c) who is of any nationality irrespective of the nationalities of the parties may be appointed as an arbitrator
 (d) who is of a nationality other than the nationalities of the parties may be appointed as an arbitrator.
76. A party.....
- (a) cannot challenge an arbitrator appointed by him
 (b) may challenge an arbitrator appointed by him for reason of which he becomes aware after the appointment has been made
 (c) may challenge an arbitrator appointed by him for reason known to him before the appointment is made
 (d) may challenge an arbitrator appointed by him irrespective of the reasons being known to him before the appointment or becoming aware of the reasons after the appointment has been made.
77. The power of appointment of arbitrator in exercise of power under section 11(6) of 1996 Act by the Chief Justice or his designate is:
- (a) a judicial order
 (b) an administrative order
 (c) an interim order
 (d) none of the above.
78. Section 12 of Arbitration and Conciliation Act, 1996 deals with
- (a) procedure for arbitration
 (b) grounds for challenge to Arbitrator
 (c) finality of award
 (d) none of the above.
79. Section 12(3) provides the ground for challenging to the arbitrator when:
- (a) he is not independent or impartial
 (b) he is a foreign national
 (c) he is not qualified as per agreement between the parties
 (d) both (a) and (c).
80. Under section 11 of Arbitration and Conciliation Act, 1996, an arbitrator can be
- (a) a person or a arbitrator of any previous disputes
 (b) a person of concerned State
 (c) a person of Indian origin only
 (d) a person of any nationality.
81. Section 13 of Arbitration and Conciliation Act, 1996 lays down:
- (a) the termination of mandate of arbitrator
 (b) the procedure for challenging an arbitration
 (c) powers of arbitral tribunal
 (d) none of the above.
82. Where there is a challenge to arbitrator under any procedure agreed upon by the parties, the Arbitral Tribunal shall
- (a) send the matter to the court
 (b) appoint any other arbitrator at its own discretion
 (c) not continue the arbitral proceedings
 (d) continue the arbitral proceedings and shall decide on the challenge.
83. The mandate of an arbitrator shall terminate
- (a) when he withdraws from his office for any reason
 (b) when he becomes *de jure* or *de facto* unable to act without undue delay