



## **Forgery Allegations and the Limits of Arbitrability: Supreme Court on the Validity of Arbitration Agreements**

*Author by: Lokesh Bhola, Managing Partner and Apeksha Kushwaha, Associate*

Allegations of forgery strike at the heart of arbitration, where consent forms the bedrock of the process. In its recent ruling in "*Rajia Begum v. Barnali Mukherjee*"<sup>1</sup>, the Hon'ble Supreme Court of India revisited the intricate boundary between fraud and arbitrability, especially when the arbitration agreement's very existence faces serious doubt. Stemming from a partnership dispute over a contested "Admission Deed," the Court assessed whether such disputes could proceed to arbitration amid claims of fabrication in the document itself. Overturning the High Court's order to refer the matter and appoint an arbitrator under Section 11 of the Arbitration and Conciliation Act, 1996, the Hon'ble Court held that while simple fraud allegations rarely bar jurisdiction, a fundamental challenge to the arbitration clause renders the dispute non-arbitrable from the outset. This decision reinforces that arbitration demands unequivocal consent, compelling courts to resolve such jurisdictional clouds before mandating arbitral proceedings.

The present appeals arise from a partnership dispute where the appellant claims induction into the firm, *via* a document whose execution she flatly denied and alleged to be forged. On identical facts and centered on the same contested arbitration agreement, the Hon'ble High Court took conflicting stances: in one proceeding, it referred the parties to arbitration; in another, it declined to appoint an arbitrator, citing serious doubts over the agreement's existence. This inconsistency frames the core question before the Hon'ble Supreme Court—whether disputes can be referred to arbitration, or an arbitrator be appointed, when the arbitration agreement itself faces grave challenges of forgery and fabrication.

To address this pivotal issue, the factual backdrop is straightforward. Barnali Mukherjee (the Appellant), alongside Aftabuddin (Respondent No.2) and Raihan Iqbal (Respondent No.3), formed the partnership firm M/s RDDHI Gold under a deed, dated 01.12.2005. Rajia Begum (Respondent No.1) claims that Respondent Nos.2 and 3 granted her a Power of Attorney on 17.04.2007, empowering her to manage the firm's affairs. Purporting to act under this authority, she executed the contested Deed of Admission and Retirement (the "Admission Deed"), through which Respondent Nos.2 and 3 allegedly retired from the partnership.

Building on this sequence of events, the Appellant claims that the reconstituted partnership's business was absorbed into RDDHI Gold Private Limited via an Absorption Deed, dated 27.02.2011. However, tensions escalated on 02.10.2016, when Respondent No.1 issued a notice to the Appellant, asserting her 50.33% stake in the original firm under the Admission Deed of 17.04.2007, and the retirement of Respondent Nos.2 and 3 that year. In a pointed Reply, dated 21.11.2016, the Appellant outright denied executing the Admission Deed—either personally or on behalf of the others—rejected any induction of Respondent No.1 as a partner, and branded the document a forged fabrication concocted by her.

This denial ignited a series of legal conflicts. The Respondent No.1 first approached the Ld. Trial Court under Section 9 of the Arbitration and Conciliation Act, 1996, seeking interim relief to preserve the dispute's subject matter and appoint a receiver for the Company. The Trial Court granted and allowed the aforesaid plea. The Hon'ble High Court, however, overturned this on 04.05.2018, in the Appellant's favor, ruling that the Admission Deed's existence was gravely disputed; with *prima facie* evidence of its possible non-existence, Section 9 relief was

---

<sup>1</sup> MANU/SC/0107/2026



unwarranted, absent proof of a valid arbitration agreement. Respondent No.1 filed an appeal before the Hon'ble Supreme Court of India, that failed, thereby finalizing the High Court's rejection. Undeterred, the Appellant filed a civil suit, seeking declarations that the Deed was forged and injunctive relief against Respondent No.1. In retort, Respondent No.1 invoked Section 8 to refer the suit to arbitration, citing the arbitration clause in the Deed, but the Ld. Trial Court dismissed it, deeming the fraud allegations too complex and noting the absence of the original or certified Deed.

The Respondent No.1 filed an Appeal against the Trial Court's Order to the Additional District Judge, but this too was dismissed. Undaunted, she invoked the Hon'ble High Court's supervisory jurisdiction under Article 227 of the Constitution, which overturned both lower court orders, granted her revision petition, and directed referral of the civil suit to arbitration. Meanwhile, amid the Section 8 and 9 proceedings, Respondent No.1 filed a Section 11 petition before the Hon'ble High Court for arbitrator appointment over disputes under the Admission Deed's clause; this was rejected as the court deemed it premature without first resolving the arbitration agreement's existence. These conflicting High Court rulings form the basis of the present appeals: SLP (C) No. 6013/2021 by Respondent No. 1 challenging the 11.03.2021 dismissal, and SLP (C) No. 20262/2021 by the appellant assailing the 24.09.2021 referral order.

In these cross-appeals, Respondent No.1's counsel argued that the High Court's observations in the Section 9 appeal—dismissing interim relief, were tentative and limited to that proceeding, not binding elsewhere or prejudicing her claims. Alternatively, they contended that *prima facie* findings under Section 9 do not limit a court's jurisdiction for Section 11. Emphasizing arbitrability, counsel maintained that even fraud allegations targeting the agreement itself belong before the tribunal, vindicating the High Court's Article 227 order overturning lower courts and referring the suit to arbitration. They urged upholding that directive, appointing an arbitrator, and supported their case with precedents from this Court.

In sharp contrast, the Appellant's counsel asserted that the Admission Deed is a forged and fabricated document, leaving no privity of contract between the parties, and highlighted the Hon'ble High Court's Order explicitly deeming it inauthentic. They stressed that the evidence on record shows that the Respondent No.1 never acted as a partner post 2007, underscoring the Deed's manufactured nature, and criticized the Hon'ble High Court for improperly invoking Article 227. Bolstered by the Hon'ble Court's precedents, these arguments prompted the Hon'ble Court to meticulously weigh rival contentions and scrutinize the record, framing the central issue as to whether in this factual scenario, the disputes referable to arbitration under Section 8 of the Arbitration and Conciliation Act, 1996, and whether the Hon'ble High Court justified in refusing an arbitrator under Section 11.

The Hon'ble Supreme Court noted that a two-Judge Bench of the Hon'ble Supreme Court in "*Managing Director, Bihar State Food and Civil Supply Corporation Limited and Another versus Sanjay Kumar*"<sup>2</sup> considered and took note of the earlier decisions of this Court on the issue and comprehensively restated the governing principles relating to arbitrability in cases involving allegations of serious fraud. It is thus evident that where allegations of fraud are directed at the arbitration agreement itself, such a dispute is ordinarily regarded as falling within the realm of non-arbitrability. In such circumstances, the court is required to examine the issue as a jurisdictional question, limited to determining whether, by reason of such allegations or other relevant factors, the dispute has become non-arbitrable in law. Applying these established principles, the Hon'ble Court turned to the facts of the case, centering on the Admission Deed that Respondent No.1 cites for both her partnership induction and the arbitration agreement. A *prima facie* review of the record uncovers substantial, cogent evidence casting serious doubt on

---

<sup>2</sup> (2025) SCC OnLine SC 1604



the Deed's authenticity and genuineness. Notably, in the Section 9 proceedings under the Arbitration and Conciliation Act, 1996, the Hon'ble High Court, on 04.05.2018, explicitly found *prima facie* that the Deed likely did not exist, denying Respondent No.1 interim relief on that basis.

This finality was cemented when the Hon'ble Supreme Court dismissed the Special Leave Petition against the High Court's Order, binding the parties to that *prima facie* assessment absent any changed circumstances. Though Section 9 findings are inherently tentative, their finality demands respect in later proceedings on the same issue, making the High Court's doubts over the arbitration agreement a pivotal factor in the Sections 8 and 11 applications. Together, these elements strongly bolster the appellant's claim of the Admission Deed's forgery, enveloping it in serious suspicion that warrants full judicial scrutiny. Since the arbitration clause is inseparable from this contested document, and arbitration hinges on proven consent, allegations of its fabrication go to the jurisdictional core, elevating the dispute beyond contract into non-arbitrable territory.

Reinforcing this conclusion, both the Trial Court and First Appellate Court concurrently found the fraud allegations serious in nature, further noting Respondent No.1's failure to produce the original Admission Deed or a certified copy as required under Section 8(2) of the Arbitration and Conciliation Act, 1996. The Hon'ble High Court's supervisory jurisdiction, however, is not a veiled appellate power allowing evidence reappraisal. Thus, the Hon'ble Court noted that it erred in overturning these concurrent findings and mandating arbitration referral amid grave doubts over the arbitration agreement's existence. By contrast, the Hon'ble High Court rightly dismissed Respondent No.1's Application under Section 11. With the arbitration agreement's existence under serious dispute and demanding prior judicial resolution, appointing an arbitrator would prove premature and legally unsound.

In sum, for these reasons, the Hon'ble Court held that the dispute over the Admission Deed dated 17.04.2007 raises serious allegations striking at the arbitration agreement's core, rendering it non-arbitrable at this stage. Consequently, the High Court's order granting Respondent No.1's application under Section 8 of the Arbitration and Conciliation Act, 1996, is legally unsustainable, quashed, and set aside, while its dismissal of Section 11 application stands affirmed without interference.

In conclusion, the Hon'ble Supreme Court powerfully reaffirms the foundational principle that arbitration is fundamentally rooted in unequivocal, demonstrable, and legally sustainable consent between parties. While the jurisprudence of the Supreme Court of India consistently favors minimal judicial intervention. While upholding the primacy of the arbitral process even amid ordinary allegations of fraud, this ruling draws a critical and principled boundary where serious allegations of forgery and fabrication cast a grave shadow over the very existence of the arbitration agreement itself. The courts bear the responsibility to resolve this jurisdictional threshold question before compelling parties to submit to arbitration. By meticulously distinguishing between routine contractual fraud disputes, which remain arbitrable, and those that strike directly at the root of the arbitration clause's validity, the judgment fortifies the integrity of consensual arbitral adjudication while preserving the essential role of judicial scrutiny in cases of foundational challenge. This decision thus emerges as a pivotal precedent, clearly delineating the contours of non-arbitrability under Indian arbitration law and ensuring that the sanctity of consent remains the unyielding cornerstone of the process.

\*\*\*\*\*



# LEGAL ICONS

A-76, LGF, East of Kailash, New Delhi - 110065  
T: 011-46780008 E: admin@legalicons.in

---