



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 29TH DAY OF JANUARY, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MR. JUSTICE C.M. POONACHA

MISCELLANEOUS FIRST APPEAL NO. 1334 OF 2025 (AA)

BETWEEN:

1. NATIONAL HIGHWAYS AUTHORITY OF INDIA
PROJECT IMPLEMENTATION UNIT BENGALURU
SY. NO.13, 14TH KM, NAGASANDRA
BENGALURU - TUMKUR ROAD
BENGALURU - 560 073
REPRESENTED BY ITS PROJECT DIRECTOR
SRI K. B. JAYAKUMAR

2. THE SPECIAL LAND ACQUISITION OFFICER
NATIONAL HIGHWAYS AUTHORITY OF INDIA
NO.678/3, NEERUBHAVI KEMPANNA LAYOUT
HEBBAL,
BENGALURU - 560 024

...APPELLANTS

(BY SRI VASANTH KOPPAR, ADVOCATE FOR
SRI PADMANABHA HOLLA S, ADVOCATE)

Digitally signed
by PRABHAKAR
SWETHA
KRISHNAN

Location: High
Court of
Karnataka



AND:

1. SRI KARUNAGARAN S GANESH
MAJOR
S/O. LATE P.S. SUNDER GANESH
AGED ABOUT 50 YEARS
R/AT NO.21, POTTERY ROAD
COOKE TOWN, BENGALURU - 560 005
2. THE DEPUTY COMMISSIONER
& ARBITRATOR, BENGALURU RURAL
BENGALURU - 583 101

...RESPONDENTS

(BY SRI R. VEERENDRA SHARMA, ADVOCATE FOR R-1;
SRI K.S. HARISH, GOVERNMENT ADVOCATE FOR R-2)

THIS MFA IS FILED UNDER SECTION 37(1)(C) OF THE ARBITRATION AND CONCILIATION ACT,1996 PRAYING TO SET ASIDE THE JUDGMENT AND DECREE DATED 14.10.2024 IN ARBITRATION PETITION No.194/2022 PASSED BY PRINCIPAL DISTRICT AND SESSIONS JUDGE, BENGALURU RURAL DISTRICT, BENGALURU, AND CONSEQUENTLY SET ASIDE THE ARBITRAL AWARD BEARING No.LAQ/ARB/NH-4(75)/CR-271-2009-10 DATED 07.05.2022 PASSED BY THE RESPONDENT NO.2, IN RESPECT OF THE 1ST ACQUISITION PROCEEDINGS & ETC.

THIS APPEAL, COMING ON FOR ORDERS, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:



CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MR. JUSTICE C.M. POONACHA

ORAL JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. For the reasons stated in the affidavit accompanying the application—I.A.No.1/2025, the same is allowed and the delay of 34 days in filing the appeal is condoned.
2. The appellants-National Highways Authority of India [**NHAI**] have filed the present appeal under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996 [**A&C Act**] impugning an order dated 14.10.2024 passed by the learned Principal District and Sessions Judge, Bengaluru Rural District, Bengaluru [**District Court**] in Arbitration Petition No.194/2022 whereby, the said petition is partly allowed.
3. NHAI had filed the said petition under Section 34(2) of the A&C Act, *inter alia*, impugning an Arbitral Award dated 07.05.2022 [**impugned award**] passed pursuant to the application filed by



respondent No.1 under Section 3G(5) of the National Highways Act, 1956 **[NH Act]**.

4. Respondent No.1 claims to be the owner of the land falling in Survey Nos.131/1 and 131/2 of Mugabala Village, Jadagenahalli Hobli, Hoskote Taluk, Bengaluru Rural District. Parts of the land stated to be owned by respondent No.1 were acquired for widening of national highway. Tabular statement setting out details of the acquisition is set out below:

Sl.No.	Details of Preliminary Notification U/s 3A	Details of Final Notification U/s 3D	Survey Number	Extent of land acquired
1	S.O.2117(E) dated 18.12.2006	S.O.1929(E) dated 14.11.2007	131/1 & 131/2, Respectively	1290 Sq. Mts. Dry Land, 2390 Sq.Mts Dry & Garden Land
2	S.O.1900(E) dated 08.11.2007	S.O.1913(E) dated 01.08.2008	131/2	1660 Sq. Mts Garden Land
3	S.O.497(E) dated 26.02.2010	S.O.1811(E) dated 23.07.2010	131/1 & 131/2 respectively	290 Sq Mts of Dry Land. 600 Sq. mts Garden Land

5. It is not disputed that the impugned award was rendered in respect to all the three acquisitions. However, it is also not disputed



that respondent No.1 had not filed any application under Section 3G(5) of NH Act in respect of lands acquired under notifications dated 01.08.2008 and 23.07.2010. Respondent No.1's application was confined to lands measuring 1,290 square meters (dry land) and 2,390 square meters (dry and garden lands) falling in Survey Nos.131/1 and 131/2 respectively. The preliminary notification was issued under Section 3A(1) of the NH Act in respect of the said lands on 18.12.2006 and the final notification under Section 3D(1) of the NH Act was issued on 14.11.2007.

6. A plain reading of the impugned award indicates that the compensation determined by the Special Land Acquisition Officer [SLAO] was at the rate of ₹395.36/- per square meter for dry lands and garden lands and ₹538.18/- per square metre for residential lands. The Arbitral Tribunal enhanced the compensation by 100% on the ground that even though the lands in question were agricultural lands, they were very valuable and had the potential to be developed into commercial, industrial or residential sites.

7. Whilst the Arbitral Tribunal had mentioned a factor which may be relevant for determining the market value of the lands in question, it had not mentioned any basis why the enhancement



was to the extent of 100%. The impugned award states that the Arbitral Tribunal has exercised the powers under Section 3G(5) of the NH Act for such enhancement. In this view, there is merit in the contention that the impugned award is not sufficiently reasoned, therefore, is liable to be set aside.

8. The learned District Court had rejected the NHAI's application on the ground that NHAI had accepted an award being LAQ/ARB/NH-4(Old.75)/CRNo.271/2009-10 where the compensation has been increased by 100% and paid to the land loser in that case. The material facts relating to the said case are not brought on record. It is also not clear whether the lands, which were the subject matter of the dispute in the said proceedings were similar to the lands in the present case. More importantly, the Arbitral Tribunal had not awarded the enhanced compensation by relying on an other arbitral award or on the ground that the NHAI had accepted such an award.

9. In view of the above, the present appeal is allowed. The impugned order and the impugned award are set aside.



10. Respondent No.1 is at liberty to initiate fresh proceedings for enhancement of compensation under Section 3G(5) of the NH Act.

**Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**Sd/-
(C.M. POONACHA)
JUDGE**

KPS
List No.: 1 Sl No.: 12