



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 9TH DAY OF JULY, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

MISCELLANEOUS FIRST APPEAL NO. 1613 OF 2025 (AA)

BETWEEN:

1. DR. SHAMANURU SHIVASHANKARAPPA
S/O SHAMANURU KALLAPPA
SECRETARY BAPUJI EDUCATIONAL SOCIETY (R)
AGED ABOUT 93 YEARS
R/O #2633/1, BAKKESH HOUSE
MCC BLOCK, 7TH MAIN, 2ND CROSS
DAVANAGERE - 577 001

**(SUBSTITUTION OF DECEASED APPELLANT IS
CARRIED OUT AS PER ORDER DATED 09.07.2026)**

Digitally
signed by
AMBKA H B
Location:
High Court
of Karnataka

BAPUJI EDUCATIONAL ASSOCIATION (R)
5TH WARD, 9TH DIVISION, P.J. EXTENSION
2ND MAIN, AKKAMAHADEVI ROAD
DAVANAGERE - 577 002
R/BY ITS HON' SECRETARY

...APPELLANT

(BY SRI HALASHETTI JAGADISH SIDRAMAPPA, ADVOCATE)

AND:

1. DGM (TECH) AND PROJECT DIRECTOR
NATIONAL HIGHWAYS AUTHORITY OF INDIA
NEAR JMIT, NH-48
CHITRADURGA - 577 501



2. ARBITRATOR AND DEPUTY COMMISSIONER
DAVANAGERE DISTRICT
DAVANAGERE - 577 001
3. SPECIAL LAND ACQUISITION OFFICER &
COMPETENT AUTHORITY
NATIONAL HIGHWAYS AUTHORITY OF INDIA
KSRTC DEPOT ROAD
CHITRADURGA - 577 501

...RESPONDENTS

(SMT. SRUTI C., ADVOCATE FOR R-1 & 3
MS. NILOUFER AKBAR, AGA FOR R-2)

THIS MFA IS FILED UNDER SECTION 37(1)(c) OF THE ARBITRATION AND CONCILIATION ACT, 1996, PRAYING TO SET ASIDE THE IMPUGNED JUDGMENT DATED 03.12.2024 PASSED BY THE COURT OF PRINCIPAL DISTRICT AND SESSIONS JUDGE, AT DAVANAGERE, IN A.P.06/2024, WHICH IS MARKED AS ANNEXURE-A, WITH COST THROUGHOUT.

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 MRS. JUSTICE K.S. HEMALEKHA

ORAL JUDGMENT

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

1. I.A No.1/2026 is an application filed seeking permission to pursue the present appeal since Dr.Shamanuru Shivashankarappa, who was pursuing the present appeal on behalf of Bapuji Educational Association as its Secretary, has expired.



2. For the reasons stated in the application, the same is allowed.

3. The appellant has filed the present appeal under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996 [**A&C Act**] impugning an order dated 03.12.2024 [**impugned order**] passed by the learned Principal District and Sessions Judge, Davangere [**District Court**] in A.P./06/2024.

4. Respondent No.1 [**NHAI**] had filed the aforesaid petition under Section 34 of A&C Act impugning an arbitral award dated 08.01.2024 [**impugned award**] passed by respondent No.2 [**Arbitral Tribunal**]. The said impugned award was rendered pursuant to an application under Section 3G(5) of the National Highways Act, 1956 [**NH Act**], which was filed by Dr Shamanuru Shivashankarappa in his capacity as the then Secretary of the appellant Trust. Since he has expired, the present appeal is pursued by Mr S.S. Mallikarjun, the current office-bearer of the said Trust.



5. The appellant has sought enhancement of compensation payable for land measuring 3,737 sq. mtrs. falling in Survey No.220/3 (old survey No.220/P3 P1) of Avaragere Village, Kasaba Hobli, Davangere Taluk [**subject land**]. The appellant claims to be the owner of land measuring 1 acre and 6 guntas falling in Survey No.220/3 (old Survey No.220/P3 P1), which, according to the appellant, was converted for non-agricultural purposes by an order dated 11.03.2003 passed by the Deputy Commissioner, Davangere.

6. The award passed by respondent No.3 [**SLAO**] is on the premise that the subject land was an agricultural land and accordingly, the compensation for the said land was determined at ₹994.22 per sq. mtr.

7. The SLAO had determined the compensation as under:

1.	Compensation for land 3737 sq. meters area	:	₹ 37,15,400=00
2.	Compensation for trees and plants	:	₹ ----
3.	Compensation for buildings, wells, etc.	:	₹ ----
4.	Total (Sl. No. 1 + 2 + 3)	:	₹ 37,15,400=00
5.	Loss compensation at 100% (Solatium) (on SL.No.4 amount)	:	₹ 37,15,400=00
6.	Additional market value at 12% on land compensation amount	:	₹ 9,74,758=00



7.	Total (4+5+6)	:	₹ 84,05,558=00
8.	Tax deducted at source (TDS) at 10%	:	₹ ----
9.	Net payable compensation (Sl.No.7-8)	:	₹ 84,05,558=00

8. The Arbitral Tribunal found merit in the appellant's claim and, accordingly, found that the compensation awarded was erroneous as it did not take into account the conversion of the subject land. The Arbitral Tribunal determined the value of the subject land at ₹2,422 per sq. mtr. The operative part of the impugned award reads as under:

"Based on the reasons and points detailed in the preamble, the petition filed by the applicant is partly allowed. Exercising the powers conferred under Section 3G(5) of the National Highways Act, 1956, the land rate is enhanced from Rs.942.22 per square meter to Rs.2422/- per square meter in respect of acquired land situated at Avaragere village, Davangere Taluk, Davangere District, as shown in the table, by the Special Land Acquisition Officer and the Competent Authority, National Highway No.48, Chitradurga (Chitradurga-Haveri Section), and the compensation amount shall be re-evaluated accordingly, deducting the amount already paid to the landowners, and the balance amount shall be paid as enhanced compensation and as per Section 3H(5) of the National Highways Act, 1956, an interest of 9% per annum shall be calculated from the date the applicant filed the appeal in this court until the date of payment of the enhanced compensation to the landowners and while disbursing the compensation, due diligence must be exercised to ensure that the amount is paid only to the true landowners."



9. NHAI filed an application under Section 34 of A&C Act to set aside the impugned award. The learned District Court faulted the Arbitral Tribunal in enhancing the compensation more than twice the rate as fixed by the SLAO. The learned District Court found that the Arbitral Tribunal had not taken into account the relevant factors for assessing the value of the land, and the impugned award did not disclose the reasons for determining the value of the subject land at ₹2,422/- per sq. mtr. Accordingly, the learned District Court has set aside the impugned award as opposed to the public policy of India.

10. The learned counsel appearing for the appellant submits that the subject land had been converted for non-agricultural purposes and, therefore, it was necessary that the value of the land be determined on the said basis. He also referred to the general award passed by the SLAO, which referred to the value of the subject land at ₹2,422/- per sq. mtr. He submitted that the Arbitral Tribunal had determined the value based on the rates set out in the SLAO's proceedings dated 29.06.2018. He, however, submitted that the said value was incorrect inasmuch as the actual market value of non-agricultural land was ₹13,500/- per sq. mtr. and that



the Arbitral Tribunal ought to have determined the compensation on the said basis rather than the value as determined in respect of non-agricultural land for industrial purpose.

11. The learned counsel appearing for NHAI contested the said contentions. She acknowledged that the Arbitral Tribunal was required to take into account the nature of the land, including determining whether it was converted land. However, she submitted that there was uncertainty whether the subject land was converted land. She pointed out that the total land falling in Survey No.220/3 was 1 acre and 18 guntas. Out of the said land, the appellant purchased a parcel measuring 1 acre and 6 guntas under a sale deed dated 27.03.2003. NHAI had acquired 3,737 sq. mtrs. out of the said land, which is equivalent to approximately 37 guntas. She submitted that there were thus 21 guntas of land falling in the same survey, and only a part of that land had been converted. She argued that it was thus necessary for the appellant to establish that the subject land was a part of the converted land.

12. Next, she submitted that although the Arbitral Tribunal had fixed the value of ₹2,422/- per sq. mtr., the impugned award does



not indicate any reason for determining the said price. She pointed out that there was no discussion as to how the said value was determined.

13. The contention that the appellant had failed to establish that the subject land was converted land, is prima facie, unmerited.

14. The learned counsel appearing for the appellant has handed over a communication dated 13.05.2020 issued by the SLAO, NHAI, which clearly indicates that 1 acre and 6 guntas of land, which was purchased by the appellant, falling under Survey No.220/3 was converted for non-agricultural use by an order dated 11.03.2003, and the remaining land had been acquired.

15. The relevant extract to the said letter is reproduced below:

"That the above said 18 guntas of land is a part of land measuring 1 acre 18 guntas situated in the Sy.no:22/3. It is further stated that the same was purchased by the Sri B.Lokesh s/o Basavarajappa from one Mr.Siddappa & others vide Sale Deed Dated:03.06.1995, registered as Document No.:1701/1995-96, in Book-I, Volume-2281, at pages 243 to 245, in the office of the Senior Sub-Registrar, Davanagere. Out of the said 1 acre 6 guntas of land for non-agriculture use vide order dated: 11.03.2003, bearing No:ALN-SR-82/2002-2003 of the Deputy Commissioner, Davanagere and subsequently, the Sri B.Lokesh s/o Basavarajappa sold the entire extent of 1 acre 6 guntas of converted land to Bapuji



Education Association, Davangare by sale deed dated:
28.08.2003."

16. We may also note that the learned counsel appearing for NHAI had sought time to obtain instructions regarding the genuineness of the said letter. Accordingly, the proceedings had been adjourned. However, there is no objection to the authenticity of the said letter. The extract as set out above clearly establishes that the entire land of 1 acre 6 guntas, of which 3,737 sq. mtr. (approximately 37 guntas) has been acquired, was converted land for non-agricultural purposes.

17. Insofar as the value of the land is concerned, there is merit in NHAI's contention that the impugned award does not set out the reasons for determining the value of ₹2,422/- per sq. mtr. Thus, the conclusion of the learned District Court to set aside the impugned award cannot be faulted.

18. In view of the above, it will be open for the appellant to apply afresh for enhancement of the compensation as determined by SLAO under Section 3G(5) of the NH Act. We clarify that if any such application is made, the same would be considered in accordance with law. NHAI is also not precluded from placing



material relating to the nature of the land in question (including whether the land was converted).

19. We also clarify that the Arbitral Tribunal shall determine the compensation without being influenced by the observations of the learned District Court as well as this court. All rights and contentions of the parties are reserved.

20. The appeal is disposed of with the aforesaid observations.

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

**Sd/-
(K.S. HEMALEKHA)
JUDGE**