



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 6TH 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. 4395 OF 2025 (AA)

BETWEEN:

1. NATIONAL HIGHWAYS AUTHORITY OF INDIA
PROJECT IMPLEMENTATION UNIT
DOOR NO.3-29, BETHEL, THARETHOTA
NEAR PUMPWELL (NH-66)
MANGALURU - 575 005
REPRESENTED BY ITS DGM (TECH) AND
PROJECT DIRECTOR
SRI ABDULLA JAVED AZMI

...APPELLANT

(BY SRI BIDEN, ADVOCATE FOR
SRI PADMANABHA HOLLA S., ADVOCATE)

AND:

1. SHRI N. RAVIRAJ SHETTY
S/O. LATE B. RAGHURAM SHETTY
AGED ABOUT MAJOR
R/AT FLAT NO.1201
WEST WIND APARTMENTS
COLLECTIONS GARE, BALMATTA
MANGALURU - 575 002
2. THE ARBITRATOR (NH) AND
DEPUTY COMMISSIONER

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signed by
AMBIKA H
B



Location:
High Court
of Karnataka



DAKSHINA KANNADA DISTRICT
MANGALURU - 575 001

3. THE COMPETENT AUTHORITY &
THE SPECIAL LAND ACQUISITION OFFICER
MANGALURU
KARNATAKA STATE EMPLOYEE ASSOCIATION
CLOCK TOWER
HAMPANAKATTA MANGALURU
D.K. DISTRICT - 575 001

...RESPONDENTS

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 01.04.2025 IN ARBITRATION PETITION NO.375/2023 PASSED BY IV ADDITIONAL DISTRICT JUDGE AND COMMERCIAL COURT, D.K. DISTRICT, AT MANGALURU AND CONSEQUENTLY SET ASIDE ARBITRAL AWARD DATED 04.05.2023 PASSED BY RESPONDENT NO.2 & ETC.

THIS APPEAL, COMING ON FOR ADMISSION, 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. The appellant [**NHAI**] has filed the present appeal under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996 [**A&C Act**] impugning an order dated 01.04.2025 [**impugned order**] passed by the learned IV Additional District Judge and Commercial



Court, D.K., Mangaluru [**Commercial Court**] in A.P No.375/2023 captioned, *National Highways Authority of India vs. Shri N. Raviraj Shetty and others*.

2. NHAI had preferred the said application under Section 34 of the A&C Act impugning an arbitral award dated 04.05.2023 [**impugned award**] passed by respondent No.2 [**the Arbitral Tribunal**] under Section 3G(5) of the National Highways Act, 1956 [**the NH Act**]. It is the NHAI's case that the impugned award is liable to be set aside inasmuch as it has not determined the compensation for the acquired land in accordance with the guidelines and the relevant statutes.

3. Land measuring 4452 sq. mtrs. in Survey No.129/8 in Thiruvalli Village, Mangalore Taluk [**subject land**] was acquired under the NH Act. The competent authority and the Special Land Acquisition Officer (respondent No.3) had determined the market value of the subject land at ₹3,42,80,400/-. After accounting for additional compensation and solatium, the total compensation for the land of 4452 sq. mtrs. was determined at ₹7,26,85,718/- (Rupees seven crore twenty six lakh eighty five thousand seven hundred and eighteen only).



4. Respondent No.1 had assailed the said determination by filing an application under Section 3G(5) of the NH Act before Respondent No.2. It was the respondent No.1's case that the market value of the land in the area was ₹10,50,000/- per cent as against ₹3,11,619/- per cent as determined by respondent No.3. The Arbitral Tribunal did not accept the said claim. The Arbitral Tribunal found no error in determination of the market value of the subject land at the rate of ₹7,700/- per sq. mtr. as the same was based on the guidance value fixed for the purpose of stamp duty. The application filed by the respondent No.1 under Section 3G(5) of the NH Act culminated in the impugned award, whereby the appellant was directed to pay compensation for the subject land on the basis that the market value of the subject land was ₹7,700 per sq. mtr.

5. There is certain discrepancy in the impugned award as it mentions the extent of the subject land as 4047 sq. mtr. However, the order dated 22.01.2021 passed by respondent No.3 refers to the extent of the subject land as 4452 sq. mtrs. The learned counsel appearing for NHAI submits that there is a typographical



error in the impugned award as well as in the impugned order insofar as the extent of acquired land is concerned.

6. The Arbitral Tribunal noted that although the market value of the land, as fixed by respondent No.3, was determined at the rate of ₹7,700/- per sq. mtr., while making payments, certain deductions had been made. The Arbitral Tribunal found that such deductions – which were apparently made following a method adopted by CVC – were unsustainable.

7. NHAI preferred an application under Section 34 of the A&C Act assailing the impugned award, apparently confined to the extent that it was directed to pay the compensation as determined at the rate of ₹7,700/- per sq. mtr. without any further deductions. The learned Commercial Court concurred with the view of the Arbitral Tribunal. And, by the impugned order, rejected the application filed by NHAI for setting aside the impugned award.

8. The learned counsel appearing for the NHAI submitted that the impugned award is contrary to Section 26(1)(a) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 [**2013 Act**].



9. Section 26 (1) of the 2013 Act is set out below for ready reference:

"26. Determination of market value of land by Collector.—(1) The Collector shall adopt the following criteria in assessing and determining the market value of the land, namely:—

- (a) the market value, if any, specified in the Indian Stamp Act, 1899 (2 of 1899) for the registration of sale deeds or agreements to sell, as the case may be, in the area, where the land is situated; or
- (b) the average sale price for similar type of land situated in the nearest village or nearest vicinity area; or
- (c) consented amount of compensation as agreed upon under sub-section (2) of section 2 in case of acquisition of lands for private companies or for public private partnership projects,

whichever is higher:

PROVIDED that the date for determination of market value shall be the date on which the notification has been issued under section 11."

10. The learned counsel appearing for the appellant submitted that the observations made by the Arbitral Tribunal runs contrary to the express provisions of Section 26(1)(a) of the 2013 Act, which requires that the market value be determined, *inter alia*, having regard to the market value as specified in the Indian Stamp Act,



1899 [the Stamp Act] for registration of sale deeds or agreements to sell, as the case may be, in the area where the land is situated.

11. The aforesaid contention is misplaced as there is no cavil that the market value of the acquired land is required to be determined, *inter alia*, having regard to the guidance value as specified in the Stamp Act.

12. We note that in the present case, respondent No.3 had determined the market value of the subject land following the guidance value of the land as specified for the purposes of the Stamp Duty. Undisputedly, on the date of publication of the notice under Section 3A of the NH Act, the guidance value as specified for the purposes of stamp duty was ₹7,700/- per sq. mtr.

13. The tabular statement setting out the determination of the market value of the subject land as set out in the order dated 22.01.2021 passed by respondent No.3 is reproduced below:

1. Market value of Land :-

Nature of land	Area (in Sq.M)	Average of 50% of the total sale deeds of the highest sale price for the	Market value specified in the India Stamp Act, 1899	Rate adopted by CALA (in Rs. per Sq.M)	Market Value of land (Col 5x Col 2) (in Rs.)	Multiplication factor as specified by the State Govt. (1	Value of land (Col 6x Col 7) (in Rs.)
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		three years preceding date of publication of 3A for similar land situated in the nearest village or vicinity area (In Rs. per Sq.M)	for registration of sale deeds or agreements applicable on the date of publication of 3A (In Rs. per Sq.M)			to on factor as 2, as specified by the State Govt.)	
1	2	3	4	5	6	7	8
Non-Agriculture	4452	2,977.00	7,700.00	7,700.00	3,42,80,400.00	1	3,42,80,400.00

2. Value of Assets :-

	Name of the Owners Interested person		SS/HS/KS	
1. (a) Building and other Structures	-	-	-	-
(b) Business Loss	-	-	-	-
2. Trees	-	-	-	-
(a) Horticulture Trees	-	-	-	-
(b) Forest Trees	-	-	-	-
3. Wells/Borings	-	-	-	-
4. Bore-well	-	-	-	-
5. Standing crops	-	-	-	-
6. Others	-	-	-	-
Total Value	-	-	-	-
3. Total value of land and assets (1+2)	from 23.01.2020 to 22.01.2021 (366 Days).			3,42,80,400.00
4. Additional compensation @ 12% per annum of the				41,24,918.00



(Value in Col 6 of Sl.No. 1) for the period from the date of publication of 3A Notification in News papers to the date of award under section 3G (1).				
5. Solatium @ 100% of 3				3,42,80,400.00
6. Total Compensation (3+4+5)				
7. Other Compensation, if any				7,26,85,718.00
Total				7,26,85,718.00

(Total Rupees Seven Crore Twenty Six Lakh Eighty Five Thousand Seven Hundred and Eighteen only)

14. According to respondent No.1, the said value was below the market value of the subject land and therefore he had raised a dispute under Section 3G(5) of the NH Act. As noticed above, the Arbitral Tribunal did not accept the said challenge. It appears that the controversy arose as the payments made by NHAI were not in accordance with the compensation as determined by respondent No.3. The Arbitral Tribunal has merely confirmed the determination of market value of the subject land as determined by respondent No.3.



15. The learned counsel appearing for the NHAI has not advanced any contentions to support the view that the market value as determined by respondent No.3 was required to be further reduced. NHAI had not contested the compensation as determined by respondent no.3

16. We find no ground for setting aside the impugned award as we are unable to accept that it suffers from patent illegality or is opposed to the public policy.

17. Before concluding, it would be relevant to observe that NHAI was also aware that there were no substantial grounds for challenging the impugned award. This is apparent as the record indicates, that the present appeal was adjourned on 02.09.2025, as the learned counsel appearing for the appellant had sought time to file a memo of withdrawal. However, apparently necessary instructions were not forthcoming and, therefore, the learned counsel had attempted to support the present appeal.

18. Considering that the present appeal is devoid of any merits and the judicial time consumed by NHAI, we consider it apposite to dismiss the present appeal with costs quantified at ₹50,000/-



(Rupees fifty thousand only). The costs shall be deposited with the Karnataka State Legal Services Authority within a period of four weeks from date.

19. The pending interlocutory application also stands disposed of.

Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE

Sd/-
(C.M. POONACHA)
JUDGE

AHB
List No.: 1 SI No.: 5