



CNR: KAHC010483962024

NC: 2026:KHC:39207-DB
MFA No. 5879 of 2024

**IN THE HIGH COURT OF KARNATAKA AT BENGALURU
DATED THIS THE 28TH DAY OF JULY, 2026**

PRESENT

THE HON'BLE MRS. JUSTICE ANU SIVARAMAN

AND

THE HON'BLE MR. JUSTICE VENKATESH NAIK T

MISCELLANEOUS FIRST APPEAL NO.5879 OF 2024 (AA)

BETWEEN:

1. THE NATIONAL HIGHWAYS AUTHORITY OF INDIA
THROUGH ITS PROJECT DIRECTOR
MR. SHIRISH GANGADAHAR
PIU, CHITRADURGA
HAVING ITS OFFICE AT PIU,
NATIONAL HIGHWAYS AUTHORITY OF INDIA (NHAI)
NEAR JMIT, NH-48
CHITRADURGA-577 501
2. SPECIAL LAND ACQUISITION OFFICER AND
COMPETENT AUTHORITY
NH-50, SITE OFFICE
CHITRADURGA.

...APPELLANTS

(BY SRI. SAGAAR LADDA, ADV. AND
SRI. B. SOMASEKAR NAIDU, ADV.)

Digitally
signed by
PAVITHRA N
Location:
High Court
of Karnataka



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AND:

1. SMT. SUJATHA
W/O B.A.LINGAREDDY
AGE: ABOUT 40 YEARS
R/O SRE LAYOUT, TURUVANUR ROAD
CHITRADURGA-577 517.
2. THE DEPUTY COMMISSIONER AND ARBITRATOR,
NATIONAL HIGHWAYS ACT,
OFFICE OF THE DEPUTY COMMISSIONER,
CHITRADURGA DISTRICT,
CHITRADURGA-577 501

...RESPONDENTS

(BY SRI. SANGAMESH R. B.,ADV. FOR R1;
SRI. ADITYA VIKRAM BHAT, AGA FOR R2)

THIS MFA IS FILED UNDER SECTION 37(1) (C) OF THE ARBITRATION AND CONCILIATION ACT, 1996, AGAINST THE ORDER DATED 05.10.2023 PASSED IN A.P.NO.84/2022 ON THE FILE OF THE PRINCIPAL DISTRICT AND SESSIONS JUDGE, CHITRADURGA, DISMISSING THE PETITION FILED UNDER SECTION 34 (2) OF ARBITRATION AND CONCILIATION ACT, 1996 READ WITH UNDER ORDER 7 RULE 1 OF CPC.

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

CORAM: HON'BLE MRS. JUSTICE ANU SIVARAMAN
and
HON'BLE MR. JUSTICE VENKATESH NAIK T



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ORAL JUDGMENT

(PER: HON'BLE MRS. JUSTICE ANU SIVARAMAN)

This appeal arises from the judgment dated 05.10.2023 passed by the Principal District and Sessions Judge, at Chitradurga in A.P.No.84/2022, in exercise of the powers under the provisions of National Highways Authority Act, 1956 ("NH Act for short).

2. We have heard the learned counsel appearing on either side.

3. It is submitted that the learned counsel appearing for the respondents that the respondents owned land in Survey No.57/3 of the Pillekerenahally Village, Chitradurga Taluk which was acquired for the purpose of widening of NH-13. It is stated that the compensation was fixed at the rate of Rs.3,234.65/- per sq.mtrs by the Competent Authority. Aggrieved by the order passed by the Competent Authority, the respondents had filed application under Section 3G(5) of the NH Act before the learned Arbitrator of Chitradurga District claiming enhancement of compensation. The said application was filed in the year



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2016. After conducting an enquiry, the learned Arbitrator passed an Arbitral Award dated 10.03.2022, enhancing the compensation to Rs.7,263/- per sq. mtr.

4. It is submitted by the learned counsel appearing for the appellants that the award so passed is subject to infirmities. It is contended that, the arbitration was initiated by filing of application under Section 3G(5) of the NH Act filed in the year 2016. The learned Arbitrator entered on reference and the parties had placed their pleadings on record and led evidence. However, award was passed only on 10.03.2022, much beyond the time as provided under Section 29A of the Arbitration and Conciliation Act, 1996 (for short "Arbitration Act").

5. It is submitted, relying on the order of the Apex Court in ***Rattan Chand & Anr v. National Highways Authority of India and Anr*** in ***Special Leave to Appeal(C) No(S).21144/2023*** dated **06.10.2023**, that in case, the award is not passed in compliance with the time limit as provided under Section 29A of the Arbitration Act, the matter



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has to be remanded to the learned Arbitrator to consider the same afresh in accordance with law and pass a fresh award.

6. Further, it is contended that the acquisition in question was one initiated in the year 2012 and that the application of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (for short "2013, Act") for the purpose of determining the compensation is a patent illegality. It is submitted that the matter therefore requires to be remanded to the learned Arbitrator for passing a fresh award in accordance with law.

7. The learned counsel appearing for the respondents, on the other hand, contended that the question of applicability of the provisions of the 2013 Act is also a matter of fact in favour of the respondents covered by the decision of the learned Single Judge of this Court in MFA No.2859/2024 (AA). It is submitted that since the majority of the compensation had not been paid or deposited before 01.01.2015, the said ground is not available to the appellants to challenge the award.



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8. Having considered the contentions advanced, we notice that it is not in dispute between the parties that the application under Section 3G(5) of NH Act, had been filed in the year 2016. It is also not in dispute that the pleadings were completed well in advance, but the Arbitral Award was passed only on 10.03.2022. Even taking note of the time as provided under Section 29A(3) of the Arbitration Act where the parties could extend the period of one year for a further period of six months, on consent, the said period had also expired by the time the Arbitral Award has been passed.

9. In the above view of the matter, we are of the opinion that the matter requires to be remanded to the Arbitrator for a fresh consideration in accordance with law and for passing of an award strictly in compliance with the provisions of Section 29A of the Arbitration Act as well.

10. In the result:-

- (i) The Miscellaneous First Appeal is ***allowed.***



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- (ii) The award dated 10.03.2022 passed by the Arbitrator and Deputy Commissioner, Chitradurga, is set aside.
- (iii) The matter is remanded to the Arbitrator and Deputy Commissioner, Chitradurga for consideration and for passing of a fresh award.
- (iv) The parties are permitted to adduce additional evidence, if any, before the learned Arbitrator.
- (v) The Arbitrator shall endeavour to hear the parties and complete the proceedings as expeditiously as possible, preferably within a period of six months from the date of receipt of a copy of this judgment.
- (vi) In the process, all other questions with regard to fixing of compensation and the applicability of the 2013 Act are left open to be decided by the Arbitrator in accordance with law.

11. Further, the learned counsel appearing for the appellant submits that 50% of the amount deposited by the



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appellants at the time of admission of the appeal had been permitted to be withdrawn by the respondents herein.

12. It is therefore made clear that the said withdrawal of the compensation will be noticed by the learned Arbitrator and shall be subject to outcome of the Arbitral proceedings before the learned Arbitrator.

13. The further amount in deposit before this Court is permitted to be withdrawn by the appellants.

All pending interlocutory applications shall stand disposed of.

**Sd/-
(ANU SIVARAMAN)
JUDGE**

**Sd/-
(VENKATESH NAIK T)
JUDGE**

RAK
List No.: 3 Sl No.: 2