



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 7TH DAY OF APRIL, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

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

MISCELLANEOUS FIRST APPEAL NO. 8723 OF 2024 (AA)

BETWEEN:

1. THE NATIONAL HIGHWAYS AUTHORITY OF INDIA,
THROUGH GM(T) ITS PROJECT DIRECTOR
NATIONAL HIGHWAYS AUTHORITY OF INDIA, (NHAI)
NEAR JMIT, NH-48
HAVING ITS OFFICE AT PIV
CHITRADURGA
2. SPECIAL LAND ACQUISITION OFFICER AND
COMPETENT AUTHORITY
NHAI, KSRTC DEPOT ROAD
CHITRADURGA

...APPELLANTS

(BY SRI SAGAR VARMA, ADVOCATE FOR
SRI SAGAR LADDA, ADVOCATE)

AND:

1. ALURU HANUMANTHARAYAPPA
S/O. HANUMANTHARAYAPPA
AGED MAJOR.,
R/O. "THIRUMALA NILAYA"
#736/2, NEHARU MAIDANA
HIRIYUR
2. THE DEPUTY COMMISSIONER AND ARBITRATOR,
OFFICE OF THE DEPUTY COMMISSIONER
CHITRADURGA DISTRICT
CHITRADURGA

...RESPONDENTS

Digitally signed
by NIRMALA
DEVI

Location: HIGH
COURT OF
KARNATAKA



THIS MFA IS FILED UNDER SECTION 37(1) OF THE ARBITRATION AND CONCILIATION ACT, 1996 PRAYING TO SET ASIDE THE JUDGMENT DATED 26.10.2023 PASSED BY THE PRINCIPAL DISTRICT AND SESSIONS JUDGE, AT CHITRADURGA IN A.S.No.09/2021 & 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. The appellant No.1 - The National Highways Authority of India [**NHAI**] and appellant No.2 - The Special Land Acquisition Officer and Competent Authority [**CALA**], has filed the present appeal under Section 37(1)(c) of the Arbitration and Conciliation Act, 1996 [**A&C Act**], impugning an order dated 26.10.2023 passed by the Principal District and Sessions Judge, Chitradurga [**District Court**] in A.S. No.9/2021. The said petition was filed by NHAI impugning an arbitral award dated 07.01.2021, passed by respondent No.2 [**the Arbitral Tribunal**], enhancing the compensation for the subject acquired land to ₹250/- per sq.ft.



2. NHAI contends that the enhancement of compensation is on the erroneous premise that the subject land is used for commercial purposes. The subject land is agricultural land and therefore the impugned award is liable to be set aside.

3. Respondent No.1 was the owner of land measuring 28 guntas falling in Sy. No.23/1B1B2 at Yaradakatte Village, Kasaba Hobli, Hiriyur Taluk. The subject land was acquired under the National Highways Act, 1956 [**NH Act**]. A preliminary notification under Section 3A(1) of the NH Act was issued on 16.06.2010 and the final notification under Section 3D(1) of the NH Act was issued on 31.05.2011. The award of the CALA was made on 19.07.2016, determining the compensation at the rate of ₹4,20,000/- per acre for the acquired land. The respondent - land owner was also awarded a sum of ₹3,050/- towards trees and ₹63,400/- towards fence.

4. Aggrieved by the same, the respondent-land owner filed an application under Section 3G(5) of the NH Act. This Court is informed that the said proceedings culminated in an award which



was subsequently set aside, and the matter has been remanded to the Arbitral Tribunal.

5. The arbitral Tribunal rendered the impugned award on 07.01.2021, enhancing the compensation to Rs.250/- per sq.ft.

6. NHAI challenged the same before the learned District Court under Section 34 of the A&C Act. The said application to set aside the impugned award was, however, dismissed. Although the reasons set out in the impugned order are unclear, it is apparent that the learned District Court found no merit in the said petition to set aside the impugned award.

7. We have examined the impugned award. As noted above, it is the NHAI's contention that the impugned award is vitiated by patent illegality as the Arbitral Tribunal has enhanced the compensation for the subject land based on the rate of commercial land, ignoring that the subject land is agricultural land.

8. A plain reading of the impugned award indicates that the respondent had furnished a list of market prices of properties in the immediate vicinity of the subject land, during the year 2009-10. The said list indicated that the price of the plot adjoining the NH4



Main Road, C-Division in Hiriyr, used for commercial purposes was about ₹1,500/- per sq.ft. Additionally, respondent No.1 had also produced communications indicating that he was in the process of opening a fuel station (petrol pump) on the subject land as a dealer of Bharat Petroleum Corporation Limited. The Arbitral Tribunal also found that the properties in the immediate vicinity and adjoining the subject land had been utilised for various purposes, including commercial purposes. It was found that the land in the immediate vicinity of the subject land had been used for educational purposes, industrial purposes as well as residential purposes. Additionally, the Tribunal noted that Hiriyr Sugar factory was located very close to the subject land.

9. The Arbitral Tribunal also took note of the compensation awarded in respect of lands acquired in the vicinity of the subject land. It is also noted that the subject land fell within the jurisdiction of Hiriyr Municipality, and its adjacent lands had already been converted for commercial enterprise.

10. Undisputedly, these are relevant factors to be considered for determining the market value of the subject land. After considering



the above, the Arbitral Tribunal determined the appropriate value of the land at the rate of ₹250/- per sq.ft. as against ₹4,20,000/- per acre, as determined by CALA.

11. In view of the above, we are unable to accept that the view expressed by the Arbitral Tribunal is not a plausible view. Thus, the impugned award cannot be interfered with on the ground of patent illegality.

12. We also note that there is an unexplained delay of 325 days in filing the present appeal. The application seeking condonation of the delay in filing the appeal does not set out any credible reasons for the same. However, the learned counsel appearing for the appellant submits that the appeal was filed within time and there is no delay. He states that the appeal was filed electronically. He submits that the Registry had misplaced the said file. Although we find no grounds and no material to support the said contention, we assume that the said contention is made responsibly. Considering that we find no ground to set aside the impugned award, we do not consider it necessary to examine the question of delay in any further detail.



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13. The present appeal is, accordingly, dismissed.
14. All pending applications also stand disposed of.

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

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

BS,SD
List No.: 2 SI No.: 20