



**IN THE JUDICATURE OF HIGH COURT AT BOMBAY
BENCH AT AURANGABAD**

ARBITRATION APPEAL NO. 32 OF 2025

National Highways Authority Of India Thru.
Its Project Director Shree Swapnil Kasar

VERSUS

The Competent Authority, Dy.collector And Anr.

...

Advocate for Appellant : Mr. Nilkanth Pandurang Bangar

Advocate for Respondent No.1: Mr. S. S. Deve

Advocate for Respondent No.2 : Mr. P. R. Katneshwarkar i/b Mr. R. P.
Adgaonkar and Irfan Dange

...

WITH

**CIVIL APPLICATION NO. 10423 OF 2024
IN ARBA/32/2025**

WITH

**CIVIL APPLICATION NO. 7720 OF 2024
IN ARBA/32/2025**

...

WITH

ARBITRATION APPEAL NO. 30 OF 2025

National Highway Authority Of India Thru.
Its Project Director Shree Swapnil Kasar

VERSUS

The Competent Authority, Dy,collector And Anr.

...

Advocate for Appellant : Mr. Nilkanth Pandurang Bangar

Advocate for Respondent No.1: Mr. S. S. Deve

Advocate for Respondent No.2 : Mr. P. R. Katneshwarkar i/b Mr. R. P.
Adgaonkar and Irfan Dange

...

WITH

**CIVIL APPLICATION NO. 7716 OF 2024
IN ARBA/30/2025**

WITH

**CIVIL APPLICATION NO. 10420 OF 2024
IN ARBA/30/2025**

...

WITH

ARBITRATION APPEAL NO. 31 OF 2025

National Highways Authority Of India, Thru.
Its Project Director Shree Swapnil Kasar

VERSUS

The Competent Authority, Dy. Collector And Anr.

...

Advocate for Appellant : Mr. Nilkanth Pandurang Bangar

Advocate for Respondent No.1: Mr. S. S. Deve

Advocate for Respondent No.2 : Mr. P. R. Katneshwarkar i/b Mr. R. P.
Adgaonkar and Irfan Dange

...

**WITH
CIVIL APPLICATION NO. 10421 OF 2024
IN ARBA/31/2025**

**WITH
CIVIL APPLICATION NO. 7714 OF 2024
IN ARBA/31/2025**

...

CORAM : ARUN R. PEDNEKER, J.

Dated : April 28, 2026

JUDGMENT :

1. The present Arbitration Appeals are filed under Section 37 of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as "the Arbitration Act") by the appellant - National Highways Authority of India, challenging the Judgment and Order dated 27/11/2023 passed by the learned Principal District Judge, Latur, in proceedings under Section 34 of the Arbitration Act, 1996. By the said judgment, the learned Principal District Judge dismissed the applications filed under Section 34 of the Arbitration Act and upheld the arbitral award dated 31/08/2019 passed by the learned Arbitrator.

2. All these Arbitration Appeals involve common issues arising out of the acquisition of lands for the expansion of National Highway No. 361 passing through Village Chakur, Taluka Chakur, District Latur. Hence, they are heard together and are being decided by this common judgment.

3. Heard.

4. For the sake of convenience, the facts in Arbitration Appeal No. 32 of 2025 are referred to. The acquisition in question is for the purpose of expansion of National Highway No. 361 by constructing a bypass road through a greenfield area at Chakur, District Latur. The notification for acquisition under Section 3-A of the National Highways Act, 1956 (hereinafter referred to as “the National Highways Act”) was issued on 09/06/2018. Lands from Gut No. 285 of Village Chakur were acquired.

5. The Competent Authority for Land Acquisition (CALA) determined compensation under Section 3G(1) of the National Highways Act on 31/08/2019 at the rate of Rs.112/- per sq. mtr. The said determination was challenged by the claimants by invoking Section 3G(5) of the National Highways Act. Upon consideration of the material on record, the learned Arbitrator enhanced the compensation. The details are as follows :

Arbitration Appeal No.	Gut No.	Area under acquisition	C.A.L.A. Per Square Meter	Arbitrator Per Square Meter
30	288	1662 sq.mtr.	Rs.1502/-	Rs.2112/-
31	288	6038 sq.mtr.	Rs.1502/-	Rs.2208/-
32	285	4200 sq.mtr.	Rs.112/-	Rs.2208/-

6. The learned counsel **Mr. Nilkanth Pandurang Bangar** for the appellant contends that there was no sufficient evidence on record to substantiate the claim of the respondents. It is submitted that the finding regarding the non-agricultural nature of the acquired land is *prima facie* perverse, as no such documents were furnished to the appellant. This aspect was specifically raised before the Arbitrator in the reply as well as in the rejoinder.

7. It is further submitted that the Arbitrator relied upon nine sale deeds of Village Chakur pertaining to non-agricultural lands, whereas the acquired lands are agricultural in nature. On the contrary, the CALA determined the market value on the basis of 64 sale transactions that took place in the preceding three years.

8. The learned counsel further submits that Section 26 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (hereinafter referred to as “the 2013 Act”)

mandates that the market value should be determined based on the total number of sale transactions in the preceding three years. It is contended that Explanation 1 to Section 26 has not been properly followed, which requires that one-half of the highest sale transactions be considered.

9. It is also submitted that the Arbitrator erroneously applied a multiplication factor of 1.5 despite recording that the acquired land is situated within a Nagar Panchayat area. The CALA had correctly applied a factor of 1.0. The application of factor 1.5 is stated to be contrary to the First Schedule of the 2013 Act, which provides a factor of 1.0 for urban areas and 2.0 for rural areas.

10. Per contra, the learned Senior Counsel **Mr. P. R. Katneshwarkar**, instructed by **Mr. R. P. Adgaonkar and Mr. Irfan Dange** for the respondents, submits that the Arbitrator has considered relevant sale instances for the period 2015 to 2018 and determined the average market value after considering the highest 50% of the transactions, followed by a deduction towards development charges.

11. It is further submitted that the CALA relied upon sale instances without proper scrutiny, whereas the Arbitrator correctly appreciated that

the acquired lands had already obtained non-agricultural permissions.

12. With regard to the multiplication factor, reliance is placed by learned Counsel for the respondent on the notification issued under the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 (hereinafter referred to as "the 1965 Act"). It is submitted that a proclamation dated 01/03/2014 was issued expressing the intention to declare Village Chakur as a transitional area and to constitute a Nagar Panchayat, which was finalized by notification dated 24/02/2015.

13. The learned Senior Counsel submits that the acquired lands do not fall within the categories mentioned in Clause (a) to (d) of Entry No. 1 of the Schedule of the Notification dated 26/05/2015. It is further submitted that the area is covered under a Regional Plan and falls within a transitional area declared under Section 341-A of the 1965 Act.

14. It is, therefore, contended that the lands fall within Entry No. 2 of the Notification dated 26/05/2015, and accordingly, the multiplication factor of 1.5 has been rightly applied by the Arbitrator.

15. Upon considering the rival submissions and perusing the record, it is

evident that the Arbitrator has taken into account relevant sale transactions for the period 2015 to 2018 and has applied a correct method by selecting the highest 50% of transactions and thereafter computing the average, followed by deduction made towards development charges.

16. The contention regarding non-consideration of relevant sale instances does not merit acceptance, as the Arbitrator has undertaken a comprehensive analysis of the available material. The determination cannot be said to be *prima facie* arbitrary or suffering from patent illegality.

17. As regards the multiplication factor applicable to the present case, the relevant Notification dated 24/02/2016 issued under the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 (hereinafter referred to as “the 1965 Act”) is reproduced below:

“NOTIFICATION :

Maharashtra Municipal Councils, Nagar Panchayats and industrial townships act, 1965.

.....

.....whereas, having regards to the factors mention in clause (2) of article 243-Q of the Constitution of India, the Government of Maharashtra considers it expedient to specify the said local area, more particularly described in Schedule “A” appended hereto, to be a transitional area;

Now, therefore, in exercise of the powers conferred by sub-

sections (1), (1A) and (2) of section 341A of the said Act and of all other powers enabling it in that behalf, the Government of Maharashtra hereby specifies the said local area to be a transitional area for which there shall be constituted a Nagar Panchayat as provided in sub-sections (1), (1A) and (2) of section 341A of the said Act, by the name of the Chakur Nagar Panchayat. The boundaries of the said transitional area shall be such as are specified in Schedule "B" appended hereto.

Schedule "A"

***Description of the Local Area to be specified as a transitional area:**

The whole area of the Village Panchayat of Chakur

Schedule "B"

***Boundaries of the Local area to be specified as a transitional area:**

Boundaries of the area of the Village Panchayat of Chakur constituted under the Maharashtra Village Panchayat Act (III of 1959)."

18. So also, the relevant Schedule of the Notification dated 26/05/2015 issued by the Revenue and Forest Department, which is applicable for determining the multiplication factor, is reproduced below:

Sr.No.	Area	Factor
1.	(a) Areas of Municipal Corporations established in accordance with the Mumbai Municipal Corporation Act (III of 1888) or the Maharashtra Municipal Corporation Act (LIX of 1949). (b) Areas of Class "A" and "C" Municipal Councils established as per Section 4 of the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Township Act, 1965 (Mah.XLI of 1965).	1.00

	(c) Industrial Townships established as per section 34 1-G of Maharashtra Municipal Councils, Nagar Panchayats and Industrial Township Act, 1965 (Mah.XLI of 1965). (d) Special Planning Authorities, Area Development Authorities, New Town Development Authorities, such as City Industrial Development Corporation (CIDCO), Mumbai Metropolitan Region Development Authority (MMRDA), Pune Metropolitan Region Development Authority (PMRDA), Pimpri-Chinchwad New Town Development Authority (PCNDTA), Nagpur Improvement Trust (NIT), as Pandharpur, Shirdi etc., for which Development plans are prepared in accordance with the provisions of the Maharashtra Regional and Town Planning Act, 1966.	
2.	Areas covered by Regional Plans for Districts, as well as Development Plan prepared in accordance with the provisions of the Maharashtra Regional and Town Planning Act, 1966 for non-Municipal Council areas, excluding the areas mentioned in clauses (a) to (d) above.	1.50
3.	Rural area, excluding the areas mentioned in entries 1 and 2	2.00

19. As regards the application of the multiplication factor, it is required to be noted that the area in question does not fall within the categories specified under Clause (a) to (d) of Item I of the schedule of 26/05/2015 notification and item (1) of Clause (a) to (d) pertain to municipal corporations, municipal councils, industrial townships, or special planning authorities. The material on record, including the notification issued under Section 341-A of the 1965 Act, indicates that the area is a transitional area constituted as Nagar Panchayat and covered under a regional plan, in Item 2 of Notification dated 26/05/2015.

20. Thus, the application of the multiplication factor of 1.5 by the

Arbitrator is justified and in consonance with the statutory provisions.

21. In view of the above, this Court does not find any patent illegality in the arbitral awards. The Arbitrator has considered the relevant statutory provisions and the evidence on record while determining the compensation.

22. Accordingly, no ground is made out for interference under Section 37 of the Arbitration Act. All the Arbitration Appeals stand dismissed, and the arbitral awards are maintained.

23. In view of the dismissal of the appeals, all civil applications seeking withdrawal of amounts are allowed. However, the applicants shall furnish an undertaking before this Court that, in the event any order is passed in favour of the appellant in further proceedings, they shall redeposit the withdrawn amount within a period of four weeks.

24. All other pending applications, if any, stand disposed of.

(ARUN R. PEDNEKER, J.)

25. After pronouncement of the judgment, the learned counsel for the appellants submits that interim reliefs are operating in the present matters and prays for continuation of the same for a period of four weeks.

26. The appellant's challenge to the arbitral award has failed upon dismissal of the application under Section 34 of the Arbitration and Conciliation Act, 1996. The appeal filed under Section 37 of the Arbitration Act is also dismissed.

27. In view of the same, no case is made out for continuation of the interim relief granted earlier by this Court. Accordingly, the request for continuation of interim relief stands rejected.

(ARUN R. PEDNEKER, J.)

vj gawade/-.