IN THE JUDICATURE OF HIGH COURT AT BOMBAY
BENCH AT AURANGABAD

ARBITRATION APPEAL NO. 10 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Suresh Pandharinath Matre,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. Bondar Uttam Bajirao

...

AND
ARBITRATION APPEAL NO. 11 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Madinabi Faiyaz Khan,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. R. B. Bagul

...

AND
ARBITRATION APPEAL NO. 12 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Gaurav Ambadas Matre,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath

Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. R. S. Sarvadnya
...

AND
ARBITRATION APPEAL NO. 13 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Sursing Manikrao Chandanse (Died)
   Through Its L.Rs.
   1.1 Madhurabai Sursing Chandanse,
   1.2 Sanjay Sursing Chandanse,
   1.3 Sandip Sursing Chandanse,
   1.4 Shobha Dhumsing Jadhav,
   1.5 Manisha Suresh Patil,
   1.6 Jyoti Ravindra Suryawanshi,
2. Sahebrao Manikrao Chandanse,
3. Bhimrao Manikrao Chandanse,
4. Ramrao Manikrao Chandanse (Died)
   Through Its L.Rs.
   4.1 Kaushalyabai Ramrao Chandanse,
   4.2 Shivaji Ramrao Chandanse,
   4.3 Pratibha Raju Pawar,
   4.4 Santosh Ramrao Chandanse,
   4.5 Rupali Jivan Pawar,
   4.6 Varsha Vishal More

5. The Competent Authority Land
   Acquisition National Highway No.211
   and Sub Divisional Officer, Aurangabad. **...Respondents**

...
Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. S.W.Munde
...

AND
ARBITRATION APPEAL NO. 14 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Asaram Devrao Talekar (Died)

Through L.Rs.
a) Shevantabai Asaram Talekar,
b) Jayshree Asaram Talekar,
c) Amol Asaram Talekar,
d) Atul Asaram Talekar

2. Kaduba Pundalik Talekar,
3. Nandu Kaduba Talekar,
4. The Competent Authority Land Acquisition National Highway No.211 and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. S. S. Deve
...

AND
ARBITRATION APPEAL NO. 15 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Usha Babasaheb Guthe,
2. Varsha Vitthalrao Ghanwat,
3. The Competent Authority Land Acquisition National Highway No.211 and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr.N. T. Bhagat
...

AND
ARBITRATION APPEAL NO. 16 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Fayaz Khan Ahmad Khan,
2. The Competent Authority Land Acquisition National Highway No.211 and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. N. T. Tribhuwan
...

AND
ARBITRATION APPEAL NO. 17 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Radhakisan Pandharinath Matre,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...
Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr.N. U. Yadav.
...

AND
ARBITRATION APPEAL NO. 18 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Sursing Manikrao Chandanse (Died)
Through L.Rs.
1.1 Madhurabai Sursing Chandanse,
1.2 Sanjay Sursing Chandanse,
1.3 Sandip Sursing Chandanse,
1.4 Shobha Dhumsing Jadhav,
1.5 Manisha Suresh Patil,
1.6 Jyoti Ravindra Suryawanshi,
2. Sahebrao Manikrao Chandanse,
3. Bhimrao Manikrao Chandanse,
4. Ramrao Manikrao Chandanse (Died)
Through L.Rs.
4.1 Kaushalyabai Ramrao Chandanse,
4.2 Shivaji Ramrao Chandanse,
4.3 Pratibha Raju Pawar,
4.4 Santosh Ramrao Chandanse,

4.5 Rupali Jivan Pawar,
4.6 Varsha Vishal More,

5. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr.Krushna Salunke

...

AND
ARBITRATION APPEAL NO. 19 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Usha Babashaeb Guthe,
2. Varsha Vitthalrao Ghanwat.
3. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr.Nitin Salunke

...

AND
ARBITRATION APPEAL NO. 20 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Shaikh Hamid Shaikh Mahemood,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr.Rajesh Mewara

...

AND
ARBITRATION APPEAL NO. 21 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Sudam Shankarrao Talekar,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...
Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. A. S. Jadhav
...

AND
ARBITRATION APPEAL NO. 22 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Shaikh Bhikan Shaikh Maheboob,
2. Shaikh Baba Sahikh Maheboob,
3. Shaikh Rasul Sahikh Maheboob,
4. Shaikh Rahenabi Noor Ahemad
5. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...
Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Ms. Mayuri Kasturkar.
...

AND
ARBITRATION APPEAL NO. 23 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Shaikh Habib Shaikh Najimoddin,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. A. D. Kulkarni
...

AND
ARBITRATION APPEAL NO. 24 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Sukhdev Assaram Talekar,
2. Bhanudas Bapurao Rajale,
3. Bhagwan Bapurao Rajale
4. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. R. R. Bangar
...

AND
ARBITRATION APPEAL NO. 25 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Yasin Bakshu Patel (Died)
Through L.Rs.
1.1 Shaikh Yousif Shaikh Yasin,
1.2 Shaikh Younus Shaikh Yasin,
1.3 Shaikh Aslam Shaikh Yasin,
1.4 Shaikh Akram Shaikh Yasin,
1.5 Shaikh Azam Shaikh Yasin,
1.6 Jamilabai Shaikh Sardar
1.7 Rashidabi Noor Hemaed

2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. U. B. Bondar
...

AND
ARBITRATION APPEAL NO. 26 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Saluba Pandu Sangle,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr.R. B. Bagul
...

AND
ARBITRATION APPEAL NO. 27 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Hiralal Balal Bariwale (Gawali) (Died)
Through L.Rs.
   a) Gangubai Hiralal Bariwale,
   b) Suresh Hiralal Bariwale,
   c) Mukesh Hiralal Bariwale,
   d) Nitesh Hiralal Bariwale,
   e) Shall Hiralal Bariwale,
2. Ganesh Gokul Gawali,
3. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar

Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. R. S. Sarwadnya
...

AND
ARBITRATION APPEAL NO. 28 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Shankar Pandharinath Matre,
2. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...
Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr.S.W.Munde
...

AND
ARBITRATION APPEAL NO. 29 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Shaikh Nawaz Shaikh Bhikan,
2. Shaikh Ishaq Shaikh Bhikan,
3. Shaikh Harun Shaikh Bhikan,
4. Shaikh Umar Shaikh Bhikan,
5. The Competent Authority Land
Acquisition National Highway No.211
and Sub Divisional Officer, Aurangabad. **...Respondents**

...
Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. A. R. Borulkar
...

AND
ARBITRATION APPEAL NO. 30 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,

Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Shaikh Nawaz Shaikh Bhikan,
2. Shaikh Ishak Shaikh Bhikan,
3. Shaikh Harun Shaikh Bhikan,
4. Shaikh Umar Shaikh Bhikan,
5. The Competent Authority Land Acquisition National Highway No.211 and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. S. S. Deve
...

AND
ARBITRATION APPEAL NO. 31 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Akshay Ambadas Matre,
2. The Competent Authority Land Acquisition National Highway No.211 and Sub Divisional Officer, Aurangabad. **...Respondents**

...

Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. R. D. Sanap
...

AND
ARBITRATION APPEAL NO. 32 OF 2026

National Highway Authority Of India,
Project Implementation Unit-Chh.Sambhajinagar,
Through its Project Director – Amrish Mankar, **...Appellant**

VERSUS

1. Usha Babasaheb Guthe
2. Ranjana Vitthalrao Mhaske
3. The Competent Authority Land Acquisition National Highway No.211 and Sub Divisional Officer, Aurangabad. **...Respondents**

...
Advocate for Appellant : Mr. Sagar Varma holding for Mr. Ladda Sagar Somnath
Advocate for Respondent No.1 : Mr. R. M. Patil holding for Mr. P. H. Patil
Advocate for Respondent No.2- Competent Authority : Mr. N. T. Tribhuwan
...

...

CORAM : ARUN R. PEDNEKER, J.

Dated : March 18, 2026

JUDGMENT :

1. The present Arbitration Appeals are filed under Section 37 of the Arbitration and Conciliation Act, 1996, by the appellants- National Highway Authority challenging the Judgment and Order dated 16/10/2025 passed by the learned Principal District Judge, Aurangabad in the proceedings filed under Section 34 of the Arbitration and Conciliation Act, 1996. By the said judgment, the learned Principal District Judge, Aurangabad dismissed the applications filed under Section 34 of the Act and upheld the arbitral award passed by the learned Arbitrator.

2. All the Arbitration Appeals involve common issues and arise out of acquisition of lands for the expansion of highway in village Gandheli wherein uniform compensation for the acquired lands are granted. Hence, they are taken up together for hearing and are being decided by this common judgment.

3. The following questions arise for consideration of this Court in the present appeals:

a) Whether Section 29A of the Arbitration and Conciliation Act, 1996 applies to the arbitration proceedings conducted under Section 3G(5) of the National Highways Act, 1956 ? If so, whether the provisions of Section 29A as introduced by the Arbitration and Conciliation (Amendment) Act, 2015, brought into force with effect from 23/10/2015, apply to the present arbitration proceedings, or whether the amended provisions of Section 29A as substituted by the Arbitration and Conciliation (Amendment) Act, 2019 would govern the proceedings ?

b) If Section 29A is held to be applicable, whether the award passed under Section 3G(5) of the National Highways Act beyond the prescribed period of mandate under Section 29A in absence of order of continuation of mandate of the arbitrator would be without jurisdiction and is liable to be set aside ?

c) Whether the Arbitrator has failed to apply the parameters laid down under Section 26 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 while determining the compensation, and thereby the award passed suffers from patent illegality ?

4. For the sake of convenience, the facts in Arbitration Appeal No.10 of 2026 alone are referred to. The brief facts of the appeal are as under :

The Central Government issued a notification under Section 3A of the National Highways Act, 1956 (hereinafter referred to as the “NH Act”)

on 18/09/2015 declaring its intention to acquire the lands specified therein for the purpose of widening National Highway No.211. Thereafter, the final declaration under Section 3D of the NH Act was published on 16/09/2016.

5. The Competent Authority for Land Acquisition (CALA) determined and published an award under Section 3G(1) of the NH Act determining compensation of Rs.83,19,534/- @ Rs.1086/- per Square Meter for acquisition of an area admeasuring 3400 square meters belonging to the respondents/claimants. Being aggrieved by the said award, the respondents/ claimants invoked the provisions of Section 3G(5) of the NH Act seeking reference to arbitration.

6. The learned Arbitrator thereafter passed an award enhancing the compensation to Rs.1,83,70,388/- @ Rs. 1742/- per Square Meter. The appellants challenged the said arbitral award by filing an application under Section 34 of the Arbitration and Conciliation Act, 1996 before the learned Principal District Judge on 27/06/2024. The learned Principal District Judge dismissed the said application by judgment dated 16/10/2025. Being aggrieved thereby, the present Arbitration Appeal is filed under Section 37 of the Act.

The Competent Authority for Land Acquisition (CALA) awarded different rates of compensation to the claimants depending upon the area, yield and nature of the land (being bayagat / jirayat/hangami-bagayat),

ranging from Rs.486/- to Rs.1,500/- per square metre. However, the Arbitrator awarded compensation at a uniform rate of Rs.1,742/- per square metre in all the matters.

7. The primary contention raised on behalf of the appellants is that the arbitral award has been passed after a period of nearly six years from the date of the Arbitrator entering upon the reference and beyond the mandate of Section 29A and therefore the award suffers from patent illegality.

8. The learned Counsel **Mr. Sagar Varma** holding for **Mr. Sagar Ladda** for appellants submit that Section 29A(1), as introduced by the Amendment Act of 2015 with effect from 23/10/2015, provides that the arbitral tribunal shall make an award within a period of twelve months from the date it enters upon the reference. The said provision was further amended by the Amendment Act of 2019 with effect from 30/08/2019, whereby the period of twelve months is to be reckoned from the date of completion of pleadings under sub-section (4) of Section 23 of the Act.

9. The learned Counsel for the appellants thus submits that in 19 matters out of 23 before this Hon’ble Court, the applications under section 3-G (5) were preferred on 11/04/2018, and thus the provision of 29A as introduced by Amendment Act Act 3 of 2016 w.e.f. 23.10.2015, would be applicable to the impugned arbitration.

10. The learned Counsel further submits that as per Section 29A(1) of

the Act (as it stood prior to the 2019 amendment), the Ld. Arbitrator was mandated to pass the award within a period of twelve months from the date of entering upon the reference. This period could be extended by the express consent of the parties for a further period not exceeding six months. The award in the present case was passed on 12.01.2024, which is nearly five years and nine months after the commencement of the proceedings, and well beyond the statutory maximum period of twelve months. The fact that no extension was ever sought by either of the parties section 29A (3) cannot now be invoked to claim the grace period of 6 months. Even otherwise, the impugned award is in vehement violation of section 29A of the Act of 1996.

11. It is further submitted by the learned Counsel for the appellants that no application was ever moved before the Court under Section 29A(3) of the Act for extension of the Ld. Arbitrator's mandate. Consequently, the mandate of the Ld. Arbitrator stood terminated automatically upon the expiry of the statutory period as per section 29A (4) of the Act of 1996. An award passed by a tribunal whose mandate has been terminated is a nullity, *coram non judice*, and patently illegal.

12. The learned Counsel for the appellant further submits that merely because the parties to the arbitration proceeded with the arbitration without any express objection does not mean that the consent for

extension of arbitration was impliedly given by the parties and for this purpose relies upon the Judgment of the Hon'ble High Court of Bombay in ***Mahaveer Realities & Ors. Versus Shirish J. Shah (Arbitration Petition No. 125 of 2023).***

13. The learned Counsel for the appellants further relied upon the judgments of the High Court of Himachal Pradesh in ***Rattan Chand and another vs. National Highways Authority of India and another (Arbitration Appeal No.9 of 2023 decided on 13/06/2025)*** and ***Hari Singh vs. National Highways Authority of India (Arbitration Appeal No.39 of 2024 decided on 29/05/2024)***. It is submitted that the Special Leave Petition filed against the judgment in *Rattan Chand* has been dismissed by the Hon'ble Supreme Court. The learned Counsel has also placed reliance upon the judgments in ***Tata Sons Pvt. Ltd. (formerly Tata Sons Ltd.) vs. Siva Industries and Holdings Ltd. and others*** *and* ***National Highways Authority of India vs. Sayedabad Tea Company Ltd. and others, reported in (2020) 15 SCC 161.***

14. Apart from the aforesaid legal submissions of applicability of Section 29A, the learned Counsel for the appellants submits that the Arbitrator has erred in determining the compensation. The learned Counsel submits that the compensation ought to have been determined in accordance with the principles contained in Section 26 of the Right to Fair Compensation and

Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. It is submitted that the Competent Authority for Land Acquisition had classified the lands under four different categories and had granted compensation at different rates depending upon the area, yield and nature of the land (being bayagat/ jirayat/ hangami-bagayat). However, the Arbitrator granted uniform compensation without maintaining such classification. According to the appellants, the Arbitrator has therefore acted beyond the scope of his authority and the award is patently illegal and liable to be set aside.

15. The learned Counsel for the appellants submits that Section 26 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, the competent authority or arbitrator as the case may be has to compare similar type of lands with each other for the purposes of determining market value. That certain provisions of the Act of 2013 have been made applicable to the NH Act for the purposes of determining compensation as provided under section 105 of the Act of 2013. Accordingly, the Central Government published comprehensive guidelines thereby making certain provisions of the Act of 2013 applicable to the acquisitions under the NH Act.

16. The learned Counsel for appellants submits that the Ld. Arbitrator committed a patent illegality in determining the market value of the acquired land. The Ld. Arbitrator erroneously re-appreciated the evidence

and re-calculated the market value by averaging the highest 50% of sale deeds, some of which were rightly discarded by the Competent Authority for showing abnormally high prices. The Ld. Arbitrator, in doing so, acted as a court of appeal over the decision of the Competent Authority, which is impermissible in law.

17. The learned Counsel for appellants submits that the Ld. Arbitrator also committed a grave error of law by applying a multiplier of 2.00, contrary to the applicable government notifications which prescribe a multiplier of 1.50 for lands falling under a regional plan. The finding of the Ld. Arbitrator that the land is purely rural is contrary to the record and his own observation in the award wherein it is observed that the acquired lands fall beside/near the city Airport and accordingly, cannot be considered to be rural but however, the claimants have claimed there lands to be rural lands for the purposes of reaping a higher multiplication factor of 2. On the other hand, by claiming their lands not to be rural, they are also seeking higher market value.

18. The learned Counsel for appellants submits that the Ld. District Court failed to exercise the jurisdiction vested in him under Section 34 of the Act and failed to appreciate that the award was in conflict with the public policy of India and suffered from patent illegality apparent on the face of the record.

19. Per contra, the learned Counsel **Mr. R. M. Patil** holding for **Mr. P. H. Patil** appearing for the respondents/ claimants submits that the arbitration proceedings under Section 3G(5) of the National Highways Act are statutory proceedings initiated under a special enactment for determination of compensation. The learned Counsel submits that the provisions of the Arbitration and Conciliation Act, 1996 would apply only to the limited extent as indicated under Section 3G(6) of the NH Act and would stand excluded where the NH Act contains specific provisions to the contrary.

20. It is further submitted by the learned Counsel for respondents/ claimants that the provisions of Section 29A of the Arbitration and Conciliation Act relating to the time limit for making the award and extension of the mandate of the Arbitrator would not apply to arbitrations conducted under the NH Act.

21. The learned Counsel for the respondents/ claimants further submits that, the Central Government appoints an office of Collector or other office as Arbitral tribunal under Section 3 G (5) by issuing general notifications for different regions. In the present cases also, the office of the Collector of Aurangabad was appointed as the arbitral tribunal.

22. It is further submitted by the learned Counsel for respondents/

claimants that even on facts the arbitral tribunal has properly exercised jurisdiction. During the pendency of the proceedings, the arbitrators changed on account of transfers of the incumbent officers and the matter was heard by different Arbitrators at different stages. In such circumstances, it cannot be said that a single Arbitrator continued with the proceedings beyond the prescribed period.

23. It is further submitted that the arbitral proceedings continued without any objection being raised by the appellants and it is only at the stage of challenging the award under Section 34 of the Arbitration Act, that the objection regarding the mandate of the Arbitrator is sought to be raised.

24. The learned Counsel further submits that the provisions of Section 29A, as amended in the year 2019, would not render the award invalid in the present case. According to him, an application seeking extension of the mandate of the Arbitrator had been filed and the same was pending consideration.

25. In support of the said contention, reliance is placed upon the judgment of the Hon’ble Supreme Court in ***Sayedabad*** (Supra).

26. It is further submitted by the learned Counsel for respondents/

claimants that the determination of compensation by the Arbitrator is based upon the material available on record and does not call for interference in exercise of appellate jurisdiction under Section 37 of the Arbitration and Conciliation Act.

27. On merits, the learned Counsel for the respondents/ claimants submits that the Arbitrator has acted well within his jurisdiction. It is submitted that the lands in question are situated in the vicinity of Aurangabad city and within approximately twenty kilometers from the High Court Bench. The lands were acquired for expansion of the National Highway and therefore possessed substantial potential value. According to the respondents, in such circumstances the lands could not have been rigidly segregated into different grades as done by the Competent Authority. The Arbitrator therefore rightly granted uniform compensation considering the potential value of the lands.

28. The learned Counsel for the respondents/ claimants submits that the learned Arbitrator has considered the sale deeds produced before him while determining the compensation. It is submitted that the appellants did not lead any independent evidence before the Arbitrator and merely relied upon the determination made by the Competent Authority for Land Acquisition. According to the respondents, the Competent Authority had discarded certain higher sale instances without proper justification, and the

Arbitrator, upon appreciation of the material placed on record, rightly took into consideration the relevant sale transactions while determining the compensation.

29. In support of the said submission, reliance is placed upon the judgment of the Hon'ble Supreme Court in ***Madhya Pradesh Road Development Corporation vs. Vincent Daniel and others (Civil Appeal No.3998 of 2024 decided on 27/03/2025)***. The learned Counsel also relies upon the judgments in ***Union of India vs. Susaka Private Limited and others, (2018) 2 SCC 182***, ***Girnar Traders (3) vs. State of Maharashtra and others, (2011) 3 SCC 1***, and ***Project Director, National Highways Authority of India vs. Saraswatibai Chandrakant Shinde and others, 2022 SCC OnLine SC 1115***.

30. Having considered the rival submissions, the first question that arises for consideration is whether the provisions of Section 29A of the Arbitration and Conciliation Act, 1996 relating to the time limit for making an arbitral award and extension of the mandate of the arbitral tribunal by court would apply to arbitrations conducted under Section 3G(5) of the National Highways Act, 1956.

Relevant provisions of the NH Act and Arbitration and Conciliation Act required to deal with above question are quoted below :

Section 3G (1), (5), (6) of the National Highways Act :

3G. Determination of amount payable as compensation.—

(1) Where any land is acquired under this Act, there shall be paid an amount which shall be determined by an order of the competent authority.

(2) ……

(3) ……

(4) ……

(5) If the amount determined by the competent authority under sub-section (1) or sub-section (2) is not acceptable to either of the parties, the amount shall, on an application by either of the parties, be determined by the arbitrator to be appointed by the Central Government--

(6) **Subject to the provisions of this Act**, the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall apply to every arbitration under this Act.

The provisions of Section 29A were introduced into the Arbitration Act with effect from 23 October 2015 by Act 3 of 2016. Section 29A was substituted by Act 33 of 2019 with effect from 30 August 2019. The provisions of Section 29A as originally inserted and as they stand after the amendment of 2019 are tabulated below :

SECTION 29-A PRE AND POST 2019 AMENDMENT

Post 2015 Amendment w.e.f. 23.10.2015	**Post 2019 Amendment w.e.f. 30.08.2019**
29A. (1) The award shall be made within a period of twelve months from the date the arbitral tribunal enters upon the reference.	29A. (1) The award in matters other than international commercial arbitration shall be made by the arbitral tribunal within a period of twelve months from the date of completion of pleadings

Explanation. - For the purpose of this sub-section, an arbitral tribunal shall be deemed to have entered upon the reference on the date on which the arbitrator or all the arbitrators, as the case may be, have received notice, in writing, of their appointment.	under sub-section (4) of section 23: Provided that the award in the matter of international commercial arbitration may be made as expeditiously as possible and endeavor may be made to dispose of the matter within a period of twelve months from the date of completion of pleadings under sub-section (4) of section 23.
(2) If the award is made within a period of six months from the date the arbitral tribunal enters upon the reference, the arbitral tribunal shall be entitled to receive such amount of additional fees as the parties may agree.	(2) If the award is made within a period of six months from the date of the arbitral tribunal enters upon the reference, the arbitral tribunal shall be entitled to receive such amount of additional fees as the parties may agree.
(3) The parties may, by consent, extend the period specified in sub-section (1) for making award for further period not exceeding six months.	(3) The parties may, by consent, extend the period specified in sub-section (1) for making award for further period not exceeding six months.
(4) If the award is not made within the period specified in sub-section (1) or the extended period specified under sub-section (3), the mandate of the arbitrator(s) shall terminate unless the Court has, either prior to or after the expiry of the period so specified, extended the period. Provided that while extending the period under this sub-section, if the Court finds that the proceedings have been delayed for the reasons attributable to the arbitral tribunal, then, it may order reduction of fees of arbitrator(s) by not exceeding five per cent for each month of such delay.	(4) If the award is not made within the period specified in sub-section (1) or the extended period specified under sub-section (3), the mandate of the arbitrator(s) shall terminate unless the Court has, either prior to or after the expiry of the period so specified, extended the period. Provided that while extending the period under this sub-section, if the Court finds that the proceedings have been delayed for the reasons attributable to the arbitral tribunal, then, it may order reduction of fees of arbitrator(s) by not exceeding five per cent for each month of such delay. Provided further that where an application under sub-section (5) is pending, the mandate of the arbitrator shall continue till the disposal of the said application : Provided also that the arbitrator shall be given an opportunity of being heard

	before the fees is reduced.
(5) The extension of period referred to in sub-section (4) may be on the application of any of the parties and may be granted only for sufficient cause and on such terms and conditions as maybe imposed by the Court.	(5) The extension of period referred to in sub-section (4) may be on the application of any of the parties and may be granted only for sufficient cause and on such terms and conditions as may be imposed by the Court.
(6) While extending the period referred to in sub-section (4), it shall be open to the Court to substitute one or all of the arbitrators and if one or all of the arbitrators are substituted, the arbitral proceedings shall continue from the stage already reached and on the basis of the evidence and material already on record, and the arbitrator(s) appointed under this section shall be deemed to have received the said evidence and material.	(6) While extending the period referred to in sub-section (4), it shall be open to the Court to substitute one or all of the arbitrators and if one or all of the arbitrators are substituted, the arbitral proceedings shall continue from the stage already reached and on the basis of the evidence and material already on record, and the arbitrator(s) appointed under this section shall be deemed to have received the said evidence and material.
(7) In the event of arbitrator(s) being appointed under this section, the arbitral tribunal thus reconstituted shall be deemed to be in continuation of the previously appointed arbitral tribunal.	(7) In the event of arbitrator(s) being appointed under this section,t he arbitral tribunal thus reconstituted shall be deemed to be in continuation of the previously appointed arbitral tribunal.
(8) It shall be open to the Court to impose actual or exemplary costs upon any of the parties under this section.	(8) It shall be open to the Court to impose actual or exemplary costs upon any of the parties under this section.
(9) An application filed under subsection (5) shall be disposed of by the Court s expeditiously as possible and endeavor shall be made to dispose of the matter within a period of sixty days from the date of service of notice on the opposite party. (emphasis supplied)	(9) An application filed under sub-section (5) shall be disposed of by the Court as expeditiously as possible and endeavor shall be made to dispose of the matter within a period of sixty days from the date of service of notice on the opposite party. (emphasis supplied)

31. Section 3G(6) of the National Highways Act provides that the provisions of the Arbitration and Conciliation Act, 1996 shall apply to arbitration proceedings under the said Act. However, the applicability of

the Arbitration and Conciliation Act is subject to the limitation that such provisions shall apply only to the extent they are not inconsistent with the provisions of the National Highways Act. Both the National Highways Act and the Arbitration and Conciliation Act, 1996 are Central enactments. Nevertheless, the application of the Arbitration Act, 1996 is by way of reference and only to the extent provided under Section 3G(6).

32. When legislation is applied by reference, subsequent amendments to the referred statute would also apply to the parent legislation subject to certain limitation which I will discuss later. Section 3G(6) of NH Act also limits the applicability of the Arbitration and Conciliation Act, 1996 to the extent that its provisions are not inconsistent with the National Highways Act.

33. Since Section 29A of Arbitration Act is introduced by amendment to Arbitration Act, 1996 reference can be made to the judgment of the Constitution Bench (5 Judges) of the Hon'ble Supreme Court in ***Girnar Traders v. State of Maharashtra, reported in (2011) 3 SCC 1***. While considering the interplay between two statutes, namely the Maharashtra Regional and Town Planning Act (State Legislation) and the Land Acquisition Act (Central Legislation), the Supreme Court observed that where legislation adopts provisions of another statute by reference, subsequent amendments to the earlier statute are not automatically incorporated into

the later statute if such incorporation would disturb the scheme of the later enactment. The Constitution Bench further observed that there may be instances where the amended provisions of the earlier law, if treated as incorporated in the principal legislation, may become unworkable or inconsistent with the scheme of the latter Act. In such circumstances, it would be inappropriate to interpret the amended law as being incorporated irrespective of its consequences on the implementation of the principal Act.

34. Paragraphs No.148, 149, 150 of the Judgment in **Girnar Traders** (Supra) are relevant reads as under :

> "148. ……..it cannot be stated as an absolute proposition of law that wherever legislation by reference exists, subsequent amendments to the earlier law shall stand implanted into the later law without analyzing the impact of such incorporation on the object and effectuality of the later law. The later law being the principal law, its object, legislative intent and effective implementation shall always be of paramount consideration while determining the compatibility of the amended prior law with the later law as on relevant date.
>
> 149. It will be useful to apply the 'test of intention' and 'test of unworkability' with their respective contextual reference while determining the applicability of either of the doctrines and for that matter, even on the applicability of the amended law to the later law. Impact analysis on the workability of the respective legislation shall be a relevant consideration for resolving such an issue. There can be instances where the amended law, if applied and treated as incorporated in the principal legislation, may be apparently unadjustable to the scheme of that legislation. In that circumstance,

> it will be unfair to interpret the amended law as deemed to be incorporated, irrespective of its consequences on the implementation of the provisions of the principal Act.
>
> 150. It is emphasized that the object of the principal Act should not be permitted to be defeated on the basis of either of the doctrines above referred. Hence, there is need for carving out exceptions to the rule of legislation by reference as well. Examples where such reference would be impermissible are as follows :
>
> a) Legislation by reference should not result in defeating the object and purpose of the later Act;
>
> b) Where the amendments to the earlier law are read into the subsequent law as a result of legislation by reference, if the result is irresolvable conflict between their provisions or it results in destroying the essence and purpose of the principal Act (later law).
>
> The above exceptions to the doctrine are not exhaustive but are merely indicative. The possibility of other exceptions to this doctrine cannot be ruled out as it is difficult for this Court to state all such exceptions with precision. Furthermore, defining such exceptions with exactitude will not even aid the ends of justice. We have already noticed that all the learned counsel appearing for the parties are ad idem that it would be necessary to carve out such exceptions to apply the doctrine appropriately, advantageously and objectively."

35. The Supreme Court in **Girnar Traders** (Supra) emphasized that the object and purpose of the principal Act should not be defeated on the basis of the doctrines of legislation by reference or legislation by incorporation. Therefore, exceptions to the rule of legislation by reference must be recognized. Illustratively, such reference would be impermissible in the

following situations :

a) Legislation by reference should not result in defeating the object and purpose of the later Act;

b) Where the amendments to the earlier law are read into the subsequent law as a result of legislation by reference, if the result is irresolvable conflict between their provisions or it results in destroying the essence and purpose of the principal Act (later law).

Bearing the above principle in mind as laid in **Girnar Trader** (Supra) and the limitation imposed by Section 3G(6) of NH Act, I now proceeds to examine whether Section 29A of the Arbitration and Conciliation Act is consistent with the provisions of NH Act.

36. The Hon'ble Supreme Court, in **Mohan Lal Fatehpuria v. M/s Bharat Textiles (MANU/SC/1655/2025)**, has observed that once the mandate of an arbitrator expires, continuation of such arbitrator is impermissible and Section 29A(6) empowers and obligates the Court to substitute the arbitrator. However, the Supreme Court has also observed that arbitral tribunal is not always statutory in nature, thereby recognizing that statutory arbitration may stand on a different footing for the purpose of applicability of Section 29A.

In Paragraph No.13 of **Mohan Lal Fatehpuria** (Supra), the Hon'ble Supreme Court has observed as under :

"13. An arbitrator or an Arbitral Tribunal is not always statutory. It

> is, ordinarily, a forum chosen by the parties for resolution of their disputes. An Arbitral Tribunal with the consent of the parties decides their disputes. In the instant case, as stated supra, the mandate of the sole Arbitrator had terminated on 28.02.2023. When mandate of arbitrator has expired, his continuation is impermissible. Section 29A(6) empowers and obligates the Court to substitute the Arbitrator. In so far as submission of the respondents, that, since the petition filed under Sections 14 and 15 of the Act was rejected on 24.01.2022 by the High Court is concerned, suffice it to say that the Act provides separate remedies in the circumstances mentioned in Sections 14, 15 and 29A of the Act. In any case, on 24.01.2022, the mandate of the sole arbitrator was not terminated. Therefore, the order dated 24.01.2022 does not have any impact on the decision of the petition under Section 29A of the Act filed by the appellants. The substitution of a sole arbitrator is warranted, when his mandate ceases to exist, to effectuate the object of the Act, which mandates expeditious resolution of the dispute. In view of the statutory scheme and undisputed factual position, we are satisfied that the case warranted the exercise of jurisdiction under Section 29A(6) of the Act. The High Court erred in granting an extension when the mandate of the sole arbitrator had ceased to exist."

37. Section 29A was introduced by the 2015 Amendment prescribing a time limit for completion of arbitral proceedings, which was subsequently modified by the 2019 Amendment prescribing the time limit from the date of completion of pleadings, whereas in earlier 2015 amendment the time limit was computed from the date of notice of appointment.

38. Section 29A also empowers the Court to substitute the arbitrator.

However, under Section 3G(5) of the National Highways Act, only the Central Government is empowered to appoint the arbitrator. Section 29A(4) of the Arbitration Act provides that if the arbitral award is not made within the prescribed time, the mandate of the Arbitrator shall terminate unless extended by the Court and the Court may also reduce the fees of the arbitrator. Section 29(A)(6) of 1996 Act, provides that he Court may substitute the arbitrator. This provision directly conflicts with the scheme of the National Highways Act, wherein the power to appoint an arbitrator is vested exclusively in the Central Government under Section 3G(5).

39. The Hon'ble Supreme Court in **Jagdeep Chowgule v. Sheela Chowgule And Ors., reported in MANU/SC/0093/2026** has clarified that the expression "Court" under Section 29A refers to the principal Civil Court of original jurisdiction in a district as defined under the Arbitration and Conciliation Act. If this principle is applied to arbitration under the National Highways Act, it would imply that the District Court has the authority to extend the mandate and reduce fees (no fees are paid to arbitrator under NH Act) of the arbitrator appointed by the Central Government under Section 3G(5) and also to appoint a substitute arbitrator.

40. The Central Government under Section 3 G (5) of the NH Act appoints institutional arbitrator by designation and it is not disputed that

during the pendency of the arbitral proceedings two or three Arbitrators were changed on account of transfer of the incumbent officers. The said changes were not made applying provision of the Arbitration and Conciliation Act, 1996.

41. In this regard, the judgment of the Hon'ble Supreme Court in ***Sayedabad*** (Supra) assumes significance. In the said case, the Hon'ble Supreme Court was considering whether an application under Section 11 of the Arbitration and Conciliation Act, 1996 for appointment of an Arbitrator would be maintainable in view of exclusive jurisdiction of the Central Government under Section 3G(5) of the National Highways Act, 1956, to appoint an Arbitrator. The Supreme Court in the case of ***Sayedabad*** (Supra) at paragraphs No.17, 18 and 19 has observed as under : -

> "17. In compliance of the mandate of Sections 3A to 3F of the Act, 1956, after the land is acquired, there shall be paid an amount of compensation which shall be determined by an order of the competent authority under sub−sections (1) or (2) of Section 3G of the Act, 1956 and any person who is aggrieved by the amount so determined by the competent authority or what being determined is not acceptable to either of the parties, on an application being filed by either of the parties, has to be determined by the Arbitrator to be appointed by the Central Government in terms of sub−section (5) of Section 3G of the Act, 1956.
>
> 18. After analysing the scheme, it can be assumed that the legislature intended the Act, 1956 to act as a complete code in itself for the purpose of acquisition until culmination including disbursement and for settlement of disputes and this conclusion is further strengthened in view of Section 3-J of the Act which

> eliminates the application of the Land Acquisition Act, 1894, to an acquisition under the Act, 1956.
>
> 19. It is settled principles of law that when the special law sets out a self−contained code, the application of general law would impliedly be excluded. In the instant case, the scheme of Act, 1956 being a special law enacted for the purpose and for appointment of an arbitrator by the Central Government under Section 3G(5) of Act, 1956 and sub−section (6) of Section 3G itself clarifies that subject to the provisions of the Act 1956, the provisions of Act 1996 shall apply to every arbitration obviously to the extent where the Act 1956 is silent, the Arbitrator may take recourse in adjudicating the dispute invoking the provisions of Act, 1996 for the limited purpose. But so far as the appointment of an Arbitrator is concerned, the power being exclusively vested with the Central Government as envisaged under sub−section (5) of Section 3G of Act 1956, Section 11 of the Act 1996 has no application."

42. The Hon'ble Supreme Court in ***Sayedabad*** (Supra) observed that the National Highways Act, 1956 is a special legislation and a comprehensive code enacted by the Parliament for acquisition of land for national highways, determination of compensation, and its disbursement. The Act provides a complete mechanism for determination of compensation and adjudication of disputes arising therefrom.

43. The Court further observed that if the amount determined by the Competent Authority under sub-section (1) or sub-section (2) of Section 3G is not acceptable to either of the parties, the amount shall, upon an

application by either party, be determined by an Arbitrator to be appointed by the Central Government under Section 3G(5) of the Act.

44. The Supreme Court held that since the power to appoint an Arbitrator is specifically vested with the Central Government under Section 3G(5) of the Act of 1956, the provisions of Section 11 of the Arbitration and Conciliation Act, 1996 would have no application. The Court further observed that if the Central Government fails to appoint an Arbitrator within a reasonable time, it would be open for the aggrieved party to seek appropriate relief by filing a writ petition under Article 226 of the Constitution of India or by adopting other appropriate legal remedies, but the remedy under Section 11 of the Arbitration and Conciliation Act would not be available for appointment of an Arbitrator.

45. The Hon'ble Supreme Court in ***Sayedabad*** (Supra) has further observed that when a special statute sets out a self-contained code, the application of the general law stands impliedly excluded. In the present context, the scheme of the National Highways Act, 1956 being a special law provides a complete mechanism for acquisition of land and determination of compensation, including appointment of an Arbitrator by the Central Government under Section 3G(5) of the Act.

46. It appears that while considering the applicability of Section 29A of

the Arbitration and Conciliation Act, the Himachal Pradesh High Court did not consider the pronouncements of the Hon'ble Supreme Court in ***Sayedabad*** (Supra) which clearly recognize the National Highways Act, 1956 as a special enactment providing a complete statutory mechanism for appointment of the Arbitrator.

47. The Bombay High Court in the case of **Zeal Infraproject Private Limited vs. The State of Maharashtra** (Arbitration petition No.162 of 2024, decided on 22/04/2025), without referring to the judgment in **Sayedabad** (*supra*), substituted the Arbitrator under Section 15 of the Arbitration and Conciliation Act, 1996. The said order was challenged by the National Highways Authority of India before the Supreme Court of India in SLP (Civil) No. 17737 of 2025. By order dated 29/07/2025, the Special Leave Petition was disposed of. However, the disposal was on the peculiar facts of the case, and the questions of law arising for consideration were expressly kept open. It is to be noticed that in the proceedings before the Supreme Court of India, the National Highways Authority of India had specifically objected to the application of Section 15 of the Arbitration and Conciliation Act, 1996 to arbitration proceedings conducted under the National Highways Act, 1956. The relevant observations of the Supreme Court in above noted order dated 29/07/2025 are reproduced below :

> "5. According to Mr. Mehta, the following questions of law fall for the

consideration of this Court : -

> “1. The National Highways Act, 1956 in general and Section 3G i particular being a self-contained Code, is it not necessary that the Arbitration is conducted by an arbitrator appointed by the Centra Government under Section 3G(5) of the National Highways Act 1956 ?
>
> 2. In view of the fact that Section 3G(6) which starts with the expression "subject to the provisions of the Act", will the National Highways Act, 1956 not override the provisions of Arbitration and Conciliation Act, 1996 ?
>
> 3. Even if, in arguendo, it is accepted that Section 11 read with Section 15 of the Arbitration and Conciliation Act, 1996 applies to an arbitration under National Highways Act, 1956, would either the appointment of arbitrator under section 11 of the Act substitution / replacement under Section 15(2) be strictly in accordance with Section 3G(6) of the National Highways Act, 1956 i.e. by an officer appointed by the Central Government and not any other arbitrator chosen by the Court exercising powers either under Section 11 or 15 of the Code particularly in view of Section 15(2) of the Act of 1996 ?
>
> 6. In the peculiar facts and circumstances of this case, we would not like to interfere with the impugned order passed by the High Court appointing an Arbitrator.
>
> 7. However, the questions of law, referred to above, are kept open for being considered in any other appropriate matter.”

It is significant to note that in the National Highways Authority of India had specifically objected to the application of Section 15 of the Arbitration and Conciliation Act, 1996 to arbitration conducted under the

National Highways Act, 1956. It was specifically contended by the National Highway Authority before the Supreme Court that arbitration can be only be conducted by the arbitrator appointed by the Central Government under Section 3-G (5) and the provisions of NH Act would override the provisions of the Arbitration Act for Arbitration conducted under the NH Act. The Supreme Court, while dismissing the petition on the peculiar facts of the case, did not finally decide the legal issue and expressly kept the questions of law open for consideration in an appropriate case.

48. The application of Section 29A of the Arbitration and Conciliation Act, 1996 to arbitrations conducted under the National Highways Act, 1956 would render the statutory scheme of appointment of arbitrators and conduct of proceedings of the arbitrator under the National Highways Act unworkable. Under the scheme of Section 3G(5) of the National Highways Act, the Central Government appoints an “officer” for a particular region to act as the Arbitrator. The appointment is not of a specifically named individual in each case rather, the designated office for that region acts as the Arbitraal tribunal for all matters arising within that region. Consequently, the arbitration is attached to the office and not to the individual occupying that office. When the incumbent officer is transferred or otherwise ceases to hold that office, the successor who assumes the office automatically functions as the Arbitrator in the matters pertaining to that Region. In such a statutory framework, the application of Section 29A

of the Arbitration and Conciliation Act, 1996, which contemplates extension of the mandate of a specific arbitrator and substitution of the arbitrator by the Court, becomes impracticable. Since the arbitration under the National Highways Act is conducted by the incumbent officer holding the designated office, the concept of substitution of an arbitrator for the purpose of extension of mandate under Section 29A would be inconsistent with the statutory scheme. Therefore, the application of Section 29A to arbitrations under the National Highways Act would, *per se*, render the arbitration mechanism under the NH Act unworkable.

49. This Court, for the reasons discussed above, holds that Section 29A of the Act, which provides for a time limit for the conclusion of arbitration proceedings , extension of mandate of Arbitrator, reduction of fees of arbitrator and for substitution of the arbitrator, would not apply to an arbitrator appointed under Section 3G(5) of the National Highways Act.

50. If the arbitrator does not decide within reasonable period the power of this Court under Article 226 of the Constitution of India can be invoked as held in the case of **Sayedabad** (Supra) in cases where the arbitrators are not appointed by the Central Government.

51. Coming to the merits, it is submitted that the Arbitrator has not applied the provisions of Section 26 of the Right to Fair Compensation and

Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, though the said provision has been made applicable by the Central Government in exercise of powers under Section 105(3) of the said Act. The relevant provisions, namely Section 26 and Section 105 of the said Act, are reproduced below:

> **Section 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 under the Indian Stamp Act, 1899 for the registration of sale deeds 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 vicinity area, ascertained from the highest fifty per cent of the sale deeds of the preceding three years; or
>
> (c) the consented amount of compensation agreed upon under sub-section (2) of section 2 in case of acquisition of lands for private companies or public-private partnership projects,
>
> **whichever is higher.**
>
> (2) The market value so determined shall be multiplied by a factor specified in the First Schedule.
>
> **Section 105 – Provisions of this Act not to apply in certain cases or to apply with certain modifications**
>
> (1) Subject to sub-section (3), the provisions of this Act shall not apply to the enactments relating to land acquisition specified in the Fourth Schedule.
>
> (2) The Central Government may, by notification, omit or add to any of the enactments specified in the Fourth Schedule.
>
> (3) The Central Government shall, by notification, direct that any of the

> provisions of this Act relating to determination of compensation in accordance with the First Schedule and rehabilitation and resettlement specified in the Second and Third Schedules, being beneficial to the affected families, shall apply to the cases of land acquisition under the enactments specified in the Fourth Schedule, with such exceptions or modifications as may be specified.

52. The Central Government, in exercise of powers under Section 105(3) of the *Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013*, issued a notification dated 24/04/2017, whereby the provisions relating to determination of compensation contained in the **First Schedule** and rehabilitation and resettlement provided in the **Second and Third Schedules** were made applicable to land acquisition under the enactments specified in the Fourth Schedule, including the *National Highways Act, 1956*. Consequently, the principles governing determination of market value as contemplated under Section 26 of the said Act became applicable to acquisitions under the National Highways Act.

53. The learned Counsel appearing for the National Highway Authority has contended that the Competent Authority categorized the lands into six different heads, whereas the Arbitrator treated them as one category and proceeded to determine the market value without applying the principle of Section 26 of the 2013 Act. According to the learned Counsel for National Highway Authority, such an approach amounts to an patent illegality in the

arbitral award and therefore the award is liable to be set aside.

54. On the other hand, the learned Counsel for respondents submitted that the Arbitrator has in fact followed the mandate of Section 26 of the RFCTLARR Act, 2013. The landowners produced as many as 193 sale deeds from village Gandheli itself, covering proximate periods and relating to the very same revenue groups which were relied upon by the Competent Authority for Land Acquisition. However, the Competent Authority, despite referring to 228 sale instances in the award, arbitrarily discarded about 199 sale deeds and confined the determination of market value to an average of only 15 low-value transactions, without assigning any reasons for such exclusion.

55. Such selective exclusion of higher-value sale instances is contrary to the mandate of Section 26 and also contrary to the law laid down by the Hon'ble Supreme Court in ***Vincent Daniel*** (Supra). In the said decision, the Hon'ble Supreme Court extended the jurisprudence evolved under the Land Acquisition Act, 1894 in relation to determination of market value and clarified that, while computing the market value under the framework of Section 26, the precedents and principles evolved by the Supreme Court and the High Courts may be taken into consideration, subject to the modifications envisaged in Section 26, so as to ensure that no injustice is caused to the landowners.

56. The Hon’ble Supreme Court further clarified in ***Vincent Daniel*** (Supra) that the Collector is required to record reasons for discounting or enhancing the market value in terms of Explanation 4 to Section 26 of the RFCTLARR Act, 2013. In the present case, it is submitted that the Competent Authority for Land Acquisition discounted as many as 199 sale deeds out of the 228 sale instances mentioned in the award without assigning any reasons for doing so.

57. It is further submitted that the Arbitrator has taken into account all genuine and comparable sale instances from village Gandheli and determined that the said transactions support a higher market value of approximately Rs.2,183/- per square meter. However, in order to avoid discrimination and to maintain parity with earlier awards relating to similarly situated landowners from the same village, the Arbitrator moderated the operative rate to Rs.1,742/- per square meter so as to ensure uniformity.

58. The learned Counsel has further submitted that once an arbitral award is passed, the scope of interference under Section 34 of the Arbitration and Conciliation Act, 1996 is extremely limited. The award cannot be set aside merely because another view on the merits of the matter is possible. Unless the award suffers from patent illegality or falls

within the limited grounds specified under Section 34, the Court cannot interfere with the award.

59. It is further submitted that the present proceedings arise under Section 37 of the Arbitration and Conciliation Act, which provides an appellate remedy against an order passed under Section 34. The scope of interference under Section 37 is even more limited, and this Court would therefore be slow to re-appreciate the evidence or re-examine the computation of the market value of the acquired land on merits.

60. The power of the ‘Court’ to interfere with arbitral award under Section 34 and of this Court under Section 37 of the Arbitration Act needs to be noted before considering the above submissions on merits of arbitral award. The Supreme Court in the case of **PSA Sical Terminals Private Limited Vs. Board of Trustees of V.O. Chidambaranar Port Trust Tuticorn and Anr. reported in (2023) 15 SCC 781** has observed that it is a settled legal position, that in an application under Section 34, the court is not expected to act as an appellate court and reappreciate the evidence. The scope of interference would be limited to grounds provided under Section 34 of the Arbitration Act. The interference would be so warranted when the award is in violation of "public policy of India", which has been held to mean "the fundamental policy of Indian law". A judicial intervention on account of interfering on the merits of the award would not be

permissible. However, the principles of natural justice as contained in Section 18 and 34(2)(a)(iii) of the Arbitration Act would continue to be the grounds of challenge of an award. The ground for interference on the basis that the award is in conflict with justice or morality is now to be understood as a conflict with the "most basic notions of morality or justice". It is only such arbitral awards that shock the conscience of the court, that can be set aside on the said ground. An award would be set aside on the ground of patent illegality appearing on the face of the award and as such, which goes to the roots of the matter. However, an illegality with regard to a mere erroneous application of law would not be a ground for interference. Equally, reappreciation of evidence would not be permissible on the ground of patent illegality appearing on the face of the award.

61. The Hon'ble Supreme Court in **PSA Sical Terminals Private Limited** (supra) has further observed that a decision which is perverse, though would not be a ground for challenge under "public policy of India", would certainly amount to a patent illegality appearing on the face of the award. However, a finding based on no evidence at all or an award which ignores vital evidence in arriving at its decision would be perverse and liable to be set aside on the ground of patent illegality.

62. To appreciate the test of perversity, the Hon'ble Supreme Court in **PSA Sical Terminals Private Limited** (supra) in para 42 has further held

as under :-

> “42. To understand the test of perversity, it will also be appropriate to refer to paragraph 31 and 32 from the judgment of this Court in Associate Builders (supra), which read thus:
>
> 31. The third juristic principle is that a decision which is perverse or so irrational that no reasonable person would have arrived at the same is important and requires some degree of explanation. It is settled law that where:
>
> (i) a finding is based on no evidence, or
>
> (ii) an Arbitral Tribunal takes into account something irrelevant to the decision which it arrives at; or
>
> (iii) ignores vital evidence in arriving at its decision,
>
> such decision would necessarily be perverse.
>
> 32. A good working test of perversity is contained in two judgments. In *Excise and Taxation Officer-cum-Assessing Authority v. Gopi Nath & Sons* [1992 Supp (2) SCC 312], it was held:
>
> > "7. ... It is, no doubt, true that if a finding of fact is arrived at by ignoring or excluding relevant material or by taking into consideration irrelevant material or if the finding so outrageously defies logic as to suffer from the vice of irrationality incurring the blame of being perverse, then, the finding is rendered infirm in law."
>
> In *Kuldeep Singh v. Commr. of Police* (1999) 2 SCC 10, it was held:
>
> > "10. A broad distinction has, therefore, to be maintained between the decisions which are perverse and those which are not. If a decision is arrived at on no evidence or evidence which is thoroughly unreliable and no reasonable person would act upon it, the order would be perverse. But if there is some evidence on record which is acceptable and which could be relied upon, howsoever compendious it may be, the conclusions would not be treated as perverse and the findings would

not be interfered with."

63. The Hon'ble Supreme Court at para 14 in the case of **MMTC Limited Vs. Vendanta Limited reported in (2019) 4 SCC 163** has further observed that as far as interference with an order made under Section 34, as per Section 37, is concerned, it cannot be disputed that such interference under Section 37, cannot travel beyond the restrictions laid down under Section 34. In other words, the Court cannot undertake an independent assessment of the merits of the award, and must only ascertain that the exercise of power by the Court under Section 34 has not exceeded the scope of the provision. Thus, it is evident that in case an arbitral award has been confirmed by the Court under Section 34 and by the Court in an appeal under Section 37, this Court must be extremely cautious and slow to disturb such concurrent findings.

64. Perusal of the award indicates that the learned Arbitrator has formulated all the necessary issues. In paragraph No.20 of the award, the Arbitrator has framed issues with regard to determination of the market value as well as the applicability of the multiplication factor. However, the Arbitrator has specifically not granted compensation towards loss of easementary rights and damages as contemplated under Section 3G(7)(b), (c) and (d) of the National Highways Act.

65. While determining the price of the acquired land, the Arbitrator has

applied the provisions of Sections 26 to 30 along with Schedule I of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. It is noticed that the landowners had produced several sale transactions from the vicinity of Gandheli village. The Arbitrator has considered the average of such sale transactions produced by the applicants, which comes to more than Rs.2183/- per square meter. The respondents have not produced any contrary evidence, and therefore the Arbitrator has proceeded to determine the market value on the basis of the material produced by the applicants.

66. The Arbitrator has also observed that from the award passed by the Competent Authority for Land Acquisition (CALA), it appears that the market value fetched by certain lands as such from the sale instances ranged from Rs.3279/- per square meter to Rs.6989/- per square meter. The applicants had produced as many as 193 certified copies of sale deeds executed in the vicinity of village Gandheli. The Arbitrator has fairly excluded those sale transactions which were already excluded by the CALA on the ground that they related to lands situated in different Guts. After such exclusion, reliance was placed on 171 sale transactions out of the 193 sale deeds.

67. The Arbitrator has further observed that the CALA had selected only 29 sale deeds out of the available transactions and thereafter selected only 15 sale deeds for the purpose of calculating the average price. The

Arbitrator has also noticed that village Gandheli is situated in the vicinity of the limits of Chhatrapati Sambhajinagar Municipal Corporation and that the surrounding area has undergone rapid transformation. Therefore, the Arbitrator has observed that the actual market value of the land is significantly higher than the value reflected in the sale deeds.

68. It is also noticed that the CALA had awarded compensation at the rate of Rs.7966/- per square meter to lands situated in Deolai, which shares a boundary with village Gandheli. The Arbitrator has further observed that there is no provision in law empowering the land acquisition authority to arbitrarily reject sale deeds without assigning cogent reasons.

69. Considering the 171 sale transactions and applying the average rate based on the higher value sale deeds, the Arbitrator has determined the market value at Rs.1742/- per square meter for the acquired land.

70. The Arbitrator has thus applied Section 26 of the Act of 2013 in determining the value of acquired land. The Hon'ble Supreme Court in ***Vincent Daniel*** (Supra) has considered the applicability of Section 26 of the Act of 2013, particularly in paragraphs 18, 19, 20, 21 and 24 which read as under :

> "18. Section 26 deals with the determination of the market value of the land by the Collector. Sub-section (1) to Section 26 consists of three Clauses, (a), (b) and (c), each prescribing a criterion or standard for assessing the market value. Clause (a) prescribes the consideration of the market value specified in the Stamp Act for the

registration of agreements/sale deeds in the area where the concerned land is situated.

19. Clause (b) to Section 26(1) requires the Collector to consider the average sale price for similar types of land situated in the nearest village or the nearest vicinity. This test of average sale price is similar to the exemplar test which is adopted and applied in cases of acquisition under the Land Acquisition Act, 1894, but with modifications in terms of Explanations 1 to 4. Computation under Clause (b) is in relative terms. Therefore, while drawing a comparison with the average price of the other lands under Clause (b), the Collector must consider all such factors that have been held to be relevant for accurate valuation by this Court. These include the theory of deduction, the principle of belting, and accounting for other advantages or disadvantages of the acquired land, in comparison to the lands existing in the same vicinity.

20. Clause (c) to Section 26(1) of the Acquisition Act, 2013 requires the Collector to take into consideration the amount of compensation agreed upon by the parties under Section 2(2) of the Acquisition Act, 2013 in cases involving the acquisition of land for private companies or public-private partnership projects. These agreements are entered into voluntarily, based upon consent terms, and reflect the market value as settled inter se the parties.

21. It is important to note that the values computed in terms of Clauses (a), (b) and (c) of Section 26(1) of the Acquisition Act, 2013 are not to be averaged. The highest of the values as determined by Clauses (a), (b) and (c), is to be treated as the market value under Section 26(1) of the Acquisition Act, 2013.

24. Explanation 4 requires specific attention, as it brings the element

> of discretion while computing the market value under Section 26(1) to the forefront. Explanation 4 is divided into two parts. The first part refers to sub-section (1) to Section 26 – the higher value determined as per Clauses (a), (b) and (c) of Section 26(1) of the Acquisition Act, 2013. The second part is specific to the average sale price referred to in Clause (b) to Section 26(1) read with Explanations 1 and 2. In either case, where the Collector is of the opinion that the value/price computed by applying these provisions is not indicative of the actual prevailing market value, they may discount or enhance it to arrive at the accurate market value."

71. Considering the law laid down in the aforesaid judgment, I do not find any error in the award of the Arbitrator in applying Section 26 of the Act of 2013 for determining the market value.

72. The next issue pertains to the applicability of the multiplication factor of two. The Arbitrator has observed that the acquired lands situated in village Gandheli fall within a rural area as per the relevant notification dated 18/09/2015. The Arbitrator has further taken into consideration the amendment dated 24/04/2017, by which the multiplication factor of two became applicable. On both these aspects, the Arbitrator has recorded findings while determining the applicability of multiplication factor of two.

73. It is also noticed that the Arbitrator has not granted compensation towards loss of easementary rights and damages as contemplated under Section 3G(7)(b), (c) and (d) of the National Highways Act.

74. Considering the Judgment of Supreme Court in ***PSA Sical Terminals*** (Surpa) and ***MMTC Limited*** (Supra), it is necessary to bear in mind the limited scope of interference by the Court while exercising powers under Sections 34 and 37 of the Arbitration and Conciliation Act, 1996. The Hon'ble Supreme Court has consistently held that interference with an arbitral award is permissible only in cases of patent illegality or where the award is in conflict with the fundamental policy of Indian law.

75. In the present case, I do not find any patent illegality in the determination of compensation made by the Arbitrator. The Arbitrator has considered the relevant statutory provisions and the material placed on record while arriving at the value of the acquired lands.

76. Considering the above, no ground is made out for interference with the arbitral award in exercise of powers under Section 37 of the Arbitration and Conciliation Act, 1996. Accordingly, all the appeals stand dismissed.

(ARUN R. PEDNEKER, J.)

vj gawade/-.