APHC010418422025

IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI

WEDNESDAY, THE 4th DAY OF NOVEMBER 2026

PRESENT

THE HONOURABLE SRI JUSTICE D RAMESH

THE HONOURABLE SRI JUSTICE A. HARI HARANADHA SARMA

CIVIL MISCELLANEOUS APPEAL NO: 275 OF 2026

Between:

1. THE PROJECT DIRECTOR, National Highway Authority of India, Project Implementation Unit -Nellore By-pass road junction with NH-16, Vedayapalem, Nellore - 524004.

...APPELLANT

AND

1. The District Collector cum Arbitrator, For NH cases, Office.of District Collector, Nellore District.

2. The Competent Authority and Revenue Divisional Officer, RDO office, Nellore. Respondents/Respondents Respondent No.2 who is already on record is impleaded as party respondent in CMA 275/2026 vide C.O.dt 21/04/2026 in I.A.No.2/26 in CMA 275/26

3. Singareddy Madhusudhan Reddy, S/o Balakonda Reddy, R/o Door No. 27-1-282, Putta Street, Balaji Nagar, Nellore city - 524004.

...RESPONDENTs

Appeal Under Section_____against ordersmay kindly be pleased to allow the CRP by setting aside the order of the Honble Principal District Judge, Nellore in Arbitration OP. No. 54 of 2024 dated 31.01.2025 and remit the case to the Arbitrator cum District Collector, Nellore and pass such

IA NO: 1 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased May be pleased to condone the delay of 95 days in resubmitting the CMA IA SR.No.101660 of 2025 and to pass

IA NO: 2 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to grant leave to the Appellant to implead the Competent Authority for Land Acquisition-cum-Revenue Divisional Officer, Nellore District, as a formal/proforma respondent in the accompanying Civil Miscellaneous Appeal, against the orders passed in ARB.O.P. No. 54 of 2024 dt. 31.01.2025 on the file of court of Principal District Judge, Nellore in the interest of justice and equity and pass

IA NO: 3 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to condone the delay of 10 days in presenting the appeal against the orders dated 31.01.2025 in A.R.B. O.P. No. 54 of 2024 on the file of court of Principal District Judge, Nellore in the interest of justice and pass such

IA NO: 4 OF 2026

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to grant stay of all further proceedings pursuant to the orders passed in ARB. O.P. No. 54 of 2024 on the file of the Principal District Judge, Nellore, pending disposal of Main C.M.A and pass such

Counsel for the Appellant: PADMA RAO LAKKARAJU (SC FOR NHAI)

Counsel for the Respondents: MADHAVA RAO NALLURI Counsel for the Respondents:

The Court made the following order:

ORDER: *(Per Hon'ble Sri Justice D.Ramesh)*

The Civil Miscellaneous Appeal is filed aggrieved by the order passed in A.O.P.No.54/2024 dated 31.01.2025 on the file of the learned Principal District Judge, S.P.S.R.Nellore District.

2. The facts of the case leading to file the A.O.P.No.54/2024 is that the subject land acquired by the appellant in Sy.Nos.2212-3A, 2213-2A, 2214-3A and 2215-1G owned and possessed by Singareddy Rushmitha, daughter of the respondent no.3 herein. Having got the same under registered settlement deed dated 21.6.2007 bearing document nos.1727/2007 and 1726/2007 and the land in Sy.Nos.2218-1B, 2218-3A was owned by Singareddy Sujana, wife of respondent no.3 having acquired through registered sale deed dated 15.12.2003. The officials respondents having considered the said documents passed an award in the name of the petitioner and the respondents corrected mistake by taking considerable without rectifying the notification. Since the name of the petitioner was mentioned in the notification, petitioner has filed the arbitration application invoking section 3(g)(5) of National Highways Act 1956.

3. In fact said land was originally classified as dry land taking the classification and nature of the concerned lands into consideration, wife of the petitioner has made an application for conversion of the classification of the dry land to non-agricultural land by paying Rs.2,63,100/- vide challan dated 26.4.2018 towards conversion fee to the Government for an extent of Ac.4.25cents in Sy.No.2218-1A and 2214 of Survepalli Bit-II and the Revenue Divisional Officer issued receipt to that effect and the said lands were acquired for an extent of Ac.0.570619 hectares in Sy.No.2218-1B and 2218-3A treating the said land as dry land. Though the land was converted into non-agricultural

land as illegal and contrary to Section 26(1) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (for short the Act). As the market value during 2018 is one crore per acre, since the acquired land is adjoining to four lane road and adjoining to DTCP approved lay out in Sy.No.2212 adjoining to DTCP approved lay out in LP No.36/2012/G as the subject land is fit for house sites. The petitioner has also developed the land by constructing drainage canal compound wall and installed bore-well by spending huge amounts. The Revenue Divisional Officer (Land Acquisition) passed an award under Section 23, 30(2) and 30(3) of the Act. In that award there are 41 bits were included with regard to Survepalli Bit-II village. Wherein adjacent lands like Sy.No.2210-2A and 2211-2A were notified as house sites and as far as the petitioner's land situated in 2212-3A, 2213-2A, 2214-3A, 2215-1B, 2218-1B, 2218-3A were classified as dry lands.

4. Aggrieved by the said action, respondent no.4 herein has invoked arbitration proceedings under Section 3G(5) of the National Highways Act 1956. The said application was considered by the arbitrator and passed an award on 14.8.2023 wherein he has considered that for determination of market value under Section 26(1) of the Act, the market value, there are altogether 106 sales had been taken place in Survepalli Bit-II village and out of which 15 dry sales, 28 house site sales are very higher values than the local market value and basic value of dry land and house sites. The sales does not refer true value of dry lands and house sites and the same was discarded by the CALA. The remaining 63 sales such as 20 wet sales, 19 dry sales, 24 house sites sales are taken into consideration for determination of market value for dry, wet and house sites. All together 106 sales that have been taken place in Survepalli bit-II village and the CALA has

taken six lakhs per acre for dry land as basic value and for house sites was Rs.36,30,000/- per acre as per the information furnished by the Sub-Registrar, Muthukur and basic value of house sites converted into sq. yards comes to Rs.750/- per sq. yard and the average sales works out at Rs.8,36,593/- per acre for the wet land.

5. According to Section 26(1)(a)(b)(c) of the Act, the higher sale value has to be taken for wet lands fix up market value. As per the above equation, the market value is Rs.8,36,593/- per acre for the wet land and Rs.8,18,837/- per acre for dry land and the same has been converted into hectares amount arrived at Rs.20,67,221/- per hectare for wet land, Rs.20,23,346/- per dry lands and the market value for the house sites is fixed at Rs.36,30,000/- per acre or Rs.89,69,730/- per hectare.

6. Further verifying the entire records and also calling the CALA records and verifying the same and as per the provisions of Section 26(1(b) of the Act which the average sale price for similar type of lands situated in the nearest village or nearest vicinity area has to be taken into consideration. Accordingly, as the land situated adjacent to the land in Sy.Nos.2212-3A, 2213-2A, 2214-3A and 2215-1G are declared to be entitled for compensation as fixed for house sites and directed to pay the difference of enhanced compensation amount along with 9% interest calculated from the date of possession of the land as per Section 3G(5) of National Highways Act 1956.

7. Aggrieved by the said award, the appellant herein has preferred an application under Section 34 of the Arbitration and Conciliation Act before the Principal District Judge, Nellore and the same is numbered as A.O.P.No.54/2024. The said application was considered by the learned Principal District Judge, in terms of Section 34 of the Arbitration and Conciliation Act, 1996 and following the principles laid

down by the Hon'ble Apex Court in ***Delhi Airport Metro Express (P) Ltd. Vs. Delhi Metro Rail Corporation Ltd*** and in ***MMTC Ltd. Vs. M/s Vedanta Ltd.,***

> *16. Delhi Airport Metro Express (P) Ltd. v. Delhi Metro Rail Corporation Ltd., the Hon'ble Apex Court held that the explanation as amended by the 2015-Amendment act clarified the expression "Public Policy of India" making it clear that an award would be in conflict with the public policy of India only when it is induced or affected by fraud or corruption or is in violation of Sec.75 or 81 of the 1996 Act.*
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> *17. In Mmtc Ltd. vs M/S.Vedanta Ltd. wherein the Hon'ble Supreme Court held that the court cannot undertake an independent assessment of the merits of the award and must only ascertain the exercise of powers by the court U/s.34 has not exceeded the scope of provision. It is settled law from the Hon'ble Apex Court's judgment that after amendment to Sec. 34 of Arbitration and Conciliation Act, no challenge can be made on the merits of the Arbitral Award. 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 U/s.34 has not exceeded the scope of the provision. U/s.34(4) of Arbitration Act, the court can only adjourned the proceedings so as to give the Arbitral Tribunal an opportunity to cure the defects. It was only the Arbitral Tribunal that would eliminate the grounds for setting aside the award.*
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> *18. In Kinnari Mullick and Another vs. Ghanshyam Das Damani the Hon'ble Apex court held that the parliament has not vested any power in the courts to remand the matter to the Arbitral Tribunal, except to adjourned the proceedings for the limited purpose mention in Sec.34(4) of Arbitration Act.*
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> *19. In Mcdermott International Inc vs Burn Standard Co. Ltd. & Ors wherein the Hon'ble Apex Court had held that the arbitration Act had only created a supervisory role for the courts to review an arbitral award for the limited purpose of ensuring fairness such as in case of fraud or bias by the Arbitrators, violation of natural justice etc., The court cannot correct the errors made by the Arbitrators and they can only set aside the award keeping the supervisory role of the court at minimum level.*
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> *22. Since, the scope of judicial interference U/s.34 of Arbitration Act is limited and it being only supervisory role for the courts to review an Arbitral award of ensuring fairness and no change can be made on merits and must not interfere on the compensation awarded by the tribunal on which basis the arbitral considered the enhancement, in the absence of any A.O.P. ground regarding fraud or biased attitude on arbitrator and so also without any ground that there was violation of natural justice, the arbitral award cannot be set aside.*

As against, the present appeal is filed by the National Highways Authority under Section 37 of the Act.

8. Learned counsel appearing on behalf of the appellant has mainly contended that the arbitrator has failed to consider the application under Section 3G(5) of the National Highways Act, 1956 based on the record. Admittedly, the land of the petitioner was not converted as non-agricultural land or they have not made any lay out. Just they have paid the conversion fee before initiation of the land acquisition proceedings. As the lands are still using as agricultural lands, the arbitrator cannot pass an award for payment of market value fixed for house sites category and the same is contrary to record. Hence the said award has to be set aside. But surprisingly the trial Court has also not considered the application filed under Section 34 of the Act. In fact the respondents herein have not placed any material to substantiate their claim before the arbitrator. To support his contention, he has placed the list of documents which were filed before the arbitrator which reads as follows:

> *1. Xerox copy of the settlement deed dated 21-6-2007 executed by Dharamvarapu Penchalamma in favour of Singareddy Rushmitha [Doc.No.1727/2007]*
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> *2. Xerox copy of the settlement deed dated 21-6-2007 executed by Dharamvarapu Penchalamma infavour of Singareddy Rushmitha [Doc.No.1726/2007]*
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> *3. Xerox copy of sale deed dated 15-12-2003 executed by Nukalapati MohanReddy in favour of Singareddy Sujana [Doc. No.377/2004]*
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> *4. Xerox copy of Challan dated 26-4-2018 issued by Govt. of A.P asof conversion charges to payment*
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> *5. Xerox copy of Receipt for intimation of payment for land conversion dated 12-6-2018 issued by RDO, Nellore, through meeseva, Nellore.*
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> *6. Xerox copy of the award No. NHAI-5/06/2018-19 dated 30-11-2018 passed by Land Acquisition Officer cum Revenue Divisional Officer, Nellore.*

In the above documents, no material is placed to substantiate the claim of the respondents except receipt of intimation of payment for land conversion dated 12.6.2018 issued by Revenue Divisional Officer, Nellore. Hence the award passed under Section 3G(5) of the National Highways Authority Act, 1956 is held as contrary to record and not sustainable. But surprisingly, the said aspects were not considered in the application filed under Section 34 of the Act by the learned Principal District Judge, Nellore in deciding A.O.P.No.54/2024. The said application was dismissed only on the basis of the observations of the Hon'ble Apex Court with regard limited jurisdiction.

9. Reply to the same, learned counsel appearing on behalf of the respondents has contended that the facts are not in dispute. As the respondents has made an application for conversion of the subject lands into non-agricultural lands much prior to issuance of 3A notification and admittedly the adjacent lands are already converted into non-agricultural and house sites. The competent authority has considered the adjacent lands and paid the compensation as house sites category. In fact in terms of Section 26(1)(b) of the Act clearly stipulates while fixing the market value of the land, the authorities have to fix the price of the land situated in the nearest village or in the nearest vicinity area. Even according to the said provision, the arbitrator has rightly considered the application filed under Section 3G(5) of the Act in terms of Section 26(1)(b) and made the award entitled under house site category. Hence there is no ground to interfere with the award passed under Section 3G(5) of the Act. Further he placed reliance on the judgments of the Hon'ble Supreme court in ***Bombay Slum Redevelopment Corporation Private Limited***

vs. Samir Narain Bhojwani[1] in which Hon'ble Supreme Court held that:

> *16. As it is, the jurisdiction conferred on courts Under Section 34 of the Arbitration Act is fairly narrow, when it comes to the scope of an appeal Under Section 37 of the Arbitration Act, the jurisdiction of an appellate court in examining an order, setting aside or refusing to set aside an award, is all the more circumscribed. In MMTC Ltd. v. Vedanta Ltd. [MMTC Ltd. v. Vedanta Ltd., MANU/SC/0221/2019: 2019:INSC:218: (2019) 4 SCC 163: (2019) 2 SCC (Civ) 293], the reasons for vesting such a limited jurisdiction on the High Court in exercise of powers Under Section 34 of the Arbitration Act have been explained in the following words: (SCC pp. 166-67, para 11)*
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> > *11. As far as Section 34 is concerned, the position is well-settled by now that the Court does not sit in appeal over the arbitral award and may interfere on merits on the limited ground provided Under Section 34(2)(b)(ii) i.e. if the award is against the public policy of India. As per the legal position clarified through decisions of this Court prior to the amendments to the 1996 Act in 2015, a violation of Indian public policy, in turn, includes a violation of the fundamental policy of Indian law, a violation of the interest of India, conflict with justice or morality, and the existence of patent illegality in the arbitral award. Additionally, the concept of the "fundamental policy of Indian law" would cover compliance with statutes and judicial precedents, adopting a judicial approach, compliance with the principles of natural justice, and Wednesbury [Associated Provincial Picture Houses Ltd. v. Wednesbury Corpn., MANU/UKWA/0001/1947: (1948) 1 KB 223 (CA)] reasonableness. Furthermore, "patent illegality" itself has been held to mean contravention of the substantive law of India, contravention of the 1996 Act, and contravention of the terms of the contract.*

And in ***Punjab State Civil Supplies Corporation Limited and Ors.vs. Sanman Rice Mills and Ors***[2] wherein the Hon'ble Apex Court held that:

> *In view of the above position in law on the subject, the scope of the intervention of the court in arbitral matters is virtually prohibited, if not absolutely barred and that the interference is confined only to the extent envisaged Under Section 34 of the Act. The appellate power of Section 37 of the Act is limited within the domain of Section 34 of the Act. It is exercisable only to find out if the court, exercising power*

[1] MANU/SC/0564/2024
[2] MANU/SC/1070/2024

Under Section 34 of the Act, has acted within its limits as prescribed thereunder or has exceeded or failed to exercise the power so conferred. The Appellate Court has no authority of law to consider the matter in dispute before the arbitral tribunal on merits so as to find out as to whether the decision of the arbitral tribunal is right or wrong upon reappraisal of evidence as if it is sitting in an ordinary court of appeal. It is only where the court exercising power Under Section 34 has failed to exercise its jurisdiction vested in it by Section 34 or has travelled beyond its jurisdiction that the appellate court can step in and set aside the order passed Under Section 34 of the Act. Its power is more akin to that superintendence as is vested in civil courts while exercising revisionary powers. The arbitral award is not liable to be interfered unless a case for interference as set out in the earlier part of the decision, is made out. It cannot be disturbed only for the reason that instead of the view taken by the arbitral tribunal, the other view which is also a possible view is a better view according to the appellate court.

10. As per the observations in the above referred judgments, it clearly indicates that the Court should not exercise their jurisdiction under Section 37 of the Act to examine an order on merits. Only if the award is against a public policy of India or the decision of the arbitrator is limited and observed that the scope of intervention of the Court in arbitration matters is virtually prohibited and held that the interference is only confined to the extent of envisage under Section 34 of the Act and further held that the appellate Court has no authority of law to consider the matter in dispute before the arbitrator triable on merits.

11. In fact learned Principal District Judge has also considered the observations of the Hon'ble Apex Court in various judgments and rightly held that the scope of the jurisdiction under Section 34 of the Arbitration Act and found that no interference can be made on merits of the matter.

12. In view of the above law laid down by the Hon'ble Apex Court, this Court found that no interference is required under Section 37 of the Act more specifically as grounds raised by the appellant is only on facts which cannot be gone into by this Court under Section 37 of the Act.

13. Accordingly, the Civil Miscellaneous Appeal is dismissed. No costs.

As a sequel thereto, interlocutory applications pending, if any, shall also stand closed.

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JUSTICE D.RAMESH

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JUSTICE A. HARI HARANADHA SARMA

04.11.2026
RD

THE HONOURABLE SRI JUSTICE D RAMESH

THE HONOURABLE SRI JUSTICE A. HARI HARANADHA SARMA

CIVIL MISCELLANEOUS APPEAL No.275 of 2026

04.11.2026

RD