2026:HHC:48773

IN THE HIGH COURT OF HIMACHAL PRADESH SHIMLA

Arb. A. Nos. 14, 81, 82, 94, 97, 130 & 132/2024

Reserved on: 09.10.2026

Decided on: 04.11.2026

Arb. A. No. 14/2024

National Highway Authority of India .....Appellant

Versus

Roshan Lal ....Respondent

Arb. A. No. 81/2024

National Highway Authority of India .....Appellant

Versus

Ajay Kumar ....Respondent

Arb. A. No. 82/2024

National Highway Authority of India .....Appellant

Versus

Manoj Kumari ....Respondent

Arb. A. No. 94/2024

National Highway Authority of India .....Appellant

Versus

Lal Man ....Respondent

Arb. A. No. 97/2024

National Highway Authority of India .....Appellant

Versus

Munshi Ram & ors. ....Respondents

Arb. A. No. 130/2024

National Highway Authority of India .....Appellant

Versus

Jai Singh & ors. ....Respondents

Arb. A. No. 132/2024

National Highway Authority of India .....Appellant

Versus

Hem Chand & ors. ....Respondents

Coram:

The Hon'ble Mr. Justice Romesh Verma, Judge.

Whether approved for reporting?[1]

For the Appellant(s): Mr. Sumeet Raj Sharma, Sr. Advocate with Mr. Raghujeet Singh Madan, Advocate.

For the Respondents: Mr. Arvind Sharma, Sr. Advocate with Ms. Kiran Sharma, Ms. Suchitra Sen, Mr. Varun Rana, Mr. Surender Verma, Mr. Amit Singh Chandel, and Mr. Gambhir Singh, Advocates, for the respective respondents.

Romesh Verma, Judge

Since common questions of law and facts are involved in all these appeals, therefore, they were taken up

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[1]Whether reporters of the local papers may be allowed to see the judgment? Yes.

together for hearing and are being disposed of by a common judgment.

2 All these appeals have been filed under Section 37 of the Arbitration and Conciliation Act, 1996 (for short, "the Act of 1996") by the present appellant-NHAI against the impugned judgment(s) as passed by the learned District Judge, Mandi, whereby application(s) under section 34 of the Act, as preferred by the NHAI was rejected and the award as passed by the Arbitrator, dated 07.12.2017 came to be affirmed.

3 The facts, as emerge in the present cases, are that on 21.04.2012, the Central Government issued a notification for acquisition of land comprised in revenue estate, Ropri, Hadbast No. 93, Tehsil Sundernagar, District Mandi H.P. for four-laning, widening, maintenance, management, and operation of NH-21, namely "Bilaspur-Ner Chowk section" on the stretch of land from kilometer 126.500 to 188.917. The appellant issued notification under section 3A(1) of the National Highways Act on 17.08.2012 and acquired the land of the respondents. After fulfilling all the procedural formalities and the statutory provisions of the Act, the competent authority passed an award, dated 30.10.2013 and assessed the market

value of the acquired land @ Rs.45 lakhs per Bigha irrespective of the classification of the land in the revenue estate Ropri.

4 The landowners/respondents feeling dissatisfied with the quantum of the compensation as assessed by the competent authority, preferred application(s) under section 3G (5) of the Act for enhancement of the amount of compensation. The Divisional Commissioner/Arbitrator accepted the petitions as filed by the respondents and vide its award dated 07.12.2017 enhanced the market value of the acquired land from Rs.45 lakhs to Rs. 53 lakhs per Bigha along with the statutory benefits.

5 The appellant/NHAI feeling aggrieved by the common award as passed by the Arbitrator filed application(s) under section 34 of the Arbitration and Conciliation Act, 1996 in the Court of learned District Judge, Mandi, who vide its common judgment dated 07.01.2022 dismissed the application(s) as filed by the present appellant and affirmed the findings as returned by the Arbitrator.

6 Still feeling dissatisfied, the appellant/NHAI has approached this court by filing the instant appeals invoking section 37 of the Act of 1996 for setting aside the impugned judgment(s), as passed by the learned District Judge, Mandi.

7 It is contended by Mr. Sumeet Raj Sharma, learned Senior Advocate, assisted by Mr. Raghujeet Singh Madan, Advocate, that the impugned award/judgment as passed by the learned authorities below is erroneous as the Arbitrator had no jurisdiction to appoint the Local Commissioner and rely upon his report, thus, the same is liable to be quashed and set aside. He would submit that the learned authorities below have exercised the jurisdiction against the spirit of the Act of 1996, therefore, being not sustainable, the impugned judgment as well as award deserves to be quashed and set aside. It is further contended by the learned counsel for the appellant-NHAI that the judgment/award as passed by the learned authorities below is not sustainable in the eyes of law as the Arbitrator has relied upon the sale deed dated 28.05.2010, Ext.PX pertaining to adjoining Mohal Jarol. It has been submitted that except sale deed, Ext. PX, no other sale deed has been produced by the respondents, therefore, no reliance can be placed upon the same. Since the sale deed pertains to a different revenue estate i.e. Mohal Jarol, whereas the subject land is situated at village Ropri and the same is not adjacent to the main Town of Sundernagar, therefore, the Arbitrator has wrongly held that the areas of revenue villages, namely,

Chamukha, Jarol and Ropri are adjacent to each other. Lastly he would submit that the learned Arbitrator has wrongly increased the amount of compensation from Rs. 46,18,068/- to Rs. 53,00,000/- without any basis, therefore, the award(s) passed by him and the judgment(s) of the learned District Judge deserve to be quashed and set aside.

8 As per the appellant, while enhancing the amount of compensation and assessing the market value, the Arbitrator has wrongly taken into consideration the inspection report prepared by the Local Commissioner, i.e. Retired Officer of the State Administrative Service, namely, Mr. B. R. Kaundal. It has further been contended that the amount of compensation as assessed by the Arbitrator, as affirmed by the learned District Judge, by means of impugned judgment, is on the higher side, therefore, it does not stand the judicial scrutiny of the court and the same is liable to be quashed and set aside.

9 On the other hand, the learned Counsels for the respondents have defended the impugned judgment/award as passed by the learned authorities below. It has been submitted that the land acquired at Ropri is on a key tourist route i.e. Chandigarh-Manali-Leh Highway stretch, surrounded by commercial establishments, Hotels, Dhabhas, and educational

institutions like Polytechnic College, Dental College, and J.N. Engineering College. It has been contended that recognizing Ropri to be closer to Sundernagar justifies higher market value than Mohal Jarol. The Arbitrator has rightly determined that no negative deductions were warranted from the exemplar rate, and an upward adjustment was required. Therefore, enhancement of compensation from Rs.45 lakhs per Bigha to Rs.53 lakhs per Bigha by the Arbitrator was based on sound reasoning and careful evaluation of comparable sale instances, statutory escalation, superior geographical placement along National Highway 21 and established principles of land valuation. They would submit that this court while exercising the power under section 37 of the Act of 1996 will not interfere in the well-reasoned judgment and award as passed by the learned authorities below.

10 I have heard the learned counsel for the parties and have also gone through the material available on records.

11 Before coming to factual matrix of the case, this Court shall delve into scope of interference while dealing with appeals filed under Section 37 of the Act of 1996.

12 In ***M/s C & C Constructions Ltd. Vs. IRCON International Ltd, 2025 INSC 138***, the Hon'ble Supreme Court has held as under: -

> *"27. As far as scope of interference in an appeal under Section 37 of Arbitration Act is concerned, the law is well settled. In the case of Larsen Air Conditioning and Refrigeration Company v. Union of India and Ors. in paragraph 15, this court held thus:*
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> > *"15. The limited and extremely circumscribed jurisdiction of the court under Section 34 of the Act, permits the court to interfere with an award, sans the grounds of patent illegality i.e. that "illegality must go to the root of the matter and cannot be of a trivial nature"; and that the Tribunal "must decide in accordance with the terms of the contract, but if an arbitrator construes a term of the contract in a reasonable manner, it will not mean that the award can be set aside on this ground" [ref : Associate Builders [Associate Builders v. DDA, (2015) 3 SCC 49 : (2015) 2 SCC (Civ) 204] , SCC p. 81, para 42]. The other ground would be denial of natural justice. In appeal, Section 37 of the Act grants narrower scope to the appellate court to review the findings in an award, if it has been upheld, or substantially upheld under Section 34."*
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> > *(emphasis added)*
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> *28. In the case of Konkan Railway Corporation Limited v. Chenab Bridge Project Undertaking in paragraph 18, this court held thus:*
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> > *"18. At the outset, we may state that the jurisdiction of the court under Section 37 of the Act, as clarified by this Court*

in MMTC Ltd. v. Vedanta Ltd. [MMTC Ltd. v. Vedanta Ltd., (2019) 4 SCC 163 : (2019) 2 SCC (Civ) 293] , is akin to the jurisdiction of the court under Section 34 of the Act. [Id, SCC p. 167, para 14:

"14. 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."] Scope of interference by a court in an appeal under Section 37 of the Act, in examining an order, setting aside or refusing to set aside an award, is restricted and subject to the same grounds as the challenge under Section 34 of the Act."

29. Considering the limited scope of interference, as laid down by this Court, we find absolutely no merit in the appeal and the same is accordingly dismissed."

13 The Hon'ble Supreme Court in ***Som Dutt Builders vs. NHAI 2025 INSC 113*** has held as follows:

"36. In MMTC Ltd. Vs. Vedanta Ltd., this Court held that as far as Section 34 is concerned, the position is well settled that the court does not sit in appeal over an arbitral award and may interfere on merits only on the limited ground provided under Section 34(2)(b)(ii) i.e. if the award is against the public policy of India. Even then, the interference would not entail a review on the merits of the dispute but would be limited to situations where the findings of the arbitrator are arbitrary, capricious or

perverse or when the conscience of the court is shocked or when the illegality is not trivial but goes to the root of the matter. An arbitral award may not be interfered with if the view taken by the arbitrator is a possible view based on facts. As far as interference with an order made under Section 34 by the court under Section 37 is concerned, it has been held 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.

37. What is public policy of India has been explained in Ssangyong Engineer and Construction Company Ltd. (supra). It means the fundamental policy of Indian law. Violation of Indian statutes linked to public policy or public interest and disregarding orders of superior courts in India would be regarded as being contrary to the fundamental policy of Indian law. It would also mean that the arbitral award is against basic notions of justice or morality. An arbitral award can be set aside on the ground of patent illegality i.e. where the illegality goes to the root of the matter but re-appreciation of evidence cannot be permitted under the ground of patent illegality.

38. xxx xxxxxx

39. In Reliance Infrastructure Ltd. (supra), this Court referring to one of its earlier decisions in UHL Power Company Ltd. Vs. State of Himachal Pradesh14, held that scope of interference under Section 37 is all the more circumscribed keeping in view the limited scope of interference with an arbitral award under Section 34 of

the 1996 Act. As it is, the jurisdiction conferred on courts under Section 34 of the 1996 Act is fairly narrow. Therefore, when it comes to scope of an appeal under Section 37 of the 1996 Act, jurisdiction of the appellate court in examining an order passed under Section 34, either setting aside or refusing to set aside an arbitral award, is all the more circumscribed.

40. Again in M/s Larsen Air Conditioning and Refrigeration Company (supra), this Court reiterated the position that Section 37 of the 1996 Act grants narrower scope to the appellate court to review the findings in an arbitral award if it has been upheld or substantially upheld under Section 34."

14 In ***A.C. Chokshi Share Broker Private Limited vs. Jatin Pratap Desai, 2025 INSC 174***, the Hon'ble Supreme Court has observed as under:

"22. Whether the arbitral award ought to have been set aside: The limited supervisory role of courts while reviewing an arbitral award is stipulated in Section 34 of the Act, beyond whose grounds courts cannot intervene and cannot correct errors in the arbitral award. 26 The appellate jurisdiction under Section 37 is also limited, as it is constrained by the grounds specified in Section 34 and the court cannot undertake an independent assessment of the merits of the award by re-appreciating evidence or interfering with a reasonable interpretation of contractual terms by the arbitral tribunal. 27 The court under Section 37 must only determine whether the Section 34 court has

> *exercised its jurisdiction properly and rightly, without exceeding its scope.*
>
> *23-26 xxx xxxxxx*
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> *27. Applying the test for perversity under Section 34 as explained above, it is clear that the High Court, while exercising jurisdiction under Section 37, adopted an incorrect approach. The arbitral tribunal's findings are definitely based on evidence, as has been rightly held by the Section 34 court. The High Court, at the stage of the Section 37 appeal, took an alternative view on this finding of fact by reappreciating evidence. The arbitral tribunal's conclusion was based on oral and documentary evidence regarding the conduct of the parties, which leads to a reasonable and possible view that there is joint and several liability. Hence, the High Court, while exercising jurisdiction under Section 37, has incorrectly held the award to be perverse."*

15 The judgments, relevant portion whereof have been quoted hereinabove, hold that jurisdiction of the Courts under Section 37 of the Act of 1996 is akin to that under Section 34 of the Act of 1996. The Courts ought not to interfere with the arbitral award in a casual manner. The mere possibility of an alternative view on facts or interpretation of the contract does not entitle courts to reverse the findings of the Arbitral Tribunal. Further, it has been held that the supervisory role of Courts is very restricted in dealing with appeals under Section

37 of the Act of 1996. Scope of interference in a petition under Section 34 of the Act of 1996 is narrower. Therefore, in view of the law as laid down by the Hon'ble Supreme Court, the appeals at hand have to be decided taking into consideration the factual background thereof.

16 As regards contention of the appellant that the Arbitrator could neither have appointed the Local Commissioner nor could have relied upon his report, Ext. PX, it would be apposite to reproduce Section 26 of the Act of 1996, which reads as follows:

> *"Section 26. Expert appointed by arbitral tribunal.*
> *(1) Unless otherwise agreed by the parties, the arbitral tribunal may -*
> *(a) appoint one or more experts to report to it on specific issues to be determined by the arbitral tribunal, and*
> *(b) require a party to give the expert any relevant information or to produce, or to provide access to, any relevant documents, goods or other property for his inspection.*
> *(2) Unless otherwise agreed by the parties, if a party so requests or if the arbitral tribunal considers it necessary, the expert shall, after delivery of his written or oral report, participate in an oral hearing where the parties have the opportunity to put questions to him and to present expert witnesses in order to testify on the points at issue.*
> *(3) Unless otherwise agreed by the parties, the expert shall, on the request of a party, make available to that party for examination all documents, goods or other*

property in the possession of the expert with which he was provided in order to prepare his report."

17 The aforesaid provision of law specifically stipulates that unless otherwise agreed by the parties, the arbitral Tribunal may appoint one or more experts to report to it on a specific issue to be determined by the Tribunal. The Arbitral Tribunal has jurisdiction to appoint an expert. The only prohibition is that the parties should not have stipulated that no expert should be appointed before the Arbitral Tribunal. There is no material available on record to suggest that any such agreement has been placed on record. Therefore, the contention, as raised by the learned counsel for the appellant that the Arbitrator could not appoint the expert or could not consider the report of the expert is not tenable.

18 It would be noticed that the Arbitrator while enhancing the amount of compensation has relied upon the sale deed Ext. PX, pertaining to revenue village Jarol. It is a well-settled principle of law that where specific sale instances relating to sale in the vicinity of land under acquisition are available, the Court need not look into other sale instances of area at a distance. Some guess-work is always involved while assessing the market value of the acquired property. The court

can always take judicial notice of the rising trend in the prices of the land in and around.

19 Perusal of the sale deed, Ext. PX , which pertains to land measuring 0-5-19 bighas comprised in Khasra No. 1381/3 measuring 240 square meters of Mohal Jarol, situated at Tehsil Sundernagar, District Mandi, H.P. reveals that it was registered on 28.05.2010. Mohal Jarol is adjoining to Mohal Ropri. The Arbitrator while exercising the powers under section 26 of the Act of 1996 had appointed Mr. B.R. Kaundal, retired HAS Officer, to give a factual report about the market value of the land. The said expert in his report has categorically stated that it would be appropriate to consider villages Chamukha, Thala and Ropri as a single unit for the purpose of compensation and suggested that the compensation amount paid to Mohal Chamukha may be paid qua land, situated at Mohal Ropri.

20 It is an admitted fact that notification under section 3A (1) under the Act was issued on 17.08.2012, whereas the sale deed, Ext. PX came to be registered 28.05.2010, which is prior in time. Therefore, the Arbitrator relied upon the sale deed Ext, PX while determining the amount of compensation of Mohal Ropri. As per the sale deed Ext. PX, an area of 0-5-19 bighas was purchased for Rs. 12 lakh. Therefore, it means that

value of 1 biswa of land at that time was Rs. 2,01,680, which means that 1 bigha of land was @ Rs.40,33,600/-. By adding 7% annual increase, the value of the land was estimated at the rate of Rs. 46,18,068/-per Bigha.

21 It has also come on record that the area under acquisition is situated at a distance of about 4 to 6 kilometers from Sundernagar, whereas the land situated at Mohal Jarol was at a distance of more than 6 to 8 kilometers. The value of the land of Mohal Ropri ought to have been on the higher side as compared to the revenue estate Jarol. The expert in his report has submitted that revenue villages Ropri, Chamukha, and Thala can be considered as a single unit for the purpose of assessment of the amount of compensation. The competent authority determined the market value of Mohal Thala at the rate of Rs.81,39,120/- per bigha and for Mohal Chamukha, the authority assessed the amount of compensation to the tune of Rs.68,16,513/- per bigha.

22 The parties are in agreement that with respect to Mohal Chamukha, the appellant had assailed the judgment/award of the learned District Judge and the Arbitrator in Arbitration Appeal No. 1 of 2024 along with connected arbitration appeals, before this Court and the

learned coordinate Bench of this Court, while analyzing the oral as well as documentary evidence placed on record, vide its judgment dated 18.09.2024, dismissed the appeals as preferred by the present appellant/NHAI and affirmed the findings as returned by the learned District judge and the Arbitrator.

23 It has been contended by the learned counsel for the respondents that admittedly the land of the present respondents has been utilized/acquired, and being farmers/villagers, great loss has been caused to them as they have not been left with any other suitable land. The enhancement as assessed by the Arbitrator and affirmed by the learned District Judge is in tune with the principles of natural justice, and it does not call for any interference in any manner.

24 As observed earlier, Mr. B.R. Kaundal, expert, in his report, Ext. PX has categorically opined that the revenue villages Ropri, Chamukha, and Thala can be considered as a single unit for the purpose of assessing the market value of the land in question and rate applicable to one revenue estate can legally be applied to other revenue estates and based upon that findings have been returned by the Arbitrator in para 29 of its award, which read as follows:

> *".....The revenue expert Sh. B.R. Kaundal, in his report has suggested that revenue villages i.e. Ropri, Chamukha*

and Thala can be considered as a single unit for the purpose of assessing of market value of land and rate applicable to one revenue estate can legally be applied to other revenue estate. It is pertinent to mention here that this authority has already announced the award of revenue estates Thala and Chamukha. This authority has determined the market value of land of Muhal Thala at Rs.81,39,120/- per bigha and for Muhal Chamukha at Rs. 68,16,513/- per bigha, irrespective of the classification of land. This authority is conscious of that revenue estate Ropri is further away from Sundernagar town and the rate assessed for the land in revenue estate Thala and Chamukha cannot be given for the land of Ropri. This Authority is of the opinion that in the interest of fair valuation and justice to the petitioners, whose land has been compulsorily acquired, no deduction may be done from the arrived amount of sale deed Ex. PB which is of the adjoining revenue estate. Further, I am of the considered opinion that some suitable increase is required to be given on the arrived amount i.e. Rs 46,18,068/- for reasons given by LAO in the impugned award, at para 9 of the award and considering the fact that this village/acquired land is located in close proximity to existing National Highways. Taking into consideration, factors discussed supra, compensation for land of revenue estate Ropri is awarded as Rs.53,00,000/- per bigha for all kinds of land, irrespective of the classification, instead of what has been awarded by competent Authority/LAO."

25 Therefore, the contention as put forth by the learned counsel for the appellant does not hold good and the same is liable to be rejected.

26 It has also come on record that the appellant has not filed any sale deed or led any evidence before the Arbitrator to show the market value otherwise. The Arbitrator had no other material for determining the market value except the sale deed Ext.PX and it was otherwise admitted position that Mohal Ropri was contiguous to Mohal Chamukha and Thala, hence reliance placed upon sale deed Ext. PX pertaining to land located in Mohal Jarol for enhancing the market value of the land at Ropri by the Arbitrator cannot be faulted, more over when sale deed Ext. PX was the only piece of evidence qua rate of purchase of land available before him.

27 As observed above, since sale deed Ext. PX was of the year 2010, whereas the notification under section 3A(1) was issued by the authority on 17.08.2012, therefore, the Arbitrator has rightly increased value by 7% and this increase cannot be said to be excessive.

28 The learned senior counsel for the appellant/NHAI has vehemently argued that even though the highest exemplar in the instant case, as has been taken note by the Arbitrator,

is sale deed, Ext. PX, qua the land measuring 0-5-19 Bighas (240 sq. mts), having been purchased for Rs.12,00,000/-, meaning thereby that one Bigha of land comes to Rs.40,33,600/- and after adding 7% annual increase, the value of the land comes to Rs. 46,18,068/- per Bigha, however the learned Arbitrator instead of awarding Rs.46,18,068/- per Bigha, without any substance, has awarded Rs.53,00,000/- per Bigha for the acquired land, which is not sustainable in the eyes of law.

29 To rebut the aforesaid contention, the learned counsels for the respondents have submitted that the learned District Judge as well as Arbitrator has legally and validly come to the conclusion that an upward adjustment of Rs. 53 lakhs per Bigha was required from the exemplar rate and in support of their contention, they have relied upon the judgment of the Hon'ble Apex Court in ***Chiman Lal Hargovindas v. Special Land Acquisition Officer, Pune (AIR 1988 Supreme Court 1652)***, wherein it has been laid down that a balance-sheet of plus and minus factors like proximity to main roads, frontage, and nearness to developed urban/commercial areas command a premium on the basis of exemplar values.

30 As observed above, once the expert was appointed by the Arbitrator invoking section 26 of the Act of 1996, who has suggested to treat contiguous revenue estates, i.e. Ropri, Chamukha, and Thala as single corridor/unit for broad compensation parity coupled with the fact that while assessing the amount of compensation, the Arbitrator awarded higher rates for revenue village Thala at the rate of Rs.81,39,120/- per Bigha and for Chamukha at the rate of Rs.68,16,513/- per Bigha due to their close proximity to town and the award qua Mohal Chamukha has been finalized right up to this Court, keeping in view the proximity of the Mohal Ropri to Sundernagar, it justifies higher market value than Mohal Jarol, and, therefore, the upward adjustment of Rs. 53 lakhs per Bigha from the exemplar rate, after careful evaluation of the comparable sale instances, statutory escalation, superior geographical placement along NH-21, and established principles of land valuation is legal, valid, and sustainable, and it does not call for any interference in any manner.

31 Taking into consideration the entirety of facts and circumstances of the case, this court does not see any ambiguity or error in the impugned judgment/award as passed

by the learned District Judge and the Arbitrator and the same is/are upheld.

32 In view of aforesaid discussions, the present appeals being devoid of any merit deserve to be dismissed. Ordered accordingly. Pending application(s), if any, also stands disposed of.

(Romesh Verma)
Judge

04.11.2026
(pankaj)