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C.M.A.No.934 of 2



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : **15.04.2026**

CORAM

THE HONOURABLE MR.JUSTICE **P.VELMURUGAN**

and

THE HONOURABLE MRS.JUSTICE **K.GOVINDARAJAN THILAKAVADI**

C.M.A.No.934 of 2022

V.R.Munusamy Gounder

... Appellant

Vs

1. The District Collector cum Arbitrator
Office of District Collector
Villupuram District.
2. The Competent Authority (Land Acquisition)
National Highways – 66 cum Special District Revenue Officer,
Villupuram & District.
3. The National Highways Authority of India
Rep.by its Project Director,
Villupuram – 605 401,
Plot No.26, 1st Floor, VGP Nagar West,
Vazhudareddy Post.

... Respondents



Prayer: Civil Miscellaneous Appeal filed under Section 37(1)(C) of the Arbitration and Conciliation Act, 1996, read with Order 41 Rule 1 and 2 of Code of Civil Procedure, 1908 to set aside the order and decretal order dated 21.12.2020 made in Arbitration O.P.No.43 of 2017 on the file of the Principal District Judge, Villupuram in dismissing the Original Petition filed under Section 34 of the Arbitration and Conciliation Act, 1996 and thereby confirming the impugned award passed by the 1st respondent in ref No.Na.Ka (Arb AA2/197 25/2013) dated 24.11.2015, insofar as the appellant's claim petition No.14 of 2014 is concerned.

For Appellant(s): Mr.R.Veeramani

For Respondent(s): Mr.P.Gurunathan
Additional Government Pleader
for R1 and R2
Mr.Su.Srinivasan
Standing Counsel for R3

J U D G M E N T

(Judgment of the Court was made by P.Velmurugan J.)

This Civil Miscellaneous Appeal has been filed as against the order passed in Arb.O.P.No.43 of 2017, dated 21.12.2020 by the learned Principal District Judge, Villupuram.



2. The facts leading to the filing of the present appeal are that the appellant is the owner of the lands comprised in S.Nos.8/7B2, 8/11 and 39/5C1(1/4th), measuring an extent of 0.862 sq.mts. situated at Nangilikondan Village, Gingee Taluk. For the purpose of constructing a Toll Plaza on National Highway No.66 (Tindivanam–Krishnagiri Section), the said lands were acquired by the National Highways Authority of India under the provisions of the National Highways Act, 1956 [hereinafter referred to as “the NH Act, 1956”]. Subsequently, the Competent Authority (Land Acquisition) by Award dated 30.09.2013, fixed the compensation at Rs.50/- per sq.ft., subject to deduction of 50% towards development charges. Being aggrieved by the quantum of compensation so determined, the appellant/landowner preferred Claim Petition No.14 of 2014 before the Arbitrator/District Collector, Villupuram District, seeking fair determination of compensation. The first respondent/Arbitrator, by Award dated 24.11.2015, failed to conduct a proper enquiry and merely confirmed the compensation at Rs.50/- per sq.ft., however, 50% deduction for development charges was deleted. Challenging the said arbitral award, the appellant instituted Arb.O.P.No.43 of 2017 under Section 34 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as ‘the Act, 1996’] before the learned Principal District Judge, Villupuram, which was dismissed on 21.12.2020. Assailing the said order, the present appeal is preferred by the appellant/landowner.



3. Mr.R.Veeramani, learned counsel for the appellant, submitted that the acquired lands are wet lands, abutting the National Highway No.66 and adjoining residential locality, thereby possessing high potential value. However, the Competent Authority erroneously fixed compensation at a meagre rate of Rs.50/- per sq.ft., by relying on the obsolete guideline value as on 01.08.2007, thereby overlooking the revised guideline value of Rs.120/- per sq.ft., notified by the Government of Tamil Nadu with effect from 01.04.2012, pursuant to the Gazette Notification dated 29.03.2012 under Section 3-A(1) of the NH Act 1956 and its publication on 19.06.2012. It was further submitted that the Arbitrator/District Collector, while exercising statutory powers, erred in merely affirming the rate of Rs.50/- per sq.ft., without considering the contemporaneous guideline value, appreciating the documentary evidence produced by the appellant or conducting a proper enquiry. The learned counsel contended that the refusal to mark such documents and the failure of the Principal District Judge, Villupuram, to consider the same in the proceedings under Section 34 of the Act, 1996, have caused serious prejudice. It was also contended that the omission to award statutory benefits of solatium and interest, vitiates the arbitral award and renders it contrary to law. Even assuming a reasonable annual appreciation of 10% – 20% from 2007 onwards, the revised guideline value of Rs.120/- per sq.ft., as on 01.04.2012 was neither excessive nor unreasonable. The appellant therefore seeks enhancement of compensation in line with the prevailing guideline value and statutory entitlements.



4. Per contra, Mr.Su.Srinivasan, the learned Standing Counsel appearing for the third respondent submitted that the subject lands were acquired under the provisions of the NH Act, 1956. The second respondent-Competent Authority, after considering the sale statistics for the relevant period of one year, i.e., from 19.06.2011 to 19.06.2012, preceding the date of publication of Section 3-A(1) Notification, fixed the market value at Rs.50/- per sq.ft., subject to deduction of 50% towards development charges. Upon the appellant preferring the claim petition, the Arbitrator, after issuing due notice and affording opportunity of hearing, modified the award by holding that deduction towards development charges was not warranted. However, taking into account the location, nature, and future potentiality of the acquired lands, the Arbitrator confirmed the market value at Rs.50/- per sq.ft., and granted an additional amount of 10%.

5. The learned Standing Counsel appearing for the third respondent further submitted that the main claim of the appellant that the guideline value stood revised to Rs.120/- per sq.ft., with effect from 01.04.2012, and ought to have been adopted, however, no registered sale deeds or contemporaneous documents were produced to substantiate such claim. The allegation regarding the Arbitrator's refusal to mark tendered documents is specifically denied. Furthermore, the contention that the learned Principal District Judge failed to consider such evidence under Section 34 of the Act, 1996 is misplaced and contrary to the record. The learned counsel further submitted that both the



Competent Authority and the Arbitrator have rightly determined the market value based on the available materials, and that the present appeal is devoid of merits. However, insofar as the claim for solatium and interest is concerned, it was submitted that the issue, though earlier pending consideration before the Hon'ble Supreme Court at the relevant point of time, the legal position now stands settled. The learned Counsel fairly submitted that the respondents have no objection to the payment of solatium and interest to the appellant, in accordance with law.

6. We have heard the learned counsel on either side and perused the materials available on record.

7. It is well settled law that the scope and ambit of interference under Sections 34 and 37 of the Act, 1996 is narrow and circumscribed. An arbitral award can be interfered with only if it suffers from patent illegality, perversity, or is in conflict with the public policy of India.

8. On a perusal of the entire records, it is seen that the Competent Authority adopted the guideline value prevailing as on 01.08.2007 and fixed compensation at Rs.50/- per sq.ft., subject to deduction of 50% towards development charges. Upon reference, the District Collector-Arbitrator failed to determine the market value with reference to the relevant point of time and without conducting a proper enquiry and merely affirmed the rate of Rs.50/- per



sq.ft. Such an approach goes to the root of the matter and vitiates the award, amounting to patent illegality. The learned Principal District Judge, Villupuram, while exercising jurisdiction under Section 34 of the Act, 1996, has failed to advert to these material infirmities as pointed out by the appellant and confirmed the arbitral Award, which cannot be sustained in law.

9. This Court also notes that the respondents have fairly conceded to the grant of solatium and interest, thereby removing any controversy on that aspect. In view of such fair submission, there remains no dispute with respect to the appellant's entitlement to solatium and interest, which the respondents are ready and willing to pay in accordance with law. The only surviving issue pertains to the determination of market value, which, owing to reliance on an obsolete guideline value, requires fresh adjudication. The omission to consider the contemporaneous guideline value notified in 2012, the failure to appreciate documentary evidence render the arbitral award legally unsustainable. Just compensation is a constitutional right under Article 300A of the Constitution of India, and statutory authorities under the NH Act, 1956 are duty-bound to adopt contemporaneous valuation and ensure fairness in the award.

10. In view of the above, this Court is of the considered view that the arbitral award suffers from patent illegality and the order of the learned Principal District Judge, Villupuram, cannot be sustained. Therefore, both the



impugned order and the arbitral Award are liable to be set aside. The matter requires fresh adjudication by the Arbitrator with due consideration of the revised guideline value and all applicable statutory benefits.

11. In the result, the impugned order dated 21.12.2020 passed in Ar.O.P.No.43 of 2017 by the learned Principal District Judge, Villupuram, as well as the Award dated 24.11.2015 passed by the Arbitrator/District Collector, Villupuram, are hereby set aside. The matter is remitted back to the District Collector/Arbitrator, Villupuram, for fresh consideration. The Arbitrator/District Collector shall reassess the market value with reference to the relevant date and determine the quantum of compensation payable to the claimant afresh, in accordance with law and applicable Rules, after affording sufficient opportunity to all the interested parties. The Arbitrator/District Collector shall also award solatium and interest on the compensation so determined, in line with the settled legal position.

12. With the above observation and directions, this Civil Miscellaneous Appeal is allowed. There shall be no order as to costs.

(P.V.,J.) (K.G.T.,J.)

15.04.2026

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

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