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C.M.A.No.2.....

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 01.04.2026

Coram:

THE HONOURABLE MR. JUSTICE P.VELMURUGAN
and
THE HONOURABLE MRS. JUSTICE K.GOVINDARAJAN THILAKAVADI

C.M.A.No.2921 of 2021 and
C.M.P.No.16728 of 2021

The Project Director,
National highways Authority of India,
Project Implementation Unit (NS),
Door No.212-3/D3-1, Sri Nagar Colony,
Narasothipatti, Salem – 636 004.

... Appellant

Vs.

1. C.Subramanian
S/o.ChennimalaiGounder

2. C.Palanisamy
S/o.ChennimalaiGounder

... Respondents

Prayer: This Civil Miscellaneous Appeal has been filed under Section 37(1) & (2) of the Arbitration and Conciliation Act, 1996, to set aside the fair and decreetal order dated 28.10.2020 passed in Arb.O.P.No.99 of 2016 by the learned Principal District Judge, Erode.

For Appellant : Mr.S.Srinivasan

For Respondents : Mr.B.Mohan for R1
R2 – died (steps due)



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JUDGMENT

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

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2 The respondents are the owners of the land situated at Suriyampalayam Village, Erode Taluk, Erode District. The National Highways Authority of India, acquired the respondents' land for the purpose of widening of NH 47 and for formation of four lane roads in the Highways Road. After completion of acquisition proceedings, the Competent Authority/District Revenue Officer, passed Award No.33 of 2007 on 07.02.2008 and Award No.48 of 2008 on 14.08.2008, whereby, Rs.59.30 per sq.m and Rs.69.99 per sq.mt. have been fixed. Being not satisfied with the amount fixed by the competent authority, the respondents/land owners initiated arbitration proceedings and the learned Arbitrator enhanced the compensation amount at Rs.90.00 per sq.ft. or Rs.968.76 per sq.mt, against which, the appellant filed a petition under Section 34 of the Arbitration and Conciliation Act, 1996 (in short "the Act"). The learned Principal District Judge, Erode, vide order dated 28.10.2020 dismissed petition and confirmed the Award of the learned Arbitrator, against which, present appeal is filed.



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3 According to learned counsel for the appellant, the competent authority, after elaborate enquiry, has rightly fixed the rate at Rs.59.30 per sq.mt. and Rs.69.99 per sq.mt, whereas, the learned Arbitrator, without any document, enhanced the amount to Rs.90/- per sq.ft or Rs.968.76 per sq.mt.. While enhancing the compensation, the Arbitrator has not passed any speaking order and he simply stated that while disposing the other arbitration petitions, the market value has been fixed as Rs.135/- and hence for this land also the same is fixed. The said observation is not legally sustainable. The Arbitrator has not given any valid reason for enhancing the market value and based on which, he enhanced the rate. Therefore the appellant filed a petition under Section 34 of the Act and the Section 34 Court also without considering the grounds raised by the appellant and the non speaking Award passed by the Arbitrator, dismissed the petition, which warrants interference of this Court.

4 It is the contention of the learned counsel for the respondents that the competent authority has not fixed the fair compensation and hence the learned Arbitrator considering the locality, where the acquired lands situated and the sales took place within 1.6 Km radius, rightly enhanced the market value. The Section 34 Court, cannot sit as appellate authority and can only find that the Award passed by the Arbitrator falls within the scope of Section 34 of the Act. In the present case, the Section 34 Court does not find any grounds attracting Section 34 of the Act and hence dismissed the petition



filed by the appellant. Now Section 37 of the Act is very narrow than Section 34 of the Act and hence there is no merit in the appeal and the same is liable to be dismissed.

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5 Heard the learned counsel on either side and perused the materials available on record.

6 The respondents' lands were acquired for the purpose of widening of NH 47 and for formation of four lane roads in the Highways Road. The Competent Authority fixed the value at Rs.59.30 per sq.m and Rs.69.99 per sq.mt.. Being not satisfied with the amount fixed by the competent authority, the respondents/land owners initiated arbitration proceedings and the learned Arbitrator enhanced the compensation amount at Rs.90.00 per sq.ft. or Rs.968.76 per sq.mt, against which, the appellant filed a petition under Section 34 of the Act. The learned Principal District Judge, Erode, vide order dated 28.10.2020 dismissed the petition and confirmed the Award of the learned Arbitrator, against which, the National Highways, who is the beneficiary, is before this Court.

7 We have carefully read the Awards of the learned Arbitrator, which reveal that the learned Arbitrator, while enhancing the compensation, has stated that "while disposing the other arbitration petitions, in respect of house sites in the same village the market value has been determined @ Rs.135/- per sq.ft." Therefore in the present case also the learned Arbitrator taken the amount of Rs.135/- and after



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deduction, Rs.90/- per sq.ft. has been fixed, which shows patent illegality and the

Section 34 Court also, without considering the same dismissed the petition filed by the appellant, which is perverse, and needs interference of this Court.

8 Accordingly, the order dated 28.10.2020 passed in Arb.O.P.No.99 of 2016 passed by the learned Principal District Judge, Erode, is set aside and the Awards passed by the learned Arbitrator, which were challenged by the appellant under Section 34 of the Act, are also set aside. The matter is remitted back to the Arbitrator for fresh consideration.

9 The learned Arbitrator is directed to consider the matter afresh and after extending due opportunities, pass Award in accordance with law within a period of four months from the date of receipt of the copy of this order.

10 With the above observations and directions, this Civil Miscellaneous Appeal stands disposed of. Consequently connected miscellaneous petition is closed. No costs.

[PVJ] [KGTJ]
01.04.2026

Neutral Citation : Yes/No
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To
The Principal District Judge, Erode.



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