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C.M.A.No.1566 of 2021
and C.M.P.No.8167 of 2021



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : **25.03.2026**

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

and

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

C.M.A.No.1566 of 2021

and

C.M.P.No.8167 of 2021

The Project Director,
NH68, National Highways Authority of India,
Door No.212-3/D3-1, Sri Nagar Colony,
Narasothipatti, Salem – 636 004.

... Appellant

Vs

1. Aranga Ellangovan
2. The District Collector / Arbitrator
Villupuram District, Villupuram.
3. The Competent Authority (Land Acquisition)
NH 68 & Special District Revenue Officer,
National Highways, Salem.

... Respondents



C.M.A.No.1566 of 2021
and C.M.P.No.8167 of 2021

Prayer: Civil Miscellaneous Appeal filed under Section 37(1) & (2) of Arbitration and Conciliation Act, 1996, to set aside the order made in Arbitration O.P.No.77 of 2013 dated 17.12.2019 on the file of the Principal District Judge, Villupuram.

For Petitioner(s): Mr.Su.Srinivasan
Standing Counsel for NHAI

For Respondent(s): Mr.R.Suresh Kumar
for M/s.K.M.Vijayan Associates for R1
Mr.P.Gurunathan
Additional Government Pleader for R2
and R3

J U D G M E N T

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

Challenging the order passed in Arb.O.P.No.77 of 2013, dated 17.12.2019 by the learned Principal District Judge, Villupuram, the appellant has filed the above Civil Miscellaneous Appeal.

2. The brief facts leading to the instant Appeal are as follows :

(a) The National Highways Authority of India, for the purpose of strengthening and widening the existing two-lane road into a four-lane road in NH-68 between Salem to Ulundurpet, initiated land acquisition proceedings. In



furtherance of the said project, lands measuring an extent of 1,20,332/- sq.mts situated at Prithivimangalam Village, Kallakurichi Taluk, Villupuram District were sought to be acquired under the provisions of the National Highways Act, 1956 [hereinafter referred to as 'the NH Act' for brevity]. Necessary notifications were duly issued in accordance with the provisions of the NH Act. The third respondent, being the Competent Authority, after following the due procedure contemplated under the NH Act, including conducting enquiry and analysing the relevant sale transactions, determined the market value at Rs.22/- per sq.mt. for wet and dry agricultural lands and Rs.732/- per sq.mt for house plots.

(b) Pursuant thereto, the third respondent/Competent Authority passed an Award *vide* proceedings dated 31.08.2010, fixing compensation at the rate of Rs.22/- per sq.mt for a total extent of 13,678 sq.mts belonging to the first respondent/land owner in Survey Nos.200/4A, 200/4B, 200/6, 200/7, 200/8B, 200/9B, 200/10B, 201/1A, 213/2, 214/2B2, 214/2A1B, 214/2A2, 214/4A, 214/5A, 215/1B, 215/9, 215/10, 215/11, 215/13 and 217/4B situated at Prithivimangalam Village, Kallakurichi Taluk, Villupuram District. A total compensation of Rs.3,31,007/- was thus determined, awarded and paid to the first respondent/landowner.

(c) Aggrieved by the Award passed by the Competent Authority, the first respondent/land owner preferred a claim petition under Section 3G(5) of the NH



Act before the Arbitrator, namely the District Collector, Villupuram District, seeking enhancement of compensation. Upon conducting due enquiry, the Arbitrator confirmed the Award passed by the Competent Authority. Challenging the said order, the first respondent/land owner, filed Arb.O.P.No.77 of 2013 before the learned Principal District Judge, Villupuram. By order dated 17.12.2019, the learned Principal District Judge, partly allowed the petition and enhanced the compensation from Rs.22/- to Rs.1,000/- per sq.mt, together with 30% solatium and interest at the rate of 6%. Assailing the said enhancement of compensation, the present appeal has been filed.

3. The learned Standing Counsel appearing for the appellant submitted that third respondent, being the Competent Authority, after analysing the relevant documents, sale statistics and guideline value, had rightly relied upon a comparable sale transaction bearing Document No.1589 of 2007 dated 26.07.2007 and fixed the market value at Rs.22/- per sq.mt., for wet and dry agricultural lands and Rs.732/- sq.mt for house plots, in compliance with Section 3G of the NH Act and settled principles governing determination of compensation. It is further contended that though the first respondent/land owner claimed that the acquired lands were situated in a residential/commercial area, with a building and proposed educational institution, no such building



existed nor any approval had been obtained as on the date of publication of the notification under Section 3A(1) of the NH Act.

4. The learned Standing Counsel for the appellant further submitted that the second respondent - Arbitrator/District Collector, upon due consideration of the claim petition and the documents produced by the first respondent/land owner, including the potential value of the land, had assigned cogent reasons for rejecting the sale instances relied upon by the landowner and consequently affirmed the value determined by the Competent Authority (CALA). In particular, a substantial number of documents relied upon by the first respondent related to sale of house sites intended for commercial purposes, which were not comparable to the acquired lands classified as agricultural wet and dry lands. It is further submitted that the learned Principal District Judge, Villupuram, while enhancing the compensation from Rs.22/- to Rs.1,000/-, failed to assign valid or sustainable reasons for such enhancement and merely observed that the Arbitrator had not properly appreciated the documents produced by the landowner, and also referred to house site values, without any proper basis or justification for fixing the market value at Rs.1,000/- per sq.mt.

5. The learned Standing Counsel appearing for the appellant further submitted that the learned Principal District Judge failed to properly appreciate



the above facts and committed a grave error in not advertng to any of the documents, stated to be 42 in number, relied upon by the first respondent, while modifying the Award passed by the second respondent/Arbitrator. It is further contended that Section 34 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as the 'A and C Act' for brevity] clearly circumscribes the limited grounds on which an arbitral award may be set aside. The learned Principal District Judge failed to bear in mind the scope and object of Section 34 of the A and C Act and, in a mechanical and arbitrary manner, enhanced the market value without any substantive basis or reliance upon legally admissible evidence. Hence, the impugned order is liable to be set aside.

6. The learned counsel appearing for the first respondent/landowner submitted that the appellant-National Highways Authority of India, acquired the lands belonging to the first respondent and awarded a meagre compensation of Rs.22/- per sq.mt for a total extent of 13,678 sq.mts. It is further submitted that at the time of preliminary enquiry, the first respondent had raised objections and sought fixation of reasonable compensation at Rs.2,800/- per sq.mt. The appellant and the third respondent/Competent Authority had assured that fair compensation would be fixed, not less than the said rate. However, contrary to such assurance, the compensation was fixed at Rs.22/- per sq.mt. Aggrieved thereby, the first respondent preferred a claim petition before the second



respondent/Arbitrator, accompanied by a proof affidavit and 42 documents in support of the claim for enhancement. It is contended that the Arbitrator, without properly appreciating the said documents, mechanically dismissed the claim petition and confirmed the Award passed by the Competent Authority. It is further submitted that the learned Principal District Judge, Villupuram, on a proper appreciation of the materials placed on record in the Arbitration Original Petition, rightly enhanced the compensation by fixing a just and reasonable market value. Therefore, the impugned order does not warrant interference by this Court.

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

8. A careful perusal of the records reveals that, while enhancing the compensation, the learned Principal District Judge has not adverted to any specific document relied upon for determining the market value and has merely observed that 42 documents produced by the claimant were not considered by the Arbitrator. However, even in the arbitral award, it is recorded that only 23 documents were produced. Be that as it may, the learned Principal District Judge failed to consider the scope and object of Section 34 of the A and C Act and proceeded beyond the permissible limits of interference by re-appreciating



the evidence and fixing the market value without any cogent or substantive material on record.

9. In such view of the matter, this Court finds that the learned Principal District Judge has traversed beyond the scope of Section 34 of the A and C Act, thereby rendering the impugned order vitiated by patent illegality. At the same time, this Court also finds that the Arbitrator/District Collector, Villupuram, has not properly considered the documents produced by the claimant and has failed to assign clear and specific reasons for rejecting the same, nor has he indicated the basis on which reliance was placed upon the materials supporting the determination made by the Competent Authority. Such failure also amounts to patent illegality. In view of the above, both the impugned order of the learned Principal District Judge, Villupura, as well as the Award passed by the Arbitrator/District Collector, Villupuram, are liable to be set aside.

10. In the result, the impugned order dated 17.12.2019 passed in Ar.O.P.No.77 of 2013 by the learned Principal District Judge, Villupuram, and the Award dated 28.01.2013 passed by the Arbitrator/District Collector, Villupuram, are hereby set aside. The matter is remitted back to the Arbitrator/District Collector, Villupuram, for fresh consideration. The Arbitrator/District Collector is directed to determine the quantum of



compensation payable to the claimant afresh and pass orders on merits and in accordance with law, after issuing notice to all the interested parties and affording them sufficient opportunity to adduce evidence.

11. With these observations, the Civil Miscellaneous Appeal is allowed. Consequently, connected miscellaneous petition is closed. There shall be no order as to costs.

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

25.03.2026

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

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To

1. The Principal District Judge, Villupuram.
2. The District Collector / Arbitrator
Villupuram District, Villupuram.
3. The Competent Authority (Land Acquisition)
NH 68 & Special District Revenue Officer,
National Highways, Salem.
4. The Section Officer, V.R. Section, High Court, Madras.



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