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C.M.A.No.2453 of 2021
and C.M.P.No.14008 of 2021



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : **18.03.2026**

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

and

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

C.M.A.No.2453 of 2021

and

C.M.P.No.14008 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

R.Loganathan

... Respondent

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.121 of 2016 on the file of the Principal District Judge, Erode dated 31.01.2020.



For Petitioner(s): Mr.Su.Srinivasan

For Respondent(s): No appearance

J U D G M E N T

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

This Civil Miscellaneous Appeal has been preferred challenging the order dated 31.01.2020 passed in Arb.O.P.No121 of 2016 by the learned Principal District Judge, Erode.

2. The brief facts in a nutshell are as follows:

The respondent herein is the owner of the land in S.No.78/1A2 situated at Mettunasuvampalayam Village, Erode Taluk, Erode District. For the purpose of widening of NH-47 and formation of four-lane of the Highways Road, the petitioner-National Highways Authority of India acquired the respondent's land measuring 1315 sq.mts. After conducting due enquiry, the Competent Authority/District Revenue Officer, Erode District passed Award No.41/2008 dated 27.05.2008 by fixing compensation at the rate of Rs.74.14/- per sq.mt. Aggrieved by the said Award, the respondent/land owner filed a petition before the Arbitrator/District Collector, Erode District, seeking enhancement of compensation. Upon consideration, the Arbitrator passed an Award dated 25.04.2016 enhancing the compensation from Rs.74.14/- per sq.mt., to Rs.100/-



per sq.ft. The petitioner–National Highways Authority of India, contending that the enhancement was exorbitant and unsustainable, filed Arb.O.P.No.121 of 2016 before the learned Principal District Judge, Erode. By order dated 31.01.2020, the learned Principal District Judge confirmed the Award of the Arbitrator and dismissed the petition. Challenging the said order, the present appeal has been filed.

3. The learned counsel for the petitioner submitted that the subject acquired land is classified as agricultural (Ryotwari dry) land. The Competent Authority/District Revenue Officer, after analysing the relevant documents and considering the nature of acquired land, relied upon a comparable sale transaction bearing Document No.1418/2007 dated 02.04.2007 and fixed the market value at Rs.74.14/- per sq.mt., in consonance with the well-established norms and in compliance with the provisions of Section 3G of the National Highways Act [hereinafter referred to as 'NH Act' for brevity]. However, the Arbitrator/District Collector, Erode, without adhering to the mandatory provisions of law, rules and regulations of the NH Act, erroneously relied upon a sale deed pertaining to a housing plot of smaller extent, which is not comparable in nature to the acquired land and without properly appreciating the character of the land, fixed the market value at Rs.150/- per sq.ft and after deducting $\frac{1}{3}^{\text{rd}}$ (Rs.50/-), determined the compensation at Rs.100/- per sq.ft., which is contrary to the mandate under Section 3G(7) of the NH Act.



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4. The learned counsel further contended that the Arbitrator, in the absence of valid comparable documents or supporting material, has fixed the market value beyond the permissible scope, rendering the Award vulnerable under Section 34 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as 'A and C Act' for brevity]. He further contended that the learned Principal District Judge, Erode, without properly re-appreciating the oral and documentary evidence, erroneously concluded that the Arbitrator had followed the due procedure and merely referred to the scope of Section 34 of the A and C Act and dismissed the petition, which warrants interference by this Court.

5. Despite service of notice on the respondent, there is no representation either in person or through counsel.

6. We have carefully considered the submissions made by the learned counsel for the appellant and perused the materials available on record.

7. On a careful perusal of the order passed by the learned Principal District Judge, Erode, as well as the Award passed by the Arbitrator/District Collector, this Court finds that the Arbitrator, upon analysing of sale statistics, has taken note of the fact that there were only 12 sale transactions relating to agricultural lands, whereas as many as 187 sale transactions pertained to house sites. Taking into consideration the available documents, the nature and extent of the lands and the prevailing market rates reflected in comparable



transactions, the Arbitrator has adopted a reasonable method for determining the compensation. By applying the general rule of deduction of 1/3rd towards development charges, the Arbitrator has ultimately fixed the compensation at Rs.100/- per sq.ft.

8. It is well settled that the scope and ambit of interference under Section 34 of the A and C Act is very limited. Similarly, an appeal under Section 37 of the A and C Act is also circumscribed by the same restrictions governing Section 34 of the A and C Act. While exercising jurisdiction under Sections 34 and 37 of the A and C Act, the Court does not sit as an appellate authority to re-appreciate the evidence or to substitute its own view for that of the Arbitrator. Re-appreciation of evidence is impermissible unless the Award is shown to suffer from patent illegality, perversity or violation of principles of natural justice or conflict with the public policy or contravention with the fundamental policy of India. As per the settled scope of interference under Sections 34(2) and 34(2A) of the A and C Act, an Arbitral Award can be interfered with only on limited grounds such as patent illegality or perversity or against public policy, which are absent in the present case. The learned Principal District Judge, Erode, rightly appreciated the scope of interference under Section 34 of the A and C Act and has correctly declined to interfere with the Award.

9. In view of the above, this Court does not find any reason to interfere with the order passed by the learned Principal District Judge, Erode in



Arb.O.P.No.121 of 2016. The appeal is devoid of merits and is liable to be dismissed. Accordingly, this Civil Miscellaneous Appeal is dismissed. Consequently, connected miscellaneous petition is closed. There shall be no order as to costs. The appellant is directed to deposit the entire amount, if not already paid, to the respondent/land owner, as expeditiously as possible.

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

18.03.2026

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

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To

1. The Principal District Judge,
Erode.

2. The Section Officer,
V.R.Section,
High Court, Madras.



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