



C.M.A.No.2257 of 2021

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on	25.03.2026
Pronounced on	16.04.2026

CORAM

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

C.M.A.No.2257 of 2021

R.Srinivasan

...Appellant

Vs.

- 1.The District Collector/Arbitrator
Villupuram District, Tamil Nadu,
- 2.The Competent Authority (Land Acquisition)
NH-45, Tindivanam Bye pass,
Villupuram Collectorate,
Villupuram District, Tamil Nadu.
- 3.National Highways Authority of India,
Rep., by its project Director,
In charge of NH 45 Tindivanam,
Villupuram District, Tamil Nadu.

...Respondents

Prayer: This Civil Miscellaneous Appeal is filed under Section 37 of the Arbitration and Reconciliation Act, 1996 as amended, to set aside the order



C.M.A.No.2257 of 2021

dated 10.03.2021 in Arb.OP.No.168 of 2013 passed by the Principal District Judge at Villupuram..

For Appellant : M/s.David Tyagaraj

For Respondents: Mr.P.Gurunathan

Additional Government Pleader for R1 & R2

Mr.Su.Srinivasan, Standing Counsel for NHAI
for R3

JUDGMENT

K. GOVINDARAJAN THILAKAVADI,J.

This appeal is filed by the claimant/land owner against the fair and decreetal order dated 10.03.2021 in Arb. OP.No.168 of 2023 passed by the Principal District Judge at Villupuram.

2. The brief facts which are necessary for disposal of this appeal are as follows:

The lands in survey Nos.11/1A & 11/2A in Tindivanam town, Villupuram District measuring an extent of 121578 sq. ft or 2.55 acres belong to the appellant/ land owner were acquired by the National HighWays Authority of India. The land value was fixed by the Competent Authority (Land Acquisition)



C.M.A.No.2257 of 2021

namely the 2nd respondent herein at Rs.112/- per sq. ft. and the same was awarded by the 2nd respondent with a sum of Rs.1,36,01,908/- as compensation in Na.Ka/020/2003/NH-45/TINDI dated 18.03.2006. Against the said order, an application under Section 3G(6) of the National Highways Act, 1956 was filed by the appellant/land owner and the same was dismissed on 07.12.2007. Aggrieved by this, the appellant/land owner filed an application under Section 34 of Arbitration and Conciliation Act, 1996 (herein after referred as “the Act”) in Arb.OP.No.168/2013 before the Principal District Judge, Villupuram and the same was dismissed on 10.03.2021. Aggrieved by this, the present appeal is preferred.

3.The learned counsel for the appellant/land owner would submit that the 2nd respondent/Competent Authority in the order dated 18.03.2006 has stated that the said lands are adjacent to National Highways NH-66 Tindivanam, Marakkanam and the market value of the said lands is between Rs.48000/- to 70,000/- per cent. However, the 2nd respondent/competent authority had fixed the compensation at Rs.48,832/- per cent or Rs.112/- per sq.ft. The 2nd respondent/Competent Authority ought to have fixed the value at Rs.500/- per sq. ft. The learned counsel submits that the 1st respondent/District

3/14



C.M.A.No.2257 of 2021

Collector/Arbitrator and the 2nd respondent/Competent Authority have failed to consider the potentiality of the land which is abetting NH-66 Tindivanam, Marakkanam. Wherein, in another award pertaining to the very same project for adjacent survey numbers, the land value has been enhanced to 30 per cent by the 1st respondent/District Collector/Arbitrator, i.e., from Rs.192/- per sq. ft to 249.60 per sq.ft., considering the potential value of the land and further the lands are nearby to Tindivanam Town and various institutions. Whereas, in the present case, the 1st respondent/Competent Authority failed to follow the said yardstick. Hence, the award passed by the 1st respondent/Competent Authority is not in accordance with law. The 1st respondent/District Collector/Arbitrator failed to consider the documents relied upon by the appellant/land owner for ascertaining the correct market value for the acquired lands. Since the Competent Authority and the District Collector have awarded lower value in a mechanical manner without adverting to the requirements of law, direction may be given to the arbitrator to follow the provisions of Section 3G (7) of the National Highways Act, in determining the compensation by considering the sale deeds produced by the appellant/land owner for fixing the correct market value for the acquired lands. The Learned Principal District Judge, Villupuram also failed to consider the contentions made by the appellant /land owner,



C.M.A.No.2257 of 2021

erroneously dismissed the petition filed under Section 34 of the Act, warrants interference by this Court. To support his contention, he has relied upon the judgment of this Court in C.M.A(MD)No.1734 of 2013 in which this Court has directed the Arbitrator to take into account the sale deed produced by the land owner and the valuation reflected therein and decide the appropriate compensation.

4.On the other hand, the learned counsel for the respondents would submit that, the lands in question were taken over by the National Highways. Thereafter, the Competent Authority (Land Acquisition), Tindivanam, passed an award on 18.03.2006 granting a sum of Rs.112/- per sq. ft. in S.Nos.11/1A & 11/2A The competent authority has fixed the valuation of the land taking into all factors that are enumerated under Sub Section 3G(7) of Section 3G of the Act and the same was confirmed by the 1st respondent/District Collector/Arbitrator and by the learned District Judge in an application filed under Section 34 of the Act. Hence, prayed for dismissal of the appeal.

5.Heard on both sides, records perused.



C.M.A.No.2257 of 2021

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6. The scope of interference under Section 34 and 37 of the Arbitration Act, regarding NHAI land compensation is strictly narrow, limited to setting aside awards for perversity, lack of jurisdiction or, violaiton of public policy. Courts cannot re appreciate evidence or substitute their own views on valuation as the arbitrator is the final authority on facts.

7. On perusal of records, it is seen that, the land owner, dissatisfied with the award, sought for arbitration, under Section 3G(5) of the National Highways Act. The District Collector, who was appointed as an Arbitrator, confirmed the valuation made by the Competent Authority by its order dated 07.12.2007. This award was sought to be set aside in an application under Section 34 of the Arbitration and Conciliation Act, 1996, filed before the Principal District Judge, Villupuram. The learned Principal District Judge, Villupuram, dismissed the said application on 10.03.2021. It is this order of the learned Principal District Judge passed under Section 34 of the Act, which is subject matter of the challenge.

8. The learned counsel for the appellant/land owner contended that the



C.M.A.No.2257 of 2021

lands acquired and the lands adjacent thereto possessed of similar potentialities.

It is not in dispute that the National Highways Authority of India, has acquired lands of the appellant/land owner as per Section 3A(1) of the National Highways Act, 1956 and the same was published in Government of India Gazette Notification Extraordinary No.531 S O 685 (E) dated 14.06.2004 and 3A (3) notice was also published in Tamil and English daily on 07.07.2004. As per Section 3 D (1) of National Highways Act, 1956(48/1956) as per 3D(1), notification was also published in Central Gazette Notification Extraordinary NO.432 SO 610 (E) dated 04.05.2005 and also 3G (3) notification was also published in Tamil and English daily paper on 20.07.2005. On the basis of the notification the land owners were enquired and the documents were perused by the 2nd Respondent and order was passed in proceedings in Na.Ka.A/020/2003/NH-45/DINDI dated 18.03.2006.

9.According to the appellant/land owners the competent authority under the NHA, had determined very low compensation for the land owners and that the learned Principal District Judge inspite of allowing the petition for receiving additional documents in I.A.No.110 of 2021 dated 05.03.2021 failed to consider the said documents while pronouncing the judgment. It is settled law that when



C.M.A.No.2257 of 2021

an arbitral award is challenged under Section 34 of the Arbitration Act, no challenge can be made on the merits of the arbitral award. It is also well settled that it is the duty of the claimant to produce relevant documents before the competent authority and the District Collector for fixing the market value of the acquired lands.

10.The 2nd respondent /Competent Authority (Land Acquisition) passed the award on 18.12.2009 determining compensation for the lands acquired. According to the respondents, for determining the quantum of compensation, the 2nd respondent obtained sales statistics of the village for the period of one year prior to the date of 3A(1) notification i.e. 28.08.2007 to 29.08.2008 from the Sub Registrar, Tindivanam and the 2nd respondent had made a detailed analysis of the same, determined the compensation at Rs.192/- per square feet for the acquired lands, as per Section 3(G) of NH Act. It is not in dispute that the lands were acquired for public purpose under the National High Ways Act, 1956 and not for any commercial purpose. To be noted, the competent authority or the arbitrator while determining the amount under Sub Section (1) or Sub Section (5) of Section 3(G) of the NH Act, as a case may be, shall take into consideration :-



C.M.A.No.2257 of 2021

(a) the market value of the land on the date of publication of the notification under Section 3 A;

(b) the damage, if any, sustained by the person interested at the time of taking possession of.

11. Therefore, the market value of the land on the date of publication of notification under Section 3A is the relevant date and no other relevant date can be considered. The period of transactions considered by the Competent Authority and the Arbitrator is from 28.08.2007 to 29.08.2008 i.e one year prior to the date of 3A(1) notification. The appellant has solely relied on the sale deed dated 05.08.2004 in which the sale value was Rs.184/- per square feet and he has escalated at 10 % per annum for the period from 2004 to 2015 and claims Rs.600/- per square feet. Where as, the relevant period for consideration of sale data is one year prior to the date of issue of notification under Section 3A (1) of NH Act, 1956 i.e., 28.08.2007 to 29.08.2008. Hence, the question of considering the sale value of 2004 and escalating is not permissible. Further, the relevant date is only 29.08.2008 i.e., the date of 3A(1) notification and the need for escalating to 2015 is completely baffling. Moreover, the acquisition has



C.M.A.No.2257 of 2021

taken place in Kidangal village where as the sale deed cited above has taken place at Kaveripakkam village. The same compensation cannot be awarded for the lands falling in two different villages and compensation in respect of the land of one village in comparison to the compensation granted in adjoining village, since there is difference in proximity, development, nature and classification of land which plays a pivotal role in awarding compensation. It is pertinent to note that, the appellant has not produced any documents to substantiate his claim before the respondents. Only at the time of filing the petition under Section 34 of the Arbitration Act, he had produced certain documents which were rightly rejected by the learned District Judge. Therefore, the argument of the learned counsel for the appellant / land owner that, the learned District Judge failed to consider the sale deed submitted by the land owner cannot be accepted.

12.As mentioned earlier, the scope of judicial interference under Section 34 (setting aside) and Section 37 (appeal) of the Arbitration and Conciliation Act, 1996, any compensation awarded for land acquired by the National Highway Authority of India is extremely narrow and circumscribed. The Hon'ble Supreme Court has mandated that courts cannot re-appreciate evidence,



C.M.A.No.2257 of 2021

correct errors or modify the award on its merits. But, can only set aside if it falls under limited statutory grounds. The Arbitrator is the final court of facts. Therefore, courts cannot re appreciate evidence to determine if land plots are similar or if deduction rates are appropriate. Under Section 34, a Court cannot modify, vary, or increase/decrease the compensation amount awarded by the arbitrator. It can only set aside the award entirely or in part, leaving the parties to initiate fresh arbitration. Interference is only permitted if the award is patently illegal (going to the root of the matter), violates public policy of India or suffers from fundamental procedural unfairness (natural justice violation). The scope of the petitioner under Section 37 of the Act is narrower than Section 34. The appellate court cannot undertake an independent assessment of the merits and must only check if the Section 34 Court overstepped its jurisdiction.

13. On perusal of the records, it is seen that the 3rd respondent has strictly acted within the provisions of law and followed all the procedures in arriving at the compensation amount. No infirmities found in the award of the 3rd respondent in fixing compensation to this appellant. Further, the respondents 1 & 2 have also passed a well considered order by following the mandatory



C.M.A.No.2257 of 2021

provisions of law after affording a reasonable and adequate opportunity to the appellant.

14. This Court is of the considered view that there is no merit in this appeal and the learned Principal District Judge, Villupuram, under the impugned order dated 10.03.2021 passed in Arb.OP.No.168 of 2013 under Section 34 of the Arbitration and Conciliation Act has rightly dismissed the said application. There is no infirmity in the impugned order and the civil miscellaneous appeal is dismissed. No costs.

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

16.04.2026

Index: Yes/No
Internet: Yes/No
Speaking/Non-Speaking order
vsn

To

12/14



C.M.A.No.2257 of 2021

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C.M.A.No.2257 of 2021

**P.VELMURUGAN,J.
and
K.GOVINDARAJAN THILAKAVADI,J.**
vsn

**Pre-delivery judgment made in
C.M.A.No.2257 of 2021**

16.04.2026