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C.M.A.No.2880 of 2



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : **01.04.2026**

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

and

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

C.M.A.No.2880 of 2021

K.Sundara Gounder

... Appellant

Vs

1. National Highways Authority of India,
Ministry of Shipping, Road Transport &
Highways, represented by its
Project Director, VSA Complex,
Omalur Main Road, Salem – 636 004.
2. The Special District Revenue Officer (LA),
National Highways, Collectorate, Salem.
3. The Special Tahsildar (Land Acquisition),
National Highways, Kallakurichi Taluk.
4. The District Collector,
Villupuram District.

... Respondents



Prayer: Civil Miscellaneous Appeal filed under Section 37 of Arbitration and Conciliation Act, 1996, to set aside the judgment and decree made in Arbitration O.P.No.177 of 2013 dated 27.01.2021 on the file of the Principal District Court, Villupuram.

For Petitioner(s): Mr.V.Raghavachari

Senior Counsel for

Ms.V.Srimathi

For Respondent(s): Mr.Su.Srinivasan

Standing Counsel for R1

Mr.P.Gurunathan

Additional Government Pleader

for R2 to R4

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.177 of 2013, dated 27.01.2021 by the learned Principal District Judge, Villupuram, appellant has filed the above Civil Miscellaneous Appeal.

2. The facts leading to the filing of the present appeal are that the appellant is the owner of 3 ½ acres of land in S.No.265/4B, situated at Thenkeeranur Village at Kallakurichi Taluk. On 09.07.2008 a notification under Section 3A(1) of the National Highways Act, 1956 [hereinafter referred



to as the 'NH Act'] was published in the Gazette of India Extraordinary No.946 by the first respondent, namely the National Highways Authority of India, for acquisition of lands in the Thenkeeranur Village to facilitate expansion of NH-68 four-lane road. Pursuant thereto, the second respondent, Competent Authority (Land Acquisition), initiated acquisition proceedings under the provisions of the NH Act. The appellant submitted objections to the proposed acquisition, which were not duly considered. Subsequently, the Competent Authority passed an Award in R.O.C.No.270/ 2009(NH-68) dated 02.12.2009 and awarded a sum of Rs.33,68,442/- towards compensation, which amount was received by the appellant under protest. Being not satisfied with the quantum of compensation so awarded, the appellant 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. However, the fourth respondent/Arbitrator, without conducting a proper enquiry, mechanically confirmed the Award passed by the Competent Authority. Challenging the said arbitral award, the appellant filed Arb.O.P.No.177 of 2013 before the learned Principal District Judge, Villupuram, which was dismissed on 27.01.2021, thereby affirming the arbitral award. The present appeal is directed against the said order.

3. The learned Senior Counsel appearing for the appellant contended that the valuation determined by the Competent Authority is wholly inadequate and



arbitrary. At the time of acquisition, the prevailing market rate of the subject land was asserted to be Rs.285/- per sq.mt., however, the Authority arbitrarily fixed Rs.23/- per sq.mt. for agricultural lands and Rs.215/- per sq.mt for the house site portion. Such fixation does not reflect the true market value or the potentiality of the acquired property, which was situated in close proximity to well-developed residential colonies and within a radius of half a kilometer from an International School. It was further contended that the acquired lands ought to have been classified uniformly as house sites rather than agricultural lands, and the failure to adopt a uniform valuation for the entire extent has resulted in manifest injustice to the appellant. It was further contended that the omission to grant statutory benefits of solatium and interest vitiates the award and renders it contrary to law.

4. The learned Senior Counsel further contended that the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 [hereinafter referred to as the 'Act, 2013'] are applicable, inasmuch as the award proceedings had not attained finality and the claim for enhanced compensation was still pending. It was contended that the beneficial scope of Section 105-A of the Act, 2013, which extends the applicability of the Act to acquisitions under specified enactments, was overlooked by the Court below. The learned Principal District Judge erroneously held that the Act of 2013 was inapplicable solely on the ground that



it was not come into force at the time of land acquisition, without appreciating the Act's remedial and beneficial intent.

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5. It was submitted that neither the award of the Competent Authority nor the Arbitrator's decision reflects just and fair compensation or the true market value of the acquired land. The Court below failed to take into account the potentiality of the land, demolition of a residential structure and its proximity to well-developed areas. The impugned order, confirming the arbitral award, was therefore assailed as being perverse, arbitrary, and contrary to the settled principles of law, thereby warranting interference by this Court.

6. The learned counsel for the first respondent contended that the Competent Authority had correctly determined the market value based on the classification of the land and had duly paid compensation to the appellant. It was further submitted that the scope of interference under Sections 34 and 37 of the Arbitration and Conciliation Act, 1996 [hereinafter referred to as 'A and C Act'] is narrowly circumscribed, and that the appellate authority, while extending powers under Section 37 of A and C Act, cannot re-appreciate the evidence or re-determine the market value merely because another view is possible. In the present case, the arbitral award reflects just and fair compensation and does not suffer from any infirmity warranting interference under the said provisions. It was further submitted that the award passed by the



Arbitrator is in conformity with the applicable law and the settled principles governing land acquisition, and therefore, the appeal is devoid of merits and is liable to be dismissed. However, the learned counsel fairly submitted that the respondents are ready to pay solatium and interest to the appellant, thereby ensuring compliance with statutory requirements.

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

8. Admittedly, the disputed land is situated adjacent to a house which was also acquired for the extension of NH-68. The Competent Authority, while passing the award, failed to consider the potentiality of the land and did not grant statutory benefits such as solatium and interest as mandated under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. Such omission goes to the root of the matter and renders the award perverse. The fixation of market value without due regard to the potentiality of the land is arbitrary, and the award passed by the Competent Authority, as confirmed by the Arbitrator, is unsustainable in law.

9. The learned Principal District Judge, while dismissing the challenge under Section 34 of the A and C Act, failed to appreciate that denial of statutory benefits constitutes patent illegality and falls within the ambit of the “public



policy of India.” Though the scope of Section 34 of the A and C Act, is limited, it extends to setting aside arbitral awards that ignore statutory entitlements or violate fundamental legal principles.

10. In *ONGC vs. Saw Pipes Ltd.*, reported in (2003) 5 SCC 705, the Hon’ble Supreme Court held that an arbitral award can be set aside if it is patently illegal or contrary to statutory provisions. Further, in *Union of India v. Tarsem Singh*, reported in (2019) 9 SCC 304, the Supreme Court categorically held that statutory benefits such as solatium and interest are payable even in acquisitions under the National Highways Act, 1956. In view of the settled principles, this Court finds that the award passed by the Competent Authority, as confirmed by the Arbitrator and upheld by the Court below, suffers from patent illegality and denial of statutory benefits, thereby resulting in grave injustice to the appellant.

11. 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 also failed to consider the potentiality of the land and omitted to grant statutory benefits such as solatium and interest, which are expressly mandated under the Act, 2013. Such failure also amounts to patent illegality. In view of the above,



both the impugned order of the learned Principal District Judge, Villupuram, as well as the Award passed by the Arbitrator/District Collector, Villupuram, are liable to be set aside.

12. In the result, the impugned order dated 27.01.2021 passed in Ar.O.P.No.177 of 2013 by the learned Principal District Judge, Villupuram, and the Award dated 02.08.2013 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 the provisions of the Act, 2013, inclusive of solatium and interest, after affording sufficient opportunity to all the interested parties, within a period of four months from the date of receipt of a copy of this order.

13. With these observations, the Civil Miscellaneous Appeal is allowed.
There shall be no order as to costs.

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

01.04.2026

Index: Yes/No

Speaking/Non-speaking order

Neutral Citation: Yes/No

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To

1. The Principal District Judge,
Villupuram.
2. The Project Director,
National Highways Authority of India,
Ministry of Shipping, Road Transport &
Highways, VSA Complex,
Omalur Main Road, Salem – 636 004.
3. The Special District Revenue Officer (LA),
National Highways, Collectorate, Salem.
4. The Special Tahsildar (Land Acquisition),
National Highways, Kallakurichi Taluk.
5. The District Collector,
Villupuram District.
6. The Section Officer,
V.R.Section, High Court, Madras.



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and

K.GOVINDARAJAN THILAKAVADI, J.,

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