



IN THE HIGH COURT OF JUDICATURE AT MADRAS

**DATED: 01-04-2026**

CORAM

**THE HON'BLE MR JUSTICE P. VELMURUGAN**

**AND**

**THE HON'BLE MRS.JUSTICE K. GOVINDARAJAN THILAKAVADI**

**CMA No. 2843 of 2021 and**

**CMP No.16349 of 2021**

1. The Secretary  
Govt. Of India  
Ministry Of Road Transport And Highways,  
New Delhi -1.
2. The Chairman  
National Highways Authority Of India, New  
Delhi -1.

..Appellant(s)

Vs

1. R.D.Sethuraman  
S/o. Dilli Mudaliar  
No. 23, Third Cross Street, East Shenoy Nagar,  
Chennai-600 030.
2. The Arbitrator & The District Collector  
Tiruvallur District
3. Competent Authority & District Revenue  
Officer (Land Acquisition)  
National Highways Projects, Kancheepuram  
and Tiruvallur District  
Taluk Office Complex, Poonamallee,  
Chennai 600 056.

..Respondent(s)

Civil Miscellaneous Appeal filed under Section 37(1) & (2) of Arbitration & Conciliation Act, 1996, to set aside the order made in Arbitration O.P.No. 124 of 2011 dated 20.02.2020 on the file of the Principal District and Sessions Judge, Tiruvallur.



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For Appellant(s): : Mr.SU.Srinivasan  
Standing Counsel for NHAI  
For Respondent(s): : R1- No Appearance  
Mr. P. Gurunathan, AGP for R2 and R3

## **JUDGMENT**

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

This Civil Miscellaneous Appeal has been filed by the National Highways Authority (NHAI) to set aside the order made in Arbitration O.P.No. 124 of 2011 dated 20.02.2020 on the file of the Principal District and Sessions Judge, Tiruvallur.

2. The learned Standing Counsel appearing for the appellants/NHAI would submit the 1<sup>st</sup> respondent's land was acquired by the competent authority by paying compensation of Rs.8068.80 per sq.mt and subsequently, the 1<sup>st</sup> respondent preferred a claim before the Arbitrator and the learned Arbitrator disposed of the same by confirming the order passed by the competent authority. Challenging the same, the 1<sup>st</sup> respondent preferred an Arbitration OP before the learned Principal District Judge, Tiruvallur seeking the relief of setting aside the arbitral award passed by the Arbitrator on the ground that the Arbitrator did not consider the documents produced by him for fixation of market value and determination of compensation, whereas, the learned Principal District Judge, traversed beyond the scope of Section 34 of the Arbitration and Conciliation Act 1996 (herein after "the said Act") and modified the Award by



enhancing the compensation. The learned Principal District Judge has no authority to fix the market value or enhance the market value by re-appreciating the evidence by sitting as an appellate authority, which is beyond the scope of Section 34 of the said Act. If at all the learned Principal District Judge had found any perversity or patent illegality in the Award passed by the Arbitrator, he ought to have set aside the Award and remitted the matter back to the Arbitrator for fresh consideration. Enhancement made by the learned Principal District Judge providing solatium and interest in the impugned order, is legally unsustainable and beyond its power and jurisdiction. Hence, the same is liable to be set aside.

3. The learned counsel for the 1<sup>st</sup> respondent/land owner would submit that the Arbitrator failed to consider the documents produced by the land owner which amounts to perversity and patent illegality. Therefore, the learned Principal District Judge, while deciding the O.P. considered those documents and enhanced the award. Therefore, there is no merit in this appeal.

4. Heard both sides and perused the materials available on record.

5. A reading of the order passed by the learned Principal District Judge in the Arbitration O.P. shows that the learned Principal District Judge has traversed beyond the scope and object of Section 34 of the said Act and also the relief sought for by the 1<sup>st</sup> respondent in the Arbitration O.P. If at all the learned Principal District Judge found that the award passed by the Arbitrator is not within the scope and object of Section 34 of the said Act, at the best he ought to



have set aside the award and remitted the matter back to the Arbitrator for fresh consideration and he cannot re-appreciate the evidence as an appellate authority and pass orders which amounts to patent illegality and also opposed to the public policy.

6. Therefore, this Court while exercising its power under Section 37 of the said Act finds that the order passed by the learned Principal District Judge suffers from patent illegality and therefore, the same is liable to be set aside. Accordingly, the order made in Arbitration O.P.No. 124 of 2011 dated 20.02.2020 on the file of the Principal District and Sessions Judge, Tiruvallur, is set aside.

7. Further, considering the facts that the finding of the learned Arbitrator in passing the award is perverse, the same is also set aside and the matter is remitted back to the Arbitrator and the Arbitrator is directed to give notice to both the parties and conduct a fresh enquiry and pass orders on merits and in accordance with law within a period of four months from the date of receipt of a copy of this order.

8. With the above observation and directions, this Civil Miscellaneous Appeal is disposed of. Consequently, the connected Miscellaneous Petition is closed.

**(P.V.,J.) (K.G.T.,J.)**  
**01-04-2026**

Neutral Citation: Yes/No  
KSA-2



To

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S/o. Dilli Mudaliar  
No. 23, Third Cross Street, East Shenoy Nagar,  
Chennai-600 030.
2. The Arbitrator & The District Collector  
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**P.VELMURUGAN, J.  
AND  
K.GOVINDARAJAN THILAKAVADI, J.**

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