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C.M.A.No.3236 of 2021

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 15.04.2026

CORAM

THE HONOURABLE MR.JUSTICE P.VELMURUGAN

and

THE HONOURABLE MRS. JUSTICE K. GOVINDARAJAN THILAKAVADI

C.M.A.No.3236 of 2021

Sivakumar,

...Appellant

Vs.

1.The Arbitrator/District Collector,

Collectorate, Villupuram.

2.The Authorized Officer/Special District Revenue Officer,

Land Acquisition (National Highways No.68),

Salem-4.

3.The Project Director,

National Highway Authority of India,

Narasothipatti, Salem-636 004.

...Respondents

Prayer: This Civil Miscellaneous Appeal is filed under Section 37(1)(a) of the Arbitration and Conciliation Act, 1996, to set aside the order dated 21.12.2020 passed in Arbitration O.P.No.101 of 2017 on the file of the Principal District Judge, Villupuram.

For Appellant : Mr.R.Nalliyappan

For Respondents : Mr.P.Gurunathan



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Additional Government Pleader for R1 & R2

Mr.Su.Srinivasan, Standing Counsel for R3

JUDGMENT

K. GOVINDARAJAN THILAKAVADI,J.

This appeal is filed by the claimant/land owner against the fair and decreetal order dated 21.12.2020 passed in Arbitration O.P.No.101 of 2017 on the file of the Principal District Judge, Villupuram.

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

The lands in Survey Nos.8/1B3B and 9/2B, situated in Ammaiyagaram Village, Chinnasalem Taluk, Villupuram District, belonging to the appellant/land owner, were acquired by the 2nd respondent for laying 4-way lane road under the National Highways Authorities Act for the Salem-Ulundurpet section of National Highway No.68. The acquisition notification under Section 3A(1) of the National Highways Act, 1956 was published in Government of India Gazette No.890 dated 26.06.2008 and 3A(3) notice was

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also published in Tamil and English dailies on 16.08.2008. The 3D(1)

notification was published in Government Gazette No.778/2009 dated 18.05.2009 and the 3G(3) enquiry was notified and conducted accordingly. The 2nd respondent had considered the land as Manai land and, after collecting 139 sales statistics for the reasonable period from 25.06.2007 to 26.06.2008, selected a data land in S.F.No.39/1B measuring 1.05 acres as per Document No.2536/2007 dated 20.08.2007 and fixed the value at Rs.26/- per sq.mtr. for agricultural lands. For house site lands, the data land in S.F.No.122/12 was considered based on Document No.2099/2008 dated 13.06.2008, where 1533 sq.ft. was sold at Rs.38,325/- working out to Rs.25/- per sq.ft. (Rs.269/- per sq.mtr.). The 2nd Respondent accordingly passed award proceedings No.284/2009 dated 13.09.2009 and a total compensation was awarded to the land owners. Insofar as the appellant's land in S.F.No.8/1B3B measuring 3729 sq.mtr. (Main award), it was classified as Manai land and valued at Rs.26/- per sq.mtr. with 10% additional compensation, amounting to Rs.96,954/-, and additionally Rs.1,06,649/- with 10% addition was awarded totalling Rs.1,06,649/- (Chq.No.355835 dt.13.10.09).

2.1.The appellant/land owner, dissatisfied with the said amount, filed an



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application before the 1st respondent/Arbitrator/District Collector on 21.01.2013 seeking enhanced compensation under Section 3G(5) of the National Highways Act, 1956. The 1st respondent conducted enquiry on 11.03.2016 and, after examining all documents and hearing both sides, passed an Arbitration Award in proceedings Na.Ka.(Arbit) A2/2935/2015 dated 29.07.2016. The 1st respondent, after considering that the petitioner's land is adjacent to Chinnasalem Town, enhanced the compensation by 100% over the rate fixed by the 2nd respondent at Rs.26/- per sq.mtr. and awarded enhanced compensation with 9% interest per annum from the date of notification under Section 3D(1) till the date of payment.

2.2.Aggrieved by the Arbitration Award dated 29.07.2016, the appellant/land owner filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 in Arb.O.P.No.101 of 2017 before the Principal District Judge, Villupuram, praying to set aside the said award and to direct the respondents to pay enhanced compensation at Rs.80/- per sq.ft. and further relief. The learned Principal District Judge, Villupuram, dismissed the said application on 21.12.2020. Aggrieved by this, the present appeal is preferred.



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3. The learned counsel for the appellant/land owner would submit that the 1st respondent/Arbitrator failed to appreciate that the properties acquired by the 3rd respondent are house sites existing very near to the residential area, school, hotel, hospital, shopping complex, etc., and hence the same ought to have been valued as plotable site and not as agricultural land. He further submitted that the 1st respondent, without properly considering the location and nature of the acquired land, merely enhanced the compensation for all the applicants to the extent of 100% by a blanket order, without applying her mind to the individual facts. He further submitted that the petitioner's land in S.F.No.8/1B3B measures 3729 sq.mtr. or 40,139 sq.ft., which is adjacent to Chinnasalem Town, was valued at Rs.26/- per sq.ft. (Rs.2.41/- per sq.ft.) and that the award of Rs.96,954/- is meagre and not sustainable. He submitted that the court below failed to consider that the property will easily fetch at least Rs.80/- per sq.ft. and that it is just and necessary to award reasonable compensation. He also submitted that the lower court erred in holding that Section 34 of the Arbitration and Conciliation Act, 1996 does not confer power on the court to enhance compensation, and that the same is contrary to the principles laid down by this Hon'ble Court in CMA.No.387 of 2014 and 390 of 2014 reported in 2021 (1) CTC 34.



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4. On the other hand, the learned counsel for the respondents would submit that the lands in question were acquired by the National Highways Authority of India under the National Highways Act, 1956. The Competent Authority (Land Acquisition), Salem, after conducting field inspection on 12.09.2009, classifying the lands as Manai/agricultural lands, and collecting 139 sales statistics for the reasonable period from 25.06.2007 to 26.06.2008, fixed the value of the land at Rs.26/- per sq.mtr. for agricultural lands based on the highest rate found in the data land in S.F.No.39/1B as per Document No.2536/2007 dated 20.08.2007, where 1.05 acres were sold for Rs.1,12,350/-, working out to Rs.1,07,000/- per acre or Rs.2,64,290/- per Ha or Rs.26/- per sq.mtr. The 1st respondent/Arbitrator, after conducting enquiry on 11.03.2016, hearing the representation of the petitioner's counsel and NHAI and examining all records, was of the considered view that the rate fixed by the 2nd respondent at Rs.26/- per sq.mtr. required modification justifiable by facts given the proximity to Chinnasalem Town, and accordingly enhanced the compensation by 100%, which is fair and justifiable. The petitioner has failed to substantiate his claim at Rs.80/- per sq.ft. or Rs.861/- per sq.mtr. with any clinching documentary evidence. There is no provision under the National Highways Act, 1956 for awarding solatium and interest under the Land Acquisition Act, 1894, as the petitioner is entitled to benefit under the NH Act, 1956 only at par with



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other similar land owners. The arbitral awards passed under the NH Act, 1956 by observing the procedures under the Arbitration and Conciliation Act, 1996 cannot be set aside under Section 34(2) of the Act. Therefore, the respondents' counsel prays for dismissal of the appeal.

5. Heard on both sides, records perused.

6. The scope of interference under Section 34 and Section 37 of the Arbitration Act, regarding NHAI land compensation, is strictly narrow, limited to setting aside awards for perversity, lack of jurisdiction or violation 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 passed by the 2nd respondent, sought for arbitration under Section 3G(5) of the National Highways Act, 1956. The District Collector, who was appointed as Arbitrator, after conducting enquiry, enhanced the value fixed by the 2nd respondent by 100%, by its order dated 29.07.2016. This award was sought to be set aside in an application under Section 34 of the Arbitration and



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Conciliation Act, 1996, filed before the Principal District Judge, Villupuram.

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The learned Principal District Judge, Villupuram dismissed the said application on 21.12.2020. It is this order of the learned Principal District Judge passed under Section 34 of the Act, which is the subject matter of challenge in this appeal.

8. The learned counsel for the appellant/land owner contended that the lands acquired and the lands adjacent thereto possessed similar potentialities and ought to have been valued as plotable site. It is not in dispute that the National Highways Authority of India has acquired the lands of the appellant/land owner as per Section 3A(1) of the National Highways Act, 1956 and the same was published in Government Gazette Notification No.890 S.O.1564(E) dated 26.06.2008, and 3A(3) notice was also published in Tamil and English daily papers on 16.08.2008. As per Section 3D(1) of the National Highways Act, 1956 (48/1956), notification was also published in Central Gazette Notification No.778/2009 dated 18.05.2009 and 3G(3) notification was also published in Tamil and English daily papers on 10.07.2009. On the basis of the notification, the land owners were enquired, documents were perused by the 2nd respondent and order was passed in proceedings No.284/2009 NH-68 dated 13.09.2009.



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9. According to the appellant/land owner, the competent authority under the NHA had determined very low compensation. It is settled law that when 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. The 1st respondent/Arbitrator, after due enquiry, has specifically considered the proximity of the acquired lands to Chinnasalem Town and enhanced the value by 100% over the rate fixed by the 2nd respondent, which itself reflects due application of mind. The argument of the learned counsel for the appellant/land owner that the 1st respondent mechanically enhanced the compensation without applying her mind cannot be accepted, as the record clearly shows that the enquiry was held after giving adequate opportunity to the appellant and the award was passed after careful consideration of the location and developments of the area.

10. The 2nd respondent/Competent Authority (Land Acquisition) passed the award on 13.09.2009, determining compensation for the lands acquired. It is



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not in dispute that the lands were acquired for a public purpose under the

National Highways Act, 1956 and not for any commercial purpose. It is to be noted that 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 the case may be, shall take into consideration:

- (a) the market value of the land on the date of publication of the notification under Section 3A;
- (b) the damage, if any, sustained by the person interested at the time of taking possession of the land.

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 date can be considered. The appellant has solely contended that the tribunal ought to have appreciated that the properties acquired are house sites, whereas the 1st respondent, without considering the same, enhanced only 100% of the value fixed by the 2nd respondent. It is pertinent to note that the appellant has not produced any clinching documentary evidence to substantiate his claim before the respondents. The guideline value of the village at the relevant time and the land data considered by the 2nd respondent at Rs.26/- per sq.mtr. was the highest value available in the area, and the 1st respondent has already enhanced



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the same by 100%, taking into account the location adjacent to Chinnasalem Town. Therefore, the argument of the learned counsel for the appellant/land owner that the learned District Judge failed to consider the claim for further enhancement 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, in 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, correct errors or modify the award on its merits, but can only set aside if it falls under the 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 valuation 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. The scope under Section 37 of the Act



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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 1st respondent has strictly acted within the provisions of law and followed all the procedures in arriving at the compensation amount. The 1st respondent conducted enquiry on 11.03.2016 after giving adequate notice to both parties, heard the matter with the assistance of the petitioner's counsel and NHAI, examined all records and documents, considered the proximity of the land to Chinnasalem Town and the developments in the area, and passed a well-considered Arbitration Award dated 29.07.2016 by enhancing the compensation by 100% over the rate fixed by the 2nd respondent. The 1st respondent was of the considered view that the rate fixed by the 2nd respondent at Rs.26/- per sq.mtr. required modification justifiable by facts and accordingly the enhancement of 100% was held to be fair and justifiable. The petitioner has failed to produce any clinching documentary evidence to substantiate his claim at Rs.80/- per sq.ft. or Rs.861/- per sq.mtr. The claim for solatium, additional market value and interest under the Land Acquisition Act, 1894 is not maintainable as the same is not applicable



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to acquisitions concluded under the National Highways Act, 1956, and the Hon'ble Supreme Court has restricted such benefits to cases which do not already stand concluded. The award passed by the 1st respondent warrants no interference.

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 21.12.2020 passed in Arb.O.P.No.101 of 2017 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.)

15.04.2026

Index: Yes/No

Internet: Yes/No

Speaking/Non-Speaking order

vsn



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