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C.M.A.No.3234 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.3234 of 2021

J.Charles Soundarraaj,

....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.96 of 2017 on the file of the Principal District Judge, Villupuram.

For Appellant : Mr.R.Nalliyappan

For Respondents : Mr.P.Gurunathan

Additional Government Pleader for R1 & R2

Mr.Su.Srinivasan, Standing Counsel for R3



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JUDGMENT

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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.96 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 land in Survey No.332/11, measuring 224 sq.mtr. (Main Award), situated in Chinnasalem Village, Chinnasalem Taluk, Kallakurichi District (formerly Villupuram District), belonging to the appellant/land owner, was 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 S.O.1564(E) dated 26.06.2008, and 3A(3) notice was also published in Tamil and English dailies on 20.08.2008. The 3D(1) notification was published



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in Central Gazette No.438/2009 S.O.675(E) dated 13.03.2009 and the 3G(3)

enquiry was notified and published in Tamil and English dailies on 12.04.2009.

2.1.The 2nd respondent, after conducting field inspection on 20.07.2009 and classifying the lands, collected 262 sales statistics for the reasonable period from 25.06.2007 to 26.06.2008. The appellant's land in S.F.No.332/11 measuring 224 sq.mtr. was classified as Manai (house site) land and accordingly valued at Rs.860/- per sq.mtr. (Rs.80/- per sq.ft.) based on the data land Document No.2156/2008 dated 16.06.2008 pertaining to S.F.No.330/5, where 1300 sq.ft. was sold at Rs.1,04,000/-, working out to Rs.80/- per sq.ft. (Rs.860/- per sq.mtr.). Additionally, the value of superstructures/trees on the land was fixed at Rs.47,920/-. Accordingly, the Main Award of Rs.1,92,640/- and the tree/superstructure value of Rs.47,920/- with 10% additional compensation totalling Rs.5,97,398/- (including assessment of Rs.4,31,059/- towards demolition value of house) was paid to the appellant, totalling Rs.8,31,735/-.

2.2.The appellant/land owner, dissatisfied with the said amount, sought enhanced compensation under Section 3G(5) of the National Highways Act, 1956. He had earlier filed W.P.No.36938/2015 before the Hon'ble High Court of Madras, and pursuant to the directions of that Court, the matter was considered



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and enquiry was conducted on 11.03.2016. The 1st

respondent/Arbitrator/District Collector, after examining all documents and hearing both sides, passed an Arbitration Award in Na.Ka.(Arbit) A2/2935/2015 dated 04.07.2016. The 1st respondent, considering that the appellant's land is adjacent to Chinnasalem Town and is a well-developed area, enhanced the compensation by 30% over the value fixed by the 2nd respondent at Rs.860/- per sq.mtr. and also allowed 10% additional amount over the enhanced amount, with 9% interest per annum from the date of notification under Section 3D(1) till the date of payment.

2.3. Aggrieved by the Arbitration Award dated 04.07.2016, the appellant/land owner filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 in Arb.O.P.No.96 of 2017 before the Principal District Judge, Villupuram, praying to set aside the said award and to direct the respondents to pay compensation at Rs.200/- per sq.ft. The learned Principal District Judge, Villupuram, dismissed the said application on 21.12.2020. Aggrieved by this, the present appeal is preferred.

3. The learned counsel for the appellant/land owner would submit that the 1st respondent/Arbitrator failed to appreciate that the property acquired is a

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house site (Manai) and the 2nd respondent himself admitted it is a Manai plot to the extent of 2411 sq.ft. He submitted that the 1st respondent, without properly considering the individual facts and the nature of the property, merely enhanced the compensation for all applicants by 30% without applying her mind. He further submitted that the acquired property includes a newly constructed residential house with other super structures surrounded by well grown trees and the same was not properly valued with experts. He submitted that the court below failed to consider that the property will easily fetch at least Rs.200/- per sq.ft. and that the award of Rs.10,31,360/- alone as compensation is wholly insufficient and not sustainable. 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.

4. On the other hand, the learned counsel for the respondents would submit that the land in question was acquired by the National Highways Authority of India under the National Highways Act, 1956. The Competent Authority (Land Acquisition), Salem, after conducting field inspection, classified the land as Manai land and fixed the value at Rs.860/- per sq.mtr.



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(Rs.80/- per sq.ft.) on the basis of the highest rate for house site land in the village, as reflected in Document No.2156/2008 dated 16.06.2008 pertaining to S.F.No.330/5. 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 required modification justifiable by facts and accordingly enhanced the compensation by 30% with an additional 10%, which is fair and justifiable, having regard to the proximity to Chinnasalem Town. The petitioner has failed to substantiate his claim at Rs.200/- per sq.ft. with any clinching or comparable documentary evidence. There is no provision under the National Highways Act, 1956 for awarding solatium and interest under the Land Acquisition Act, 1894. The arbitral awards passed under the NH Act, 1956 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



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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 30% with an additional 10%, by its order dated 04.07.2016. 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 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 property acquired is a Manai plot comprising a newly constructed residential house with super structures, surrounded by well grown trees, and ought to have been valued at Rs.200/- per sq.ft. It is not in dispute that the National Highways Authority of India has acquired the land of the appellant/land owner as per



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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. As per Section 3D(1) of the National Highways Act, 1956, notification was also published in Central Gazette Notification No.438/2009 S.O.675(E) dated 13.03.2009 and 3G(3) notification was published on 12.04.2009. On the basis of the notification, the land owners were enquired and documents were perused by the 2nd respondent and order was passed in proceedings No.286/2009 NH-68 dated 07.09.2009.

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 and comparable documents before the competent authority and the District Collector for fixing the market value. The appellant had earlier approached the Hon'ble High Court of Madras by way of W.P.No.36938/2015, and pursuant to the directions of this Court, the 1st respondent conducted fresh enquiry on 11.03.2016. The 1st respondent examined all documents submitted by the petitioner, heard both sides, and came to a considered view that the rate fixed by the 2nd respondent at Rs.860/- per 8/13



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sq.mtr. is the highest applicable rate for Manai lands in the area.

Notwithstanding the failure to produce clinching evidence for a higher rate, the 1st respondent, taking a liberal view of the location and development in the area, still enhanced the compensation by 30% with 10% additional. The contention that the 1st respondent acted mechanically is wholly unsustainable in the face of this record.

10. The 2nd respondent/Competent Authority (Land Acquisition) passed the award on 07.09.2009, determining compensation for the land acquired. It is not in dispute that the land was 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.



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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 contended that the tribunal ought to have valued the property at Rs.200/- per sq.ft., but has failed to produce any clinching or comparable documentary evidence before the respondents to substantiate this claim. The 2nd respondent had already fixed the value at Rs.860/- per sq.mtr. (Rs.80/- per sq.ft.) which was the highest rate for Manai land in the village, and the 1st respondent further enhanced this by 30% with 10% additional, having regard to the proximity of the land to Chinnasalem Town. The argument that the compensation is still insufficient is not supported by any admissible or comparable evidence of value at Rs.200/- per sq.ft. Therefore, the argument of the learned counsel for the appellant 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



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under the limited statutory grounds. The Arbitrator is the final court of facts.

Therefore, courts cannot re-appreciate evidence to determine if valuation rates are appropriate. Under Section 34, a Court cannot modify, vary, or increase/decrease the compensation amount awarded by the arbitrator. Interference is only permitted if the award is patently illegal, violates public policy of India, or suffers from fundamental procedural unfairness. The scope under Section 37 of the Act is narrower than Section 34.

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, and passed a well-considered Arbitration Award dated 04.07.2016 enhancing the compensation by 30% with 10% additional over the house site rate of Rs.860/- per sq.mtr. fixed by the 2nd respondent, having regard to the proximity to Chinnasalem Town. The award demonstrates clear application of mind and is fair and justifiable. The petitioner has failed to produce any clinching and comparable documentary evidence to substantiate his claim at Rs.200/- per sq.ft.

The claim for solatium, additional market value and interest under the Land



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Acquisition Act, 1894 is not maintainable as the same is not applicable to acquisitions concluded under the National Highways Act, 1956. 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.96 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

To

1. The District Collector/Arbitrator, Villupuram District.
2. The Authorized Officer/Special District Revenue Officer, Land Acquisition (NH No.68), Salem-4.
3. The Project Director, National Highway Authority of India, Narasothipatti, Salem-636 004.



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