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C.M.A.No.3247 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.3247 of 2021

M.Rathinam,

S/O. Muthusamy,

Thiravupathi Amman Kovil Street West,

Chinnasalem Village,

Chinnasalem Taluk, Villupuram District.

...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.92 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

K. GOVINDARAJAN THILAKAVADI,J.

This appeal is filed by the claimant/land owner against the fair and decretal order dated 21.12.2020 passed in Arbitration O.P.No.92 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.343/1, 343/3A, 343/5A and 343/6A, measuring a total of 2078 sq.mtr. (Main Award) and Survey Nos.343/1 and 343/3A, measuring 124 sq.mtr. (Additional Award), situated in Chinnasalem 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 S.O.1564(E) dated 26.06.2008 and 3A(3) notice was published in Tamil and English dailies on 20.08.2008. The 3D(1) notification was published in Central Government Gazette No.438/2009 S.O.675(E) dated 13.03.2009 and 3G(3) enquiry was notified by publication in 2/15



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Tamil and English dailies on 12.04.2009.

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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. For agricultural lands, the data land in S.F.No.222/4 as per Document No.2216/2008 dated 18.06.2008 was selected and the value was fixed at Rs.37/- per sq.mtr. For house site (Manai) lands, the data land in S.F.No.330/5 as per Document No.2156/2008 dated 16.06.2008 was selected, where 1300 sq.ft. of house site was sold at Rs.1,04,000/-, working out to Rs.80/- per sq.ft. (Rs.860/- per sq.mtr.). The appellant's lands were classified as Manai lands and accordingly valued at Rs.860/- per sq.mtr. with 10% additional compensation. The Main Award in proceedings No.286/2009 dated 22.07.2009 awarded Rs.16,53,891/- (Main Award: 2078 sq.mtr. at Rs.860/- + 10%) and Rs.1,05,574/- (Additional Award: 124 sq.mtr.) were issued to the appellant as compensation.

2.2.The appellant/land owner, dissatisfied with the said amount, filed an application before the 1st respondent/Arbitrator/District Collector on 15.05.2013 seeking enhanced compensation under Section 3G(5) of the National Highways Act, 1956. The 1st respondent conducted enquiry on 3/15



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08.01.2016, examined the documents and heard both sides including the petitioner's counsel and NHAI. The appellant produced Documents No.699/2008 dated 05.03.2008 and No.1524/2008 dated 05.05.2008 before the Arbitrator seeking further enhancement. However, Document No.699/2008 was held to be a competing sale and hence could not be considered, and Document No.1524/2008 pertained to lands situated in S.F.No.341/2A which fell within residential layout area, which the competent authority and the District Revenue Officer had already rejected earlier. Accordingly, the request for enhancement was rejected. Nevertheless, the 1st respondent, considering that the appellant's land is adjacent to Chinnasalem Town and is in a well-developed area, passed an Arbitration Award in Na.Ka.(Arbit) A2/34553/2013 dated 09.07.2016 enhancing the compensation by 30% over the value fixed by the 2nd respondent (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 09.07.2016, the appellant/land owner filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 in Arb.O.P.No.92 of 2017 before the Principal District Judge, Villupuram, praying to set aside the said award and to direct the

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respondents to pay compensation at Rs.200/- 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.

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 at a much higher rate reflecting the true market value. 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 30% by a blanket order, without applying her mind to the individual facts. He further submitted that the petitioner's land measuring an extent of 657 sq.mtr. or 7,073 sq.ft. adjacent to Chinnasalem Town was valued only at Rs.80/- per sq.ft. and that the award of Rs.1,06,640/- is meagre and not sustainable. He submitted that the court below failed to consider that the property will easily fetch at least Rs.200/- 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



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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 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, classifying the lands as Manai lands and collecting 262 sales statistics for the reasonable period from 25.06.2007 to 26.06.2008, fixed the value of the Manai lands at Rs.860/- per sq.mtr. (Rs.80/- per sq.ft.) based on the data land in S.F.No.330/5 as per Document No.2156/2008 dated 16.06.2008, which is the highest rate for house site land in the village. The 1st respondent/Arbitrator, after conducting enquiry on 08.01.2016, hearing the representation of the petitioner's counsel and NHAI and examining all records, rightly held that Document No.699/2008 produced by the appellant is a competing sale and cannot be relied upon, and that Document No.1524/2008 pertained to a layout land not comparable with the acquired land. Despite rejecting these documents, the 1st respondent, taking a liberal view and considering the proximity to Chinnasalem Town, enhanced the compensation by 30% with an additional 10%, which is fair and justifiable. The petitioner has failed to substantiate his

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claim at Rs.200/- per sq.ft. with any clinching and comparable 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 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



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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 09.07.2016. 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 lands acquired and the lands adjacent thereto possessed similar potentialities 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 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 20.08.2008. As per Section 3D(1) of the National Highways Act, 1956 (48/1956), notification was also published in Central Gazette Notification No.438/2009 S.O.675(E) dated 13.03.2009 and 3G(3)

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notification was also published in Tamil and English daily paper on 12.04.2009.

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.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 of the acquired lands. In the present case, the 1st respondent/Arbitrator specifically examined Document No.699/2008 and Document No.1524/2008 produced by the appellant and gave cogent reasons for not relying upon them — the former being a competing sale and the latter pertaining to an incomparable layout land. Despite the failure of the appellant to produce clinching evidence for a higher rate, the 1st respondent, taking a liberal and considered view of the location and development of the area, still enhanced the compensation by 30% with 10% additional amount. This demonstrates due and careful application of mind by the 1st respondent/Arbitrator and the contention that the 1st respondent

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passed the award mechanically without considering the documents is wholly unsustainable.

10. The 2nd respondent/Competent Authority (Land Acquisition) passed the award on 07.09.2009, determining compensation for the lands acquired. It is 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 valued the property at Rs.200/- per sq.ft. It is pertinent to note that the 2nd



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respondent had already considered and fixed the value at Rs.860/- per sq.mtr.

(Rs.80/- per sq.ft.) on the basis of the highest available rate for house site land in the village, as reflected in the data land Document No.2156/2008. The 1st respondent further enhanced this by 30% with 10% additional, after examining the documents and evidence on record. The appellant's claim at Rs.200/- per sq.ft. (Rs.2153/- per sq.mtr.) is not supported by any admissible or comparable documentary evidence. 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 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



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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 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 08.01.2016 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 including the two documents produced by the appellant, gave specific and reasoned findings for not relying upon them, and still passed a considered Arbitration Award dated 09.07.2016 enhancing the compensation by 30% with 10% additional, 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, 12/15



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additional market value and interest under the Land Acquisition Act, 1894 is not

maintainable as the same is not applicable 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.92 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, Tamil Nadu.

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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,

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