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C.M.A.No.3246 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.3246 of 2021

Rayadurai,

...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.175 of 2019 on the file of the Principal District Judge, Villupuram.



C.M.A.No.3246 of 2021

WEB COPY

For Appellant : Mr.R.Nalliyappan
For Respondents : Mr.P.Gurunathan
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.175 of 2019 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.263/9B, 263/9, 263/10A, 263/10B, 263/11A, 263/12, 263/13, 263/14A and 263/15A, 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



C.M.A.No.3246 of 2021

National Highway No.68. The 2nd respondent had considered the land as Manai land and, after collecting 262 sales statistics for the reasonable period from 25.06.2007 to 26.06.2008, selected a data land in S.F.No.222/4 as per Document No.2216/2008 dated 18.06.2008 and fixed the value of the petitioner's land at Rs.37/- per sq.mtr. Additionally, a data land in S.F.No.330/5 as per Document No.2156/2008 dated 16.06.2008 was also considered for fixing the value of house site lands at Rs.80/- per sq.ft. (Rs.860/- per sq.mtr.). Accordingly, the 2nd Respondent awarded a total compensation of Rs.7,84,027/- (Main Award - Chq.No.355835 dt.13.10.09) and Rs.67,399/- (Additional Award - Chq.No.477764 dt.30.11.2010), totalling Rs.8,51,426/- as compensation to the land owners in proceedings No.286/2009 dated 07.09.2009.

2.1.The appellant/land owner, dissatisfied with the said amount, filed an application before the 1st respondent/Arbitrator/District Collector on 25.11.2009 seeking enhanced compensation under Section 3G(5) of the National Highways Act, 1956. However, the 1st respondent, in the proceedings before the Arbitrator/District Collector dated 01.03.2019, considered the location of the land and passed an award in Na.Ka.(Arbit) A2/2204/2017 dated 01.03.2019, rejecting the appeal of the appellant/land owner and holding that



C.M.A.No.3246 of 2021

the value fixed by the 2nd respondent on the basis of the data land at Rs.37/- per sq.mtr. for agricultural lands is the market value as on the date of 3A(1) notification and that there is no necessity to enhance the same. The petitioner has failed to submit any document that could serve as basis for further enhancement.

2.2. Aggrieved by the Arbitration Award dated 01.03.2019, the appellant/land owner filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 in Arb.O.P.No.175 of 2019 before the Principal District Judge, Villupuram, praying to set aside the said award and to direct the respondents to pay enhanced compensation. 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 as plotable site and not as agricultural land. He further submitted that the



C.M.A.No.3246 of 2021

1st respondent, without properly considering the location and nature of the acquired land, dismissed the application of the appellant along with other claimants without applying his mind to the individual facts of each case. He further submitted that the properties acquired are adjacent to Chinnasalem Town and that the petitioner's land measuring an extent of 9844 sq.mtr. or 1,05,959 sq.ft. was valued at Rs.37/- per sq.mtr. resulting in a meagre award of Rs.1,20,065/- only. 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.

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 and collecting 262 sales statistics for the reasonable period



C.M.A.No.3246 of 2021

from 25.06.2007 to 26.06.2008, fixed the value of the land at Rs.37/- per sq.mtr.

for agricultural lands based on the highest rate found in the data land in S.F.No.222/4 as per Document No.2216/2008 dated 18.06.2008, where 0.40 acre was sold for Rs.60,000/-, working out to Rs.1,50,000/- per acre or Rs.3,70,500/- per Ha or Rs.37/- per sq.mtr. The 1st respondent/Arbitrator, after conducting enquiry, hearing the representation of the petitioner's counsel and NHA and examining all records, was of the considered view that the rate fixed by the 2nd respondent did not require modification and accordingly dismissed the appeal by order dated 01.03.2019, after concluding that the appellant had failed to produce clinching documentary evidence to support a higher valuation. The petitioner has failed to substantiate his claim at Rs.80/- per sq.ft. or Rs.860/- 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 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.



C.M.A.No.3246 of 2021

WEB COPY

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, passed an order dated 01.03.2019 in Na.Ka.(Arbit) A2/2204/2017 dismissing the appeal and upholding the value fixed by the 2nd respondent. 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.



C.M.A.No.3246 of 2021

WEB COPY

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 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 S.O.675(E) dated 13.03.2009 and 3G(3) 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



C.M.A.No.3246 of 2021

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. In the present case, the 1st respondent/Arbitrator, in its proceedings dated 01.03.2019, has specifically recorded that the appellant has not submitted Document No.2156/2008 dated 16.06.2008, which pertains to house site lands, before the Arbitrator, and that in the absence of such document, the claim for higher compensation cannot be examined.

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



C.M.A.No.3246 of 2021

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 1st respondent/Arbitrator, after conducting due enquiry on 04.01.2019 and 01.02.2019, and after granting the appellant twenty days to file relevant documents, considered the matter carefully and concluded that the document No.2156/2008 relied upon by the appellant was not produced before the Arbitrator and that the National Resettlement and Rehabilitation Policy-2007 notified by the Central Government was also not submitted, and hence there were no documents to consider for the purpose of enhancement. The argument of the learned counsel for the appellant/land owner that the learned District Judge failed to consider the claim for enhancement cannot be accepted, since the appellant has himself failed to produce the required documents before the 1st respondent/Arbitrator to substantiate his claim.

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



C.M.A.No.3246 of 2021

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 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 after giving adequate notice to both parties, heard the matter on 04.01.2019 and 01.02.2019,



C.M.A.No.3246 of 2021

examined all records and documents, and passed a well-considered Arbitration

Award dated 01.03.2019. The 1st respondent was of the considered view that the guideline value as on the date of 3A(1) notification in the Chinnasalem village was Rs.30/- per sq.mtr., that the rate of Rs.37/- per sq.mtr. fixed by the 2nd respondent on the basis of the data land in S.F.No.222/4 is higher than the guideline value and is fair and reasonable, and that the appellant failed to produce adequate documentary evidence to support a claim for further enhancement. The petitioner has failed to produce any clinching documentary evidence to substantiate his claim for higher compensation. The claim for solatium, 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.175 of 2019 under Section 34 of the Arbitration and Conciliation Act has rightly dismissed the said application.



C.M.A.No.3246 of 2021

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.

2. The Authorized Officer/Special District Revenue Officer,

Land Acquisition (National Highways No.68),

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3. The Project Director,

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WEB COPY



C.M.A.No.3246 of 2021

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C.M.A.No.3246 of 2021

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