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C.M.A.No.3705 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.3705 of 2021

S. Rajendran

...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 OP.No.87 of 2017 on the file of the Principal District Judge, Villupuram.

For Appellant : Mr.R.Nalliyappan



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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 decretal order dated 21.12.2020 passed in Arbitration OP.No.87 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.19/1C2, 19/1D2, 19/1F1, 19/2A, 19/2B1, 19/1B2, 19/1F1 and 19/2B1, measuring to a total extent of 3631 sq. mtr. in Chinna Salem Village, Chinna Salem Taluk, Villupuram District, belong to the appellant/ land owner were acquired by the 2nd respondent for laying 4 way lane road under National Highways Authorities Act. A sum of Rs.1,34,347/- was awarded by the 2nd respondent to the appellant by fixing the land value at



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Rs.37/- per sq. mtr. The appellant, under protest, received the said amount and filed an application before the 1st respondent /Arbitrator on 14.03.2016. The 1st respondent conducted the enquiry and passed an Arbitration Award in proceedings in Na.Ka(Arbit) A2/11071/2016 dated 09.09.2016. Aggrieved by the same, the appellant/land owner filed an application under Section 34 of Arbitration and Conciliation Act, 1996 (herein after referred as “the Act”) in Arb.OP.No.87/2017 before the Principal District Judge, Villupuram and the same was dismissed 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/Competent Authority in the order dated 09.09.2016 has stated that the said lands are adjacent to Chinna Salem Circle, National Highways NH-68, Villupuram District and hence, the tribunal ought to have appreciated that the properties which were acquired by 3rd respondent are existing very near to the residential area, school, hotel, hospital, shopping complex , etc., and hence the same has to be valued as plotable site. Whereas, the 1st respondent, without considering the same, enhanced the compensation for all the applicants to the extent of 100% and passed the award without considering the document



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properly. He further submitted that the properties acquired by the 3rd respondent are house sites, hence, it is not correct to fix the value of the property at the rate of Rs.74/-per sq mtr and that the acquired property will easily fetch atleast Rs.80/- per sq. ft. The learned counsel for the appellant further submitted that the 1st respondent/District Collector/Arbitrator failed to consider the documents relied upon by the appellant/land owner for ascertaining the correct market value for the acquired lands. Further learned counsel submitted that the Learned Principal District Judge, Villupuram, failed to consider the contentions made by the appellant /land owner and erroneously dismissed the petition filed under Section 34 of the Act, warrants interference by this Court.

4.On the other hand, the learned counsel for the respondents would submit that, the lands in question were taken over by the National Highways. Thereafter, the Competent Authority (Land Acquisition), Salem, awarded a sum of Rs.1,34,347/- by fixing the land value at Rs.37/- per sq. mtr.. On an appeal by the land owner, the 1st respondent / Arbitrator, after conducting enquiry, passed an award on 09.09.2016, by enhancing the value fixed by the 2nd respondent by 100% for the acquired lands. Hence the learned counsel for the



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respondents contends that the award passed by the competent Authority is just and requires any interference by this Court. Therefore, prayed for dismissal of the appeal.

5.Heard on both sides, records perused.

6. The scope of interference under Section 34 and 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, sought for arbitration, under Section 3G(5) of the National Highways Act. The District Collector, who was appointed as an Arbitrator, after conducting enquiry, enhanced the value fixed by the 2nd respondent by 100%, by its order dated 09.09.2016. 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



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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 subject matter of the challenge.

8.The learned counsel for the appellant/land owner contended that the lands acquired and the lands adjacent thereto possessed of similar potentialities. It is not in dispute that the National Highways Authority of India, has acquired lands of the appellant/land owner as per Section 3A(1) of the National Highways Act, 1956 and the same was published in Government Notification No.890 S O 1564 (E) dated 26.06.2008 and 3A (3) notice was also published in Tamil and English daily on 20.08.2008. As per Section 3 D (1) of National Highways Act, 1956(48/1956), notification was also published in Central Gazette Notification No.438 SO 675 (E) dated 13.03.2009 and also 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 and the documents were perused by the 2nd Respondent and order was passed by an order No.286 of 2009 dated 07.09.2009.



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9. According to the appellant/land owners the competent authority under the NHA, had determined very low compensation for the land owners. 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.

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 public purpose under the National High Ways 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 a case may be, shall take into consideration :-

(a) the market value of the land on the date of publication of the notification under Section 3 A;

(b) the damage, if any, sustained by the person interested at the time of



taking possession of.

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 relevant date can be considered. The appellant has solely contended that the tribunal ought to have appreciated that the properties which were acquired by 3rd respondent are house sites, whereas, the 1st respondent, without considering the same, enhanced only 100% of the value fixed by the 2nd respondent, which is very meager. It is pertinent to note that, the appellant has not produced any documents to substantiate his claim before the respondents. Therefore, the argument of the learned counsel for the appellant / land owner that, the learned District Judge failed to consider the enhancement of the compensation claim submitted by the land owner 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, 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,



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correct errors or modify the award on its merits. But, can only set aside if it falls under 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 deduction 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 (natural justice violation). The scope of the petitioner 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 and passed a well considered Award by following the mandatory provisions of law after affording reasonable and adequate opportunity to the appellant and the same was confirmed by the learned

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Principal District Judge, Villupuram, warrants any interference.

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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.OP.No.87 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
bga

To

1. The Principal District Judge, Villupuram.
2. The District Collector/Arbitrator
Villupuram District, Tamil Nadu,

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