

KABK010026552024



**IN THE COURT OF PRINCIPAL DISTRICT AND
SESSIONS JUDGE, AT BAGALKOTE**

PRESENT

SRI. MASTER R.K.G.M.M. MAHASWAMIJI,
M.A., LL.M.,

PRINCIPAL DISTRICT AND SESSIONS JUDGE

DATED THIS 3rd DAY OF JULY, 2026

ARBITRATION PETITION NO.26/2024

PETITIONER :

1. SRI. **RUDRAGOUDA**
S/O BASANAGOUDA
RUDRAGOUDA,
REPRESENTED **BY**
HANAMANTGOUDA S/O
RUDRAGOUDA RUDRAGOUDA
AGED ABOUT **55** YEARS,
OCCUPATION: AGRICULTURE,
R/O: TIMMAPUR,
HUNAGUND TALUK,
BAGALKOTE DISTRICT.

*Represented by
Sri. **S.B. Hiremath.**
Advocate for petitioner.*

V/s

RESPONDENT/S:

1. **THE SPECIAL LAND
ACQUISITION OFFICER OR THE
COMPETENT**

AUTHORITY FOR LAND
ACQUISITION,
NH-13,
KOTHARI LAY OUT,
VENKATESH NAGAR,
KALABURGI-585103.

2. **THE PROJECT DIRECTOR,**
NATIONAL HIGHWAY AUTHORITY
OF INDIA,
PROJECT IMPLEMENTATION UNIT.
NH-13,
VEERABHADARESWARE NILAYA,
SECTOR NO.73, PLOT NO.15C,
2ND CROSS, UNIT-II,
NAVANAGAR
TQ: & DIST: BAGALKOT,
3. **THE ARBITRATOR**
FOR NATIONAL HIGHWAY NO.13
& DEPUTY COMMISSIONER,
BAGALKOT DISTRICT,
BAGALKOT – 587103.

R-1 –by Sri. **S.I.**

Ganamukhi, the advocate

R-2 - by Sri. **Manjunath S.**
Hullur, the advocate.

R-3 - by learned District
Government Pleader.

**** J U D G M E N T ****

This Arbitration Petition is filed u/sec.34 of the Arbitration & Conciliation Act, 1996 (*herein after referred in short as A & C Act if necessary*) r/w. The High Court of Karnataka Arbitration (Proceedings before the courts) Rules, 2001

against **arbitration award** dated: 28.04.2022
passed by R-3 in ARB/LAQ/NH-13/CR-**57**/11-12
praying for the following **reliefs**:

*"(a) Set aside the award passed by Arbitrator and Deputy Commissioner, Bagalkote District, Bagalkote in respect of Survey No. **Sy.No.43/4** of Timmapur village in No.ARB/LAQ/NH-13/CR.**57**/11-12, dated 28.04.2022 and **enhance the compensation** amount to Rs.15,000/- per Sqm. OR **remand** the above case to the arbitrator for fresh consideration OR **modify/resume** the award passed by the Arbitrator by allowing the petition.*

*(b) **Issue an order or direction** to the arbitrator **to give statutory benefits** Such as, Solatium of 30% on the market value of the land, 12% additional market value, interest 9% p.a. for period of one year and thereafter, 15% p.a. from the date of the publication of preliminary notification or from the date of taking possession till the realization of entire amount as per Land Acquisition Act, 1894.*

(c) Kindly order to call for LCR from the Arbitrator.

(d) Grant such other relief's, as this Hon'ble court deems fit, just and necessary on the facts of the case, including the cost of this petition in the interest of justice."

2. In the said arbitration award of arbitrator dated: 28.04.2022 passed u/sec.3(G) (5) of National Highways Act, 1956, wherein by the said impugned arbitration award, per square meter of dry agricultural land, the market value of said acquired land, was determined and enhanced to Rs.295/- from Rs.80/- which was determined by the Land Acquisition Officer/R-1, with 30% solatium and interest as per applicable law.

3. For convenience and in order to avoid all confusions the **operative portion** of the impugned **arbitral award** dated: 28.04.2022 passed by Arbitrator/R-3 is reproduced and reads as under:

"ರಾಷ್ಟ್ರೀಯ ಹೆದ್ದಾರಿಗಳ ಕಾಯ್ದೆ 1956 ರ ಕಲಂ 3(ಜಿ) (5) ಅಡಿ ನಿಯಮಿಸಲ್ಪಟ್ಟ ಆರ್ಬಿಟ್ರೇಟರ್ ಆಗಿರುವ ಬಾಗಲಕೋಟೆ ಜಿಲ್ಲಾಧಿಕಾರಿಯಾಗಿರುವ ನಾನು ಪ್ರಸ್ತಾವನೆಯಲ್ಲಿ ಚರ್ಚಿಸಿದ ಕಾರಣಗಳಿಗಾಗಿ, ತಿಮ್ಮಾಪುರ ಗ್ರಾಮದ ರಿಸನಂ. 46/1 ಎ ರಲ್ಲಿ (1011 ಚ.ಮೀ), 41/1 ಎ ರಲ್ಲಿ (303 ಚ.ಮೀ), 46/2 ಬಿ ರಲ್ಲಿ (50 ಚ.ಮೀ), **43/4** ರಲ್ಲಿ (809 ಚ.ಮೀ), 44/1 ಬಿ ರಲ್ಲಿ (708 ಚ.ಮೀ), 43/3

ರಲ್ಲಿ (202 ಚ.ಮೀ), 46/1 ಬಿ ರಲ್ಲಿ 405 ಚ.ಮೀ, 46/2 ಎ ರಲ್ಲಿ 101 ಚ.ಮೀ, 44/2 ಸಿ ರಲ್ಲಿ 560 ಚ.ಮೀ, 41/1 ಬಿ/2 ರಲ್ಲಿ 3035 ಚ.ಮೀ, 45/1 ರಲ್ಲಿ 3237 ಚ.ಮೀ, 44/2 ಬಿ ರಲ್ಲಿ 506 ಚ.ಮೀ, 41/1 ಬಿ/1 ರಲ್ಲಿ 809 ಚ.ಮೀ, 99/1 ಬಿ ರಲ್ಲಿ 2023 ಚ.ಮೀ, 98/3 ರಲ್ಲಿ 1922 ಚ.ಮೀ ಹಾಗೂ 98/2 ರಲ್ಲಿ 657 ಚ.ಮೀ, ಕ್ಷೇತ್ರದ ಖುಷ್ಕಿ ಶೇತಿ ಜಮೀನಿಗೆ ಸಕ್ಷಮ ಪ್ರಾಧಿಕಾರಿಯಿಂದ ನಿಗದಿಪಡಿಸಲ್ಪಟ್ಟ ಮಾರುಕಟ್ಟೆ ಬೆಲೆ ಪ್ರತಿ ಚದರ ಮೀಟರ್ ಗೆ ರೂ 80/- ರದ್ದು ಪಡಿಸಿ ಪ್ರತಿ ಚದರ ಮೀಟರ್ ಗೆ ರೂ **295/-** ರಂತೆ ಮಾರುಕಟ್ಟೆ ದರ ಹೆಚ್ಚಿಸಿ, ಮಾನ್ಯ ಸರ್ವೋಚ್ಚ ನ್ಯಾಯಾಲಯವು ಸಿವಿಲ್ ಅಪೀಲ್ ನಂ 7064/2019 ದಿನಾಂಕ 19.09.2019 ವರದಿಯಾಗುವಂತೆ ನೀಡಿದ ತೀರ್ಪು ಸದರಿ ಜಮೀನಿಗೆ *Land Acquisition Act relating to solatium and interest contained in Section 23(1A) and (2) and interest payable in terms of section 28 proviso will apply to acquisitions made under the National Highways Act.* ಮೇರೆಗೆ ಹೆಚ್ಚುವರಿ ಮಾರುಕಟ್ಟೆ ಬೆಲೆಯೊಂದಿಗೆ ಭೂಸ್ವಾಧೀನ ಕಾಯ್ದೆ 1896 ರ ಕಲಂ 23(1-ಎ) ಗ್ರಾಹ್ಯ ಇರುವ ಪ್ರತಿಶತ 30% ರಷ್ಟು ಸೋಲಾಶಿಯಮ್ ಮತ್ತು ಕಲಂ 28 ರಡಿಯ ಪರುಂತಕದ ಮೇರೆಗೆ ಗ್ರಾಹ್ಯ ಇರುವ ಬಡ್ಡಿಗೆ ಅರ್ಹತೆ ಹೊಂದುವುದರಿಂದ ಆ ಮೇರೆಗೆ ಸೋಲಾಶಿಯಮ್ ಮತ್ತು ಬಡ್ಡಿಯೊಂದಿಗೆ (ಈ ಮೊದಲು ಸಂದಾಯ ಮಾಡಿರುವ ಮೊಬಲಗನ್ನು ಕಟಾಯಿಸಿ) ಸಂದಾಯ ಮಾಡಲು ಆದೇಶಿಸಿದೆ.”

4. This Arbitration Petition is filed u/sec.34 of the Arbitration & Conciliation Act, 1996 r/w. The High Court of Karnataka Arbitration (Proceedings before the courts) Rules, 2001

through the learned advocate, urging grounds:

5. On receipt of notice, the **R-2** – The Project Director, N.H.A.I, appeared before this court through the learned counsel and contested the matter by filing **written objections**.

6. On receiving the notice of this Court, **R-1 and R-3** – The Special Land Acquisition Officer and The Arbitrator for NH-13 & Deputy Commissioner, Bagalkot entered appearance through learned S.I.G and learned District Government Pleader and orally opposed this arbitration petition.

7. I have heard the learned counsel appearing for the petitioner and the learned counsel appearing for R-1, R-2 and the learned D.G.P. appearing for R-3.

8. In view of that, the following **POINTS** that arise for my consideration & determination in this arbitration petition:

POINT NO.1:- *Whether the petitioner is able to prove that he has filed this arbitration application well within time as stipulated in Sec.34 (3) of Arbitration & Conciliation Act, 1956 and there is no delay?*

POINT NO.2:- *Whether the petitioner has **made out grounds as provided u/Sec.34** of The Arbitration & Conciliation Act, 1956 to set-aside the impugned **arbitral award** dated: 28.04.2022 passed by the Arbitrator/R-3 in ARB/LAQ/NH-13/CR-**57**/11-12 as prayed?*

POINT NO.3:- *Whether this **Court** has **jurisdiction and power u/Sec.34** of The Arbitration & Conciliation Act, 1956 **to enhance** the compensation amount to Rs.15,000/- per square meter?*

POINT NO.4:- *Whether this Court has jurisdiction and power u/Sec.**34** of The Arbitration & Conciliation Act, 1956 **to remand** the case to the Arbitrator for fresh consideration or **to modify/resume** the arbitration award passed by the Arbitrator/R-3 as prayed?*

POINT No.5:- *What order?*

9. I have heard the arguments on both sides and carefully perused the relevant materials placed on record and examined the impugned arbitration award.

10. My finding(s) on the above said points formulated for consideration, in this Arbitration

Petition are as under:

POINT No.1: In the **NEGATIVE**.

POINT No.2: In the **NEGATIVE**.

POINT No.3: In the **NEGATIVE**.

POINT No.4: In the **NEGATIVE**.

POINT No.5: As per the final order
for the following:

:- R E A S O N S :-

11. POINT NO(s).1 to 4:- Since these 4 points are interlinked to each other, they are taken up together for joint consideration to avoid repetition and for clarity of thought.

12. In support of this Arbitration Petition, the learned counsel appearing for the petitioner Sri S.B. Hiremath, has submitted by reiterating the grounds/contentions contained in the arbitration petition and prayed to set-aside the impugned award etc as prayed and relied on the **order** dt: 06.02.2023 passed in A.A.No.11/2019 & **judgment** dt: 17.02.2020 passed in A.A.No.3/2019 by my predecessor/s in office.

13. Per contra, the learned counsel appearing for R-2 Sri M.S. Hullur objected to this

arbitration petition and submitted that the impugned award is correct and this Court has no jurisdiction to enhance, modify or remand the matter and the impugned award does not call for interference by this Court.

14. Further, the learned S.I.G appearing for R-1 and learned D.G.P. appearing for R-3 have orally opposed the matter and submitted in the same tune of R-2 counsel.

THE BRIEF FACTS:

15. The brief facts of the case, which resulted in this Arbitration Appeal are as follows:-

15.1 The petitioner(s) is the owner(s) of land bearing **Sy.No.43/4** of **Timmapur** village of Hunagund Taluka.

15.2 The respondent No.1 acquired the land of the petitioner by award dated 19.03.2011 as under:

Sy.No	Acquired area in Sqm	Rate awarded in per Sqm	Award Serial No.
43/4	8,09	80.00	07

15.3 The R-1 acquired the said land for the purpose of construction of four lane to NH-13 from Vijayapura-Hunagund section in KM-164.400 to KM-218.000 and a common Award is passed vide Award No.ACB/CALA/CR-122/2010-11, dated 14.03.2011 and the value of petitioner's land fixed as Agriculture land at Rs.80/- per sqm.

15.4 The petitioner received an awarded amount under protest and also filed an application for enhancement of compensation u/s 3G (5) of National Highways Act, 1956 before R-3 who had been appointed as a statutory arbitrator.

15.5 During the time of proceeding before R-3, the petitioner appeared and submitted a detailed **claim petition** along with all supporting documents and said claim petition and written argument of petitioner is treated as part and parcel of this petition.

15.6 After hearing the parties, **R-3** passed the **Arbitration Award** dated 28.04.2022 by enhancing the compensation from Rs.80 per sqm to Rs.295 per Sqm with 30% solatium and interest as per Sec.28 of L.A. Act, 1984 and ordered to pay the amount after deducting the earlier disbursed amount.

15.7 Being aggrieved by the arbitration award passed by the Arbitrator/R-3, the petitioner is before this court by challenging the same by preferring this Arbitration Petition u/sec.34 of A & C Act.

16. GROUNDS IN THIS ARBITRATION PETITION

16.1 The award is contrary to the public policy of India, justice and morality and patent illegal.

16.2 The **Timmapur** village and Hunagund are included in widening of NH-13 and lands both villages have been acquired under common notification for same purpose by the same authority. Subsequently, R-1 has determined the **market value** of both the village lands at Rs.80 per sqm or Rs.3,20,000/- per acre **on the basis of average of the sale transactions** from eight villages of Hunagund Taluka namely Huvanur, Ganjihal, Kengalkadapatti, Nandanur, Belagal, Timmapur, Hunagund and Amaravati.

16.3 The lands of all the villages of Hunagund Revenue Hobli are situated **adjoining to each other**, as such, they can be considered on **equal footing**, the lands are valuable and

costlier lands and on account of situating of **Kudalasangama** a tourist place, existence of Sadashiva sugar Factory, **to be continued** many industrial units, the **developments already taken place** in and around the acquired land in the stretch of said 8 villages.

16.4 It is admitted fact that both the villages i.e., Hunagund and Belagal are located in the same vicinity with same potentiality and also the topography and situation of the lands and characteristics of the area are one and the same. The R-1 ignoring these facts, has **failed** to Award the **compensation adequately** at par with the similarity situated land owners.

16.5 The details of enhancement made by the Arbitrator goes to show that it is discriminated the land owners and same are as under:

Sl.No	Village	Case No.	Block No.	Acquired area in sqm	Rate awarded by SLAO per sqm	Market value enhanced by the Arbitrator
1	Hunagund	LAQ/ARBT/CR 16/12-13 dated 19/6/14	351	202	Rs.80-00	Rs.994-00

2	Hunagund	LAQ/ ARBT/CR 07/12-13 dated 19/6/14	348	806	Rs.80-00	Rs.994-00
3	Hunagund	LAQ/ ARBT/CR 19/12-13 dated 19/6/14	771/1+2	1922	Rs.80-00	Rs.994-00
4	Hunagund	LAQ/ ARBT/CR 11/12-13 dated 19/6/14	2/3B	2326	Rs.80-00	Rs.994-00
5.	Belagal	ARB/LAQ/ NH-13/CR- 49+60+74/ 2011-12 &44+45+4 6+47+49+ 50+51+56 +57+60/20 12-13	125/3 etc.,	B 202 3035	Rs.80-00	Rs.994-00

16.6. The enhancement of Arbitrator from Rs.80 per sqm to Rs.994/- per sqm is upheld by Prl. District and Sessions Court, by its judgment dated 01-08-2017 passed in A.S.Nos.4 to 7/2014 and therefore, present land owner is also entitled same compensation as awarded to his neighbouring land owners.

16.7 The learned Arbitrator has utterly failed to follow the **principles of law** in payment of compensation and also in determination of market value of the land and as such, award of

the arbitrator discriminating the land owners liable to be set-aside.

16.8 The award is improper, unreasoned and contrary to the facts and documents placed on record and conflict with public policy of India and contravention of law and award is inadequate and against actual market value awarding Rs.295 per square meter. Hence, needs to be enhanced/modified/remit/resume by intervention.

16.9 The R-3 has failed to consider the higher compensation awarded for the **similarly situated land** acquired for the same purpose. Arbitrator not assigned any reason for not considering other rates relied by the petitioner. And arbitrator has failed to understand and examine whether the market value or documents are in the nearest vicinity or not and hence award is patently illegal and against sec.3 (G) (7) (a) of National Highways Act, 1956.

16.10. That, the Respondent No.3 has failed to **fix the real market value** of the acquired land based on the **NA potential value** and the failure of respondent to compensate the petitioner adequately and also failure of the respondent to award just and fair compensation

results injustice to the petitioner.

16.11. That, the 3rd Respondent has failed to give sufficient opportunity to lead oral evidence to fix the stage for evidence of the parties which is mandatory as per Sec.24 of the Arbitration and Conciliation Act, 1996. Hence, there is a clear violation of principles of natural justice.

16.12. That, 3rd Respondent has totally failed to follow the provisions of sections 24, 28 and 21(3) of Arbitration and Conciliation Act and also failed to follow the provisions of **Section** 3G sub clause (7) (a to d) of the National Highways Act, 1956 while passing the award impugned. Hence, the Award of the Arbitrator is against the statutory provisions of law.

16.13. That as per Article 12 of the Constitution of India, the NHAI/Respondents are the State. As such, the State cannot discriminate the land owners and also the land owners shall not be deprived from payment of adequate compensation as awarded to the similarly situated land owners. Therefore, the Award of the Arbitrator is in contravention of Article 14 and 300 A of the Constitution of India.

16.14. That, the award passed by the SLAO/ NHAI and Arbitrator is in contravention of the provisions of Arbitration and Conciliation act 1996 and National Highways Act 1956 as all the provisions of the acts have not been followed by the 3rd respondent. Hence, the award needs to be interfered by this Hon'ble Court.

16.15. That, the respondent No.3 erred in not noticing the acquisition of land which is compulsory in nature and loss of earnings, damages and severing of the land from remaining land.

16.16. The award amount granted by the Arbitrator/respondent No.3 is not in accordance with sound principles of law and equity.

16.17. The Arbitrator/respondent No.3 has not followed the mandatory procedures as prescribed under the law and has failed to follow the guidelines and principles laid down by the Hon'ble Apex Court and High Court and have acted beyond the scope and also against the public policy.

16.18. That the respondent No.3 has not applied his judicial mind to the facts of the case and not assigned valid reason while passing the

Arbitration award.

16.19. That the respondent No.3 has failed to enhance the compensation amount adequately and also failure of the respondent No.3 to award just and fair compensation with other benefits results in perpetual injustice to the petitioner deprived of his land and also the respondent No.3 has failed to award the loss of income which is highly illegal and improper. On this count also, the award passed by the respondent No.3 is liable to be set aside.

16.20. It is submitted that notice u/s.34(5) of Arbitration and Conciliation Act 1986 is not mandatory as per the latest Judgment of Hon'ble Supreme Court passed in CIVIL APPEAL No.7314/2018 in the case of State of Bihar V/s Bihar Rajya Bhomi Vikas Samiti. Hence, the prior notice is necessary.

THEREFORE, it is prayed to set aside the Award passed by Arbitrator and Deputy Commissioner, Bagalkot and remand the matter as prayed.

17. The Respondent No.2/Project Director N.H.A.I has filed **written objections to this Arbitration Petition as follows:**

17.1. This Arbitration Petition has been filed **beyond the period of limitation** from the date of Award dated 28.04.2022 and as per Sec.34 of A & C Act petition should be filed within 90 days.

17.2. The lands acquired are only **Dry land** and it cannot be compared with N.A land as no documentary evidence for conversion prior to 3A notification produced.

17.3. The petitioner has not proved that **market value** of the adjacent lands are higher than what is awarded by C.A.L.A.

17.4. The Arbitrator while passing the award taken into consideration the **guidance value fixed by the Hunagund Taluka Market Committee** and awarded adequate compensation.

17.5. The applicant has to make out a case u/sec.34 of the Arbitration and Conciliation Act, 1996 which gives a **limited right** to challenge the arbitration Award, it can only be as provided u/sec.34(2) of the Act, and not on any other ground.

17.6. The enhanced compensation awarded by D.C and Arbitrator is adequate.

17.7. The acquired **dry land** cannot be treated as N.A. (non agricultural) land for the purpose of awarding compensation in the absence of the applicant having got the land converted as N.A. prior to 3A notification.

17.8. The case referred by the Applicant in Para 5 under grounds is not relevant as the same does not belong to **Timmapur** village.

17.9. With regard to averments made by the applicant in Para No.9, 10 & 14 under grounds it is submitted that the acquired land is only dry and the compensation is awarded accordingly and **N.A potentiality of the land cannot be taken into consideration for fixing the compensation** unless and otherwise the land is got converted as N.A prior to 3A notification.

17.10. Even if it is considered that the land is surrounded by non-agricultural lands, the nature of the lands remains same, unless it is converted u/sec.95 of the Karnataka Land Revenue Act, 1964. Hon'ble Supreme Court in the matter of **Ranvir Singh Vs Union of India and others** (AIR 2005 SC 3467) has **held** that market value of the fully developed land cannot be compared with wholly under developed land

though adjoining to it.

17.11. As per Award of D.C and Arbitrator, Bagalkot, sufficient opportunities were given to all the claimants including the applicant and during the hearing taken place on 18.01.2022, the applicant has made the written submission(s) as well.

THEREFORE, it is prayed to dismiss this arbitration petition as prayed.

18. POINT NO.1:- *WHETHER THE PETITIONER IS ABLE TO PROVE THAT HE HAS FILED THIS ARBITRATION APPLICATION **WELL WITHIN TIME AS STIPULATED IN SEC.34 (3)** OF ARBITRATION & CONCILIATION ACT, 1956 AND THERE IS NO DELAY?*

18.1. The provision of law u/sec.34 (3) of Arbitration & Conciliation Act reads as under:

"Section 34:Application for setting aside arbitral award

(1) xxx xxx xxx

(2) xxx xxx xxx

(3) *An application for setting aside may not be made **after three months have elapsed** from the date on which the party making that application had received the arbitral award **or**, if a*

request had been made under section 33, from the date on which that request had been disposed of by the arbitral Tribunal:

PROVIDED that if the Court is satisfied that the applicant was prevented by sufficient cause from making the application within the said period of three months it may entertain the application within a further period of thirty days, but not thereafter.

(4) xxx xxx xxx

(5) xxx xxx xxx

(6) xxx xxx xxx

18.2. On careful perusal of above noted provision of law u/sec.34 (3) of A & C Act, it is crystal clear that an application for setting aside the arbitral award **may not be made after 3 months have elapsed** from the date on which party making application had received the arbitral award; or a request u/sec.33 of the said act is disposed of.

18.3. In this arbitration petition, the **stand** of the petitioner is that the arbitration award dated: 28.04.2022 is not delivered to petitioner as per Sec.31 (5) of A & C Act, and on 20.07.2024, certified copy of award was applied and **it was supplied/ delivered on 31.07.2024**

and cause of action is continuing one from the date of receipt of certified copy of award, is **not acceptable because** the petitioner is party to arbitration award dated: 28.04.2022 and he has also received the enhanced compensation amount and he is very much aware of the arbitration award.

18.4.It is pertaining to note that the learned counsel appearing for R-2/N.H.A.I has filed copy of order dated 12.09.2025 in Execution No.228/2024 filed before this Court wherein it is seen that Decree Holder had filed a memo stating that Judgment Debtor has deposited the award amount and hence, petition may be closed as fully satisfied. It shows that the petitioner in this arbitration petition had obtained the arbitral award prior to 20.07.2024 because the filing of Execution petition needs enclosing of arbitral award.

18.5.Moreover, there is no compelling reason put forth by the petitioner as to why he had applied for certified copy of arbitral award after lapse of more than 2 years and the above stand taken by the petitioner is apparently incorrect.

18.6. THEREFORE, I am of the view that this arbitration petition is filed **beyond limitation** and there is unexplained inordinate delay in filing of this petition which is **barred by limitation u/sec.34 (3) of A & C Act, 1996**. Accordingly, I hold and record my finding on **POINT NO.1** in the **"NEGATIVE"**.

19. POINT NOs.2 TO 4:- These 3 points are pertaining to jurisdiction & power of this Court and interlinked to each other.

20. Now, let me examine under what circumstances/ground (s), arbitral award of the arbitrator can be interfered and set-aside:-

21. AT THIS JUNCTURE, it is needful and gainful to reproduce the provision of law u/Sec.34 (2) of Arbitration and Conciliation Act, 1996 as same is bearing on the points/issue involved in this arbitration petition and it reads thus:

"Section 34: Application for setting aside arbitral award

(1) xxx xxx xxx

(2) An arbitral award may be set aside by the Court only

if-

(a) the party making the application (established on the basis of the record of the arbitral tribunal that)

(i) a party was under some **incapacity**; or

(ii) the **arbitration agreement is not valid under the law** to which the parties have subjected it, or failing any indication thereon, under the law for the time being in force; or

(iii) the party making the application was **not given proper notice** of the appointment of an arbitrator or of the arbitral proceedings or was **otherwise unable to present his case**; or

(iv) the **arbitral award deals with a dispute not contemplated** by or not falling **within the terms** of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration:

PROVIDED that, if the **decisions** on matters submitted to arbitration can be separated from those not so submitted, only that part of the arbitral award which contains decisions on matters not submitted to arbitration may be set aside; or

(v) the **composition** of the arbitral Tribunal or the arbitral

procedure was not in accordance with the agreement of the parties, unless such agreement was in conflict with a provision of this Part from which the parties cannot derogate, or, failing such agreement, was not in accordance with this Part; or

(b) the court finds that-

(i) the **subject-matter of the dispute is not capable of settlement** by arbitration under the law for the time being in force; or

(ii) it is **in contravention with the fundamental policy** of Indian law; or

(iii) it is **in conflict** with the most basic notions of **morality or justice**.

Explanation 2: For the avoidance of doubt, the test as to whether there is a contravention with the fundamental policy of Indian law **shall not entail a review on the merits of the dispute.**)

(2A) An **arbitral award** arising out of arbitrations other than international commercial arbitrations, may also be set aside by the Court, if the Court finds that the award is **vitiated by patent illegality appearing on the face of the award:**

PROVIDED that an **award**

shall not be set aside merely on the ground of an erroneous application of the law or by re-appreciation of evidence.)

(3) xxx xxx xxx

(4) xxx xxx xxx

(5) xxx xxx xxx

(6) xxx xxx xxx

22. On careful perusal of above noted section 34 (2) of A & C Act, it is obviously clear that arbitral award may be interfered and set aside by the court only if/when - a party was under some incapacity; arbitration agreement is not valid under the law to which the parties have subjected to; the party making the application was not given proper notice of appointment of arbitrator or arbitral proceedings; the arbitral award deals with a dispute not contemplated under the agreement and the compensation of arbitral tribunal was not in accordance with the agreement of the parties.

23. Therefore, under section **34 (2)** of Arbitration and Conciliation Act, 1996 except for the aforesaid circumstances and ground(s) provided thereunder, the arbitral award should not be intervened & set-aside.

24. FURTHER, section **34(2)(A)** states that unless the court finds that the award is vitiated by patent illegality appearing on the face of the award, same cannot be interfered.

25. As such, it is very clear that an arbitral award should not be interfered in a casual and cavalier manner unless the court comes to conclusion that perversity of the said award goes to the root of the matter i.e. patent illegality on the face of record which may not sustain the arbitral award.

26. THEN, I SHALL PROCEED TO SEE IN WHAT CIRCUMSTANCES THE ARBITRATION AWARD CAN BE INTERFERED UNDER SECTION 34 (2) OF ARBITRATION & CONCILIATION ACT, 1996.

27. In case of **UHL POWER CO. LTD. VS STATE OF HIMACHAL PRADESH** Civil Appeal No.10341 of 2011 judgment dt: 07.01.2022, wherein the Hon'ble Supreme Court of India, reiterated the narrow scope u/sec.**34** of A & C Act and **held** as under:-

*"15. As it is, the jurisdiction conferred on courts under Section 34 of the Arbitration Act is **fairly narrow**, when it comes to the **scope of an appeal** under Section **37** of the Arbitration Act, the jurisdiction of an*

*appellate court in examining an order, setting aside or refusing to set aside an award, is all the more circumscribed. In **MMTC Ltd, v. Vedanta Ltd.**, the reasons for vesting such a limited jurisdiction on the High Court in exercise of powers under Section 34 of the Arbitration Act have been explained.*

*"**11.** As far as Section 34 is concerned, the position is well-settled by now that the **Court does not sit in appeal over the arbitral award** and may interfere on merits on the **limited ground provided under Section 34(2)(b)(ii)** i.e. if the award is against the public policy of India.*

As per the legal position clarified through decisions of this Court prior to the amendments to the 1996 Act in 2015, a violation of Indian public policy, in turn, includes a violation of the fundamental policy of Indian law, a violation of the interest of India, conflict with justice or morality, and the existence of patent illegality in the arbitral award. Additionally, the concept of the "fundamental policy of Indian law" would cover compliance with statutes and judicial precedents, adopting a judicial approach, compliance with the principles of natural justice, and Wednesbury reasonableness. Furthermore,

"patent illegality" itself has been held to mean contravention of the substantive law of India, contravention of the 1996 Act, and contravention of the terms of the contract."

28. In the matter of **K. Sugumar v. Hindustan Petroleum Corporation Ltd.**, in Civil Appeal No.419 of 2018 (Arising out of S.L.P. (C) No.31532 of 2010) order dated: 16.01.2018 wherein, the Hon'ble **Apex Court of India** has observed at para 3 as under:

*"3. The contours of the power of the Court under Section 34 of the Act are too well established to require any reiteration. Even a bare reading of Section 34 of the Act indicates the highly **constricted power of the civil court** to interfere with an arbitral award. The **reason** for this is obvious. When parties have **chosen to avail an alternate mechanism for dispute resolution, they must be left to reconcile themselves to the wisdom of the decision of the arbitrator** and the **role of the court should be restricted** to the bare minimum. **Interference** will be justified **only in cases** of commission of **misconduct** by the arbitrator which can find manifestation in different form*

*including exercise of **legal perversity** by the arbitrator."*

29. Considering the above proposition of law, let me now examine whether the arbitral award suffers from patent illegality appearing on the face of the award and it requires interference by this Court.

30. IN THIS REGARD, it is relevant and necessary to reproduce the reasoning/finding assigned by the learned Arbitrator in his arbitral award dt: 28.04.2022 and reads thus:

"ಆದ್ದರಿಂದ ಸಂಧಾನಕಾರರಾಗಿ ಪ್ರಕರಣವನ್ನು ಮರು ಅವಲೋಕಿಸಲಾಗಿ, ಪ್ರಸ್ತುತ ಅರ್ಜಿದಾರರಿಗೆ ಸಂಬಂಧಿಸಿದಂತೆ ಭೂ ಸ್ವಾಧೀನತೆಗೆ ಒಳಪಟ್ಟ ಜಮೀನು ಬಿನ್ನೈತ್ರಿ ಜಮೀನು ಅಲ್ಲ ಮತ್ತು ಬಿನ್ನೈತ್ರಿ ಆಗದ ಖುಷ್ಕಿ ಜಮೀನು ಎನ್ನುವುದು ಸ್ವಯಂ ಸ್ಪಷ್ಟವಿದೆ. 7 ವರ್ಷಗಳ ಅಂತರಕ್ಕಾಗಿ ಪ್ರತಿ ವರ್ಷ 10% ಎಸಕೇಲೇಶನ್ ಒಪ್ಪದೇ CALA ರವರು ಮಾರುಕಟ್ಟೆ ಬೆಲೆ ನಿರ್ಧರಿಸುವಾಗ 2009-10 ನೇ ಸಾಲಿನ ಹುನಗುಂದ ತಾಲೂಕಿನ ಮಾರುಕಟ್ಟೆ ಬೆಲೆ ನಿರ್ಧರಣಾ ಸಮಿತಿಯಲ್ಲಿ ಠರಾಯಿಸಲ್ಪಟ್ಟಂತೆ ಮಾರ್ಗಸೂಚಿ ಮಾರುಕಟ್ಟೆ ಬೆಲೆ ಪಟ್ಟಿಯ ಮಾರುಕಟ್ಟೆ ಮೌಲ್ಯ ನಿಗದೀಕರಣಕ್ಕೆ ವಿಶೇಷ ಸೂಚನೆಗಳನ್ನು ಗಮನಿಸಲಾಗಿ ರಾಷ್ಟ್ರೀಯ, ರಾಜ್ಯ ಮತ್ತು ತಾಲ್ಲೂಕು ಹೆದ್ದಾರಿಗಳಿಗೆ ತಾಗಿರುವ ಸ್ವತ್ತುಗಳಿಗೆ ಇತರ ಸ್ವತ್ತಿನ ದರದ ಶೇ 50. ಶೇ 25 ಮತ್ತು ಶೇ 10 ರಷ್ಟು ಹೆಚ್ಚಿಗೆ ದರ ನಿಗದಿ ಪಡಿಸುವುದು ಎಂದಾಗಿರುವ ಮಾನದಂಡಗಳ ಪ್ರಕಾರ ಪ್ರಸ್ತುತ ಭೂಸ್ವಾಧೀನತೆಗೆ ಒಳಪಟ್ಟ ಜಮೀನು ರಾಷ್ಟ್ರೀಯ ಹೆದ್ದಾರಿಗೆ ತಾಗಿರುವ ಜಮೀನಾಗಿರುವುದರಿಂದ ಉಲ್ಲೇಖಿಸಿದ ಎಲ್.ಎ. ಪ್ರಕರಣ ನಂ 9/2005 ರಲ್ಲಿ ನಿಗದಿಪಡಿಸಿದ ಮಾರುಕಟ್ಟೆ ಬೆಲೆ ಅಳವಡಿಸಿಕೊಂಡು ಪ್ರತಿಶತ 50 ರಷ್ಟು ಹೆಚ್ಚಿಗೆ ದರ

ನಿಗದಿ ಪಡಿಸಿದಲ್ಲಿ ಅಂದರೆ ಪ್ರತಿ ಎಕರೆಗೆ ರೂ 791746/-
 +395783/- ರೂ. **11,87,619/-** ಎಂದು ನಿಗದಿ ಪಡಿಸಿದಲ್ಲಿ
 ಪ್ರತಿ ಚದುರ ಮೀಟರ್‌ಗೆ ರೂ.293.45 *Rounded to*
 ರೂ. **295/-** ಎಂದು ನಿಗದಿಪಡಿಸಿದಲ್ಲಿ ನ್ಯಾಯ
 ಒದಗಿಸಿದಂತಾಗುತ್ತದೆ.

31. On careful reading of materials placed on record including above reproduced reasoning/s in arbitral award, it is obvious that the view taken by the arbitrator is on consideration of evidence and materials placed before him and the petitioner is entitled for compensation per square meter is of Rs.295/- and per 1 acre to the tune of Rs.11,87,619/- is possible & reasonable conclusion and this Court cannot take the contrary finding by re-appreciating the evidence and material on record as we are not sitting in appeal over the award of arbitrator.

32. It is pertinent to note that the Special Land Acquisition Officer & R-3/Arbitrator on the basis of the documents and materials made available to them and considering value of the nature of land i.e. dry agricultural lands, had fixed & enhanced the possible market value for awarding compensation with respect to the lands situated in Timmapur of Hunagund Taluka.

33. It is settled position of law that arbitral awards should not be interfered with, **in a casual and cavalier manner** and the mandate u/sec.34 is to respect the finality of the arbitral award etc.

34. In this context, it is profitable to refer a decision in case of ***M/S. DYNA TECHNOLOGIES PVT. LTD Vs. M/S. CROMPTON GREAVES LTD*** 2020 (1) KCCR SN 22 (SC), the Hon'ble Supreme Court has held as follows.

*"26. There is no dispute that Section 34 of the Arbitration Act limits a challenge to an award only on the grounds provided therein or as interpreted by various Courts. We need to be cognizant of the fact that arbitral awards **should not be interfered with, in a casual and cavalier manner**, unless the Court comes to a conclusion that the **perversity of the award goes to the root of the matter without there being a possibility of alternative interpretation** which may sustain the arbitral award. **Section 34 is different in its approach and cannot be equated with a normal appellate jurisdiction. The mandate under Section 34 is to respect the finality of the arbitral award and the party autonomy to get their dispute adjudicated by an alternative forum as provided under the law.** If the Court were to*

*interfere with the arbitral award in the usual course on factual aspect, then the commercial wisdom behind opting for alternate dispute resolution **would stand frustrated.***"

*"27. Moreover, umpteen number of judgments of this Court have categorically held that the Courts should not interfere with an award **merely because an alternative view on facts and interpretation of contract exists. The Courts need to be cautious and should defer to the view taken by the Arbitral Tribunal even if the reasoning provided in the award is implied unless such award portrays perversity unpardonable under Section 34 of the Arbitration Act.**"*

35. It is also settled law that when two views are possible, a particular view taken by the Arbitral Tribunal which is also reasonable should not be interfered and Arbitral Tribunal is the master of evidence and evidence on record are not to be scrutinized as if the Court was sitting in appeal etc.

36. In this regard, it is apposite to cite an authority in case of ***State of Jharkhand vs. HSS Integrated DSN***, 2019 (9) SCC 798, the Hon'ble Supreme Court has held as follows:

*"6.1. In **Progressive-MVR3**, after considering the catena of decisions of this Court on the scope and ambit of the proceedings under Section 34 of the Arbitration Act, this Court has observed and held that **even when the view taken by the arbitrator is a plausible view, and/or when two views are possible**, a particular view taken by the Arbitral Tribunal **which is also reasonable should not be interfered** with in a proceeding under Section 34 of the Arbitration Act.*

*"6.2. In **Datar Switchagear Ltd.**, this Court has observed and held that the **Arbitral Tribunal is the master of evidence and the findings of fact which are arrived at by the arbitrators on the basis of the evidence on record are not to be scrutinized as if the Court was sitting in appeal.**"*

37. Thus, when there are more than one plausible views and the Arbitrator, in his wisdom, adopts one of them, having given reasons for his findings, the Courts shall not interfere with, such an Award.

38. It is also most relevant to note that the similarly situated claimants also had challenged the arbitral award passed by the Arbitrator before this court pertaining to land situated in Timmapur

Village, Hunagund Taluka, by filing Arbitration suits in No.4 to 7/2014 and the previous Presiding Officer had dismissed the same on the ground that the location of the acquired lands in all those cases are agricultural lands and the arbitral award cannot be interfered within the purview of Section **34** of Arbitration and Conciliation Act, 1996.

39. In the present case also, the acquired lands are of same vicinity and having same character and nature as submitted by the respondent No.2 counsel. Thus, the petitioner/s have not made out any grounds to show that award is patently illegal on its face. Therefore there is no patent illegality in the order passed by the sole Arbitrator, which warrants for interference under section 34(2) of Arbitration and Conciliation Act, 1996.

40. It is worth mentioning to note that even otherwise, as per section 34 of Arbitration and Conciliation Act, 1996, the scope of interference is confined and the grounds urged by the petitioner/s does not fall within the purview of section 34(2) which calls for an interference of the arbitral award passed by the sole Arbitrator/R-3, which is supported with sound reasons, by enhancing the compensation from

Rs.80/- to Rs.295/- per square meter.

41. It is also settled position of law that to set-aside the arbitral award the grounds stipulated in the provision of law u/sec.34 (2) of A & C Act are to be confined/limited.

42. In this regard, it is relevant to cite a decision in ***M/s. Maharashtra Apex Corporation Limited, Manipal Vs M.M. Ganapathy & another*** in M.F.A.No.1874/2004 (A.A), judgment dated: 25.06.2009, wherein the Division Bench of our Hon'ble **High Court of Karnataka** at Bengaluru has held at Para 9 as hereunder:

*"(9) From reading of section-34, it is clear under what circumstances an award passed by the Arbitrator has to be set aside. It is more in the nature of technicalities. If the Arbitrator has followed the principles of natural justice and that **an award has been passed by considering the materials placed before him** in such circumstances, the **award passed in arbitration cannot be set aside**. The District Judge would also get jurisdiction to set aside the award **provided** such award is an **ex parte** award and the aggrieved person **could not participate** in the award for*

*the **incapacity** of him. But in the instant case, the learned District Judge without considering these facts has **reduced the award** passed by the Arbitrator. Therefore, we are of the opinion that the learned District Judge **exceeded his jurisdiction in not considering the points which were required to be considered by him under section 34 of Arbitration Act.**"*

43. IN SO FAR AS JURISDICTION & POWER OF THIS COURT U/SEC.34 OF A & C ACT, 1956 TO REMAND THE MATTER IS CONCERNED, the learned counsel appearing for the petitioner prayed to set-aside the impugned award and **remand** the matter, by relying on the **order dt: 06.02.2023** passed in **A.A.No.11/2019** & **judgment dt: 17.02.2020** passed in **A.A.No.3/2019** by my predecessor/s in office.

44. It is settled law by catena of decisions of Hon'ble High Court of Karnataka that the court, in arbitration petition, acting u/sec.34 of A & C Act, cannot remand the matter.

45. It is gainful to refer a decision relied by the learned counsel for R-2 in case of *BHAHMASHREE NARAYANA GHURU SEVA SANGHA (R) Vs THE PROJECT DIRECTOR (NHAI) & 2 others*, in

MFA.No.480 of 2025 (AA) by the oral judgment dated: 15.10.2025, the Division Bench of our Hon'ble High Court of Karnataka at Bengaluru has **held** as under:

"4. The power of the Commercial Court u/sec.34 of the A & Act is confined to considering whether to set aside the arbitral award and it does not have power to remand the matter to the Arbitral Tribunal.

"6. In view of the above, we find no fault in the decision of the learned Commercial Court in not remanding the matter to the Arbitral Tribunal."

46. It is settled law that if Court comes to conclusion that the award is liable to be set aside, the course open to the court is to set aside the award, **but it cannot remand it to the Arbitrator.**

47. In this context, it is helpful to quote a decision in ***RAGHAVENDRA PAI AND SONS BS FOOD CORPORATION OF INDIA*** (1972 MYS.L.J. SN 42) wherein the Hon'ble Mysore High Court has **held** thus:-

"Where the Court comes to conclusion that the award is liable to be set aside, the course open to the court is to set aside the award, but it cannot

remand it to the Arbitrator."

48. It is important to note that the respondent No.3 in his arbitral award has correctly enhanced the compensation as per materials placed on record and law time being in force. Therefore, we find no any patent illegality on the face of record or the grounds enunciated at the provision of law u/sec.34 (2) of A & C Act.

49. In view of aforesaid reasons and observations made in the light of relevant provisions of law and authorities cited supra, under the given set of facts & circumstances of this arbitration petition, I can safely conclude & constrained to hold that the petitioner has failed to make out the grounds to set-aside the impugned arbitral award of R-3. Accordingly, I hold & record my finding/s on **POINT NOS.2 to 4** also in the **NEGATIVE**.

50. POINT NO.5: In view of my finding on **POINT** Nos.1 to 4, for the foregoing reasons & discussion, I proceed to pass the following:

:: O R D E R ::

IN THE RESULT, this arbitration petition filed u/sec.34 of the Arbitration & Conciliation Act, 1996 r/w. The High Court of Karnataka Arbitration (Proceedings

before the courts) Rules, 2001 is hereby DISMISSED.

ii) Under the facts & circumstances of this arbitration petition, the parties shall bear their own costs.

iii) It is hereby clarified that if the petitioner is otherwise entitled to re-initiate the arbitral proceedings in accordance with law, the present proceeding would not preclude the petitioner from doing so, albeit in accordance with law.

iv) Office is directed to forward the records to the trial court, along with copy of this judgment forthwith.

v) This arbitration petition is dismissed in the aforesaid terms.

(Dictated to the Stenographer Grade - I, directly on computer, typed by him, corrected, signed and then pronounced in the open court on this the 3rd day of July, 2026.)

(MASTER R.K.G.M.M. MAHASWAMIJI)
**PRL. DISTRICT AND SESSIONS JUDGE,
BAGALKOT.**

MRJ*