KAGD010006592026

IN THE COURT OF PRL. DISTRICT AND SESSIONS JUDGE, GADAG

Dated this the 7th day of September, 2026

PRESENT: SMT. NAGAVENI, B.A. LL.B.,
PRL. DISTRICT AND SESSIONS JUDGE,
GADAG.

A.P. No.16/2026

Petitioner:

National Highways Authority of India,
Project Implementation Unit,
Dharwad, R/by Project Director & General Manager,
(Tech) NHAI, Shiva Krupa Nivas, Vivekananda Nagar,
2nd Cross, Vidyagiri, Dharwad -580 004.

(By Sri. S.B. Anchatageri, Advocate)

Vs.

RESPONDENTS:

1) Sri. Rachayya S/o. Sangayya Math,
Age: 74 years, Occ: Agriculture,
R/o. 258, Sri. Annadaneshwar Nagar,
Naregal, Tq: Ron, Dist: Gadag.

2) The Arbitrator, National Highway Authority of
India & Deputy Commissioner, Gadag District.
D.C. Office, Gadag.

(R1– By Sri. SKS. Advocate)
(R2- Absent.)

i.	*Provision under which the application are filed*	*U/s 34 of the Arbitration and Conciliation Act, 1996 R/w.s.3G(6) of the National Highways Act, 1956.*
ii.	*Relief sought for*	*To set-aside the Arbitral Award.*
iii.	*The date on which the application is filed*	*16.04.2026*
iv.	*Number of the applications.*	--
v.	*The date on which the objection is filed by different respondent/s.*	*20.08.2026*
vi.	*The date on which the order was passed on the said application.*	*07.09.2026*

JUDGMENT

The Arbitration petition is filed u/s 34 of the Arbitration & Conciliation (A & C) Act 1996 R/w sec 3G (6) of the National Highways (NH) Act, 1956 to set-aside the compensation enhancement Award passed by the Respondent No.2/Deputy Commissioner Gadag and Arbitrator in Case No. ARBNH/GDG/AP/CR/09/2020-21 dtd.26.07.2023.

2. The averments of the petition that, the petitioner were entrusted with the work of widening of National Highway No-63, Hubli to Hospet Section. The acquired land bearing Sy.No./Block No.222/2 Plot No.18 measuring 96 Sq. meter of Kalasapur village, Gadag Taluk, Gadag District was treated as NA residential was acquired by the National Highways Authority for the purpose of widening/ construction of NH-63 vide Gazette

Notification dtd. 20.01.2012, issued U/Sec.3A(1) of the NH Act and compensation was awarded @ Rs.1003/- per Sq. meter as per Award passed by the SLAO vide Order No. SLAO/LAQ/NH-63/ CR/122/2014-15 dtd.10.02.2017. The competent authority for land acquisition (CALA), prior to determination issued a public notice under Section 3(G) (3) of the NH Act, 1956, intimating that the claimants/land owners, may appear before the SLAO along with the relevant records substantiating their right/interest over the land acquired and accordingly, enquiry was conducted. Being aggrieved by the compensation amount determined by the CALA, the respondent No.1 herein filed an application before the learned Arbitrator u/s.3G (5) of the NH Act, 1956 and A & C Act, 1996 for re-determination/ enhancement of compensation. The respondent No.1 represented before the learned Arbitrator for enhancement of compensation, as granted for the lands of Gadag Town. The petitioner has opposed claim of respondent No.1 by filing statement of objections. The learned Arbitrator without considering the averments made in the petitions, statement of objections and evidence on record furnished by the petitioner, allowed the application of the claimants/ respondent No.1 and passed the Award dtd.26.07.2023. The said Award was not served upon the petitioner in compliance with sec.31(5) of the A

& C Act, 1996 and only a photocopy of the award was received by the petitioner's office on 04.08.2023. The learned Arbitrator has enhanced the compensation by fixing the market value @ Rs.2776/- per Sq. meter adopting the rate applicable to NA residential land by treating the acquired land as NA Residential land of the neighbouring Gadag village without cogent evidence. Consequently, the compensation has been enhanced from Rs.1003/- per Sq. meter to Rs.2776/- per Sq. meter along with staturoty benefits. Being aggrieved by the Award dtd. 26.07.2023 passed by the learned Arbitrator in Case No. ARBNH/GDG/AP/CR-09/2020-21 and filed this petition on the following;

GROUNDS

1) The respondent No.2 has failed to adhere to the mandatory procedure prescribed under Sections 24, 28, and 31(3) & (5) of the Arbitration and Conciliation Act, 1996. The respondent No.2 has also failed to properly apply the provisions of the RFCTLARR Act, 2013, as well as the National Highways Act, 1956. Consequently, the impugned Arbitral award has been passed in contravention of the statutory provisions governing the proceedings and is therefore without jurisdiction and liable to be set aside.

2) In the award passed by the SLAO in respect of the acquired land measuring 96 Sqm, compensation had already been awarded in favour of respondent No.1, and the same was just, proper, and in accordance with the applicable statutory provisions. However, the learned Arbitrator, without properly appreciating the material on record and without assigning valid and cogent reasons, enhanced the compensation. The said material aspect has not been duly considered in its proper perspective. Therefore, the impugned Arbitral award passed by respondent No.2 is arbitrary, contrary to law.

3) The learned Arbitrator failed to appreciate that the Competent Authority for Land Acquisition (CALA) had determined the compensation strictly in accordance with Section 3G(7) of the National Highways Act, 1956, by taking into consideration the market value of the land as on the date of publication of the notification under Section 3A of the said Act. The market value was assessed on the basis of the guidance value fixed by the Sub-Registrar, Gadag, at Rs.1003/- per Sq. Mtr. for NA Residential. The learned Arbitrator, without assigning valid or cogent reasons and without any supporting evidence on record, overlooked this statutory basis and enhanced the compensation by treating the land as having non-agricultural (NA) of neighboring Gadag village rate. Such

enhancement of Rs.2776/- per Sq. Mtr., is contrary to Section 3G(7) (a) of the National Highways Act, 1956, as well as the applicable provisions of the RFCTLARR Act, 2013.

4) The findings recorded by the learned Arbitrator are contrary to the settled legal position laid down by the Hon'ble Supreme Court and the Hon'ble High Court, wherein it has been consistently held that, for the purpose of determining market value in land acquisition proceedings, the nature and classification of the land as on the date of acquisition (3A) alone are relevant. The potential use or future possibility of conversion cannot be the sole basis for enhancement unless supported by cogent and legally admissible evidence.

5) The learned Arbitrator failed to appreciate that the compensation for the acquired land was determined strictly in accordance with the applicable provisions of the RFCTLARR Act, 2013, by fixing the base market value at Rs.1003/- per Sq. Mtr. for NA Residential. The said rate represents only the market value of the land. In addition to the base market value, statutory benefits such as the applicable multiplier factor, 100% solatium, and 12% additional market value are required to be added as mandated under the RFCTLARR Act, 2013. Upon inclusion of these statutory components, the effective compensation payable would substantially increase from Rs.1003/- per Sq. Mtr. to

approximately Rs.4,594/- per Sq. Mtr. The statutory method of computation under the RFCTLARR Act, 2013 is considerably more beneficial to land losers when compared to the earlier land acquisition regime, under which only the market value with 9% interest was generally awarded. Thus, a comparative analysis of the two enactments clearly establishes that the RFCTLARR Act, 2013 provides a more advantageous compensation structure to land owners. However, the learned Arbitrator failed to consider these material aspects and without proper legal basis or supporting evidence, enhanced the compensation from Rs.1003/- to Rs.2776/- per Sq. Mtr. merely on assumptions and presumptions. The said enhancement is contrary to the statutory provisions and the evidence on record, and is therefore unsustainable in law.

6) The enhancement granted by comparing neighboring Gadag. village rates is contrary to settled law laid down by the Hon'ble Supreme Court that, **AIR 2005 SC 3467** Head note "A) Determination of market value of acquired land- Market value of fully developed land- Cannot be compared with the wholly under developed land although they may be adjoining or situated at little distance". **Jayaprakash v. Union of India** "Merely because higher compensation was given for lands situated in a neighboring village does not entitle the appellant to get the same

compensation". Thus, the impugned award is contrary to binding precedent.

7) The Hon'ble High Court of Karnataka in **MFA No. 3519/2024** dated 28/01/2026 in **Parashuramappa v. SLAO & Others** has categorically held that, "Mere proximity of two villages does not entitle landowners to uniform compensation if there exists a clear evidentiary basis for differentiation such as distinct guidance values and verified sale exemplar data." Therefore, the Arbitrator's reliance on neighboring village rates without comparable evidence is arbitrary and unsustainable.

8) The learned Arbitrator failed to appreciate that NHAI is covered under Section 105 of the RFCTLARR Act. Only Schedule I, II and III relating to determination of compensation are adopted. The entirety of the RFCTLARR Act is not applicable to NHAI acquisitions.

9) The learned Arbitrator failed to determine interest in accordance with Section 31(7) of the Arbitration and Conciliation Act, 1996 and did not assign reasons regarding pre-award and post-award interest, which is mandatory.

10) The learned Arbitrator has enhanced the compensation to Rs.2776/- per Sq. Mtr., without properly appreciating that, upon application of the statutory benefits payable under the RFCTLARR Act, 2013-such as the applicable

multiplier factor, 100% solatium, and 12% additional market value-the effective compensation on the enhanced rate would escalate to approximately Rs.11,104/- per Sq. Mtr., as against the original rate of Rs.1003/- per Sq. Mtr. fixed for NA Residential. Such an excessive escalation is wholly disproportionate to the nature and classification of the acquired land and results in an unrealistic and inflated market value. The same is arbitrary, contrary to the statutory scheme governing land acquisition, and imposes an undue and unjustified burden on the public exchequer, thereby offending the principles of public policy.

11) The learned Arbitrator, before allowing the application filed by respondent No.1, ought to have carefully examined and recorded findings regarding the category, nature, and classification of the acquired land as on the date of acquisition. However, the learned Arbitrator failed to properly consider this mandatory legal requirement and proceeded to enhance the compensation without any legally sustainable basis for treating the land as having non-agricultural potential.

12) The Arbitral Award dated 26.07.2023 is contrary to the substantive provisions of the governing statutes and suffers from patent illegality apparent on the face of the record. The award is in conflict with the public policy of India and has not

been rendered in accordance with Section 31(7) of the Arbitration and Conciliation Act, 1996, inasmuch as it fails to assign proper reasons and does not adhere to the statutory parameters for determination of compensation. Hence, the impugned award is, liable to be set aside by this Hon'ble Court under Section 34 of the Arbitration and Conciliation Act, 1996.

13) The finding that compensation of Rs.1003/- per Sq. Mtr. is low is contrary to the statutory determination made by the Competent Authority based on guidance value, and registered sale deeds. The said finding is therefore perverse, speculative.

14) The learned Arbitrator has erred in comparing the subject lands with adjacent survey numbers awarded Rs.2776/-, without establishing legal comparability. It is settled law that comparability requires strict proof of similarity in nature, location, potential, date of transaction. The Arbitrator has failed to consider that the lands compared were already classified as NA residential, possibly converted lands with distinct characteristics. The Arbitral Award fails to record any evidence demonstrating identical nature of the lands, thereby violating settled principles of land valuation. Hence, the reliance on such incomparable lands is legally unsustainable and amounts to patent illegality.

15) The learned Arbitrator has gravely erred in invoking the principle of "equal treatment" by placing reliance on AIR 2004 SC 3981, wherein the Hon'ble Supreme Court observed that it would be unfair to discriminate between landowners by awarding different compensation when the purpose of acquisition is the same and the lands are identical and similar, though situated in different villages. The learned Arbitrator has applied the said principle on the assumption that the lands in the present case, being part of the same NH-63 project and situated in adjoining villages with awards passed within a short span of time, are identical in all respects. Such an assumption is wholly unfounded, legally untenable, and contrary to settled principles governing determination of market value.

16) The reliance on **AIR 2004 SC 3981** is clearly distinguishable, as the principle of uniform compensation therein was applied only upon establishing comparability of lands through cogent and reliable evidence. In the present case, no such foundational evidence has been adduced to demonstrate location similarity in nature, classification, potentiality, advantages, or surrounding development. The Hon'ble Supreme Court in **AIR 2005 SC 3467** has categorically held that the market value of fully developed land cannot be compared with that of underdeveloped land, even if such lands are adjoining or

situated at a short distance. This principle directly negates the Arbitrator's assumption that proximity alone justifies uniform valuation. The Hon'ble High Court of Karnataka, in **MFA No. 3519/2024** dated 28.01.2026 **(Parashuramappa v. SLAO & Others)**, has further held that "Mere proximity of two villages does not entitle landowners to uniform compensation if there exists a clear evidentiary basis for differentiation such as distinct guidance values and verified sale exemplar data."

17) In the present case, the learned Arbitrator has failed to record any finding establishing comparability of lands based on relevant parameters and has instead relied solely on neighbouring village awards and perceived similarity. Such an approach is arbitrary, contrary to binding precedents, and amounts to a patent misapplication of law. The learned Arbitrator has thus selectively applied legal principles without satisfying the foundational requirements for their applicability, rendering the impugned Arbitral Award perverse and legally unsustainable. Accordingly,. the impugned Arbitral Award is vitiated by patent illegality, perversity, and contravention of settled law laid down by the Hon'ble Supreme Court, and is therefore liable to be set aside under Section 34 of the Arbitration and Conciliation Act, 1996.

18) The method adopted by the Ld., Arbitrator in fixing compensation at Rs.2776/- per Sq. Mtr of neighbouring Gadag village is arbitrary and unknown to law. There is no legal principle or statutory provision permitting such percentage-based determination of compensation. The Arbitrator has failed to rely on sale instances, conduct valuation analysis, assign rational basis for neighbouring village rates. The fixation is therefore purely conjectural and violative of settled valuation principles. Such an approach constitutes patent illegality appearing on the face of the Arbitral Award, attracting Section 34(2A).

19) The impugned award is contrary to the well-settled principles governing fixation of compensation in land acquisition matters. Compensation must be determined on the basis of legally admissible evidence, comparable instances, and statutory criteria, ensuring that it is just, fair, and reasonable. The public exchequer cannot be subjected to an unwarranted financial burden on account of excessive or speculative valuation. It is the statutory duty of this Hon'ble Court to maintain a balance between the rights of landowners and the larger public interest.

20) The present acquisition has been undertaken strictly for a public purpose, namely the development of public infrastructure for the benefit of the general public. The Petitioner

has not acquired the land for any private or profit-making venture, but solely for public use in furtherance of statutory functions. This material aspect, which is relevant while balancing equities and assessing compensation, has not been duly considered by the learned Arbitrator while passing the impugned award.

21) The cause of action for filing the present petition arose on 26.07.2023, when respondent No.2 passed the impugned Arbitral Award, however, the said Award was not served upon the Petitioner in compliance with the mandatory requirement under Section 31(5) of the Arbitration and Conciliation Act, 1996. The petitioner's office received only a photocopy of the impugned Award on 04.08.2023, which does not constitute valid delivery of a signed copy of the Award as required under law. It is well settled that the period of limitation under Section 34(3) of the Act commences only from the date of receipt of a signed copy of the Arbitral Award in terms of Section 31(5) of the Act, and therefore the limitation period cannot be said to have commenced from the date of the Award. In the absence of proper service, the cause of action continues to subsist. Accordingly, the present petition is within limitation under Section 34(3) read with Section 31(5) of the Act. Without prejudice to the above, the Petitioner has also filed a separate

application seeking condonation of delay, if any, by showing sufficient cause, in order to avoid technical objections and in the interest of justice. So, prays to allow the petition.

3. The respondent No.1 filed statement of objections to the petition as follows;

a) The said arbitration petition is filed beyond the limitation fixed under sec.34 (3) of the A & C Act, 1996. The aggrieved party can file application for setting aside the award of the learned Arbitrator within period of three months with further extension of thirty days but not thereafter. The Arbitration Award is passed on 26.07.2023 and case is filed after lapse of limitation i.e., on 08.06.2026. The petitioner though received Arbitration award on 04.08.2023 as stated in application (IA) filed U/Sec.34(3) R/W Sec.5 of the Limitation Act in Application Para No.2 and in Affidavit Para No.3. Hence, the cause of action or limitation to file the present petition has arose to the Petitioner on 04/08/2023 as admitted by the Petitioner. The present Respondent No.1 also filed EP No.477/2026 before the Hon'ble Prl. District and Sessions Judge, Dharwad, seeking recovery of the Arbitral Award, as per the Arbitral Award No. ARBNH/GDG/AP/CR/09/2020-21, Dated: 26.07.2023, passed by the Arbitrator and DC, Gadag. The present petitioner has appeared in the Execution Petition and have received the Award from the office of the Arbitrator and acted as per the arbitral Award by taking approvals for deposition and engaged the counsel in the EP, it can be presumed that, the present Petitioner is well aware of the contents of the arbitral Award, Dated: 26.07.2023 and it was also admitted in the Affidavit Para No.5 filed along with Delay Condonation application of the Petitioner. Hence, the present AP is filed beyond Sec.34(3) Limitations. As such, the application itself is hit by Sec.34(3). The limitation from 04.08.2023 to 08.06.2026 is 2 years, 10 months, 5 days OR 1040 days, which is beyond 120 days as per Sec. 34(3). For this, the Respondent No.1 is relying on the Judgment of the Apex Court which is that, **SLP No. 17812/2019 (NHAI and another v/s Subhas Bindlish and others)** held that, What is provided u/s 34(3) is the outer limit within which the application can be preferred for setting aside the arbitral award. The law laid down on the point by this court is very clear and in our view the subsequent amendment in 2015 would not change the character of the mandate u/s 34(3) of the Act. We therefore, see no reason to interfere in the matter. The SLP is dismissed.

b) The provision of Section 9 of Arbitration and Conciliation Act, 1996 R/w Section 151 of CPC are not empowered this Hon'ble Court to grant stay to the execution and operation of the award of the Arbitrator as the petitioner have failed make out grounds as enumerated in Section 34 of the Arbitration and Conciliation Act, 1996 (Amendment of 2015). The petitioner have invoked wrong provision to obtain interim orders. The section 36 of the Arbitration and Conciliation Act 1996 has prescribed certain procedure to entertain application. Hence, the I.A. and A.P. are liable to be rejected on the point of limitation as well as on merits. The petitioner has knowingly filed application with wrong provision. The application, if so required that has to be filed U/s. 36 of the Arbitration and Conciliation Act, 1996. Hence, the interim application is liable to be dismissed.

c) The respondent/s is/are the absolute owner/s of the acquired land bearing Sy.No./Block No.222/2 Plot No.18 measuring 96 Sq. meter of Kalasapur village, Gadag Taluk, Gadag District. The SLAO has acquired the prime portion of the land owned by the respondent/s for construction of NH-63 four lane in the Hubli-Hospet Section and paid the compensation @ Rs.1003/- per Sq. meter as per Award bearing SLAO/NH-63/LAQ/CR-122/2014-15, Dated: 10/02/2017, the present respondent/s filed an application under section 3G (5) of the National Highways Act seeking enhancement of compensation amount with statutory benefits and interest. On receipt of the reference application, the Resp/Arbitrator has conducted the arbitration proceedings and this respondent/s have appeared and submitted a detailed claim petition along with all supporting documents for enhancement of award of compensation amount. On hearing, the Resp/Arbitrator was pleased to pass an arbitral award under his office No. ARBNH/GDG/AP/CR-09/2020-21, Dated: 26.07.2023 and enhanced the compensation amount from Rs.1003.00 per Sqm to Rs.2776.00 per sqm with all statutory benefits and interest as applicable.

d) The respondent No.1 denied all the allegations or averments of the petitioner except the admitted fact in the objection statement.

e) the acquisition of land by the petitioner is compulsory in nature and forcible and this respondent/s not given consent for the acquisition of his valuable town land & right to claim enhanced compensation amount is statutory right and authority whose benefit lands have been acquired are bound to pay the fair market value for the acquisition of valuable property of individual as per the Judgements of petitioner cannot be Indian Judicial Courts. Permitted to escape from payment of legal compensation amount due on account of acquisition of plotable land. **AIR 1988 SC 2123 K. Krishna Reddy and others V/s**

The Special Deputy Collector, wherein it is held that, "After all money is what money buys. What the claimants could have bought the compensation in 1977 cannot do in 1988. Perhaps, not even one half of it. It is a common experience that the purchasing power of rupee is dwindling. With rising inflation, the delayed payment may lose all charm and utility of the compensation. In some cases, the delay may be detrimental to the interest of claimants. The Indian agriculturists generally have to no avocation. They totally depend upon land. If uprooted, they will find themselves nowhere. They are left high and dry. They have no savings to draw. They have nothing to fall back upon. They know no other work. They may even face starvation unless rehabilitated. In all such cases, it is of utmost importance that the award should be made without delay. The enhanced compensation must be determined without loss of time. The appellate power of remand, at any rate ought not to be exercised lightly. It unintelligible. It shall is imperative, and if the claim for enhanced compensation is tenable, it would be proper for the appellate court to do modest best to mitigate hardships. The appellate court may direct some interim payment to claimants subject to adjustment in the eventual award". Another ruling reported in **AIR 2012 SCW 6343 between Tukaram Kana Joshi and Others V/s M. I. D. C and Others.** It is held that, "...... Even under valid acquisition proceedings, there is a legal obligation on the part of the authorities to complete such acquisition proceedings at the earliest and to make payment of requisite compensation. The appeals etc. are required to be decided expeditiously, for the sole reason that, if a person is not paid compensation in time, he will be unable to purchase any land or other immovable property, for the amount of compensation that is likely to be paid to him at a belated stage". The principles of the above decision are applicable to be present facts of the case. The land Owners/Respondent are waiting for just and fair compensation since from the date of acquisition. The delay in awarding the compensation certainly amounts to denial of justice and lead to deprivation of right and it is violation of Constitutional of Human Rights, for survival of the their dignified life as tillers of soil/agriculturists who's main earning source is the acquired lands. They cannot get suitable lands after lapse of decades together, out of compensation awarded based on market value fixed on prevailing rate of Preliminary Notification. **AIR 2004 SC 3981** Held (1) it would be unfair to discriminate between the land owners to pay more to some and less to others when the purpose of acquisition is same and lands are identical and similar, though laying in different villages. **2010 (5) SCC 747 Union of India versus Bal**

Ram and another valuation of land-factors- lands identical and similar- purpose of acquisition plan development area around the Palam Air Port in vicinity of Delhi High Court taking into consideration that the certain other land coming under different villages had been acquired for the same purpose-nature/quality of the lands was by and large similar to those lands- purpose of acquisition is same- no justification to make any distinction between lands which are identical and similar though lying in different villages- no interference is called for. **2015 (2) KCCR 1943 (DB)** Determination of Award passed in respect of comparable lands particularly lands which are acquired under same notification for same purpose having same advantages will become valid and acceptable piece of evidence to determine market value in connected cases if parity in determining market value is not maintained in such cases, it will result in serious prejudice, injustice and discrimination against similarly placed land owners who lands acquired against their consent compulsorily.

f) The scope of section 34 if Arbitration Act is very limited and the arbitral award should not be interfered with in a casual and cavalier manner. Section 34 is different in its approach and cannot be equated with a normal appellate jurisdiction. The mandate U/s. 34 is to respect the finality of the award. If the courts were to interfere with the arbitral award in the usual course on factual aspects then alternative dispute resolution would stand frustrated.

g) The court exercising the powers U/s. 34 cannot site in appeal over the award by reassessing or re-appreciating evidence to find out whether different decision could be arrived at against the findings of Arbitral Tribunal in absence of grounds U/s. 34.

h) The petitioner though appeared before the learned Arbitrator did not choose to produce any of the documents to disprove the claim of the Respondent/s and has not specifically denied the pleadings of the Respondent/s neither by his objections nor through the documentary evidence and as such the present petition before this Hon'ble court do not inspire any confidence as all the available opportunities have been given a go-bye by the petitioner before the lower court/Arbitrator & as such the present petition is liable to be dismissed in toto.

i) The petitioner including the SLAO have no locus standee to file present petition on the false grounds which are not sustainable in the eye of law.

j) The Arbitration award passed by the learned arbitrator is based on the documentary evidence and taking the note of the development of the village/town, in and around the acquired land and situation and location of the land, compensation awarded for the neighboring/adjacent lands which are also acquired for same purpose and under common notification. Hence, the award passed by the arbitrator enhancing the compensation to Rs.1388/- per Sq.Mtr., is fair and reasonable which is as per the RFCTLARR Act. 2013.

k) The learned Arbitrator has assigned the proper reason while fixing the market value and taken note the market value prior to the acquisition of the land and the market value fixed by the Arbitrator is fair and reasonable.

l) Even the present petition is also not based on any cogemt except pleadings mentioned in the petition and reliable documentary evidence and as such the same is based on fragile premises and holds no water and as such the same is liable to be dismissed at the first instance.

m) The award passed by the learned Arbitrator is in accordance with sound principles of law and equity.

n) The petitioner have not made out any of the grounds as mentioned in Section 34 of the Arbitration and Conciliation Act 1996 for interference of this court.

o) The power and scope to interference with the award of the Arbitrator u/s 34 is very limited and as not that of appellate court. That, the arbitrator decision is a decision of humpier it cannot be normally interfered.

p) The award of the Arbitrator is based on the substantial law of India and all the procedures have been complied and the market value of the land and awarding, other statutory benefits and interest is in accordance with provisions of law. This respondent wherever has not specifically denied the pleadings and contentions mentioned in the petition paras are hereby denied those contentions as false, and frivolous. So, prays to dismiss the petition with costs.

4. After service of Notice the learned Arbitrator not appeared, he remained absent.

5. Heard the arguments and perused the records of the cases.

6. Now the points that would arise for my consideration are as under:

1) Whether the Arbitration petition is filed within the period of limitation?

2) Whether the petitioner complied with sec 34 (5) of Arbitration & Conciliation Act?

3) Whether the petitioner has made out sufficient grounds to set aside the impugned Arbitral Award as provided u/sec 34 (2) of Arbitration & Conciliation Act?

4) What order?

7. My findings on the above points are as under;

Point No.1 : In the negative.

Point No.2 : In the affirmative.

Point No.3 : In the negative.

Point No.4 : As per final order, for the following;

REASONS

8. **POINT No.1 :** The petitioner averred in the petition that, the petitioner's office received only a photocopy of the impugned Award on 04.08.2023, which does not constitute valid delivery of a signed copy of the Award as required under law. It is well settled that the period of limitation under Section 34(3) of the Act commences only from the date of receipt of a signed copy of the Arbitral Award in terms of Section 31(5) of the Act, and therefore the limitation period cannot be said to have commenced from the date of the Award. In the absence of proper service, the cause of action continues to subsist. Accordingly, the present petition is within limitation under Section 34(3) read with Section 31(5) of the Act.

9. It is the contention of the respondent No.1 that, the petition filed by the petitioner is barred by limitation.

10. The Sec 31(5) of the Arbitration & Conciliation Act 1996 reads that, '*(5) After the Arbitral Award are made, a signed copy shall be delivered to each party.'*

11. The Sec 34 (3) of the Arbitration & Conciliation Act reads that, "*(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."

12. In **Civil Appeal No.791/2021 (Dakshin Hariyana Bijali Vikran Nigam Ltd. Vs. M/s. Nyavigant Technologies Pvt. Ltd.) dtd.30.07.2018,** wherein the Hon'ble Supreme Court of India held that, the period of limitation would commence from the date on which the signed copy of the Arbitral Award was made available to the parties.

13. In **SLP No.17812/2019 of the Hon'ble** Supreme Court of India in **NHAI and another V/s Subhas Bindlish and others,** it is held that, "What is provided u/s 34(3) is the outer limit within

which the application can be preferred for setting aside the Arbitral Award. The law laid down on the point by this court is very clear and in our view the subsequent amendment in 2015 would not change the character of mandate u/s 34(3) of the Act."

14. In **ILR 2001 KAR 4666 (M/S. Turnkey Constructions Private Limited V/s Mrs. V.R. Bijur and Others),** it is held that, "Section 34(3) – Limitation Act 1963 (Central Act No.34 of 1963) – Section 5 Section 34 of the Arbitration and Conciliation Act expressly excludes the application of Section 5 of the Limitation Act."

15. Hence, the Hon'ble Apex Court and also the Hon'ble High Court of Karnataka held that when any special statute prescribes certain period of limitation as well as provision for extension up to specified time limit, on sufficient cause being shown, then the period of limitation prescribed under the special law shall prevail and to that extent the provisions of the Limitation Act shall stand excluded. As the intention of the legislature in enacting sub-section (3) of Section 34 of the Act is that the application for setting aside the Award should be made within three months and the period can be further extended on sufficient cause being shown by another period of 30 days but not thereafter and hence this Court is of the opinion that the

provisions of Section 5 of the Limitation Act would not be applicable because the applicability of Section 5 of the Limitation Act stands excluded because of the provisions of Section 29 (2) of the Limitation Act.

16. Admittedly, the arbitration Award was passed by the learned Arbitrator on 26.07.2023. The respondent No.1 produced certified copy of the Intimation letter of the learned Arbitrator dtd.26.07.2023 discloses that the intimation of the Arbitration Award given wherein it bears as received the copy of the Award on 04.08.2023. The contention of the petitioner in the petition that the petitioner's office received only a photocopy of the impugned Award on 04.08.2023, which does not constitute valid delivery of a signed copy of the Award as required under law. It is well settled that the period of limitation under Section 34(3) of the Act commences only from the date of receipt of a signed copy of the Arbitral Award in terms of Section 31(5) of the Act, and therefore the limitation period cannot be said to have commenced from the date of the Award. In the absence of proper service, the cause of action continues to subsist. Accordingly, the present petition is within limitation under Section 34(3) read with Section 31(5) of the Act.

17. Therefore, in view of the ratio laid down by the Hon'ble Supreme Court of India, the Hon'ble High Court of Karnataka and the Hon'ble High Court of Chattisgarh and as per Sec.31 (5) and Sec.34 (3) of the A & C Act 1996 and the documents produced by the respondent No.1 it is clear that the arbitration Award was delivered on the petitioner on 04.08.2023 by the learned Arbitrator as per Sec.31 (5) of the A & C Act 1996. The limitation starts from 04.08.2023 and moreover as the petitioner stated in the petition that the petitioner's office received only a photocopy of the impugned Award on 04.08.2023. Hence, the petitioner ought to have filed the petition within 90 days which is on or before 04.11.2023 as per Sec.34 (3) of the A & C Act 1996. So, the more than 2 years time will expire from the date of received intimation of passing the Award which is on 04.11.2023. This petition is filed on 16.04.2026. So, this petition is not filed within 90 + 30 days from the date of receipt of the common Arbitral Award as contemplated u/sec. 34 (3) of the A & C Act 1996 and hence the same are barred by the limitation. Moreover, on perusal of the I.A.No.II filed u/s 34(3) of A & C Act R/w sec.5 of Limitation Act by the petitioner for condonation of delay in filing this appeal/ petition which discloses that the arbitral Award was not served in compliance with the mandatory provisions of sec.31(5) of the Act, inasmuch

as no signed copy of the award was delivered to the petitioner. The petitioner's office received only a photocopy of the Award on 04.08.2023 which does not constitute valid delivery in the eye of law. Accordingly, it is clear that this petition is not filed within the statutory period of limitation i.e. 90 + 30 days. So, the point No.1 is answered in the negative.

18. **Point No.2:** It is the contention of the petitioner that, the compliance is made by sending notice to the respondent/s as per Sec.34(5) of A & C Act, 1996.

19. The Sec 34 (5) of Arbitration & Conciliation Act, 1996 reads that. "An application under this section shall be filed by a party only after issuing a prior notice to the other party and such application shall be accompanied by an affidavit by the petitioner endorsing compliance with the said requirement."

20. On perusal of the records of the case the petitioner has not produced the notice with the acknowledgment regarding the filing of this petition to the respondents.

21. In **AIR 2018 SC 3862 (C.S. of Bihar and Others Vs. Bihar Rajya Bhumi Vikas Bank Samiti, Bihar, Jarkhand)**, wherein it is held that, 'the sec 34 (5) of the A & C Act, 1996 is directory and not mandatory.' Hence, the point No.2 is answered in the affirmative.

22. **Point No.3:** Admittedly the SLAO acquired the portion of the land of the respondent No.1 under the preliminary notification dtd.20.01.2012 and the final notification dtd.19.01.2013 u/sec 3D of NH Act for the purpose of construction of four lane to NH-63 of Hubballi to Hospet sections and awarded the compensation amount to the acquired land as under;

Survey No.	Acquired area in Sq. Mtrs.	Rate per Sq. meter
222/2 Plot No.18	96	1003/-

23. It is not in dispute that, the learned Arbitrator enhanced the compensation amount from Rs.1003/- per sq. meter to Rs.2776/- per sq. meter to the acquired land.

24. The provisions of Sec.34 of Arbitration & Conciliation Act makes it very clear that, the arbitral award can be set-aside on the grounds enumerated therein.

25. In **COM. A.P.No.24/2020 (Union of India Vs. Warsaw Engineers)**, their Lordships held that; *Thereafter, each and every ground will have to be separately considered. It is necessary for the Judicial Officer to firstly consider whether the ground agitated is covered by any of the grounds set out U/s.34 of the Act. If according to the learned judge the grounds agitated is not available for challenge in accordance with Sec.34 of the said Act*

the Judicial Officer will have to record the reason for said conclusion. If he is of the view that grounds agitated is available U/s.34 of the said Act he will have to consider whether the said ground is established and record reasons in that on behalf."

26. So, as held in the above ruling each and every grounds urged by the petitioner has to be considered in deciding this petition. All the grounds of the petition are interlinked and they are overlapping one another and hence they are taken for consideration together.

27. It is stated in the award of CALA discloses the market value of the acquired land as under;

Type of land	Market value per sq. meter
NA Residential	Rs.1003/-

28. Aggrieved by the above awarding of market value to the acquired land of the respondent No.1 he has preferred reference application before the learned Arbitrator.

29. In the arbitral Award the learned Arbitrator discussed that, the Kalasapur Village and Gadag Town are situated in same vicinity and have similar character. The State Highway passing from Gadag to Laxmeshwar has bifurcated the lands of Gadag and Kalasapur village. On one side, survey number

250/1A+1B+2-C of Gadag is situated and on another side, survey number 222/2 of Kalasapur village is existing. The 1" Respondent has awarded 2776/- per Sq. meter for Gadag Lands with survey number 250/1A+1B+2-C by award dated: 28.08.2017 and Rs.1003/- per Sq. meter is awarded for the lands of Kalasapur by award dated: 10.02.2017. The Lands of Kalasapur and Gadag are adjoining to each other and are located in the same vicinity having similar potentialities and character. The values of the lands considered by the SLAO for Kalasapur Village are situated in the outskirts of village which are far interior from the highway. The Land of the petitioner is abutting to Kalsapur-Gadag main road and is nearer to the Gadag Town. The SLAO has although considered the market valuation of Kalasapur village lands, has not considered the proximity of the land of the petitioner to the Gadag village and their antecedents. The Lands of Kalasapur and Gadag Villages are adjoining to each other and hence, they are located in the same vicinity having similar potentialities and characters. In spite of this, the SLAO has not considered the market value of Gadag village. The Section 26 (1) (b) of RFCTLARR Act 2013 reads that, *"the average sale price for similar type of land situated in the nearest village or nearest vicinity area".*

30. The learned Arbitrator further discussed in the arbitral Award that, in the light of the above citation as held by Hon'ble Supreme Court, SLAO should have fixed the market value at the rates that are applied for the similar comparable lands to the adjacent land although technically falling in different village boundaries. The value fixed is Rs 2776/- per Sq. meter for the NA Residential land for all the lands falling in Gadag Village which is the first village nearer to the City of Gadag. The Lands of the petitioner is situated near the Gadag Town. The Survey No 250/1A+1B+2-C of Gadag Town as cited by the Petitioner which has been awarded Rs 2776/- per Sq. meter is only some distance away from the Petitioner land. All these lands have been acquired by the respondent authorities for the same NH-63 project and at the same time. The awards of these lands are also passed almost at the same time within a span of few months and the lands are 100% similar in all respects since these lands are on the same patch and almost adjoining to each other. In the above cited matter viz **AIR 2004 S C 3981**, for the lands belonging to 13 villages, the market valuation was considered to be similar. So, the SLAO has to pass the order at least for a value of Rs 2776/- per square meter considering the similarities of the lands. Hence, the learned Arbitrator has considered the

market valuation fixed by SLAO to petitioner Land as too low and meager.

31. The learned Arbitrator further discussed in the arbitral Award that, the respondent No.1 has valued the lands in the adjacent vicinity with similar features at Rs.2776/- per Sq. meter in the award dated 28.08.2017 passed for the Gadag Town. The learned Arbitrator is of the opinion that he must considered these values as they have been arrived by SLAO after following the due process prescribed under the provisions and accept them as a base for arriving at the value in this instant case. In this case, the SLAO has awarded compensation with a large difference. The market value fixed by SLAO in this instant case is also on lower side. Further, it is a fact that the proximity of the land cited by the petitioner is covered under different villages, since sufficient historical sales transactions for lands of similar characteristics and nature in the Kalasapur Village are not available and moreover petitioner land is situated very near to Sy No 250/1A+1B+2-C of Gadag, it would be just and fair in equity to assign the same market value as that of the nearby land which belongs to another village and which have been arrived by SLAO after following the due process. The market value fixed to this land is on lesser side. Hence, the learned Arbitrator would like to refix the market value of the acquired

land of the petitioner on par with lands of Gadag Village which is Rs 2776/- per Sq. meter which will be proper and reasonable. Further regarding loss of income and severance of land and damage to the acquired land, the petitioner has not produced any further documents in support of his pleadings and hence the claim on these heads is hereby rejected.

32. The learned Arbitrator in the arbitral award relied on the rulings reported in **AIR 2004 SC 3981 (State of Madras Vs. A.M. Nanjan and Another)**, wherein it is held that;

> *"It would be unfair to discriminate between the land owners to pay more to some and less to others when the purpose of acquisition is same and lands are identical and similar, though lying in different villages."*

33. Hence, by relying on the principles held in the above rulings the learned Arbitrator came to conclusion that, the Kalasapur village and Gadag Town are situated in same vicinity and have similar character and came to the conclusion that, the award passed for the Sy.No.250/1A+1B+2-C of Gadag is the admission by the authority/ SLAO regarding the market value of the land in the area and the lands categorized in the same block cannot be awarded at different rates and herein the acquired land is located nearer to the Gadag Town and hence it can be considered as NA potential land.

34. Accordingly, as cited above the learned Arbitrator in the Arbitral award relied that, the preliminary notification dtd.20.01.2012 which is the same preliminary notification on the case on hand and award passed on 10.02.2017 determining the compensation for the acquired land of Kalasapur village at Rs.1003/- per Sq. meter and award compensation for the lands of Gadag at Rs.2776/- per Sq. meter by award dtd.28.08.2017. However, the learned Arbitrator relied on the guidance value which is applicable to the preliminary notification on the case on hand and it discloses that Rs.2776/- per sq. meter for NA residential lands of Gadag. As per Section 26 of the RFCTLARR Act, 2013 the highest of the average 3 years sale statistics, guidance value and consented amount has to be taken as market value of the acquired land. At the time of deciding the market value, the CALA has to award the highest amount to the acquired land. Even though the learned Arbitrator referred sale deeds of Kalasapur Village but relied on the guidance value of the residential plot in the same Kalasapur Village, which is proper and correct.

35. In the **AIR 2012 SC 1866 (Madhya Pradesh Rural Road Development Authority & Anr Vs. Ramendra Singh S/o late Shri Mathura Singh),** wherein it is held that *"it is settled law that while fixing the market value of the acquired land, the land*

acquisition collector is required to keep in mind the following factors: (i) existing geographical situation of the land. (ii) existing use of the land. (iii) already available advantages, like proximity of national or state highway or road and/ or developed area. (iv) market value of other land situated in the same locality/village/ area or adjacent or very near the acquired land."

36. Therefore, the award passed by the CALA with respect to the land bearing Sy.No.250/1A+1B+2-C is relied by the learned Arbitrator. It is not the case of the petitioner that, the topography & location of land and the utility of the land bearing Sy.No.250/1A+1B+2-C is altogether different type of land and the utility of the land is different when compared with the acquired land. The petitioner admitted that, the land bearing Sy.No.250/1A+1B+2-C of Gadag was awarded the compensation amount at the rate of Rs.2776/- per sq. meter by the SLAO. Further the petitioner has not challenged the award passed with respect to the acquired land by the SLAO is exorbitant or unjust.

37. In the ruling reported in **2019 (20) SCC 1 (Dyna Technologies Pvt. Ltd., Vs. Crompton Greaves Ltd.)**, the Hon'ble Supreme Court o*f India discussed the scope and interference by the court in a petition U/Sec. 34 of the A & C Act that, "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 the 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 courts were to interfere with the arbitral award in the usual course on factual aspects, then the commercial wisdom behind opting for alternate dispute resolution would stand frustrated. 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 cautions 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."

38. In the background of Section 34(2) of A & C Act and the principles held by the Hon'ble Supreme Court of India, this court cannot reappreciate the evidence on record. So also as stated supra as per the law laid down by the Hon'ble Apex Court in the case of **Dyna Technologies Pvt. Ltd. Vs. Crompton Greaves Ltd. reported in (2019) 20 SCC 1**, this court cannot enhance the compensation nor decrease the same. The scope of this petition is limited to find as to whether there are grounds to set aside arbitral award, as enumerated in Section 34(2) of A & C Act.

39. The respondent No.1 has not challenged the arbitral award before this court as lessor compensation is awarded to the acquired land under the arbitral award. The respondent No.2 is the formal party and after service of Notice he has not appeared, he remained absent.

40. By considering the facts & circumstances of the case on hand and in view of principles laid down in the decisions referred above, the impugned award passed by the learned Arbitrator is in accordance with the statute & judicial pronouncements and further it is evident that, it is not opposed to public policy. Accordingly, this petition is lack of merits and the petitioner has failed to establish any of the grounds as

enumerated in Sec. 34 (2) of the Act. Hence, the Point No.3 is answered in the negative.

41. **POINT No.4 :** In view of discussions and findings on point No.1 to 3, this Court proceeds to pass the following;

ORDER

The I.A.No.II filed u/s 34(3) of A & C Act R/w sec.5 of Limitation Act is hereby dismissed.

The Arbitration petition filed by the petitioner is hereby dismissed.

The parties to bear their own costs.

Send back Arbitration records to the learned Arbitrator.

(Dictated to the Stenographer directly on computer, Script thereof is corrected and then pronounced by me in the open court on this the 7th day of September, 2026)

NAGAVENI Digitally signed by NAGAVENI
Date: 2026.09.08 16:08:45 +0000

(NAGAVENI)
Prl. District & Sessions Judge,
Gadag.