

1. The Highway Administrator & Project Director v. Keshav Ram & Ors. (Reg. No.71 of 2025).

In the Court of Paras Doger, District Judge, Mandi, District Mandi, H.P.

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The Highway Administrator and Project Director, PIU Mandi, Tehsil and District Mandi, H.P.

Now through Varun Chari aged 36 years S/o Sh. Suresh Kumar Chari, duly authorized signatory, presently working as Project Director, Project Implementation Unit Mandi, Bagla Muhal Chakkar, P.O. Nagchala, Tehsil Balh, District Mandi. 175021.

...Applicant/NHAI.

Versus

1. Sh. Keshav Ram S/o Sh. Chunju, R/o Village and P.O. Dobhi, Tehsil and District Kullu, H.P.
2. The Land Acquisition Officer, National Highway Authority of India, Pandoh, District Mandi, H.P.
3. The Collector, Kullu, District Kullu, H.P.

...Respondents.

APPLICATION UNDER SECTION 34 OF THE ARBITRATION AND CONCILIATION ACT, 1996, SEEKING SETTING ASIDE THE IMPUGNED AWARD DATED 05.09.2024 PASSED BY LEARNED ARBITRATOR-CUM-DIVISIONAL COMMISSIONER, MANDI, DISTT. MANDI, H.P.

For the applicant/NHAI : Smt. Sunita Verma Ld. Vice Counsel.
For respondents No.1 : Sh. Lal Singh, Ld. Counsel.
For respondents No.2 and 3 : Sh. Vinod Bhardwaj, Ld. D.A.

J U D G M E N T

By way of the present application under Section 34 of the Arbitration and Conciliation Act, 1996, the Highway Administrator & Project Director (NHAI) has assailed the award dated 05.09.2024 passed by learned Arbitrator-cum-Divisional

Commissioner, Mandi Division Mandi, H.P., exercising the power of Arbitrator under the National Highways Act, 1956. (For the sake of convenience the parties hereinafter be referred to as NHAI, landowners and Competent Authority and National Highways Act shall be referred to as “Act of 1956” and the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 shall hereinafter be referred to as “Act of 2013”).

2. In brief, the facts giving rise to the present application are that the land of the landowner situated in village Dobhi, Tehsil and District Kullu was acquired by the Central Government of India for the public purpose of widening/ four laning, maintenance, management and operation of National Highway No. 21 and notifications under sections 3-A and 3-D of the National Highway Act, 1956 were also issued in the official Gazette of the Government of India and thereafter, the Competent Authority passed the award No.28 dated 13.10.2016, whereby the compensation was determined qua the market value of the acquired land under the provisions of the Act of 1956.

3. Thereafter, being aggrieved by the award passed by the Competent Authority on dated 13.10.2016, the landowners filed separate claim applications under section 3G(5) of the Act of 1956 before the Ld. Arbitrator, Mandi for enhancement of the compensation qua the acquired land and the Ld. Arbitrator vide impugned award dated 05.09.2024 partly allowed the application of the landowner and held that the applicant-landowner shall not be entitled to any enhancement in the compensation amount so awarded by the Competent Authority, however, they shall be entitled to all the statutory benefits contained under section 30(1) and 30(3) of the Act No.30 of 2013 and interest @ 9% for the first

year and 15% per annum thereafter as the case may be in accordance with law on the amount of compensation, if already not paid.

4. Feeling dis-satisfied, the applicant - NHAI preferred the present application for setting-aside the impugned award passed by the learned Arbitrator on the premise that the Ld. Arbitrator has wrongly and illegally awarded interest @ 9% for the first year and 15% thereafter, as the case may be in accordance with law on the amount of compensation determined by the Competent Authority in complete ignorance of section 105 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 and has wrongly awarded the interest under section 80 of the Act of 2013 in utter violation of the law. It is submitted that section 80 is not applicable to the acquisition under the Act of 1956. It is submitted that the respondents are not entitled to any statutory benefits contained under sections 30(1) and 30(3) of the Act of 2013, as the Competent Authority vide its award dated 13.10.2016 had already awarded solatium and interest as per section 30(1) and 30(3) of the Act of 2013. It is submitted that otherwise also since the Ld. Arbitrator had already rejected the claim qua enhancement, therefore, the respondents are not entitled to the abovesaid statutory benefits. It is submitted that the NH Act 1956 is a complete code in itself and there are specific provisions for expeditious acquisition of the land required for public infrastructure and the RFCTLARR Act, 2013 is not ipso facto applicable to the NH Act, 1956. It is submitted that the perusal of the First Schedule shows that only provisions of Sections 26 & 29 and solatium @ 100% of the RFCTLARR Act, 2013 have been made applicable to the acquisition under the NH Act, 1956. It is

submitted that in NHAI v. P. Nagaraju @ Cheluvaiah, it has been held by Hon'ble Supreme Court that the provisions of the RFCTLARR Act, 2013 have very limited applicability on the acquisition made under the NH Act, 1956 and it has been observed by the Hon'ble Supreme Court that only the provisions enshrined under sections 26 to 28 of the RFCTLARR Act, 2013 have to be taken into consideration for determination of compensation for the acquisition made under the NH Act, 1956. It is submitted that the interest awarded by the Ld. Arbitrator under section 80 of the Act of 2013 is wrong and patently illegal, therefore, the impugned award is liable to be set aside on this score only.

5. It is submitted that the Ld. Arbitrator has failed to appreciate that no evidence was led by the landowner/respondent to show that the compensation was either not paid by the Competent Authority or not deposited by the petitioner. It is submitted that no evidence was led by the landowner before the Ld. Arbitrator to show that there was either a delay in payment of compensation by the Competent Authority or deposit of compensation by the applicant. The Ld. Arbitrator has misconstrued by awarding interest under section 80 of the Act of 2013, which is not even applicable to the acquisitions made under the Act of 1956.

6. It is submitted that the Ld. Arbitrator erred in not taking into consideration the mandatory provisions of section 28(1)(a) of the Act of 1996 which mandates that while deciding the disputes between the parties, the arbitral tribunal is bound to take into consideration the substantive law for the time being in force in India. It is submitted that section 3G(6) of the NH Act, 1956 specifically provides that the provisions of Arbitration and

Conciliation Act, 1996 would be applicable to every arbitration under the NH Act, 1996, however, Ld. Arbitrator had passed the award in complete ignorance of section 3G(6) of the NH Act read with Arbitration and Conciliation Act, 1996 thereby violated the mandatory provisions of section 28(1)(a) of the Act of 1996. It is submitted that the impugned award has been passed without taking into consideration the averments made by the petitioner, relevant proposition law applicable thereto and beyond the pleadings and evidence of the parties. It is submitted that the award passed by the Ld. Arbitrator is in conflict with fundamental policy and is liable to be set aside.

7. It is submitted that the Ld. Arbitrator wrongly and illegally held that the respondent is entitled to interest under section 80 from the date of issuance of notification under section 3D of the NH Act, 1956. It is submitted that the Ld. arbitrator in order to give undue benefits completely ignored the statutory provisions of NH Act, 1956 i.e. Section 3-H(1) of read with section 3-E of the NH Act, 1956 and the award of the Competent authority. It is submitted that section 3-H(1) provides that the possession of the land can be taken after compensation is deposited by the Central Government and Section 3-E(1) of the Act provides that before taking possession of the acquired land, the Competent Authority has to serve the notice to the owner to surrender or deliver the possession within sixty days of the service of notice and the possession of the acquired land will be taken as per section 3E of the NH Act, 1956. It is submitted that the Ld. Arbitrator in utter violation of statutory provisions, wrongly and illegally held that the date of possession is to be reckoned from the issuance of declaration under section 3D of the Act of 1956, thereby making an award patently illegal and against the

settled canons of law. Hence, the impugned award is liable to be set aside.

8. It is submitted that no issue was framed by the Ld. Arbitrator to award interest under section 80 of the Act of 2013 and no evidence was led by the respondents (landowners) to show that the compensation was not paid by the Competent Authority or deposited by the applicant on or before taking possession of the land). It is submitted that the cause of action accrued in favour of the NHAI on 21.12.2024 when the impugned award dated 05.09.2024 passed by the Ld. Arbitrator was received by the applicant. It is submitted that the present petition is within limitation.

9. The petition(s) has been resisted and contested by the respondent/landowner by filing reply on *inter alia* preliminary objections of maintainability, jurisdiction, no cause of action and locus standi etc. On merits, It is submitted that the interest part awarded by the Arbitrator, Mandi cannot be challenged by way of present petition by the petitioner as the same was also awarded as per the settled principles of law. Ld. Arbitrator has also failed to enhance the compensation as prayed for by the respondent in his petition filed before it. The Ld. Arbitrator has also failed to award the payment of compensation amount as per section 64(1) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 qua the acquired land. It is admitted that the impugned award is against the law, facts, evidence and principle of natural justice. The Ld. Arbitrator must have awarded all the reliefs prayed for by the respondents/ landowners in their petition filed qua which no rebuttal evidence is led before it but the Ld. Arbitrator partly allowed the award thereby ignoring the main relief sought by the

respondents/landowners. Hence, the award is liable to be modified. It is submitted that the present petition is hopelessly time barred as the petitioner intentionally did not receive the copy of the award within time and let it remained in the office of the Arbitrator and as such, the present petition on this score alone is liable to be dismissed. It is submitted that the law cited is related to the land acquired in the state of Punjab and due to geographical situation of the lands in Punjab and in the state of Himachal Pradesh are different and so far as the findings qua the date of possession is concerned, the record of the same is with the petitioner and it is incumbent duty of the petitioner to produce the same. The interest has been awarded by the Ld. Arbitrator as per the settled principle of law. It is submitted that the interest part has been rightly awarded by the Ld. Arbitrator however, the Ld. Arbitrator has wrongly ignored the other reliefs claimed by the respondents and wrongly ignored the relevant factors essential for the just determination of the compensation. Ld. Arbitrator has not taken into account the best pleaded case of the petitioner and also not taken into consideration the market value of the land as per the market value of the land of the last year of acquisition of the land, rather taken the market value of the year 2012, while awarding the compensation to the petitioner qua his land because every year the market value of the land is revised by 10% increase. The LAO should have assessed the compensation of the land keeping in view the market value of the year by increase of 10% of the market value in each year after 2012. It is submitted that the respondent No.1 is not only entitled to the interest part as awarded by the Ld. Arbitrator but also other reliefs. The Ld. Arbitrator has ignored the fact that LAO had ignored the report of the Negotiation Committee constituted for assessing the market

value of the land of the area as the said committee has assessed the market value of the land to the tune of ₹4,50,000/- and the same was given to the LAO, but the Ld. Arbitrator has also ignored this very important aspect of the case. It is submitted that interest has been passed in accordance with law, whereas, the other relief claimed by the respondents/ landowners has wrongly been denied, which is illegal and contrary to the settled provisions of law. The Interest part is covered under all the statutory reliefs qua which issues have been already framed. It is submitted that the Ld. Arbitrator has not awarded the statutory benefits qua the acquisition of the land of the landowners as per the verdict of Hon'ble Apex Court rendered in Tarsem case (supra). It is submitted that no cause of action has arisen in favour of the applicant to file the present petitions. It is submitted that the present petition is hopelessly time barred and is liable to be dismissed.

10. On the other hand, Ld. DA appeared for respondents No.2 and 3, however, did not file any reply to the objection petition.

11. I have heard Learned counsel for the parties and have gone through the record with minute care.

12. The following points arise for determination :

1. **Whether the impugned award passed by the Ld. Arbitrator is liable to be set aside being not in accordance with the parameters of the Act?**
2. **Final Order.**

13. For the reasons to be recorded hereinafter, while discussing the aforesaid points for determination, my findings on the above points are as under:

Point No.1: No.

Final Order: **The present application is dismissed
as per operative part of the judgment.**

REASONS FOR FINDINGS.

POINT NO.1.

14. Before advertng to the merits of the case, it would be apposite to first examine the ambit and scope of interference this Court is entitled to make, as per the provisions of Section 34 of the Arbitration and Conciliation Act, 1996.

15. The Hon'ble Apex Court of India in Project Director, National Highways No.45 E and 220, National Highways Authority Of India Versus M. Hakeem And Another, 2021 (9) SCC 1, has held that:

“What is important to note is that, far from Section 34 being in the nature of an appellate provision, it provides only for setting aside awards on very limited grounds, such grounds being contained in sub-sections (2) and (3) of Section 34. Secondly, as the marginal note of Section 34 indicates, “recourse” to a court against an arbitral award may be made only by an application for setting aside such award in accordance with sub-sections (2) and (3). “Recourse” is defined by P.Ramanatha Aiyar’s Advanced Law Lexicon (3rd Edn.) as the enforcement or method of enforcing a right. Where the right is itself truncated, enforcement of such truncated right can also be only limited in nature. What is clear from a reading of the said provisions is that, given the limited grounds of challenge under sub-section (2) and (3), an application can only be made to set aside an award. This becomes even clearer when we see sub-section (4) under which, on receipt of an application under sub-section (1) of Section 34, the court may adjourn the Section 34 proceedings and give the Arbitral Tribunal an opportunity to resume the arbitral proceedings or take such action as will eliminate the grounds for setting aside the arbitral award. Here again, it is important to note that it is the opinion of the Arbitral Tribunal which counts in order to eliminate the

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grounds for setting aside the award, which may be indicated by the court hearing the Section 34 application.”(Para 16)

Section 34 of Arbitration and Conciliation act 1996 proceedings does not contain any challenge on the merits of the award. (Para 23)

Thus, there can be no doubt that given the law laid down by the Supreme Court, Section 34 of the Arbitration and Conciliation Act, 1996 cannot be held to include within it a power to modify an award. To state that the judicial trend appears to favour an interpretation that would read into Section 34 of the Arbitration and Conciliation Act Act, 1996 a power to modify, revise or vary the award would be to ignore the previous law contained in the Arbitration Act, 1940 as also to ignore the fact that the Arbitration and Conciliation Act, 1996 was enacted based on the UNCITRAL Model Law on International Commercial Arbitration, 1985 which makes it clear that, given the limited judicial interference on extremely limited grounds not dealing with the merits of an award, the “limited remedy” under Section 34 of the Arbitration and Conciliation Act, 1996 is coterminous with the “limited right”, namely, either to set aside an award or remand the matter under the circumstances mentioned in Section 34 of the Arbitration and Conciliation Act, 1996.” (Paras 31 to 42)

16. Subsequently, the questions raised by three judges bench of Hon'ble Apex Court in **Gayatri Balasamy v. M/s. ISG Novasoft Technologies Ltd** decided on 20.02.2024, the Hon'ble Supreme Court on 30.04.2025, in the aforesaid case, has observed and held that:

“31. The next question that arises is whether the power to set aside an award includes the power to partially set it aside.

II. Severability of Awards

In the present controversy, the proviso to Section 34(2)(a)(iv) is particularly relevant. It states that if the decisions on matters submitted to arbitration can be separated from those not submitted, only that part of

the arbitral award which contains decisions on matters non-submitted may be set aside. The proviso, therefore, permits courts to sever the non-arbitrable portions of an award from arbitrable ones. This serves a two-fold purpose. First, it aligns with Section 16 of the 1996 Act, which affirms the principle of kompetenz-kompetenz — that is, the arbitrators' competence to determine their own jurisdiction. Secondly, it enables the court to sever and preserve the "valid" part(s) of the award while setting aside the "invalid" ones. Indeed, before us, none of the parties have argued that the court is not empowered to undertake such a segregation.

33. We hold that the power conferred under the proviso to Section 34(2)(a)(iv) is clarificatory in nature. The authority to sever the "invalid" portion of an arbitral award from the "valid" portion, while remaining within the narrow confines of Section 34, is inherent in the court's jurisdiction when setting aside an award.

34. To this extent, the doctrine of omne majus continet in se minus—the greater power includes the lesser—applies squarely. The authority to set aside an arbitral award necessarily encompasses the power to set it aside in part, rather than in its entirety. This interpretation is practical and pragmatic. It would be incongruous to hold that power to set aside would only mean power to set aside the award in its entirety and not in part. A contrary interpretation would not only be inconsistent with the statutory framework but may also result in valid determinations being unnecessarily nullified.

35. However, we must add a caveat that not all awards can be severed or segregated into separate silos. Partial setting aside may not be feasible when the "valid" and "invalid" portions are legally and practically inseparable. In simpler words, the "valid" and "invalid" portions must not be inter-dependent or intrinsically intertwined. If they are, the award cannot be set aside in part.

37. We would now proceed to examine, the permissibility and scope of the court's modification powers, within the parameters of Section 34 of the 1996 Act. In doing so, we will distinguish the court's power of modification from: (i) the court's power of

setting aside an award; (ii) the arbitrator's power under section 33 to correct, reinterpret, and/or issue an additional award; and (iii) the of the court to remand the award to the arbitrator under Section 34(4).

IV. A Limited power of modification can be located in section 34.

43. Equally, Section 34 limits recourse to courts to an application for setting aside the award. However, Section 34 does not restrict the range of reliefs that the court can grant, while remaining within the contours of the statute. A different relief can be fashioned as long as it does not violate the guardrails of the power provided under Section 34. In other words, the power cannot contradict the essence or language of Section 34. The court would not exercise appellate power, as envisaged by Order XLI of the Code of Civil Procedure, 1908.

44. We are of the opinion that modification represents a more limited, nuanced power in comparison to the annulment of an award, as the latter entails a more severe consequence of the award being voided in toto. Read in this manner, the limited and restricted power of severing an award implies a power of the court to vary or modify the award. It will be wrong to argue that silence in the 1996 Act, as projected, should be read as a complete prohibition.

*45. We are thus of the opinion that the Section 34 court can apply the doctrine of severability and modify a portion of the award while retaining the rest. This is subject to parts of the award being separable, legally and practically, as stipulated in **Part II** of our **Analysis**.*

17. Therefore, in view of the recent judgment of the Hon'ble Supreme Court, under Section 34, the court in the appellate hierarchy do not have a power to modify the arbitral award, however, the Court can apply the doctrine of severability and set aside a portion of the award while retaining the rest, subject to parts of the award being separable, legally and practically. Further, the power to set aside will not include the power to modify since the power to modify is not a lesser power

subsumed in the power to set aside and both are qualitatively different. Further, Hon'ble Apex Court held the law laid down in the judgment in Hakeem (supra) to be correct with only exception to carry out corrections in computational errors, clerical errors or typographical errors and any other errors of similar nature.

18. It is contended by Ld. Counsel for the applicant - NHAI that the impugned award is perverse and against the public policy and the impugned award has been passed on incorrect application of the basic principles of settled law. Therefore, the impugned award is patently illegal and liable to be set aside.

19. Patent illegality is nowhere defined under the Act. In general, it is a ground to set aside the arbitral award if the award is found to be opposed to substantive provisions of law or requirement of the Arbitration and Conciliation Act, 1996, or against the terms of the contract.

20. It has been held by their Lordships of Hon'ble Supreme Court in **Delhi Airport Metro Express Pvt. Ltd. vs. Delhi Metro Rail Corporation Ltd.** 2022(1)SCC 131 as under:-

“25. Patent illegality should be illegality which goes to the root of the matter. In other words, every error of law committed by the Arbitral Tribunal would not fall within the expression 'patent illegality'. Likewise, erroneous application of law cannot be categorised as patent illegality. In addition, contravention of law not linked to public policy or public interest is beyond the scope of the expression 'patent illegality'. What is prohibited is for courts to re-appreciate evidence to conclude that the award suffers from patent illegality appearing on the face of the award, as courts do not sit in appeal against the arbitral award. The permissible grounds for interference with a domestic award Under Section 34(2-A) on the ground of patent illegality is when the arbitrator takes a view which is not even a possible one, or interprets a Clause in the contract in such a manner which no fair-minded or

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reasonable person would, or if the arbitrator commits an error of jurisdiction by wandering outside the contract and dealing with matters not allotted to them. An arbitral award stating no reasons for its findings would make itself susceptible to challenge on this account. The conclusions of the arbitrator which are based on no evidence or have been arrived at by ignoring vital evidence are perverse and can be set aside on the ground of patent illegality. Also, consideration of documents which are not supplied to the other party is a facet of perversity falling within the expression 'patent illegality'.

21. Therefore, the ground of patent illegality, with inbuilt exception, is available in the statute for setting aside domestic award, if the decision of the Arbitrator is found to be perverse, or, so irrational that no reasonable person would have arrived at the same or construction of the contract is such that no fair or reasonable person would take or the view of the Arbitrator is not even possible.

22. Further, it has been observed by the Hon'ble Apex Court in **Patel Engineering v. North Eastern Electrical Power Corporation Ltd. 2020(7) SCC 167 (Para-20)** that the expansive definition given to the term public policy of India has been done away with, after the amendment of the Arbitration and Conciliation Act in the year 2015.

23. Otherwise also, the National Highway Act, 1956 has been enacted with the object to acquire land, building, maintenance, management, or operation of the National Highways, on the payment of the compensation to the landowners or person interested for such acquisition. Therefore, to my mind, the determination of the just and fair compensation determined by the Arbitrator to the landowners, whose property has been acquired, for such purpose/development cannot be said to be

against the public policy.

24. Further, it has been laid down by Hon'ble Supreme Court in case titled as National Highways Authority of India Vs. Sri. P. Nagaraju @ Cheluvaiah & Anr. (2022) 9 SCALE 823 that the award passed by the Competent Authority under National Highways Act is an offer of compensation by an acquiring authority and the Ld. Arbitrator is not supposed to critically examine the award passed by the Authority. It will be open to the Ld. Arbitrator to rely upon the additional material brought on record to determine the just and fair compensation. The legislature has conferred right upon the person aggrieved by the award of the Competent Authority to approach the Arbitrator. Thus, Arbitrator has the jurisdiction to pass the award after taking into consideration the evidence led by the parties in the arbitration proceedings. Merely, the award of the Arbitrator is contrary to the award of the Competent Authority is no ground to set it aside.

25. Ld. Counsel for the NHAI contended that the Ld. Arbitrator wrongly and illegally granted interest @ 9% for the year and 15% thereafter, as the case may be, in accordance with law, on the amount of compensation determined by the Competent Authority in complete ignorance of section 105 of the Act of 2013. It is also contended that section 80 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 is not applicable and only the provisions of section 26 and 29 and solatium @100% of the Act of 2013 are applicable to the acquisition under the Act of 1956.

26. In the present case, the preliminary notification under section 3A of the National Highway Act, 1956 for award No.28 dated 13.10.2016, passed by the Competent Authority was

published on 12.03.2015 and the compensation was determined as per the Act of 2013, as is applicable for acquisition under the National Highway Act, 1956 w.e.f. 01.01.2015 vide notification/Government of India letter No.11011/30/2015-LA, Ministry of Road Transport and Highways. Moreover, vide notification dated 28.08.2015, the Government of India emphasized that the provisions of the Act of 2013, being the beneficial provisions related to compensation, rehabilitation and resettlement, are applicable in the proceedings for acquisition under the National Highway Act, 1956.

27. So far as the contention of the Ld. Counsel for the applicant regarding payment of interest part is concerned, the same is the part of compensation and the more beneficial provision of 2013, Act relating to interest i.e. Section 80 on the amount determined in the first instance (by Competent Authority under NH Act) would undoubtedly apply to the acquisitions made under the NH Act. Further, the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 and National Highways Act are the enactments for the acquisition of the land and the same being beneficial legislation, therefore, cannot be read in contradiction to each other. Merely because Section 105(3) of the Act of 2013 limits automatic applicability of certain provisions of the said Act to acquisitions under the Act of 1956, the same does not render the award of interest by the learned Arbitrator illegal or without jurisdiction. The learned Arbitrator has adopted the rate of interest as a guiding principle to ensure that the claimant is adequately compensated for deprivation and delayed payment of compensation and such exercise of discretion by the learned Arbitrator cannot be re-appreciated by this Court at this stage.

28. It is contended on behalf of the NHAI that the Ld.

Arbitrator in order to give undue benefit completely ignored the statutory provisions of the Act of 1956 i.e. Section 3-H(1) and Section 3-E(1). It is further contended that the Ld. Arbitrator erred by delegating the powers to the Competent Authority to ascertain the date of taking possession of the acquired land, whereas, it is contended on behalf of the landowners that since, as per section 3D of the Act of 1956, on the publication of the declaration under Sub Section (1), the land shall vest absolutely in the Central Government free from all encumbrances, the Central Government becomes the owner of the property on the publication of notification under section 3D of the NH Act, therefore, in the present case, the respondents are entitled to the interest from the date of the notification under section 3D of the NH Act till the payment of the compensation. It is further submitted that the Ld. Arbitrator erred by delegating the powers to the Competent Authority to ascertain the date of taking possession of the acquired land.

29. The Ld. Arbitrator has recorded specific findings that the applicant-landowner has not mentioned the specific period/date on which the possession was handed over by the applicant. As per the award passed by the Competent Authority, the possession of the land affected by the award will be taken from the land owners as per the provisions of section 3(e) of the Act of 1956. In the present case, the land of the applicant-landowner was acquired under the provisions of National Highway Act and the compensation was assessed as per the relevant provisions of the Act of 2013. Section 3D of Act of 1956, declares land officially acquired and vested in the Central Government after objections are heard. Section 3E of the Act empowers the government to physically take possession of that vested land, typically after compensation amounts are determined and deposited, authorizing

entry and eviction by notice. Section 3D of the Act of 1956 is the legal declaration of acquisition (vesting), while 3E of the Act is the physical enforcement of taking possession. In the present case, there was no evidence on record with the Ld. Arbitrator regarding physical possession of the land under section 3E of the Act. No notice as per the provisions of section 3(e) of the Act regarding surrender of land had been placed by either of the parties on record before the Ld. Arbitrator in arbitration proceedings. Therefore, the Ld. Arbitrator was right in holding the landowner to be entitled for the interest, if already not paid, from the date of taking possession as per section 80 of the Act of 2013.

30. Further, the grievance of applicant/NHAI that substantive law was not considered by the Ld. Arbitrator is not correct perspective.

31. In my considered opinion, the Learned Arbitrator had considered the provisions of the National Highways Act and the Act of 2013 which are the substantive laws applicable to the present case in its right perspective and it cannot be said that there was any violation of the statutory law. Moreover, mere contravention of the substantive law of India, by itself, is no longer a ground available to set aside an arbitral award. On this point, reliance can be placed upon judgment titled as *Associate Builders vs. Delhi Development Authority (2015) 3 SCC 49*. Therefore, the submission of Ld. Counsel for the NHAI is liable to be rejected.

32. The perusal of the impugned award shows that the Arbitrator has passed a well reasoned award while taking into consideration the evidence led by the parties, arguments advanced by them and the material placed on record in the arbitral proceedings. Nothing appears from the record that the impugned award has been passed in contradiction to the

provisions of section 34 of the Arbitration and Conciliation Act. Having regard to the aforementioned facts and circumstances of the case and for the aforesaid reasons, this Court finds no justification to interfere with the impugned award passed by the Ld. Arbitrator. Accordingly, the point No.1 is answered in negative.

33. No other point was urged.

FINAL ORDER

34. In view of the abovesaid discussion, the present application filed by the applicant - NHAI is **dismissed**. Memo of costs be prepared. The parties are left to bear their respective costs. Pending application(s), if any, are also disposed of, being rendered infructuous. The record of Ld. Arbitrator along with attested copy of this judgment be returned to the Ld. Arbitrator forthwith and the record of this Court, after due completion, be consigned to the Record Room.

Announced and signed in the open Court today on this 7th day of August, 2026.

(Paras Doger)
District Judge
Mandi District Mandi (HP).

Certified that I have signed the Page Nos.
1 to 19 of the Judgment.

(Paras Doger)
District Judge
Mandi District Mandi (HP).