



**IN THE HIGH COURT OF KARNATAKA AT BENGALURU**

**DATED THIS THE 26<sup>TH</sup> DAY OF FEBRUARY, 2026**

**BEFORE**

**THE HON'BLE MS. JUSTICE JYOTI M**

**MISCELLANEOUS FIRST APPEAL NO.172 OF 2022 (AA)**

**BETWEEN:**

NATIONAL HIGHWAYS AUTHORITY OF INDIA  
PIU-CHITRADURGA,  
HAVING ITS OFFICE AT NEAR J.M.I.T.,  
NH-48, (OLD NH-4), (KM.202),  
CHITRADURGA-577502,  
REPRESENTED BY ITS PROJECT DIRECTOR,  
SRI. D SRINIVASULU NAIDU

...APPELLANT

(BY SMT. SHILPA GHANSHYAMBHAI SHAH., ADVOCATE)

**AND:**

1. SRI NARASIMAPPA  
S/O. LATE REDDEPPA,  
AGED ABOUT 35 YEARS

2. SRI. MAREPPA  
S/O. LATE REDDEPPA,  
AGED ABOUT 20 YEARS,

RESPONDENTS NO.1 AND 2 ARE  
LEGAL REPRESENTATIVES OF  
LATE REDDEPPA,  
R/AT BANGARAKKANAGUDDA VILLAGE,  
JAGALUR TALUK,  
DAVANAGERE DISTRICT-577228.

3. THE ARBITRATOR / DEPUTY COMMISSIONER  
HOSPET-CHITRADURGA SECTION OF NH 13,





(OLD NO. NH 48),  
DISTRICT ADMINISTRATIVE OFFICE,  
HARIHAR-DAVANAGERE ROAD,  
DAVANAGERE DISTRICT-577004.

4. SPECIAL LAND ACQUISITION OFFICER AND  
COMPETENT AUTHORITY, NH 48,  
NATIONAL HIGHWAYS AUTHORITY OF INDIA,  
P.G. BUILDING, NEAR KSRTC BUS DEPOT,  
CHITRADURGA DISTRICT-577502,  
REPRESENTED BY ITS  
SPECIAL LAND ACQUISITION OFFICER

...RESPONDENTS

(BY SRI. MANJUNATHA RAYAPPA, AGA FOR R3 AND R4;  
R1 AND R2 ARE SERVED AND UNREPRESENTED)

THIS MISCELLANEOUS FIRST APPEAL IS FILED UNDER  
SECTION 37(1)(c) OF ARBITRATION AND CONCILIATION ACT,  
1996.

THIS MISCELLANEOUS FIRST APPEAL IS LISTED FOR  
FINAL HEARING, THIS DAY, THE JUDGMENT IS DELIVERED AS  
UNDER:

**ORAL JUDGMENT**

Smt.Shilpa Ghanshyambhai Shah., counsel for the  
appellant and Sri.Manjunatha Rayappa., Additional Government  
Advocate for respondents 3 and 4 have appeared in person.

Notice to respondents 1 and 2 was issued on 12.01.2023.  
A perusal of the office note depicts that respondents 1 and 2  
are served and unrepresented. They have neither engaged the



services of an advocate nor conducted the case as a party in person.

2. The appeal is filed to set aside the judgment dated 21.06.2021, passed by the Principal District and Sessions Judge, Davanagere, in A.P.No.14/2020 as far as the direction for the payment of solatium and the statutory interest to respondents 1 and 2 is concerned, and consequently to restore the Arbitral Award dated 21<sup>st</sup> August 2017, passed by the third respondent.

3. The Central Government, for the construction of four laning from Kms.378.200 to Kms.418.500 (Hospet to Chitradurga Section) issued a final notification under Section 3D (1) and (2) of the National Highways Act and the same was published in the official gazette, declaring that amongst other lands, the lands in Survey No.19/P8 to an extent of 808 square meters situated at the said village rest absolutely with the Central Government, free from all encumbrances. The fourth respondent was appointed as the competent authority under Section 3(a) of the National Highways Act, determined the value at Rs.2,00,000/- per acre, equivalent to Rs.49.50/- per



square meter vide award dated 26.03.2013. Being dissatisfied with the market value determined by respondent No.4, Sri.Reddeppa, the owner of the acquired lands, approached respondent No.3 seeking enhancement of compensation. The third respondent, with a common arbitral award dated 21.08.2017, rejected the claims of the land owners, including that of Sri.Reddeppa, thereby confirming the market value determined by the fourth respondent.

Respondents 1 and 2, the legal representatives of Late Sri.Reddeppa, aggrieved by the Arbitral Award, approached the Principal District and Session Judge at Davangere by filing a suit under Section 34 of the Arbitration and Conciliation Act, 1996 seeking setting aside the Arbitral Award and enhancement of the compensation., which later came to be registered as A.P.No.14/2020 and after transfer to and re-transfer from Commercial Court to the Principal District and Sessions Judge, Davanagare. The appellant, through its counsel, contested the matter by way of filing a written statement, contended that there was no scope for modification of the arbitral award, and the relief sought in the petition was outside the scope of Section 34 of the Arbitration Act.



The appellant also brought to the notice of the District Court that, as on the date of the hearing of the main arguments, the application seeking modification of the order dated 19.09.2019 passed by the Hon'ble Supreme Court was still pending before the Supreme Court. The District Court after dismissing the suit, passed further orders awarding solatium and statutory interest on the market value determined by the respondent No.4. Under these circumstances, the appellant has filed the appeal on several grounds as setout in the Memorandum of appeal.

4. Counsel for the respective parties presented several contentions.

Counsel for the appellant placed reliance on the following decisions:

- 1. SRI.H.M.SHANKARAMURTHY V/S. NATIONAL HIGHWAYS AUTHORITY OF INDIA AND OTHERS reported in ILR 2010 KAR 3711.*
- 2. NATIONAL HIGHWAYS AUTHORITY OF INDIA V/S. MAHADEVI AND OTHERS reported in 2017 (4) KAR.L.J. 674.*



*3. S.V.SAMUDRAM V/S. STATE OF KARNATAKA AND ANOTHER reported in (2024) 3 SCC 623.*

*4. THE UNION OF INDIA AND ANOTHER V/S. SRI.KOTHARI SUBBARAJU AND OTHERS reported in MFA NO.6525/2016 (AA).*

5. Heard the arguments and perused the papers with care.

6. The facts are sufficiently said and do not require reiteration. The core issue for determination is whether the award of solatium and statutory interest is legally sustainable when the primary suit has been dismissed.

7. In the present case, the lands were acquired for a public purpose and compensation was duly awarded by the SLAO; the arbitrator rightly rejected the petition on 21.08.2017. As the suit was dismissed, the Trial Court acted without jurisdiction in awarding solatium and interest.

It is a well-settled principle of law that under Section 34 of the Arbitration and Conciliation Act, 1996, the Court's jurisdiction is confined to either upholding or setting aside an arbitral award; it does not possess the power to modify the



award's substantive findings. Moreover, the claimants did not pray for the grant of solatium and statutory interest; hence, the award of solatium and interest is untenable. In the absence of a plea for the grant of solatium and statutory interest, the award of the same was untenable. Needless to observe upon dismissal of the suit, the Court became functus officio regarding the subject matter, rendering the award of solatium and interest is null and void.

Counsel for the appellant placed reliance on the decisions referred to supra. But I do not think that the law is in doubt. Each decisions turns on its own facts. The present case is also tested in the light of the aforesaid decisions.

8. For the foregoing reasons, the appeal deserves to be allowed and the judgment dated 21.06.2021, passed by the Principal District and Sessions Judge, Davanagere, in A.P.No.14/2020, as far as the direction for the payment of solatium and the statutory interest to respondents 1 and 2 is set aside, and the Arbitral Award dated 21<sup>st</sup> August 2017, passed by the third respondent, is restored.



9. Resultantly, the appeal is ***allowed***.

Because of disposal of the appeal, interim order granted if any stands discharged and pending interlocutory applications if any are disposed of.

**SD/-**  
**(JYOTI M)**  
**JUDGE**

MRP  
List No.: 1 Sl No.: 42