IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

Arb. Appeal No.511 of 2025 a/w Arb. Appeal Nos.10, 13, 229 & 384 of 2025
Date of decision:24.09.2026

1.	National Highway Authority of India	...Appellant.
	Versus	
	Devender Singh & others	...Respondents.
2.	National Highway Authority of India	...Appellant.
	Versus	
	Bishan Singh	...Respondent.
3.	National Highway Authority of India	...Appellant.
	Versus	
	Rattanu Ram & another	...Respondents.
4.	National Highway Authority of India	...Appellant.
	Versus	
	Bijender Singh & another	...Respondents.
5.	National Highway Authority of India	...Appellant.
	Versus	
	Rattan Singh & another	...Respondents.

Coram:

The Hon'ble Mr. Justice Romesh Verma, Judge.

Whether approved for reporting?[1]

Whether reporters of Local Papers may be allowed to see the judgment?

For the appellant(s) : Ms. Shreya Chauhan, Advocate in all the appeals.

For the respondents : Mr. Yuyutsu Singh Thakur, Advocate in all the appeals

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Romesh Verma, Judge (oral):

Since common questions of law and facts are involved in the present appeals, hence they are being disposed of by a common judgment.

2. The present appeals under Section 37 of the Arbitration and Conciliation Act, 1996 (for brevity, “Act of 1996”) arise out of the judgment dated 18.11.2023, as passed by the learned District Judge, Bilaspur, H.P., whereby applications filed by the appellant/National Highway Authority of India, under Section 34 of the Act of 1996 were dismissed and the award as passed by the Arbitrator was upheld and the respondents/land owners were also held entitled to get 12% interest per annum on the enhanced amount of the market value of the land from the date of the publication of notification under Section 3-A of the National Highways Act, 1956 (for brevity, “Act of 1956”) till the award of the competent authority or till the date of taking possession of the land whichever is earlier, over and apart of 30% solatium and 9% interest per annum awarded by the Arbitrator.

3. For the sake of brevity, facts of lead case being Arb. Appeal No.511 of 2025 are being noticed hereinafter:

4. The land of the respondents was acquired by the appellant in Mohal Kallar, Tehsil Ghumarwin for construction of four lane road in Nerchowk-Manali section of National Highway No.21. Notification under Section 3A(1) of the Act of 1956 was published in the official gazette on 21.4.2012 and 17.8.2012 for acquiring the land of the land owners for the aforesaid purpose. Notification under Section 3D(1) of the Act of 1956 was issued by the appellant on 15.12.2012 and 08.01.2013. Notification under Section 3G(3) of the Act of 1956 inviting claims from the interested persons was published in the newspaper on 14.01.2013 and 01.04.2013. The competent authority passed an award on 16.08.2013, whereby market value of the land in question was assessed at Rs.14,00,000/- per bigha irrespective of the classification and nature of the land in village Kallar.

5. Feeling dissatisfied by the award, the respondents filed claim petition for enhancement of amount of compensation under Section 3G(5) of the Act before the Arbitrator, which came to be allowed vide award dated 09.07.2018, whereby market value of the acquired land was enhanced from Rs.14,00,000/- to Rs.17,78,000/- per bigha and the respondents were held entitled to 30% solatium on the entire compensation amount and 9% interest on the enhanced amount payable from the date of taking possession till the deposit of the compensation.

6. The appellant feeling aggrieved by the award, dated 09.07.2018 preferred an application under Section 34 of the Act of 1996 before the learned District Judge, Bilaspur on 26.11.2018, who vide order dated 18.11.2023 dismissed the application filed by the appellant, whereby after upholding the award as passed by the Arbitrator, the respondents were held entitled to get 12% interest per annum on the enhanced amount of the market value of the land from the date of the publication of notification under Section 3-A of Act of 1956 till the award of the competent authority or till the date of taking possession of the land whichever is earlier, over and apart of 30% solatium and 9% interest per annum awarded by the Arbitrator.

7. By taking recourse to provisions of Section 37 of the Act of 1996, the appellant has now preferred the instant appeals challenging the order, dated 18.11.2023, as passed by the learned District Judge.

6 It is contended by Ms. Shreya Chauhan, learned counsel appearing for the appellant-NHAI, that impugned order is erroneous, perverse and liable to be quashed and set aside. She has submitted that the learned District Judge has not decided controversy in hand strictly in accordance with the Act of 1996, therefore, the impugned order is liable to be quashed and set aside. Primarily, as urged by learned counsel for the appellant, the impugned order as passed by

the learned District Judge has been challenged on the following counts:-

> *(i) reliance as placed by the learned District Judge as also the Arbitrator on sale deed, Ext. P-1, registered on 27.10.2011 pertaining to Mohal Kallar is of a very small area i.e. 3 biswa, as compared to large tract of land acquired under the questioned land acquisition process and thus, the aforesaid sale deed could not have been relied upon for assessing market value of the large tract of the land;*
> *(ii) the Arbitrator as well as District Judge ought to have allowed deduction to the extent of 60-70% towards development; and*
> *(iii) Lastly, her contention is that the award of 12% interest per annum on the enhanced amount of the market value of the land under Section 23 (1-A) of the Land Acquisition Act by the learned District Judge is erroneous and against mandate of the Hon'ble Supreme Court.*

7 On the other hand, Mr. Yuyutsu Singh Thakur, learned counsel appearing for the respondents, has defended the impugned order and has submitted that no interference of any kind is required in the present appeals.

8 I have heard the learned counsel for the parties and have also gone through the case file.

9 Before coming to factual matrix of the case, this Court shall delve into scope of interference while dealing with appeal filed under Section 37 of the Act of 1996.

10 In ***M/s C & C Constructions Ltd. Vs. IRCON International Ltd, 2025 INSC 138***, the Hon'ble Supreme Court has held as under: -

> "27. As far as scope of interference in an appeal under Section 37 of Arbitration Act is concerned, the law is well settled. In the

case of Larsen Air Conditioning and Refrigeration Company v. Union of India and Ors. in paragraph 15, this court held thus:

> "15. The limited and extremely circumscribed jurisdiction of the court under Section 34 of the Act, permits the court to interfere with an award, sans the grounds of patent illegality i.e. that "illegality must go to the root of the matter and cannot be of a trivial nature"; and that the Tribunal "must decide in accordance with the terms of the contract, but if an arbitrator construes a term of the contract in a reasonable manner, it will not mean that the award can be set aside on this ground" [ref : Associate Builders [Associate Builders v. DDA, (2015) 3 SCC 49 : (2015) 2 SCC (Civ) 204] , SCC p. 81, para 42]. The other ground would be denial of natural justice. In appeal, Section 37 of the Act grants narrower scope to the appellate court to review the findings in an award, if it has been upheld, or substantially upheld under Section 34."
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> (emphasis added)

28. In the case of Konkan Railway Corporation Limited v. Chenab Bridge Project Undertaking in paragraph 18, this court held thus:

> "18. At the outset, we may state that the jurisdiction of the court under Section 37 of the Act, as clarified by this Court in MMTC Ltd. v. Vedanta Ltd. [MMTC Ltd. v. Vedanta Ltd., (2019) 4 SCC 163: (2019) 2 SCC (Civ) 293] , is akin to the jurisdiction of the court under Section 34 of the Act. [Id, SCC p. 167, para 14:
> "14. As far as interference with an order made under Section 34, as per Section 37, is concerned, it cannot be disputed that such interference under Section 37 cannot travel beyond the restrictions laid down under Section 34. In other words, the court cannot undertake an independent assessment of the merits of the award, and must only ascertain that the exercise of power by the court

under Section 34 has not exceeded the scope of the provision."] Scope of interference by a court in an appeal under Section 37 of the Act, in examining an order, setting aside or refusing to set aside an award, is restricted and subject to the same grounds as the challenge under Section 34 of the Act."

29. Considering the limited scope of interference, as laid down by this Court, we find absolutely no merit in the appeal and the same is accordingly dismissed."

11 The Hon'ble Supreme Court in ***Som Dutt Builders vs. NHAI 2025 INSC 113*** has held as follows:

"36. In MMTC Ltd. Vs. Vedanta Ltd., this Court held that as far as Section 34 is concerned, the position is well settled that the court does not sit in appeal over an arbitral award and may interfere on merits only on the limited ground provided under Section 34(2)(b)(ii) i.e. if the award is against the public policy of India. Even then, the interference would not entail a review on the merits of the dispute but would be limited to situations where the findings of the arbitrator are arbitrary, capricious or perverse or when the conscience of the court is shocked or when the illegality is not trivial but goes to the root of the matter. An arbitral award may not be interfered with if the view taken by the arbitrator is a possible view based on facts. As far as interference with an order made under Section 34 by the court under Section 37 is concerned, it has been held that such interference under Section 37 cannot travel beyond the restrictions laid down under Section 34. In other words, the court cannot undertake an independent assessment of the merits of the award and must only ascertain that the exercise of power by the court under Section 34 has not exceeded the scope of the provision.

37. What is public policy of India has been explained in Ssangyong Engineer and Construction Company Ltd. (supra). It means the fundamental policy of Indian law. Violation of Indian

statutes linked to public policy or public interest and disregarding orders of superior courts in India would be regarded as being contrary to the fundamental policy of Indian law. It would also mean that the arbitral award is against basic notions of justice or morality. An arbitral award can be set aside on the ground of patent illegality i.e. where the illegality goes to the root of the matter but re-appreciation of evidence cannot be permitted under the ground of patent illegality.

38. xxx xxx xxx

39. In Reliance Infrastructure Ltd. (supra), this Court referring to one of its earlier decisions in UHL Power Company Ltd. Vs. State of Himachal Pradesh14, held that scope of interference under Section 37 is all the more circumscribed keeping in view the limited scope of interference with an arbitral award under Section 34 of the 1996 Act. As it is, the jurisdiction conferred on courts under Section 34 of the 1996 Act is fairly narrow. Therefore, when it comes to scope of an appeal under Section 37 of the 1996 Act, jurisdiction of the appellate court in examining an order passed under Section 34, either setting aside or refusing to set aside an arbitral award, is all the more circumscribed.

40. Again in M/s Larsen Air Conditioning and Refrigeration Company (supra), this Court reiterated the position that Section 37 of the 1996 Act grants narrower scope to the appellate court to review the findings in an arbitral award if it has been upheld or substantially upheld under Section 34."

12 In ***A.C. Chokshi Share Broker Private Limited vs. Jatin Pratap Desai, 2025 INSC 174***, the Hon'ble Supreme Court has observed as under:

"22. Whether the arbitral award ought to have been set aside: The limited supervisory role of courts while reviewing an arbitral award is stipulated in Section 34 of the Act, beyond whose grounds courts cannot intervene and cannot correct errors in the arbitral

award. 26 The appellate jurisdiction under Section 37 is also limited, as it is constrained by the grounds specified in Section 34 and the court cannot undertake an independent assessment of the merits of the award by re-appreciating evidence or interfering with a reasonable interpretation of contractual terms by the arbitral tribunal. 27 The court under Section 37 must only determine whether the Section 34 court has exercised its jurisdiction properly and rightly, without exceeding its scope.

23-26 xxx xxx xxx

27. Applying the test for perversity under Section 34 as explained above, it is clear that the High Court, while exercising jurisdiction under Section 37, adopted an incorrect approach. The arbitral tribunal's findings are definitely based on evidence, as has been rightly held by the Section 34 court. The High Court, at the stage of the Section 37 appeal, took an alternative view on this finding of fact by reappreciating evidence. The arbitral tribunal's conclusion was based on oral and documentary evidence regarding the conduct of the parties, which leads to a reasonable and possible view that there is joint and several liability. Hence, the High Court, while exercising jurisdiction under Section 37, has incorrectly held the award to be perverse."

13 The judgments, relevant portion whereof have been quoted hereinabove, hold that jurisdiction of the Courts under Section 37 of the Act of 1996 is akin to that under Section 34 of the Act of 1996. The Courts ought not to interfere with the arbitral award in a casual manner. The mere possibility of an alternative view on facts or interpretation of the contract does not entitle courts to reverse the findings of the Arbitral Tribunal. Further, it has been held that the supervisory role of Courts is very restricted in dealing with appeals

under Section 37 of the Act of 1996. Scope of interference in a petition under Section 34 of the Act of 1996 is narrower. Therefore, in view of the law as laid down by the Hon'ble Supreme Court, the present appeals have to be decided taking into consideration the factual background of the case in hand.

14 As regards first submission of the learned counsel for the appellant that the sale deed, Ext. P-1, could not have been made basis for assessing market value of the large tract of the land, the Hon'ble Supreme Court in ***Spl. Land Acquisition Officer & Anr. vs. M.K. Rafiq Saheb, 2011 (7) SCC 714*** has categorically held that there is no absolute bar that sale instances of smaller chunks of land cannot be considered when a large tract of land is acquired. Such sale deeds pertaining to smaller pieces of land can be put to use for determining the value of acquired land which is comparatively large in area. It has been further held that it is hardly possible for a claimant to produce sale instances of large tracts of land as they are generally very far and few and normally the sale instances would relate to small pieces of land. Relevant portion of the judgment reads as under:

> *"19. The judgment of the High Court is well reasoned and well considered. We find no perversity in its reasoning. The only issue is that Ex. P-5, which was relied upon by the High Court, relates to a small piece of land, whereas the acquisition is of a larger piece of land. It is not an absolute rule that when the acquired land is a large tract of land, sale instances relating to smaller pieces of land cannot be considered. There are certain circumstances when sale deeds of small pieces of land can be used to determine the value of*

acquired land which is comparatively large in area, as can be seen from the judicial pronouncements mentioned hereunder.

20. It has been held in the case of Land Acquisition Officer, Kammarapally Village, Nizamabad District, Andhra Pradesh v. Nookala Rajamallu and Ors. that:-

> *"6. Where large area is the subject-matter of acquisition, rate at which small plots are sold cannot be said to be a safe criterion. Reference in this context may be made to few decisions of this Court in Collector of Lakhimour v. Bhuban Chandra Dutta, Prithvi Raj Taneja v. State of M.P. and Kausalya Devi Bogra v. Land Acquisition Officer .*
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> *7. It cannot, however, be laid down as an absolute proposition that the rates fixed for the small plots cannot be the basis for fixation of the rate. For example, where there is no other material, it may in appropriate cases be open to the adjudicating Court to make comparison of the prices paid for small plots of land. However, in such cases necessary deductions/adjustments have to be made while determining the prices."*

21. In the case of Bhagwathula Samanna and Ors. v. Special Tahsildar and Land Acquisition Officer, it was held:

"13. The proposition that large area of land cannot possibly fetch a price at the same rate at which small plots are sold is not absolute proposition and in given circumstances it would be permissible to take into account the price fetched by the small plots of land. If the larger tract of land because of advantageous position is capable of being used for the purpose for which the smaller plots are used and is also situated in a developed area with little or no requirement of further development, the principle of deduction of the value for purpose of comparison is not warranted."

22. In Land Acquisition Officer, Revenue Divisional Officer, Chittoor v. Smt. L. Kamalamma (dead) by Lrs. and others, this Court held as under:-

> *"6. ...when no sales of comparable land was available where large chunks of land had been sold, even land*

transactions in respect of smaller extent of land could be taken note of as indicating the price that it may fetch in respect of large tracts of land by making appropriate deductions such as for development of the land by providing enough space for roads, sewers, drains, expenses involved in formation of a lay out, lump sum payment as also the waiting period required for selling the sites that would be formed."

23. Further, it has also been held in the case of Smt. Basavva and Ors. v. Special Land Acquisition Officer and Ors., that the court has to consider whether sales relating to smaller pieces of land are genuine and reliable and whether they are in respect of comparable lands. In case the said requirements are met, sufficient deduction should be made to arrive at a just and fair market value of large tracts of land. Further, the court stated that the time lag for real development and the waiting period for development were also relevant factors to be considered in determining compensation. The court added that each case depended upon its own facts. In the said case, based on the particular facts and circumstances, this court made a total deduction of 65% in determination of compensation.

24. It may also be noticed that in the normal course of events, it is hardly possible for a claimant to produce sale instances of large tracts of land. The sale of land containing large tracts are generally very far and few. Normally, the sale instances would relate to small pieces of land. This limitation of sale transaction cannot operate to the disadvantage of the claimants. Thus, the Court should look into sale instances of smaller pieces of land while applying reasonable element of deduction."

15 Considering the law as laid down by the Hon'ble Apex Court and in view of the execution of the sale deed, Ext. P-1, it has been duly proved by the claimants that there is no error in the findings

as rendered by the Arbitrator as well as learned District Judge. The sale deed has been duly proved on record as Ext. P-1, which has been registered prior to notification having been issued under Section 3A of the Act of 1956 i.e. on 27.10.2011.

16 The Courts below have rightly relied upon the said sale deed for the purpose of determining compensation, which cannot be faulted in the instant case.

17 Now coming to the second contention of the learned counsel for the appellant that the learned District Judge should have allowed deduction to the extent of 60-70%% towards development charges, admittedly in the present case, land in question has been acquired for widening of NH-21, thus, in this background, suffice it to refer to one of the judgments of the Hon'ble Supreme Court, in ***C. R. Nagaraja Shetty (2) vs. Spl. Land Acquisition Officer and Estate Officer & Anr., 2009 (11) SCC 75***, wherein it was held as under:-

> *"12. That leaves us with the other question of deduction ordered by the High Court. The High Court has directed the deduction of Rs.25/- per square feet. Unfortunately, the High Court has not discussed the reason for this deduction of Rs.25/- per square feet nor has the High Court relied on any piece of evidence for that purpose.*
>
> *13. It is true that where the lands are acquired for public purpose like setting up of industries or setting up of housing colonies or other such allied purposes, the acquiring body would be entitled to deduct some amount from the payable compensation on account of development charges, however, it has to be established by positive evidence that such development charges are justified.*

The evidence must come for the need of development contemplated and the possible expenditure for such development. We do not find any such discussion in the order of the High Court.

14. As if this is not sufficient, when we see the judgment of the Principal Civil Judge (Sr. Division), Bangalore, Rural District, Bangalore in Reference proceedings, we find that there is no deduction ordered for the so-called development charges. We are, therefore, not in a position to understand as to from where such development charges sprang up.

15. The Learned Counsel appearing on behalf of the respondents was also unable to point out any such evidence regarding the proposed development. We cannot ignore the fact that the land is acquired only for widening of the National Highway. There would, therefore, be no question of any such development or any costs therefor.

16. In Nelson Fernandes and Others Vs. Special Land Acquisition Officer, South Goa & Ors, this Court has discussed the question of development charges. That was a case, where, the acquisition was for laying a Railway line. This Court found that the land under acquisition was situated in an area, which was adjacent to the land already acquired for the same purpose, i.e., for laying Railway line. In paragraph 29, the Court observed that the Land Acquisition Officer, the District Judge and the High Court had failed to notice that the purpose of acquisition was for Railways and that the purpose is a relevant factor to be taken into consideration for fixing the compensation.

17. The Court in Nelson Fernandes relied on Viluben Jhalejar Contractor Vs. State of Gujarat, where it was held that: -

> *“29. ……the purpose for which the land is acquired, must also be taken into consideration in fixing the market value and the deduction of development charges.”*
>
> *Further, in paragraph 30, the Court specifically referred to the deduction for the development charges and observed: -*
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> *"30. We are not, however, oblivious of the fact that normally 1/3rd deduction of further amount of compensation*

has been directed in some cases. However, the purpose for which the land is acquired must also be taken into consideration. In the instant case, the land was acquired for the construction of new BG line for the Konkan Railways. .... In the instant case, acquisition is for laying a railway line. Therefore, the question of development thereof would not arise."

The Court made a reference to two other cases, viz., Hasanali Khanbhai & Sons Vs. State of Gujarat and Land Acquisition Officer Vs. Nookala Rajamallu, where, the deduction by way development charges, was held permissible.

18. The situation is no different in the present case. All that the acquiring body has to achieve is to widen the National Highway. There is no further question of any development. We again, even at the cost of repetition, reiterate that no evidence was shown before us in support of the plea of the proposed development. We, therefore, hold that the High Court has erred in directing the deduction on account of the developmental charges at the rate of Rs.25/- per square feet out of the ordered compensation at the rate of Rs.75/- per square feet. We set aside the judgment to that extent."

18 The Hon'ble Supreme Court in various judgments has held that the land might be having high potentialities or proximity to developed area, but that by itself would not be a reason for not deducting developmental charges. However, while determining deduction for developmental charges, the Court should keep in mind the nature of land, area under acquisition, whether the land is developed or not, if developed, to what extent, the purpose of acquisition etc. The percentage of deduction or the extent of area

required to be set apart has to be assessed by the Courts having regard to the size, shape, situation, user etc. of the land acquired.

19 Perusal of the records reveals that in the present case, the Arbitrator after analyzing the case law has come to the conclusion that reasonable deductions are required to be made keeping in view the attending facts and circumstances of the case. The Arbitrator while taking Ext.P-1 as a comparable sale instance, that too, pertaining to Muhal Kallar, which was executed about 11 months prior to the notification under Section 3A had applied the rule of 5% yearly increase being a rural area and thereby assessed the market value of the land at Rs.20,91,667/-. On the basis of the sale exemplar and keeping in view the law laid down by the Hon'ble Apex Court, the Arbitrator had arrived at the conclusion that 15% deduction would be just and reasonable. Thus, by allowing 15% deduction, the just and reasonable value of the acquired land came to be Rs.17,77,950/- per bigha, which was rounded off to Rs.17,78,000/- per bigha. While dealing with this aspect of the matter, the learned District Judge has observed that the power of Court to modify an award under Section 34 of the Act is very limited and has further observed that the respondents have not filed any counter claim(s) and they themselves have placed and proved on record the exemplar sale deed Ext.P-1 and thus the market value assessed as well as the deduction of 15% made by the Arbitrator was upheld and rightly so. The learned counsel for the

appellant could not point out any illegality or perversity qua the said findings. This Court is of the opinion that the findings returned by the Court below do not require any interference. The Arbitrator has passed a well reasoned order which does not call for any interference. The deduction of 15% in the attending facts and circumstances of the case is reasonable and sustainable and the same cannot be said to be illegal.

20 At this stage, it has been urged and pointed out by Mr.Yuyutsu Singh Thakur, Advocate, learned counsel for the respondents that the petition under Section 34 of the Act of 1996 filed by the claimants/respondents is pending before the learned District Judge.

21 If that be so, this question is left open to be determined by the learned District Judge, who while dealing with objections under Section 34 of the Act of 1996 as filed by the landowners/respondents shall independently deal with the same without being prejudiced by the findings of this Court.

22 As regards last contention of Ms. Shreya Chauhan, whereby she has submitted that award of interest @ 12% per annum under Section 23(1-A) of the Land Acquisition Act by the learned District Judge could not have been granted. The Hon'ble Supreme Court in ***Union of India & Anr. Vs. Tarsem Singh & Ors., 2019 (9) SCC 304*** had declared Section 3J of the Act of 1956 as

unconstitutional. It was further held that the provisions of Land Acquisition Act, 1894, relating to the assessment of solatium and interest as contained in Section 23(1-A) and 23(2) as well as the interest payable in terms of proviso to Section 28 of the Act of 1956, would ipso facto apply to the acquisition made under Act of 1956.

23 However, subsequently, the appellant-NHAI sought a clarification in Miscellaneous Application Diary No. 2572/2020 in Civil Appeal No. 7086/2019, titled as ***National Highway Authority of India & Anr. Vs. Tehal Singh & Ors.*** decided on 30.07.2021 on the ground that benefit of Section 23(1-A) of the Land Acquisition Act had not been claimed before any authority or the Court in the facts of those cases. The said plea of appellant was accepted and vide order dated 30.07.2021, the decision in Tehal Singh & Ors. (supra) was modified by deleting the expression '(1-A)'.

24 While deciding miscellaneous application in ***Tarsem Singh & Ors.,*** the Hon'ble Apex Court dismissed SLP© Diary No. 52538/2023, titled as ***Raj Kumar & Anr. Vs. Union of India & Ors. Raj Kumar*** which had arisen from a decision rendered by the Punjab & Haryana High Court that was based upon LPA No. 4965/2018, titled as ***National Highway Authority of India Vs. Resham Singh*** decided a/w connected matters on 12.04.2023, whereby landowners' claim for award of Additional market value was declined. The Hon'ble Apex Court has held that the challenge therein pertained to the High Court's

refusal to grant additional market value as another component of the compensation, even though solatium and interest had already been awarded. The relevant portion of the said decision reads as under: -

> *"3. Additionally, SLP (C) Diary No. 52538/2023 titled 'Raj Kumar and another v. Union of India and others', has been preferred by a private party whose lands were acquired by NHAI. In this instance, the Punjab and Haryana High Court has rejected their claim for the award of 'Additional Market Value' relying upon its decision in National Highway Authority of India v. Resham Singh[29]whereby the landowners were held entitled to 'solatium' and 'interest', but their claim for the grant of 'Additional Market Value' was declined. These benefits were granted / partly declined in terms of Sections 23(2) and 28 of the Land Acquisition Act, 1894 (1894 Act), which were read into the provisions of the National Highways Act, 1956 (NHAI Act).*
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> *25. In view of the foregoing analysis, we find no merit in the contentions raised by the Applicant, NHAI. We reaffirm the principles established in Tarsem Singh (supra) regarding the beneficial nature of granting 'solatium' and 'interest' while emphasising the need to avoid creating unjust classifications lacking intelligible differentia. Consequently, we deem it appropriate to dismiss the present Miscellaneous Application.*
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> *26. Leave is granted in the other connected matters, and all the appeals are disposed of with a direction to the Competent Authority to calculate the amount of 'solatium' and 'interest' in accordance with the directions issued in Tarsem Singh (supra). In this context, the appeal arising out of SLP (C) Diary No. 52538/2023 is dismissed, as the challenge therein pertains to the High Court's refusal to award Additional Market Value as another component of the compensation, while 'solatium' and 'interest' have already been granted."*

25 Similar reiteration of law can be found in a judgment dated 8.10.2025, rendered by a coordinate Bench of this Court in bunch of matters, lead being Arb. Appeal No. 135/2024, wherein all the submissions and contentions as have been raised in the present appeal including deduction towards developmental charges, small tract of land and market value under section 23(1-A) of the Land Acquisition Act, have been dealt with in detail.

26 In view of the categorical findings recorded by the Hon'ble Supreme Court, the land owners are not entitled to market value under Section 23(1-A) of the Land Acquisition Act.

27 In the backdrop of the above discussion, award passed by the Arbitrator cannot be said to be suffering from perversity or illegality necessitating interference of the Court, however order passed by the learned District Judge is set aside to the extent it awards interest @ 12% per annum on the enhanced amount of the market value of the land.

28. The appeals are party allowed in the aforesaid terms. Pending application(s), if any, also stands disposed of.

(Romesh Verma)
Judge

24th September, 2026.
(vt)