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IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

Civil Appeal No. _____ of 2026
(@Special Leave Petition (C) No. 33773 of 2025)

Project Director,
National Highways Authority of India **… Appellant**

versus

Alfa Remidis Ltd. and others **… Respondents**

J U D G M E N T

SANJAY KUMAR, J

1. Leave granted.

2. Acquisition of land for four-laning of National Highway No. 547-E entailed payment of compensation. National Highways Authority of India (NHAI) is aggrieved by enhancement of the compensation payable to a landowner, Alfa Remidis Ltd. Hence, this appeal.

3. By order dated 14.11.2025, this Court directed NHAI to deposit ₹50,00,000/- and permitted Alfa Remidis Ltd. to withdraw the same. Operation of the judgment dated 05.06.2025 passed by the High Court of Judicature at Bombay, Nagpur Bench, in Arbitration Appeal No. 39 of 2023, presently under challenge, was stayed.

4. Alfa Remidis Ltd., respondent No. 1, claimed ownership over an extent of 1,394 square meters in Survey No. 66 of Mouza Pardi (Rithi) in Tahsil-Saoner, Nagpur District. Notification dated 09.05.2017 was issued under Section 3A(1) of the National Highways Act, 1956[1], for acquisition of this extent of land along with other lands for widening NH No. 547-E. The Deputy Collector, Land Acquisition (General), Nagpur, being the competent authority, determined the compensation payable for this land under Section 3G(1) of the NH Act, by order dated 27.03.2018. He classified the land as fallow (agricultural category) or dry crop land and awarded compensation @ ₹161.63 per square meter, on the basis of three sale deeds relating to agricultural land in Mouza Pardi (Rithi).

5. Aggrieved thereby, respondent No. 1 filed an application under Section 3G(5) of the NH Act before the Arbitrator, viz., the Additional Commissioner, Nagpur Division, taken on file as Arbitration Case No. 193/ARB/2019-20. Respondent No. 1 asserted therein that its land had wrongly been treated as agricultural land, as it was being used for an industrial purpose. Documents were produced in proof thereof. Further, it cited the Ready Reckoner, wherein the Government rate of ₹2,020/- per square meter was set down for levy of stamp duty on sale transactions involving lands, akin to the subject land, abutting the highway. It also placed reliance on the registered sale deed dated 29.03.2017 pertaining

[1] For brevity, 'the NH Act'

to a residential plot of 195.09 square meters, wherein the price shown was ₹3,588/- per square meter. This sale deed related to Mouza Saoner, which was near Mouza Pardi (Rithi). Thereupon, by Award dated 22.11.2021, the Arbitrator accepted that the subject land was in non-agricultural use and, applying the rate quoted in the sale deed dated 29.03.2017, he directed payment of compensation to respondent No. 1 at ₹3,588/- per square meter.

6. Aggrieved by this enhancement, NHAI and the Government of India filed an application in Arbitration Case No. 272 of 2022, under Section 34 of the Arbitration and Conciliation Act, 1996[2], before the learned District Judge-10, Nagpur. They sought setting aside of the Award dated 22.11.2021 on various grounds. One of the grounds was that the Arbitrator had erred in effecting enhancement of compensation contrary to Section 26(1) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.[3] By judgment dated 11.09.2023, the learned District Judge held in their favour, agreeing that the Arbitrator had acted in contravention of Section 26 of the 2013 LA Act, and set aside the Award dated 22.11.2021.

7. Assailing the said judgment, respondent No. 1 approached the High Court by way of Arbitration Appeal No. 39 of 2023, under Section 37 of the

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2 For brevity, 'the Arbitration Act'
3 For brevity, 'the 2013 LA Act'

Arbitration Act. By the impugned judgment dated 05.06.2025, the High Court restored the Award dated 22.11.2021. Therein, the High Court noted that the documentary evidence showed that respondent No. 1's land was not agricultural land. The High Court found that respondent No. 1 was running a unit thereon for production of paracetamol medicine and was, thus, using the land for an industrial purpose. The High Court opined that the Arbitrator had correctly considered the documents placed on record and applied the rate quoted in the sale deed dated 29.03.2017, relied upon by respondent No. 1. The High Court noted that respondent No. 1 had alluded to the rate of ₹2,020/- per square meter, as per the Ready Reckoner, which was the Government rate for levy of stamp duty, but the same had not been considered. The High Court opined that, as the land in question was non-agricultural and respondent No. 1 had cited a sale transaction in relation to a smaller extent of non-agricultural land from a nearby village, the rate therein was correctly adopted, as there were no objections to its genuineness or it being in relation to land in a nearby village. Holding so, the High Court restored the Award dated 22.11.2021.

8. Before we address the issue on merits, we may note that the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Removal of Difficulties) Order, 2015, was notified by the Government of India, with effect from 01.09.2015, clarifying that the provisions of the 2013 LA Act relating to determination

of compensation in accordance with the First Schedule shall apply to all cases of land acquisition under the enactments specified in the Fourth Schedule thereto. The NH Act figures at Serial No. 6 in the Fourth Schedule to the 2013 LA Act. In effect, there can be no doubt as to the applicability of the provisions of the 2013 LA Act for determination of the compensation payable under Section 3G(1) of the NH Act. This position was made amply clear by this Court in ***National Highways Authority of India vs. P. Nagaraju alias Cheluvaiah and another***[4], wherein it was held that all aspects contained in Sections 26 to 28 of the 2013 LA Act for determination of compensation would be applicable during the exercise of fixing the quantum of compensation payable under the NH Act.

9. Section 26 of the 2013 LA Act is titled 'Determination of market value of land by Collector'. To the extent relevant, this provision reads as under:

> '**26. Determination of market value of land by Collector.**—(1) The Collector shall adopt the following criteria in assessing and determining the market value of the land, namely:—
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> (a) the market value, if any, specified in the Indian Stamp Act, 1899 (2 of 1899) for the registration of sale deeds or agreements to sell, as the case may be, in the area, where the land is situated; or
>
> (b) the average sale price for similar type of land situated in the nearest village or nearest vicinity area; or
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> (c) consented amount of compensation as agreed upon under sub-section (2) of section 2 in case of acquisition of lands for private companies or for public private partnership projects,
>
> whichever is higher:
>
> Provided that the date for determination of market value shall be the date on which the notification has been issued under section 11.

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Explanation 1.—The average sale price referred to in clause (b) shall be determined taking into account the sale deeds or the agreements to sell registered for similar type of area in the near village or near vicinity area during immediately preceding three years of the year in which such acquisition of land is proposed to be made.

Explanation 2.—For determining the average sale price referred to in Explanation 1, one-half of the total number of sale deeds or the agreements to sell in which the highest sale price has been mentioned shall be taken into account.

Explanation 3.—While determining the market value under this section and the average sale price referred to in Explanation 1 or *Explanation* 2, any price paid as compensation for land acquired under the provisions of this Act on an earlier occasion in the district shall not be taken into consideration.

Explanation 4.—While determining the market value under this section and the average sale price referred to in Explanation 1 or Explanation 2, any price paid, which in the opinion of the Collector is not indicative of actual prevailing market value may be discounted for the purposes of calculating market value.

(2) …….'

10. In the present case, the Arbitrator chose to adopt the sale price relating to a small residential plot of land in an adjoining village though it was the specific case of respondent No. 1 that its land was used for an industrial purpose. Section 26(1) of the 2013 LA Act mandates that the Collector must choose the higher of the three options specified in clauses (a), (b) and (c) thereunder. The first option under clause (a) is the market value specified for the purpose of registration of sale deeds or agreements to sale in the area where the acquired land is situated, i.e., for the levy of stamp duty. The second option under clause (b) is to ascertain the average sale price for similar type of land situated in the nearest village or nearest vicinity. The third option under clause (c) is not relevant for our purposes. *Explanation* 1 states that the average sale price should be

determined by taking into account the sale deeds or agreements to sell registered for similar type of area in the near village or near vicinity during the immediate three years preceding the year in which the land acquisition is being made. *Explanation* 2 elaborates that, for determining the average sale price, one-half of the total number of sale deeds or agreements to sell, in which the highest sale price has been mentioned, should be taken into account. *Explanation* 3 provides that the price paid as compensation for land acquired in the district under the provisions of the 2013 LA Act on an earlier occasion should not be taken into consideration and *Explanation* 4 gives discretion to the Collector, while determining the market value and the average sale price, to discount any price paid which, in his opinion, is not indicative of the actual prevailing market value.

11. Applying the rigours of Section 26(1) of the 2013 LA Act to the case on hand, we find that the Arbitrator demonstrably erred in relying upon the sale deed dated 29.03.2017 relating to residential land in an adjoining village to determine the market value of respondent No. 1's land, which was being used for an industrial purpose. Clearly, the two lands were not of a 'similar type' for the purposes of Section 26(1)(b) of the 2013 LA Act and the price in the said sale deed could not have been adopted. Further, the methodology for working out the 'average sale price' under Section 26(1)(b), as set out in *Explanations* 1 to 4 thereunder, does not permit placing reliance on a single sale deed for that purpose. Reference may be

made to ***Madhya Pradesh Road Development Corporation vs. Vincent Daniel and others***[5], wherein this Court considered the scheme of Section 26(1) of the 2013 LA Act and observed that the language used therein implied that there should be multiple deeds available for reference, as singular deals may not supply adequate and reliable data.

12. Though the High Court laboured over various decisions of this Court, the position obtaining under the statutory provision and the legal principles laid down in the above referred judgments were neither noted nor given effect to. Section 34(2A) of the Arbitration Act provides for setting aside an arbitral award if it is found to be vitiated by patent illegality appearing on the face of it. Though the *proviso* thereto stipulates that an arbitral award should not be set aside merely on the ground of erroneous application of law or by reappreciation of evidence, we are of the opinion that the cloak of protection afforded by the *proviso* cannot be extended to the present arbitral award. The Arbitrator completely ignored the directives of Section 26(1)(b) of the 2013 LA Act and the *Explanations* thereunder, by adopting a sale exemplar of a totally dissimilar type of land and, at that, a single sale exemplar, which was contrary to the statutory mandate. Respondent No. 1 had itself cited the Government rate available in the Ready Reckoner, i.e., ₹2,020/- per square meter, being the rate applicable for lands on the highway in Zone 4. Mauza Pardi (Rithi) finds mention

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amongst the villages named in Zone 4. That being so, the statutory provision that should have been applied for determination of the market value of respondent No.1's land was Section 26(1)(a) of the 2013 LA Act.

13. Respondent No. 1 would, therefore, be entitled to compensation for its acquired extent of 1394 square meters @ ₹2,020/- per square meter and not @ ₹3,588/- per square meter, as decided by the Arbitrator and confirmed by the High Court. Needless to state, respondent No. 1 would also be entitled to all consequential statutory benefits under the 2013 LA Act. The sum of ₹50,00,000/- already withdrawn by respondent No. 1 shall be taken into account while disbursing the balance compensation due and payable to respondent No. 1 pursuant to this order.

The appeal is allowed in the aforestated terms.

Parties shall bear their own costs.

....., J.
SANJAY KUMAR

....., J.
K. VINOD CHANDRAN

May 12, 2026
New Delhi.