IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CWP No.38070 of 2025 (O&M)

KULDEEP SINGH AND ANOTHER ...Petitioners
Vs
UNION OF INDIA AND OTHERS ..Respondents

1	The date when the judgment was reserved	01.04.2026
2	The date when the judgment is pronounced	23.04.2026
3	The date when the judgment is uploaded on the website	23.04.2026
4	Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced	Full
5	The delay, if any, of the pronouncement of full judgment, and reasons thereof.	Not applicable

CORAM: *HON'BLE MR. JUSTICE HARKESH MANUJA*

Present: Mr. Manoj Pundir, Advocate with
Mr. Dilpreet, Advocate
for the petitioners.

Ms. Komal Bishnoi, Advocate for
Mr. Rishi Kaushal, Advocate
for the respondents-NHAI.

Mr. Karunesh Kaushal, Asstt.A.G. Punjab.

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HARKESH MANUJA, J.

[1]. The petitioners-landowners, by way of present petition, seek issuance of a writ in the nature of mandamus directing the respondents to award/pay the statutory benefit of interest @ 9% and 15% respectively on the enhanced compensation from the date of possession till the date of actual payment as per the provisions of Section 72 of The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (for brevity, 'the 2013 Act') which is *pari materia* to Section 28 of the Land Acquisition Act, 1894, for their land acquired under National Highway Act 1956.

FACTS

[2]. Briefly stating, the land of the petitioners measuring 284.98 Marlas comprised in Khasra Nos.57//12, 57//9, 42//221/, 57//2, 57//10/1, 57//11/2, 42//19/1/2 falling in the Village Tibber, Tehsil and District Gurdaspur was acquired *for development of Delhi-Amritsar-Katra National Highway No. NE-5 in the stretch of land from Km 371.800 Kms to 406.500 Kms of State of Punjab* vide Notifications dated 07.07.2020 and 09.02.2021 issued under Section 3-A and 3-D, respectively of the National Highway Act,1956 (for brevity 'the 1956 Act'). Thereafter, the Award under Section 3-G(1) of the 1956 Act, was passed by respondent No.4/CALA on 09.04.2021 (Annexure P-1) assessing the market value of the acquired land at the rate of Rs.5,363/- per Marla (Rs.8,58,080/- per acre) being agricultural land.

[3]. Dissatisfied with the aforesaid Award dated 09.04.2021, the petitioners/landowners sought arbitration invoking Section 3-G(5) of the 1956 Act, wherein vide Award dated 27.10.2025 (Annexure P-3), the ld. Arbitrator assessed the market value at the rate Rs.15,00,000/- per acre along with 100% solatium and additional interest @ 12% from the date of notification under Section 3-A upto the Award dated 09.04.2021. The Arbitrator further directed payment of interest @ 9% on enhanced amount from the date of filing of the application till the date of actual deposit instead of interest @ 9% for the first year and 15% per annum thereafter on the enhanced amount from the date of possession as per Section 72 of The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

[4]. In the above circumstances, the present petition had been instituted on behalf of the petitioners-landowners seeking a direction to the respondents to grant interest on the enhanced compensation in terms of the provisions of Section 72 of the 2013 Act, from the date of possession till the date of actual payment.

CONTENTION(S) ON BEHALF OF THE PETITIONER

[5]. Learned counsel for the petitioners-landowners contended that the learned Arbitrator while enhancing the compensation, erred in granting interest @ 9% on enhanced amount from the date of filing of the application till the date of actual deposit, whereas in terms of Section 72 of the 2013 Act, it ought to have awarded interest @ 9% for the first year and 15% per annum thereafter on the enhanced amount from the date of taking possession.

[5.2]. Learned counsel further submitted that while passing the Award dated 27.10.2025 (Annexure P-3), learned Arbitrator relied upon earlier awards dated 07.12.2023 (MA No. GSP-115/2023)(Annexure P-4) and 28.08.2024 (MA No. GSP-13/2024)(Annexure P-5) pertaining to the same village Tibber, passed by Commissioner-cum-Arbitrator, Jalandhar Division, Jalandhar, in which the interest @ 9% per annum for the first year and 15 % per annum thereafter on the enhanced compensation was rightly awarded. The aforesaid awards were never assailed by the respondents and, in fact, the compensation amounts determined therein were duly deposited by Respondent Nos. 1 and 2/NHAI with the SDM/CALA, which stood disbursed to the respective landowners.

[5.3]. Learned counsel by placing reliance upon the decisions rendered in ***M/s Golden Iron and Steel Forgings vs. Union of India and Ors reported as 2011 (4) R.C.R. (Civil) 375*** and ***Union Of India and another v. Tarsem Singh and Ors***

reported as (2019) 9 SCC 304 further contended that the provisions relating to solatium and interest contained in Section 23(1-A)and (2) and interest payable in terms of Section 28 proviso under the Land Acquisition Act, 1894 (for brevity, 'the 1894 Act') were applicable to acquisitions made under the 1956 Act, and denial of the same would amount to impermissible discrimination between similarly situated landowners, thus causing violation of Article 14 of the Constitution of India.

[5.4]. Ld. counsel lastly submitted that provisions relating to interest under Sections 72 and 80 of the 2013 Act, being more beneficial in nature, were also applicable to acquisitions under the National Highways Act in view of Section 105(3) of the 2013 Act. Ld. counsel contended that the said provision permits only such modifications as do not dilute compensation, and since interest forms an integral component of the compensation itself, the petitioner-landowners were entitled to more beneficial provisions relating to interest in terms of Section 72 on the amount subsequently enhanced by the learned Arbitrator and Section 80 of the 2013 Act on the amount determined in the first instance by CALA.

CONTENTION(S) ON BEHALF OF RESPONDENT NO. 4 & 5

[6]. On the other hand, learned counsel for respondent Nos.4 and 5 submitted that against the award of learned Arbitrator, the petitioners had the remedy to file objections under Section 34 of the Arbitration & Conciliation Act, 1996 and the present writ petition was not maintainable at all and, therefore, was liable to be dismissed outrighlty.

DISCUSSION AND REASONING

[7]. After hearing learned counsel for the parties and having gone through the paper-book/record, I find substance in the submission(s) made on behalf of the petitioners-landowners.

[8]. In the present case, land of the petitioners-landowners measuring 284.98 marlas was acquired vide Notifications dated 07.07.2020 and 09.02.2021 issued under Section 3-A and 3-D, respectively of the 1956 Act. Award under Section 3-G(1) of the Act was passed by respondent No.4/CALA on 09.04.2021 assessing the market value of the acquired land @ Rs.5,363/- per Marla (Rs.8,58,080/- per acre) being agricultural land. Aggrieved thereof, the petitioners invoked arbitration under Section 3-G(5) of the Act, whereupon the learned Arbitrator, vide Award dated 27.10.2025, enhanced the market value to Rs. 15,00,000/- per acre along with 100% solatium and additional interest @ 12% from the date of notification under Section 3-A till the date of the Award dated 09.04.2021. However, instead of granting interest in terms of Section 72 of the 2013 Act, learned Arbitrator awarded interest @ 9% on the enhanced amount from the date of filing of the application till actual deposit in terms of Section 3H(5) of the 1956 Act. In the considered opinion of this Court, ld. Arbitrator erred in granting the interest as above stated.

[9]. Insofar as the applicability of the provisions of the 2013 Act to acquisitions undertaken under the National Highways Act, 1956 is concerned, it becomes imperative to advert to Section 105 of the 2013 Act, which reads as under:-

"105. Provisions of this Act not to apply in certain cases or to apply with certain modifications.–

(1) Subject to sub-section (3), the provisions of this Act shall not apply to the enactments relating to land acquisition specified in the Fourth Schedule.

(2) Subject to sub-section (2) of section 106, the Central Government may, by notification, omit or add to any of the enactments specified in the Fourth Schedule.

(3) The Central Government shall, by notification, within one year from the date of commencement of this Act, direct that any of the provisions of this Act relating to the determination of compensation in accordance with the First Schedule and rehabilitation and resettlement specified in the Second and Third Schedules, being beneficial to the affected families, shall apply to the cases of land acquisition under the enactments specified in the Fourth Schedule or shall apply with such exceptions or modifications that do not reduce the compensation or dilute the provisions of this Act relating to compensation or rehabilitation and resettlement as may be specified in the notification, as the case may be.

(4) A copy of every notification proposed to be issued under sub-section (3), shall be laid in draft before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in disapproving the issue of the notification or both Houses agree in making any modification in the notification, the notification shall not be issued or, as the case may be, shall be issued only in such modified form as may be agreed upon by both the Houses of Parliament."

A bare reading of the aforesaid section reveals that even though by virtue of sub section (1), the provisions of the 2013 Act do not automatically apply to acquisitions made under the 1956 Act, however subsection (3) provides an exception to the same wherein the Central Government is invested with the power to issue notification for making applicable any of the provisions of the 2013 Act relating to determination of compensation in accordance with the First Schedule and rehabilitation and resettlement specified in the Second and Third Schedules with such exceptions or modifications as would not reduce the compensation or dilute the provisions of the 2013 Act. In pursuance to the same, the Ministry of Rural Development, vide Gazette Notification dated

28.08.2015 specifically made Schedules I, II, and III applicable to the acquisitions under the enactments specified in the Fourth Schedule of the 2013 Act. Relevant portion of the said notification is reproduced hereunder:-

> *"Now, therefore, in exercise of the powers conferred by sub-section (1) of Section 113 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (30 of 2013), the Central Government hereby makes the following Order to remove the aforesaid difficulties, namely:*
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> *1. (1) This Order may be called the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Removal of Difficulties) Order, 2015. (2) It shall come into force with effect from the 1st day of September, 2015.*
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> *2. The provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, relating to the determination of compensation in accordance with the First Schedule, rehabilitation and resettlement in accordance with the Second Schedule and infrastructure amenities in accordance with the Third Schedule shall apply to all cases of land acquisition under the enactments specified in the Fourth Schedule to the said Act.*

[9.1]. Thus, it is now well settled that the provisions of the 2013 Act as contained Schedule I, II and III of the 2013 Act are applicable to acquisitions made under the 1956 Act. However, insofar as the aspect of interest is concerned, such provisions not being encompassed within the aforesaid Schedules, the legal position stands authoritatively settled by the law laid down in ***Tarsem Singh's case (supra)***. Relevant portion of the same is reproduced hereunder:-

> *"It is thus clear that the Ordinance as well as the notification have applied the principle contained in Nagpur Improvement Trust (supra), as the Central Government has considered it necessary to extend the benefits available to landowners generally under the 2013 Act to similarly placed landowners whose lands are acquired under the 13 enactments specified in the Fourth Schedule, the National Highways Act being one of the aforesaid enactments. This being the case, it is clear that the Government has itself accepted that the principle of Nagpur Improvement Trust (supra) would apply to acquisitions which take place under the National Highways Act, and that solatium and interest would be payable under the 2013 Act to persons whose lands are acquired for the purpose of National Highways as they are similarly placed to those landowners whose lands have been acquired for other public purposes under the 2013 Act. This being the*

case, it is clear that even the Government is of the view that it is not possible to discriminate between landowners covered by the 2013 Act and landowners covered by the National Highways Act, when it comes to compensation to be paid for lands acquired under either of the enactments……..

40. ……As for future proceedings, the position would be covered by the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (came into force on 01.01.2014), which Act has been made applicable to acquisitions under the National Highways Act, 1956 by virtue of notification/order issued under the provisions of the Act of 2013

41. There is no doubt that the learned Solicitor General, in the aforesaid two orders, has conceded the issue raised in these cases. This assumes importance in view of the plea of Shri Divan that the impugned judgments should be set aside on the ground that when the arbitral awards did not provide for solatium or interest, no Section 34 petition having been filed by the landowners on this score, the Division Bench judgments that are impugned before us ought not to have allowed solatium and/or interest. Ordinarily, we would have acceded to this plea, but given the fact that the Government itself is of the view that solatium and interest should be granted even in cases that arise between 1997 and 2015, in the interest of justice we decline to interfere with such orders, given our discretionary jurisdiction under Article 136 of the Constitution of India. We therefore declare that the provisions of the Land Acquisition Act relating to solatium and interest contained in Section 23(1A) and (2) and interest payable in terms of section 28 proviso will apply to acquisitions made under the National Highways Act. Consequently, the provision of Section 3J is, to this extent, violative of Article 14 of the Constitution of India and, therefore, declared to be unconstitutional. Accordingly, Appeal @ SLP (C) No. 9599/2019 is dismissed."

[9.2]. In yet another judgment rendered in ***The Special Land Acquisition Officer and Ors. v. Mahagundappa Since Deceased By LRs., Kasturi and Ors. (2025 NCKHC-12086),*** the Kerela High Court while dealing with a similar issue, reaffirmed the legal position enunciated in ***Tarsem Singh's case (supra)***. The Court observed that the notion of just compensation is not confined merely to the principal compensation and solatium, but also necessarily includes interest for delayed payment, being an integral facet of restitution to a landowner whose property is compulsorily acquired. It was further held that the beneficial regime under the 2013 Act, including the higher rates of interest,

would prevail over the provisions of Section 3H(5) of the 1956 Act so as to obviate discrimination and ensure uniformity in the matter of compensation. Relevant portion of the judgment is reproduced hereunder:-

> *"15. <u>Answer to Point No. 2:</u> **Whether the compensation would include solatium and interest?***
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> *15.1. Much has been sought to be made out by the learned counsel for the petitioners that, it is only compensation and solatium which can be calculated in terms of Schedules I, II and III of the Act of 2013 and that interest would have to be calculated in terms of Section 3H(5) of the Act of 1956.*
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> *15.2. Section 3H(5) of the Act of 1956 had been introduced along with the Act of 1956 and relates to the interest which is required to be paid on the compensation which has been determined from the date of taking possession under Section 3D of the Act of 1956 till the date of actual deposit thereof.*
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> *15.3. It is these kinds of enactments, which provided an additional benefit to the acquiring authority, that created lot of issues in acquisition proceedings. It is to bring about transparency in acquisition proceedings, to make the acquisition process fair, and to enable a land loser to obtain just compensation, that the Act of 2013 came to be introduced.*
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> *15.4. The beneficiaries of acquisition and/or acquiring authorities have in the past been taking very technical contentions to reduce the cost of acquisition. Though there can be no fault found with reducing the cost of acquisition, fault must necessarily be found when the acquiring authority and/or the beneficiary deprives a land loser of just compensation. Land rights or ownership thereof, though not a fundamental right, is a constitutional right, as recognized by the Hon'ble Apex Court and this Court in a catena of cases. Thus, any deprivation thereof must be in accordance with law, as also by making payment of just compensation.*
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> ***15.5. The just compensation would not only include the compensation which has been determined, but also solatium and interest payable thereof on the delay in making payment of compensation. The attribute of interest must be distinguished, inasmuch as the interest is not merely required to be paid by the acquiring authority for delay on account of acceptance on the part of the land loser of the compensation amount, but on account of the delay in payment of compensation by the acquiring authority. The land loser having lost the benefit of usage of the land being required to be paid the compensation at the earliest, the delay in payment of compensation also causes injury and damage to the land loser, which is required to be compensated by payment of interest.***

15.6. It is with this purpose and intent that the Act of 2013 had been brought into force, and in terms of Section 72 thereof, interest is required to be paid at 9% p.a. until the date of possession and thereafter at 15% p.a. of course, even under the Land Acquisition Act, 1894, the same rates of interest were required to be paid.

15.7. The submission of Sri. Mathapati, is that there is a special provision insofar as NHAI is concerned, in terms of Section 3H(5) of the Act of 1956, that NHAI is required to make payment of interest only at the rate of 9% p.a. on the enhanced compensation till the actual deposit, and there is no increase to 15% p.a. under Section 3H(5) of the Act of 1956. This aspect has been dealt with in detail by the Hon'ble Apex Court in Tarsem Singh's case (supra), and as extracted in para Nos. 48, 51 and 52, which clearly and categorically indicate that solatium and interest would also have to be paid under the Act of 2013.

15.8. This being for the reason that a citizen of the country cannot be differentiated or discriminated against on account of the enactment under which the land has been acquired. It could be the very same citizen who loses land under different enactments, or it could be different citizens who lose land under the same or different enactments.

15.9. ***Firstly, if it is the same citizen losing land under different enactments, that very citizen cannot be provided discriminatory compensation/solatium or interest under different enactments. Secondly, if there are different sets of citizens losing land under different enactments, then one citizen cannot receive a higher amount than another, which would also amount to discrimination in terms of Article 14 of the Constitution of India.***

15.10. Thus, the Act of 2013 has been made applicable uniformly to all acquisitions insofar as compensation is concerned. However, in respect of resettlement and rehabilitation, the same is sometimes not applicable to a particular acquisition.

15.11. The submission of the learned counsels for Respondents is also that the NHAI has also adopted discriminatory policies in as much as for some land losers interest is paid as per the Act of 2013 and in respect the Petitioners the interest is sought to be paid as per Section 3H(5) of the act of 1956. Some a policy if adopted is required to be deprecated, NHAI being an instrumentality of the State is required to in a fair and transparent manner and not in such an arbitrary manner.

15.12. In that view of the matter, I answer Point No.2 by holding that compensation, including solatium and interest, is required to be calculated in terms of the Act of 2013, i.e., 9% p.a. until the date of possession and 15% p.a. thereafter.

15.13. NHAI can not after the coming into force of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, contend that interest would be liable to be paid only in terms of section 3(H)(5) of the National Highways Act, 1956." *(Emphasis supplied)*

[9.3]. Further, as per Section 80 of the 2013 Act, where the compensation amount is not paid or deposited before taking possession of the acquired land, the landowners are entitled to interest at 9% per annum from the date of possession until such amount is paid or deposited. In the event that the compensation, or any part thereof, remains unpaid beyond a period of one year from the date of possession, the landowners are thereafter entitled to interest at the enhanced rate of 15% per annum on the unpaid amount until the date of actual payment or deposit. Section 80 of the 2013 is reproduced herunder:-

> *"80. Payment of interest.–When the amount of such compensation is not paid or deposited on or before taking possession of the land, the Collector shall pay the amount awarded with interest thereon at the rate of nine per cent. per annum from the time of so taking possession until it shall have been so paid or deposited:*
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> *Provided that if such compensation or any part thereof is not paid or deposited within a period of one year from the date on which possession is taken, interest at the rate of fifteen per cent. per annum 39 shall be payable from the date or expiry of the said period of one year on the amount of compensation or part thereof which has not been paid or deposited before the date of such expiry."*

As regards the applicability of Section 80 of the 2013 Act to acquisitions undertaken under the 1956 Act, reliance is placed upon the judgment of a Division Bench of the Allahabad High Court in ***Balwan Singh v. National Highways Authority of India (Lawfinder Doc Id #2425967)***, wherein the Court held that while Section 3H(5) of the 1956 Act provides interest only on the excess amount determined by the Arbitrator, it contains no provision for payment of interest where compensation is not paid or deposited before taking possession. Accordingly, it was observed that Section 80 of the 2013 Act, being a more beneficial provision relating to interest, would apply to acquisitions under the 1956 Act. Relevant portion of the judgment is extracted hereunder:-

> *"10. When we compare the provisions relating to payment of interest under NHAI Act, 1956 with the provisions under the 2013 Act, it transpires that the provisions under the Act, 2013 are more beneficial to the land owners. As already noted, the only provision for payment of interest under the NH Act is Section 3-H (5), where under interest at the rate of 9% per annum is payable only on excess amount determined by the Arbitrator. The Act is silent in respect of payment of interest in cases where compensation amount is not paid or deposited on or before taking possession of the land in respect of which the interest is allowable in terms of Section 80 of the Act, 2013.*
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> *********
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> *16. Applying the principles enunciated in Tarsem Singh (supra), we are of considered opinion that provision relating to interest i.e. Section 80 of the Act 2013 being a more beneficial provision would apply to acquisitions made under the NH Act. This also expressly flows from the mandate of sub-section (3) of Section 105 which stipulates that while making applicable the provisions relating to compensation, rehabilitation and resettlement under the Act of 2013 to acquisitions made under various Acts specified in Schedule-1, the only exception or modification permissible would be such as would not reduce the compensation or dilute the provisions of the Act, 2013.*
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> *17. As already noted, the interest being part of compensation, 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.*

[9.4]. Thus, in light of the law laid down in ***Tarsem Singh's case (supra)*** it now stands settled that solatium and interest are payable under the 2013 Act even in respect of acquisitions undertaken for the purposes of National Highways under the 1956 Act, as the landowners affected thereby are similarly situated to those whose lands are acquired for other public purposes under 2013 Act. Further, this position has been reiterated by the Kerela High Court in ***Mahagundappa's case (supra)*** wherein it has been affirmed that compensation payable under the 2013 Act is not confined merely to market value and solatium, but also encompasses interest at the prescribed rates of 9% and 15% in terms of Section 72 of the said Act. Consequently, the acquiring authority cannot restrict the payment of interest to Section 3H(5) of the National Highways Act, 1956, as doing so would result in

discrimination and defeat the objective of ensuring just and fair compensation. Further, this Court agrees with the opinion taken by the Allahabad High Court in ***Balwan Singh's case (supra),*** and thus in view of the law laid down therein, the petitioners-landowners are also entitled to interest on the amount originally determined by CALA in terms of section 80 of the 2013 Act.

[10]. Further a perusal of the impugned Award dated 27.10.2025 (Annexure P-3) reveals that the Ld. arbitrator while passing the Award relied upon earlier awards dated 07.12.2023 (MA No. GSP-115/2023)(Annexure P-4) and 28.08.2024 (MA No. GSP-13/2024)(Annexure P-5) pertaining to the same village Tibber, passed by Commissioner-cum-Arbitrator, Jalandhar Division, Jalandhar, in which the interest @ 9% per annum for the first year and 15 % per annum thereafter on the enhanced compensation was awarded. Ld. Arbitrator further recorded that such amounts had already been disbursed by the NHAI, albeit with the component of 15% interest being under challenge. Relevant portion of the impugned Award is reproduced hereunder:-

> *"And award bearing No.51 dated 16.08.2021 was passed for acquisition of land in Village Tibber for which notification U/s 3(A) was published on 10.02.2021. The market value of Agricultural land was determined as Rs.8,58,080/- per acre which has been determined on the basis of Chhant rates of this village.* ***The counsel for the applicants has also submitted that Arbitration Award of Village Tibber has already been passed on 07.12.2023 and 28.08.2024, in which redetermination of compensation of Agricultural land has been done to the tune of Rs. 15,00,000/- per acre and in this regard, the payment has already been made by the NHAI, only 15% interest part has been challenged by NHAI in the court of Hon'ble Additional District Judge.***
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> *Keeping in view of above facts and circumstances of the case, it would be appropriate to determine the value of the land of applicants @ Rs.15,00,000/- per acre for agricultural land……"*
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> *(Emphasis supplied)*

In the considered opinion of this Court, the learned Arbitrator has fallen into a manifest error of law in declining to award interest on the enhanced compensation at the rate of 9% per annum for the first year and 15% per annum thereafter, as contemplated under Section 72 of the 2013 Act. Having taken judicial notice of the said awards and having drawn parity with respect to the determination of market value, there existed no justifiable basis for the learned Arbitrator to depart from the same standard insofar as the grant of statutory interest was concerned. The mere fact that the component of higher interest was under challenge could not have constituted a valid ground to deny the said relief altogether, particularly when the same had in fact been granted in the earlier awards. The NHAI, as in the earlier cases, would equally have had the remedy of assailing the grant of such interest in the present case by invoking the provisions of Section 34 of the Arbitration and Conciliation Act, 1996. The failure of the learned Arbitrator to extend identical treatment to similarly situated landowners, despite reliance on the very same awards, results in an arbitrary and discriminatory outcome and such an action strikes at the very root of Constitution of India, particularly the mandate of Article 14 guaranteeing equality before law and equal protection of laws.

[11]. Further, the contention raised by the respondents that the petitioner has an alternative remedy of filing objections under Section 34 of the Arbitration and Conciliation Act, 1996, and that the present writ petition is therefore not maintainable, does not merit acceptance. In view of the law laid in the case of ***"Project Director, NHAI v. M. Hakeem"*** reported as ***2021 AIR Supreme Court 3471***, it is well settled that the scope of interference under Section 34 is narrowly circumscribed, and the Court is empowered only to set aside an arbitral award and not modify the same. Relevant paragraphs thereof are extracted hereunder for reference:-

40. It can therefore be said that this question has now been settled finally by at least 3 decisions of this Court. Even otherwise, to state that the judicial trend appears to favour an interpretation that would read into Section 34 a power to modify, revise or vary the award would be to ignore the previous law contained in the 1940 Act; as also to ignore the fact that the 1996 Act was enacted based on the UNCITRAL Model Law on International Commercial Arbitration, 1985 which, as has been pointed out in Redfern and Hunter on International Arbitration, 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 is coterminus 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 Act, 1996.

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46. Quite obviously if one were to include the power to modify an award in Section 34, one would be crossing the Lakshman Rekha and doing what, according to the justice of a case, ought to be done. In interpreting a statutory provision, a Judge must put himself in the shoes of Parliament and then ask whether Parliament intended this result. Parliament very clearly intended that no power of modification of an award exists in section 34 of the Arbitration Act, 1996. It is only for Parliament to amend the aforesaid provision in the light of the experience of the courts in the working of the Arbitration Act, 1996, and bring it in line with other legislations the world over."

In the present case, the petitioner-landowners have already accepted the award of enhanced compensation of the acquired land @ Rs15,00,000/- per acre along with 100% Solatium and additional compensation @12% per annum from the date of notification under Section 3A upto the Award dated 09.04.2021 under Section 3-G(1); and the controversy in the case in hand is only confined to the interest awarded by the ld. Arbitrator. In such a scenario, relegating the petitioner to the remedy under Section 34 would, at best, result in setting aside the impugned award and remanding the matter for fresh adjudication. This course, however, would be wholly inefficacious and unwarranted, particularly when the learned Arbitrator, despite placing reliance upon earlier awards concerning

identically situated landowners wherein interest, as claimed in the present proceedings had been duly granted, failed to extend the same benefit to the petitioners herein without any cogent justification. Such an approach would only serve to prolong the delay and frustrate the ends of justice, particularly when the controversy lies within a narrow compass; for it is well settled that justice delayed is justice denied.

[12]. Further, in the case of ***Ram and Shyam Company v. State of Haryana and Others, (1985) 3 S.C.C. 267,*** the Hon'ble Supreme Court laid down that ordinarily it is true that the court has imposed a restraint in its own wisdom on its exercise of jurisdiction under Article 226 where the party invoking the jurisdiction has an effective, adequate alternative remedy. More often, it has been expressly stated that the rule which requires the exhaustion of alternative remedies is a rule of convenience and discretion rather than rule of law. At any rate, it does not oust the jurisdiction of the Court.

[13]. In the same regard, reliance is also placed upon ***Commissioner of Income Tax and Others v. Chhabil Dass Agarwal, (2014) 1 S.C.C. 603***, the Hon'ble Supreme Court spelt out at least five illustrative and non-exhaustive exceptions to the rule of exhaustion of remedies as follows:-

> *(i) Where remedy available under statute is not effective but only mere formality with no substantial relief; or*
> *(ii) Where statutory authority not acted in accordance with provisions of enactment in question, or ;*
> *(iii) Where statutory authority acted in defiance of fundamental principles of judicial procedure, or;*
> *(iv) Where statutory authority resorted to invoke provisions which are repealed, or;*
> *(v) Where statutory authority passed an order in total violation of principles of natural justice.*

[14]. In fact, a Division Bench of this Court in ***Bir Singh vs. Union of India*** reported as ***2016(5)RCR(Civil)344*** in a similar factual backdrop, declined to relegate the parties to the arbitral process. Taking note of the fact that compensation in respect of similarly situated landowners had already been enhanced and had attained finality, the Court deemed it appropriate, in exercise of its writ jurisdiction, to extend the same benefit rather than compel a fresh reference which would only prolong the matter. Relevant excerpt is reproduced hereinunder:-

> *"21. In view of the aforesaid judgment, we deem it appropriate to set aside the order passed by the Central Government declining the reference to Arbitrator for determination of amount of compensation. But since the award in respect of the other land owners has attained finality, the procedure for appointment of an Arbitrator will only delay the determination of the amount of compensation and cause unnecessary harassment to the landowners.*
>
> *22. Consequently, we allow the present writ petitions and direct the respondents to pay the compensation to the land owners in terms of the Award dated 13.01.2012 finalised in respect of the other land owners."*

[15]. In the present case, the learned Arbitrator, by denying parity to identically placed landowners even though only with regard to interest component of the compensation, has acted arbitrarily and in breach of Article 14, thereby offending the fundamental principles of fair procedure. Moreover, the remedy under Section 34 would not afford any effective or substantive relief, as it is confined only to setting aside the award without power of modification. Accordingly, in the peculiar facts and circumstances of the case, the exercise of writ jurisdiction under Article 226 of the Constitution, being plenary in nature, is clearly justified to remedy the manifest arbitrariness and to ensure that the petitioner is granted just and equitable compensation.

[16]. Although the scope of interference under the writ jurisdiction against arbitral awards rendered under the Arbitration and Conciliation Act, 1996 is undoubtedly limited, the same principle cannot be applied with equal rigidity to arbitration proceedings conducted under the National Highways Act, 1956. The latter contemplates a form of statutory arbitration, wherein the Arbitrator is appointed by the Central Government, unlike consensual arbitration contemplated under section 10 and 11 of 1996 Act where the appointment of the arbitrator is primarily founded upon the party autonomy of the disputants. Also, given that such arbitrators are appointed by the Central authority itself, the possibility of perceived institutional bias or lack of complete neutrality cannot be altogether ruled out. In such circumstances, a writ court exercising jurisdiction under Articles 226/227 of the Constitution of India may be justified in exercising a broader supervisory scrutiny to ensure justice, fairness, parity to the aggrieved landowner. Furthermore, most recently, a 3 judge-bench of the Hon'ble Supreme Court presided over by Hon'ble Chief Justice of India in the case of ***M/ s Riar Builders Pvt Ltd & Anr. v. Union of India & Ors.*** reported as ***2026 LiveLaw (SC) 65*** while suggesting reanalysis of the legislative scheme for parity in compensation mechanisms for land acquisition observed as under:-

> *" 5. Adverting to the main case, it has transpired during the course of the hearing that under the 1956 Act, the remedy provided to an expropriated land owner/interested party, if such person is aggrieved by the rate of compensation determined by the competent Authority, is to invoke arbitration under Section 3G(5) read with provisions of the 1996 Act. Such an arbitration petition is adjudicated not by a judicial authority but by an officer notified by the Central Government. Invariably, the Collectors or Commissioners of the Revenue Districts/Divisions are notified to act as arbitrators. These officers are generally pre-occupied with their multiple administrative responsibilities and they also do not have the desired experience of a judicially trained mind to adjudicate the complex issues like determination of market value of the land or other statutory benefits to which the affected*

v. Tarsem Singh & others, (2019) 9 SCC 304, as well as the subsequent amendments made by the Parliament in the 1956 Act.

6. Not only this, the further recourse left to an aggrieved expropriated land owner or any other interested party is to file an appeal under Section 34 of the 1996 Act, followed by a further appeal under Section 37 of the 1996 Act before the High Court. By now, the restricted and limited scope of interfering with an arbitral award, by a superior forum in purported exercise of its powers under Sections 34 or 37 of the 1996 Act, as the case may be, has been well defined by this Court in a catena of judgments.

7. Contrarily, the expropriated land owners/interested persons, whose lands were earlier being acquired under the Land Acquisition Act, 1894 (in short, the "Old Act"), were entitled to seek further enhancement through a reference under Section 18 of the Old Act and such references were decided only by the Judicial Courts, comprising a Presiding Officer in the rank of District Judge/Additional District Judge. There was a further remedy of first appeal before the High Court, and thus even the High Court had the power to re-appreciate and re-appraise the evidence and then form an opinion re: market value of the acquired land.

8. Such a recourse for the expropriated land owners and other interested parties has been further widened by the grant of additional statutory benefits and a higher rate of compensation under the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (in short, the "New Act").

9. It may, thus, be seen that the land owners, whose land is acquired under the 1956 Act, vis-a-vis the land owners whose lands are acquired now under the New Act, have been treated as separate classes, apparently without any intelligible differentia. This leads to grave heartburn among the land owners of the first category, namely, those whose lands are acquired under the 1956 Act.

10. While there seems to be a lot of legislative wisdom discernible from the mechanism encapsulated under the 1956 Act, to the effect that the acquisition under this Act must take place in a time-bound and expeditious manner so that the development of National Highways is not hampered or delayed. Though such a legislative policy is laudable, prima facie, it seems that this object can be kept intact while ensuring the land owners that they will be entitled to assessment of compensation for the acquired land in the same manner as is determined for the land owners whose lands are acquired under the Old Act or under the New Act, even when such acquisition is also for infrastructural development.

11. Keeping these factors in view, we implore and suggest that the Union of India should revisit the legislative scheme and consider the desirability of bringing parity in the matter of providing a mechanism for the determination of the market value of acquired land with reference to Article 300A of the Constitution of India."

[17]. In the peculiar facts and circumstances of the present case, the petitioners-landowners has been left with no efficacious remedy at this stage. Thus, judicial review conferred upon this Court under Article 226 of the Constitution of India, needs to be invoked in order to do complete justice between the parties and also to avoid the discrimination with which the petitioner has been meted out.

[18]. In view of the aforesaid, and in order to obviate further delay and unnecessary hardship that would ensue from a remand for fresh adjudication, this Court considers it just and appropriate to modify the award dated 27.10.2025 to the extent that the petitioners-landowners are held entitled to interest @ 9% for the first year and 15% per annum thereafter on the enhanced amount from the date of possession in terms of Section 72 of the 2013 Act. Further they are also entitled to interest on the amount of compensation originally determined by CALA in accordance with the provisions of Section 80 of the 2013 Act.

[19]. With the aforesaid observations, the present petition is **disposed of**. Pending application(s), if any shall also stand disposed of.

(HARKESH MANUJA)
JUDGE

April 23, 2026
Atik

Whether speaking/reasoned Yes/No
Whether reportable Yes/No