

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD****R/FIRST APPEAL NO. 2086 of 2026**

**With
CIVIL APPLICATION (FOR STAY) NO. 1 of 2026
In R/FIRST APPEAL NO. 2086 of 2026**

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NATIONAL HIGHWAY AUTHORITY OF INDIA

Versus

PATEL KARSANBHAI KANJIBHAI & ORS.

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Appearance:

SANKUL K KABRA(9304) for the Appellant(s) No. 1
MS HETAL PATEL, ASSISTANT GOVERNMENT PLEADER for the
Respondent(s) No.53 and 54

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**CORAM:HONOURABLE THE CHIEF JUSTICE MRS.
JUSTICE SUNITA AGARWAL
and
HONOURABLE MR.JUSTICE D.N.RAY**

Date : 08/06/2026

ORAL JUDGMENT

(PER : HONOURABLE THE CHIEF JUSTICE MRS. JUSTICE SUNITA AGARWAL)

1. Having heard Mr. Sankul K. Kabra, learned advocate for the appellant and perused the record of the appeal filed under Section 37 of the Arbitration and Conciliation Act, 1996 (*hereinafter referred to as 'the Act' 1996*), we may note that the grounds agitated to challenge the arbitral award passed under Section 3G(5) of the National Highways Act, 1956 (*hereinafter referred to as 'the Act' 1956*) are primarily on the merits of the award.



2. It is vehemently argued by the learned Counsel for the appellant that the learned Arbitrator has committed an illegality in re-determination of the market value by taking highest *jantri* value of the land in question into consideration and adding 5% to the said valuation.

3. The further submission is that the award is an unreasoned award and it cannot be sustained for the fact that the evidence adduced by the National Highways Authority of Indian (NHAI) had not been taken into consideration.

4. To deal with this submission, suffice it to note that the Arbitrator appointed under Section 3G(5) of the Act' 1956, while keeping in mind the provisions of Sub-Section (7) of Section 3G, is required to determine the market value as per the provisions of Section 26 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The said legal position is settled with the decision of the Apex Court in ***National Highways Authority of India Vs. Nagraju [(2022) 15 SCC 1]***.

5. Further, section 26 of the Act' 2013 provides various



criteria in assessment and determination of the market value of the land, one of which is *jantri* value. And the factual inquiry has been made by the Arbitrator in accordance with the provisions of Section 26 of the Act' 2013 based on the material collected by him and the evidence adduced by the parties, which cannot be re-examined by this Court by re-appreciation of evidence, as it would hit on the face of the scope of the judicial scrutiny under Sections 34 and 37 of the Act' 1996.

6. To add to the above, the other objections taken by the appellant to challenge the arbitral award before the Commercial Court was that the learned Arbitrator has adopted an arbitrary and irrational methodology by uniformly applying the highest *jantri* rate of the entire village to all acquired land irrespective of their location, nature and individual *jantri* rates and further enhanced the same by 5% per annum without any statutory basis ignoring the parameters prescribed under Section 3G of the Act' 1956 and the recent determination made by the competent authority.

7. It was also argued before the Commercial Court that no



opportunity was given to lead evidence, pleadings were wrongly treated as evidence, adequate oral hearing was denied and reliance was placed on the material not produced by the parties thereby violating principles of natural justice. The award does not frame issues, record findings or provide intelligible and adequate reasons as mandated under Section 31(3) of the Act' 1996, rendering it a non-speaking and unreasoned order.

8. Dealing with these objections of the appellant on the validity of the arbitral award, the Commercial Court has concluded as under:-

"[5] Upon considering the pleadings written submissions, and rival arguments, this Court finds that the present application under Section 34 of the Arbitration and Conciliation Act, 1996 does not meet the strict conditions required for setting aside an arbitral award. The scope of interference under Section 34 is very limited, and this Court cannot act as an appellate authority or re-appreciate facts or evidence. An arbitral award can be set aside only if it is shown to be contrary to the fundamental policy of Indian law, the interest of India, justice or morality, or if it suffers from patent illegality on the face of the award. Mere disagreement



with the procedure adopted or with the amount of compensation awarded is not sufficient to invoke Section 34. In the present case, the applicant has failed to show how the impugned award violates the fundamental policy of Indian law. The arbitration was conducted by the District Collector acting as a statutory Arbitrator under Section 3G(5) of the National Highways Act and the compensation was determined within the statutory framework. No material is placed on record to show that the Arbitrator acted in a manner prohibited by law or ignored mandatory statutory provisions so as to strike at the root of the legal system. The Court also finds no substance in the contention that the award is against the interest of India or against justice or morality. An award can be said to offend justice or morality only if it is so unfair or unreasonable that it shocks the conscience of the Court. The present award relates to determination of compensation for compulsory land acquisition, which is a statutory exercise. The award seeks to compensate landowners for their acquired land and therefore cannot be termed as unjust, immoral, or opposed to public conscience merely because the applicant disputes the valuation method. So far as patent illegality under Section 34(2A) is concerned, no illegality going to the root of the matter is shown. Patent illegality must be apparent on the face of the award and not based on re-appreciation of evidence or reassessment of facts. The objections raised by the applicant relate mainly to procedure and quantification, which fall within the



exclusive domain of the Arbitrator. At best, the respondents have pointed out a limited defect in valuation, for which they have sought correction under Section 34(4) clearly indicating that the award itself is not liable to be set aside. The objection regarding the award being unsigned also does not survive. Pursuant to the directions of this Court, the office of the learned Arbitrator has produced the certified copy of the original arbitral award bearing the signature of the District Collector as Arbitrator. Once the signed award is on record, the plea of non-signing and the connected argument on limitation lose all force and are hereby rejected. The challenge based on arbitral procedure, disclosure, and applicability of Sections 11, 12, and Schedule V of the Arbitration Act is also misconceived. The arbitration in question is a statutory arbitration under the National Highways Act, 1956, which operates on a distinct footing. The applicant participated in the arbitral proceedings without raising any objection at the relevant time and cannot now raise such objections as an afterthought under Section 34. It is also relevant to note that the Arbitrator has determined the price of the land on the basis of the prevailing jantri rate. Jantri is a government-fixed guideline value of land or property and minimum rate per square meter or square foot fixed by the State Government for a particular area. When such government-prescribed jantri rate is taken as a parameter for deciding compensation, the valuation cannot be said to be illegal or arbitrary, as the amount is



determined in accordance with government rules and policy. Reliance on jantri ensures uniformity and transparency and does not violate any provision of law.”

9. Taking note of the reasoning given by the Court under Section 34 of the Act' 1996, we do not find any good ground to entertain the challenge, in the proceedings under Section 37 of the Act' 1996, where powers of judicial scrutiny are all the more circumscribed.

10. With the above, the present appeal directed against the judgment and order dated 31.12.2025 passed by the 6th Additional District Judge, Ahmedabad in Civil Miscellaneous Application No.476 of 2023 stands dismissed. No order as to costs.

11. Connected Civil Application would not survive and shall stand disposed of, accordingly.

(SUNITA AGARWAL, CJ)

(D.N.RAY,J)

A. B. VAGHELA