

(Judgment reserved on 22.09.2025)

(Judgment delivered on 15.10.2025)



2025:AHC:184127-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 26529 of 2025

Ramashankar
Yadav And Another

.....Petitioners(s)

Versus

Union Of India And 3
Others

.....Respondents(s)

Counsel for Petitioners(s)	: Vatsala
Counsel for Respondent(s)	: Ravi Kant, A.S.G.I., C.S.C., Pranjal Mehrotra

Court No. - 29

HON'BLE MAHESH CHANDRA TRIPATHI, J.
HON'BLE ANISH KUMAR GUPTA, J.

(Per: Mahesh Chandra Tripathi, J.)

1. Heard Mrs. Vatsala, learned counsel for the petitioners, Sri Pranjal Mehrotra, learned counsel for the respondent no. 2- National Highways Authority of India¹, and Sri Fuzail Ahmad Ansari, learned Standing Counsel for the State respondents.

A. PRAYER:

1 NHAI

2. This writ petition has been filed, *inter alia*, praying for the following relief:

“a). Issue a writ, order or direction in the nature of Certiorari quashing the order dated 03.07.2025 passed by the Respondent No.3 under Section 3G(5) of the Act, 1956 (marked as Annexure No.I to this writ petition).

b). Issue a writ, order or direction in the nature of Mandamus directing the respondent no.3 to decide the claim of the petitioners as per the circle rate defined in Phase-III of the letter dated 26.06.2025.”

B. FACTS OF THE CASE:-

3. The petitioners are permanent residents of Village Gausganj, Tehsil Sikandrara, District Hathras. They became lawful owners of the disputed land during 2007–2008 through two registered sale deeds. The land in question consists of two separate parcels, both bearing Gata No.267, admeasuring approximately 0.2300 hectare each, situated at Mauza Iqbalpur, Tehsil Sikandrara, District Hathras. These parcels were purchased by the petitioners from the original tenure-holders Manju Devi and Rohan Lal via two separate transactions, i.e. one dated 14.11.2007 and the other dated 29.05.2008.

3.1. After purchasing the land, the petitioners applied under Section 143 of the Uttar Pradesh Zamindari Abolition and Land Reforms Act, 1950² for conversion of the land from agricultural use to non-agricultural (abadi) use. Their application was registered as Case No.10 before the Court of Sub Divisional Magistrate/Additional Collector-I, Sikandrara. The said application was allowed vide order dated 31.01.2008, and consequently, the nature of the land was officially recorded as non-agricultural. Thereafter, the petitioners constructed a living room and boundary wall over the said property.

3.2. In 2018, Respondent No.1 – Union of India, initiated land acquisition proceedings for expansion of National Highway No.91 (Aligarh–Kanpur section from kilometer 165.600 to kilometer 186.000). A notification under Section 3A of the National Highways Act, 1956³

² UPZA & LR Act

³ The Act, 1956

was published in the Official Gazette on 09.03.2018. The same was also published in daily newspapers, namely *Amar Ujala* and *The Times of India*, on 16.03.2018. Subsequently, on 05.07.2018, a declaration under Section 3D of the Act, 1956 was issued, which too was widely published on 25.07.2018 in the said newspapers. Through these notifications, objections were invited from all interested persons whose land was affected by the acquisition. The petitioners' land, being Gata No.267, also fell within the acquisition.

3.3. The petitioners submitted their objections on 11.07.2018 before Respondent No.4 [The Competent Authority Land Acquisition, Additional District Magistrate (Finance and Revenue)], praying that the compensation be determined at the rate applicable to abadi land, as their land had already been converted from agricultural use to non-agricultural use by virtue of the order dated 31.01.2008. However, vide order dated 13.12.2018, Respondent No.4, determined the compensation treating the land as agricultural.

3.4. Being aggrieved, the petitioners preferred an arbitration petition under Section 3G(5) of the Act, 1956 before Respondent No.3 – the District Magistrate (Arbitrator). Their claim was registered as Arbitration Petition No.07 of 2020. Respondent No.3, vide order dated 12.06.2020, rejected their claim and affirmed the award dated 13.12.2018.

3.5. The petitioners challenged the said arbitral award by filing Arbitration Petition No.102 of 2020 before the Court of Special Judge, SC/ST (Prevention of Atrocities) Act, Hathras, under Section 34 of the Arbitration and Conciliation Act, 1996⁴. After hearing the parties, the learned appellate court, vide judgment dated 13.05.2022, allowed the petitioners' application, set aside the arbitral award dated 12.06.2020, and directed Respondent No.3/ Arbitrator to decide the matter afresh.

3.6. Pursuant to this direction, Respondent No.3/ Arbitrator reconsidered the matter and passed a fresh order dated 21.07.2022. By this order, the computation report of Respondent No.4 was rejected to the extent it

4 The Arbitration Act, 1996

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related to the petitioners' land, i.e. Gata No.267, and it was held that the compensation had been wrongly calculated as per agricultural rates, whereas the land had already been declared non-agricultural in 2008.

3.7. Being dissatisfied with the order dated 21.07.2022, the Respondent No.2/ The Project Director (Project Implementation Unit), NHAI,, filed Miscellaneous Application No.97 of 2022 before the Court of District Judge, Hathras. The case was registered as Misc. Application No.5C under Section 34 of the Arbitration Act, 1996. After hearing the parties, the Learned District Judge passed an order dated 10.09.2024 whereby the order dated 21.07.2022 was partially set aside. The award dated 13.12.2018 was restored, but at the same time, the matter was remanded back to Respondent No.3/ Arbitrator with a specific direction to reassess the claim of the petitioners as per the circle rate applicable to abadi land, and not the agricultural land.

3.8. Thereafter, in compliance with the directions of the District Judge dated 10.09.2024, Respondent No.3/ District Magistrate (Arbitrator) once again undertook proceedings and issued notices to all parties. Ultimately, Respondent No.3 passed the impugned order dated 03.07.2025 under Section 3G(5) of the Act, 1956 in Case No.148 of 2025 (Computerized Case No.D202518340000148). By this order, the claim of the petitioners was allowed to the limited extent of enhancing the compensation to Rs.4,000/- per square meter, treating the land as abadi land situated at a distance of six meters from the main road. Aggrieved with the impugned order dated 03.07.2025, the petitioners have preferred the instant writ petition.

C. SUBMISSIONS ON BEHALF OF PETITIONERS:

4. Mrs. Vatsala, learned counsel for the petitioners, submitted that the District Judge, Hathras, vide order dated 10.09.2024, categorically directed Respondent No. 3/Arbitrator to reassess the compensation on the basis of circle rates applicable to abadi land. However, the impugned order dated 03.07.2025 has arbitrarily fixed compensation at only Rs.

4,000/- per square meter, in utter disregard of the binding directions of the superior court, amounting to judicial indiscipline.

4.1. She submitted that the Deputy Registrar (Stamp), Sikandrara, through letter dated 26.06.2025, confirmed that the petitioners' land falls under Phase-III, where the notified rates are Rs. 14,500/- and Rs.12,000/- per square meter. The Arbitrator, ignoring this official document, has arbitrarily applied a rate of Rs. 4,000/- per square meter, which is perverse and contrary to record.

4.2. Learned counsel further submitted that the compensation must be determined with reference to the nature, status, and potential use of the land at the time of notification. The petitioners' land was converted to non-agricultural use on 31.01.2008 and also duly recorded in revenue records as such from that date onward, the land ceased to be used for agricultural purposes, yet it was wrongly treated as agricultural land earlier and undervalued even as abadi land now. Factors under Section 26 of The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013⁵ including market value, location, and displacement damages, were completely overlooked.

4.3. She vehemently argued that despite pursuing remedies for over seven years, the petitioners have been denied just compensation, resulting in continued financial hardship and violation of their statutory rights.

4.4. On the issue of maintainability of the writ petition, she submitted that although statutory remedies exist, the present case falls within the exceptions justifying interference under Article 226, as the Arbitrator has acted contrary to law, ignored judicial directions, and violated natural justice.

4.5. In support of her submissions, she placed reliance on the Division Bench judgment dated **05.02.2024 in *Dr. Rajeev Sinha v. Union of***

⁵ The Act, 2013

India⁶, and the letter dated 26.06.2025 of the Deputy Registrar (Stamp), Sikandrara, addressed to the Assistant Inspector General (Stamp), Hathras, confirming the notified rates of Rs. 14,500/- and Rs. 12,000/- per square meter for Phase-III land.

4.6. She lastly prayed that this Hon'ble Court may quash the impugned order dated 03.07.2025 and direct the Respondent No. 3/Arbitrator to reassess compensation strictly in accordance with the notified circle rates of Phase-III as on 26.06.2025, and till such reassessment, restrain the respondents from utilizing the petitioners' land.

SUBMISSIONS ON BEHALF OF THE STATE RESPONDENTS AND NHAI:-

5. Sri Fuzail Ahmad Ansari, learned Standing Counsel for the State respondents, at the outset, raised a preliminary objection to the maintainability of this writ petition. He contended that the petitioners had approached this Court in direct circumvention of the statutory appellate mechanism provided under Section 34 of the Arbitration Act, 1996. According to him, when Parliament has consciously enacted a self-contained code for challenging arbitral awards through a designated forum with prescribed timelines and grounds, the extraordinary jurisdiction under Article 226 ought not to be invoked merely because a party is dissatisfied with the outcome. He placed strong reliance upon the judgment of the Hon'ble Supreme Court in **Commissioner of Income Tax v. Chhabil Dass Agarwal**,⁷ wherein it has been held that writ jurisdiction should not be exercised when an effective alternate remedy exists.

5.1. He further submitted that the dispute raised in this writ petition is not regarding acquisition itself but relates only to valuation and determination of compensation. The Statutory Arbitrator, after considering the material on record, fixed the rate at Rs.4,000/- per square meter treating the land as *abadi land*, and also added the statutory

⁶ 2024 (2) ADJ 594

⁷ (2014) 1 SCC 603

solatium. This exercise is an adjudicatory function under Section 3G of the Act, 1956, to which the machinery of the Arbitration Act applies. Thus, if the petitioners are dissatisfied with the valuation, their recourse lies only under Section 34 of the Arbitration Act, 1996. Writ jurisdiction cannot be converted into an appellate forum to re-appreciate evidence or re-determine compensation.

5.2. Shri Ansari further submitted that constitutional courts exercising writ jurisdiction do not function as courts of appeal to review the correctness of factual or evaluative determinations made by statutory tribunals or arbitrators. Questions such as the appropriate market value of land, the relevance of circle rates, the comparability of sale instances, and the impact of locational factors are all matters of evidence and expert assessment. The petitioners are essentially seeking a fresh adjudication on valuation by this Court, which would be contrary to settled principles of judicial restraint. He pointed out that the petitioners heavily relied on a letter dated 26.06.2025 from the Deputy Registrar (Stamp) indicating higher circle rates of Rs.14,500/- and Rs.12,000/- per square meter. However, he submitted that circle rates are indicative benchmarks for stamp duty purposes and do not automatically translate into compensation entitlements under land acquisition law, where multiple variables must be judicially evaluated.

5.3. Addressing the petitioners' contention that the Arbitrator failed to implement the directions contained in the order dated 10.09.2024 of the Learned District Judge, Hathras, Shri Ansari submitted that this allegation is factually incorrect. The District Judge had specifically remanded the matter with an instruction to reconsider compensation treating the property as abadi (non-agricultural) land instead of agricultural land. The Statutory Arbitrator, in the impugned order, has expressly recognized the converted status of the land and has determined compensation at Rs.4,000/- per square meter accordingly, departing from the earlier agricultural classification. Thus, according to him, the substantive direction has been followed. The fact that the petitioners

expected a higher monetary figure does not mean that the judicial mandate was disobeyed.

5.4. Shri Ansari, further submitted that the petitioners had placed reliance on Division Bench judgment in **Dr. Rajeev Sinha (supra)**, to justify the maintainability of the writ petition, but the said case was decided in peculiar facts and circumstances wherein the Arbitrator had acted in complete defiance of binding directions of the District Judge, and had virtually passed a non-speaking order. The Division Bench carved out an exception in those extraordinary circumstances. However, in the present case, Respondent No.3/ Statutory Arbitrator has duly considered the nature of land, relevant material, and has passed a detailed reasoned order. Therefore, the ratio of **Rajeev Sinha (supra)** does not apply. On the contrary, the present case falls within the general rule that arbitral awards are to be challenged only under Section 34 of the Arbitration Act, 1996.

5.5. He further submitted that this Hon'ble Court has consistently declined to entertain writ petitions challenging compensation awards passed under Section 3G of the Act, 1956. Reference is made to **Sri Navin Tyagi v. Union of India**⁸, wherein this Court held that disputes pertaining to the adequacy or correctness of compensation cannot be agitated in writ jurisdiction when the Arbitration Act, 1996 provides a comprehensive mechanism for such challenges. The rationale underlying this principle is to preserve the integrity of the arbitration framework and to prevent parallel litigation.

5.6. Shri Ansari had drawn the Court's attention to the authoritative pronouncements of the Hon'ble Supreme Court in *in McDermott International v. Burn Standard*⁹ and *ONGC v. Saw Pipes Ltd.*¹⁰, which lay down the parameters of interference with arbitral awards. These judgments reiterate that even if an arbitral award contains errors of fact or law, judicial intervention is permissible only on the limited grounds

8 2013 (10) ADJ 283 (DB)

9 (2006) 11 SCC 181

10 (2003) 5 SCC 705

enumerated under Section 34 of the Arbitration Act, 1996, such as incapacity of parties, invalidity of arbitration agreement, lack of proper notice, matters beyond the scope of reference, patent illegality, or contravention of public policy. He submitted that dissatisfaction with quantum does not constitute any of these statutory grounds, and therefore, entertaining such grievances in writ jurisdiction would effectively nullify the legislative policy underlying the Arbitration Act.

5.7. On the question of whether any exceptional circumstances exist in the present case that would warrant the Court's interference despite the availability of an alternate remedy, Shri Ansari submitted that none of the judicially recognized exceptions are attracted. The Hon'ble Supreme Court in *Commissioner of Income Tax and others Vs. Chhabil Dass Agarwal*¹¹, has outlined situations where writ jurisdiction may be exercised notwithstanding the existence of statutory remedies such as where the impugned action is wholly without jurisdiction, where there is a violation of principles of natural justice, where the statute itself is unconstitutional, or where the order is passed mala fide or in gross abuse of power. He submitted that the petitioners have neither pleaded nor substantiated any such exceptional circumstance. There is no allegation of bias, fraud, or procedural impropriety. The proceedings were conducted transparently with due notice to all concerned, and the Arbitrator passed a speaking and reasoned order after considering the materials placed before him.

5.8. Shri Ansari emphasized that entertaining the present writ petition would set a dangerous precedent whereby dissatisfied claimants in land acquisition matters could routinely bypass the arbitration regime by directly approaching the High Court on grounds of perceived inadequacy of compensation. Such a practice would undermine the legislative intent behind enacting Section 3G(6) of the Act, 1956, which expressly makes the Arbitration Act, 1996 applicable to disputes arising under Section 3G(5). If the legislature intended compensation disputes to be finally

11 (2014) 1 SCC 603

adjudicated by High Courts in writ jurisdiction, there would have been no need to prescribe the arbitration mechanism or to provide for challenges under Section 34. In this backdrop, he submitted that the statutory scheme must be respected.

5.9. Lastly, Shri Ansari prayed that this Hon'ble Court may decline to entertain the writ petition and dismiss the same as not maintainable, while granting liberty to the petitioners to pursue their remedy under Section 34 of the Arbitration Act, 1996, in accordance with law and within the period of limitation prescribed thereunder. He submitted that such a course would uphold the rule of law, respect the legislative scheme, and avoid the undesirable consequence of converting constitutional courts into appellate tribunals for arbitral awards.

5.10. Sri Pranjal Mehrotra, learned counsel appearing on behalf of Respondent No.2—National Highways Authority of India (NHAI), associated himself entirely with the submissions advanced by Shri Fuzail Ahmad Ansari, learned Standing Counsel for the State respondents, and adopted the same without any objection/ reservation.

D. DISCUSSION AND FINDINGS:-

6. The primary question that arises for consideration in the instant matter is whether the present writ petition is maintainable in view of the statutory remedy available under Section 34 of the Arbitration Act, 1996. This Court has carefully considered the rival submissions and the legal precedents cited by both parties.

6.1. It is well-established that writ jurisdiction under Article 226 of the Constitution is discretionary and should ordinarily not be exercised when an adequate and efficacious alternative remedy is available. The Supreme Court in **Commissioner of Income Tax v. Chhabil Dass Agarwal** (supra) has consistently held that challenge to arbitral awards must be made through the statutory mechanism provided under Section 34 of the Arbitration Act, 1996, except in rarest of rare cases where the

order is passed in complete defiance of law, without jurisdiction, or in violation of natural justice.

6.2. Before proceeding further, it would be apposite to refer to the relevant statutory provisions applicable in the instant case. Section 3G(5) of the Act, 1956 provides that *"If the amount determined by the competent authority under sub-section (1) or sub-section (2) is not acceptable to either of the parties, the amount shall, on an application by either of the parties, be determined by the arbitrator to be appointed by the Central Government."* Further, Section 3G(6) of the Act, 1956 mandates that *"Subject to the provisions of this Act, the provisions of the Arbitration Act, 1996 shall apply to every arbitration under this Act."* A conjoint reading of these provisions makes it abundantly clear that the legislature has created a comprehensive statutory framework where compensation disputes are to be resolved through arbitration under Section 3G(5) of the Act, 1956, and the procedural aspects as well as challenges to such arbitral awards are governed by the Arbitration Act, 1996 by virtue of Section 3G(6) of the Act, 1956. This legislative scheme leaves no room for bypassing the statutory arbitration mechanism and directly invoking writ jurisdiction for matters that are specifically entrusted to the arbitral process.

6.3. The learned counsel for the petitioners had placed heavy reliance upon the Division Bench judgment of this Court in **Dr. Rajeev Sinha** (supra). However, a careful analysis of judgment of the **Rajeev Sinha** case reveals that it was decided on entirely different factual matrix and legal considerations peculiar to that case, which do not apply to the present case.

6.4. In **Dr. Rajeev Sinha** (supra), the Division Bench was confronted with a situation where the Arbitrator had completely ignored and defied the specific directions issued by the District Judge in the remand order dated 27.04.2022. The Court in paragraph 30 of that judgment specifically noted that the Arbitrator had acted "in defiance of fundamental principles of judicial procedure particularly by not

following the directions of the learned District Judge" and that not even a single direction issued by the District Judge in the order of remand had been obeyed. The Court found that the Arbitrator had passed virtually a non-speaking order in complete violation of the remand directions, which constituted judicial indiscipline of the highest order. Paras 26 and 30 of the judgment in **Dr. Rajeev Sinha** (supra) are reproduced hereinbelow:

"26. In view of the above discussion, the argument of learned counsel for NHAH that the writ petition should be dismissed on the ground of availability of alternative remedy under Section 34 of the Act of 1996, does not have any force in the facts and circumstances of the present case and this Court is satisfied that the instant case falls within the well recognised exceptions to the general rule of exhaustion of alternative remedies, as held above by the Supreme Court and, therefore, the present writ petition is not liable to be dismissed on this ground.

30. In the present case, this Court is fully satisfied that Arbitrator/Collector, Jhansi has acted in defiance of fundamental principles of judicial procedure particularly by not following the directions of the learned District Judge, as aforesaid, and in view of the above discussion, the order impugned dated 28.07.2023 cannot sustain on merits and is liable to be quashed despite the fact that it has been recalled by the Collector on 03.11.2023, inasmuch as, reasons for setting aside the order on merits were required to be recorded in the present judgement so that the fresh exercise to be carried out by the Arbitrator/Collector Jhansi even after recalling his order, should be strictly in accordance with law and based upon material on record, as noted by the District Judge in the order of remand dated 27.04.2022."

(Emphasis supplied)

6.5. More significantly, in paragraphs 16 and 17 of the **Rajeev Sinha** judgment, the Division Bench specifically observed that the Arbitrator had considered *"absolutely nothing, except what had been recorded by the Special Land Acquisition Officer in the initial award"* and that the order was a mere reproduction of earlier findings without any independent application of mind. The Court noted that the Arbitrator had *"simply referred to the non-declaration under Section 143 U.P. Z.A. & L.R. Act and swept away the sale deeds produced by the petitioner in a single line"*. This amounted to a complete abdication of judicial function and warranted extraordinary intervention.

6.6. The factual scenario in the present case is fundamentally different. Here, Respondent No.3/Arbitrator has not ignored or defied the

directions of the District Judge dated 10.09.2024. On the contrary, the Arbitrator has faithfully complied with the primary direction by acknowledging that the petitioners' land should be treated as abadi (non-agricultural) land and not as agricultural land. The compensation has been enhanced from agricultural rates to Rs.4,000/- per square meter, recognizing the non-agricultural character of the land. The District Judge's direction was to *"reassess the claim of petitioners as per the circle rate applicable to abadi land, and not agricultural land"*, which has been substantially complied with.

6.7. In pith and substance, the grievance of the petitioners is not about non-compliance with judicial directions, but about the quantum of compensation awarded. They seek compensation at Rs.14,500/- and Rs.12,000/- per square meter based on the letter dated 26.06.2025 from the Deputy Registrar (Stamp). This is essentially a dispute about valuation and adequacy of compensation, which squarely falls within the domain of Section 34 proceedings under the Arbitration Act, 1996.

6.8. The circle rates notified for stamp duty purposes are general guidelines and their applicability in individual cases depends upon various factors including location, potentiality, comparable sales, and evidence led before the Arbitrator. The mere existence of higher circle rates does not *ipso facto* entitle the landowners to identical compensation. These are matters of fact and evidence which fall within the exclusive domain of the Arbitrator and are subject to scrutiny in proceedings under Section 34 of the Arbitration Act, 1996, not in writ jurisdiction.

6.9. This Court has consistently held that disputes regarding adequacy of compensation cannot be entertained under writ jurisdiction when a complete statutory remedy exists. The precise issue regarding the maintainability of a writ petition challenging an award passed by the Arbitrator under Section 3G(5) of the Act, 1956 has been considered by a Division Bench of this Hon'ble Court in **Sri Navin Tyagi** (supra). In that case, the petitioners were primarily aggrieved by the quantum of

compensation determined by the Arbitrator. The Hon'ble Division Bench observed in Paragraph 13 as under:

“13. Prima facie the objection as taken by the learned counsel for the respondent has much water. A perusal of Section 3G sub clause (7) shows that for determining the amount as payable under Section 3G(7), certain parameters are to be considered which have been classified in Clause a,b,c,d. Meaning thereby the fixation of quantum of compensation is not an exercise in abstract and the same is governed by the parameters given in sub Section (7) and Clause a,b,c,d, which have to be kept in mind by the authority concerned while determining the quantum of compensation. The quantum of compensation as such is a logical conclusion of the procedure to be adopted by the Arbitrator keeping in mind the parameters as given under the Act of 1956, while determining the quantum and thus, the grievance of the petitioners, if any, is to the effect that the quantum of compensation as determined is not in accordance with the parameters as prescribed under the Act, 1956 for the said purpose.”

6.10. Furthermore, in Paragraph 21 of the same judgment, the Hon'ble Division Bench laid down the following guiding principles:

“21. From the above decisions, the following principles emerge:

a) An Award, which is

(i) contrary to substantive provisions of law; or

(ii) the provisions of the Arbitration and Conciliation Act, 1996; or

(iii) against the terms of the respective contract; or

(iv) patently illegal, or

(v) prejudicial to the rights of the parties, is open to interference by the Court under Section 34(2) of the Act.

(b) Award could be set aside if it is contrary to:

(a) fundamental policy of Indian Law; or

(b) the interest of India; or

(c) justice or morality;

(c) The Award could also be set aside if it is so unfair and unreasonable that it shocks the conscience of the Court.

(d) It is open to the Court to consider whether the Award is against the specific terms of contract and if so, interfere with it on the ground that it is patently illegal and opposed to the public policy of India.”

6.11. Accordingly, in the aforesaid case, *Sri Navin Tyagi (supra)*, this Court categorically held that the determination of compensation is not an abstract exercise but one guided by the statutory factors enumerated

under Section 3G(7) of the Act, 1956. Therefore, if the parties are aggrieved by the quantum of compensation, their appropriate remedy lies under Section 34 of the Arbitration Act, 1996.

6.12. The Supreme Court in **McDermott International v. Burn Standard (supra)** and **ONGC v. Saw Pipes Ltd. (supra)** has repeatedly emphasized that arbitral awards, even if containing errors in appreciation of evidence or determination of compensation, can be challenged only on the limited grounds available under Section 34 of the Arbitration Act, 1996. Courts cannot sit in appeal over arbitral awards or re-appreciate evidence as appellate forums.

6.13. It is apt to consider the provisions of Section 3G(5) of the Act, 1956 vis-a-vis Section 11 of the Arbitration Act, 1996, which were called into question before the Hon'ble Supreme Court in **National Highways Authority of India v. Sayedabad Tea Company Limited and Others**¹². The principal question that arose was whether an application under Section 11 of the Arbitration Act, 1996 would be maintainable in view of the specific mechanism provided under Section 3-G(5) of the Act, 1956 for appointment of an Arbitral Tribunal. In the said case, the landowner, being dissatisfied with the award of compensation determined by the competent authority under Section 3-G(1) of the Act, 1956 had made an application to the Central Government seeking appointment of an Arbitrator under Section 3-G(5). As there was no response from the Central Government, the applicant approached the High Court under Section 11(6) of the Arbitration Act, 1996. The High Court, while appointing an Arbitrator, observed that the Central Government, having failed to act on the request, had forfeited its right to appoint an Arbitrator. Subsequently, a review application was filed pointing out that under the Act, 1956, the authority to appoint an Arbitrator vests exclusively with the Central Government under Section 3-G(5), and hence, the application under Section 11(6) of the Arbitration

¹² (2020) 15 SCC 161

Act, 1996 was not maintainable. The review petition was, however, dismissed.

6.14. Aggrieved thereby, the National Highways Authority of India preferred an appeal before the Hon'ble Supreme Court. Relying upon its earlier decision in **National Highways & Infrastructure Development Corporation Ltd. v. Prakash Chand Pradhan**¹³, the Hon'ble Supreme Court held as follows:

"18. After analysing the scheme, it can be assumed that the legislature intended the 1956 Act to act as a complete code in itself for the purpose of acquisition until culmination including disbursement and for settlement of disputes and this conclusion is further strengthened in view of Section 3-J of the Act which eliminates the application of the Land Acquisition Act, 1894, to an acquisition under the 1956 Act.

19. It is settled principles of law that when the special law sets out a self-contained code, the application of general law would impliedly be excluded. In the instant case, the scheme of the 1956 Act being a special law enacted for the purpose and for appointment of an arbitrator by the Central Government under Section 3-G(5) of the 1956 Act and sub-section (6) of Section 3-G itself clarifies that subject to the provisions of the 1956 Act, the provisions of the 1996 Act shall apply to every arbitration obviously to the extent where the 1956 Act is silent, the arbitrator may take recourse in adjudicating the dispute invoking the provisions of the 1996 Act for the limited purpose. But so far as the appointment of an arbitrator is concerned, the power being exclusively vested with the Central Government as envisaged under subsection (5) of Section 3-G of the 1956 Act, Section 11 of the 1996 Act has no application."

6.15. Further, in **National Highways Authority of India v. Sheetal Jaidev Vade and Others**¹⁴, the Hon'ble Supreme Court considered whether a High Court, in exercise of its jurisdiction under Article 226 of the Constitution of India, could execute an arbitral award. The Hon'ble Supreme Court held in paragraphs 11 and 12 as follows:

"11. Therefore, once the original writ petitioner was having an efficacious, alternative remedy to execute the award passed by the learned Arbitral Tribunal/Court, by initiating an appropriate execution proceeding before the competent executing court, the High Court ought to have relegated the original writ petitioners to avail the said remedy instead of entertaining the writ petition under Article 226 of the Constitution of India which was filed to execute the award passed by the Arbitral Tribunal/Court. If the High Courts convert itself to the executing court and entertain the writ petitions under Article 226 of the Constitution of India to execute the award passed by the Arbitral Tribunal/Court, the High Courts would be flooded with the writ petitions to execute awards passed by the learned arbitrator/ Arbitral Tribunal/Arbitral Court.

¹³ (2020) 15 SCC 533

¹⁴ (2022) 16 SCC 391

12. We disapprove the entertaining of such writ petitions under Article 226 of the Constitution of India to execute the award passed by the learned Arbitral Tribunal/Court, without relegating the judgment creditor in whose favour the award is passed to file an execution proceeding before the competent executing court."

6.16. Applying the well-settled legal principles to the present facts, this Court finds that the case does not fall within any of the recognized exceptions to the rule of alternative remedy. The Arbitrator has not acted without jurisdiction, has not violated principles of natural justice, and has not passed the order in complete defiance of law. The proceedings were conducted after issuing notices to all parties, evidence was considered, and a reasoned order was passed addressing the core issue raised before the Arbitrator.

6.17. The submission that the Arbitrator has violated the binding directions of the District Judge is misconceived. The District Judge had directed reassessment treating the land as abadi land, which has been done. The fact that the petitioners are dissatisfied with the quantum awarded does not convert a compliance issue into a jurisdictional defect warranting interference in writ jurisdiction. Unlike the **Rajeev Sinha** case, where the Arbitrator had completely ignored all remand directions and passed a non-speaking order, the present Arbitrator has applied his mind to the relevant factors, acknowledged the non-agricultural nature of the land, and enhanced compensation accordingly. The order dated 03.07.2025 may not satisfy the petitioners' expectations, but it cannot be characterized as a complete defiance of judicial directions.

6.18. Section 3G(6) of the Act, 1956 expressly provides that the provisions of the Arbitration Act, 1996 shall apply to proceedings under Section 3G. This creates a complete statutory scheme where disputes regarding compensation are to be resolved through arbitration, and challenges thereto are to be made under Section 34 of the Arbitration Act, 1996. Allowing landowners to bypass this statutory mechanism and directly approach the High Court under Article 226 would render the Arbitration Act, 1996 redundant and defeat the legislative intent.

6.19. The scheme envisages that compensation disputes, being essentially factual in nature involving appreciation of evidence, market conditions, comparable sales, and potentiality of land, should be decided by specialized arbitrators with domain expertise. The challenge mechanism under Section 34 the Arbitration Act, 1996 provides adequate safeguards against arbitrary or illegal awards while maintaining the efficacy of the arbitration process.

6.20. If every dissatisfied landowner is permitted to challenge arbitral awards directly through writ petitions on grounds of inadequate compensation, it would flood the High Courts with matters that are meant to be resolved through the specialized arbitration machinery. This would not only clog/ block judicial administration but also undermine the statutory arbitration process established by Parliament.

E. CONCLUSION:-

7. After careful consideration of all the aspects, this Court concludes that the present writ petition is not maintainable. The case does not fall within any of the well-recognized exceptions that would justify bypassing the statutory remedy under Section 34 of the Arbitration Act, 1996. The Arbitrator has substantially complied with the judicial directions, has not acted without jurisdiction, and has followed due process in passing the impugned order.

7.1. The petitioners' grievance is essentially about quantum of compensation, which is a matter for determination under Section 34 proceedings where the scope of interference, evidence appreciation, and legal standards are specifically defined by the statute. Writ courts are not meant to function as appellate forums of consideration and re-examining compensation awards.

F. FINAL ORDERS:-

8. In view of the above analysis and for the reasons stated hereinabove, this writ petition is **dismissed** as not maintainable, with liberty to the petitioners to avail the statutory remedy under Section 34 of the

Arbitration Act, 1996, if they are so advised, within the limitation period prescribed thereunder.

8.1. It is clarified that this Court has not expressed any opinion on the merits of the petitioners' claim or the adequacy of compensation awarded. These issues are left open to be decided independently by the appropriate forum under Section 34 of the Arbitration Act, 1996 proceedings, if filed. No order as to costs.

(Anish Kumar Gupta,J.) (Mahesh Chandra Tripathi, J.)

October 15, 2025

NLY