

2026 LiveLaw (SC) 65

IN THE SUPREME COURT OF INDIA

SURYA KANT; CJI., JOYMALYA BAGCHI; J., VIPUL M. PANCHOLI; J.
SPECIAL LEAVE PETITION (CIVIL) Diary No(s).26933/2025; 13-01-2026
M/S RIAR BUILDERS PVT LTD & ANR. versus UNION OF INDIA & ORS.

Constitution of India – Article 142 – Restoration of Withdrawn Petitions – National Highways Act, 1956 – Sections 3G and 3J – Arbitration and Conciliation Act, 1996 – Section 34 – The Supreme Court invoked its extraordinary powers under Article 142 to set aside an order of the Trial Court, which had allowed land owners to withdraw their Section 34 petitions following a High Court judgment declaring Sections 3G and 3J of the National Highways Act unconstitutional - noted that since the High Court's judgment was subsequently stayed, the land owners were left "remediless" as fresh petitions would be barred by limitation under Section 34(3) of the 1996 Act - Supreme Court has raised concerns over the deep structural flaws in determining the land acquisition compensation acquired under the National Highways Act, 1956. The Court said that land owners whose lands were acquired under the 1956 Act faces significant disadvantage when compared to land owners whose lands were acquired under different laws. [Para 1-3]

Land Acquisition – Disparity in Compensation Mechanism – National Highways Act, 1956 vs. Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 – Supreme Court observed a lack of "intelligible differentia" in the treatment of land owners whose land is acquired under the 1956 Act compared to those under the 2013 Act - While 2013 Act acquisitions involve judicial oversight by District Judges, the 1956 Act relies on administrative officers (Collectors/Commissioners) acting as arbitrators who may lack a "judicially trained mind" to adjudicate complex market value issues – Noted that the Union of India to revisit the legislative scheme to bring parity in the mechanism for determining market value with reference to Article 300-A of the Constitution – Supreme Court directed that the Interim orders to continue; Registry directed to forward the order to the Attorney General and Solicitor General of India for consideration. [Relied on Union of India & another vs. Tarsem Singh & others, (2019) 9 SCC 304; Para 5-12].

[Arising out of impugned final judgment and order dated 20-03-2025 in CWP No.19799/2023 29-04-2025 in CM No.6097/2025 passed by the High Court of Punjab & Haryana at Chandigarh]

For Petitioner(s): Ms. Tanu Priya Gupta, AOR Ms. Khushi Sharma, Adv. Mr. K S Kang, Adv. Mr. Amrendra Kumar Mehta, AOR Ms. Pallavi Daem, Adv. Ms. Gunjan Kumari, Adv. Mr. Karan Kapoor, Adv. Mr. Gagneshwar Walia, Adv. Mr. KS Minhas, Adv. Mr. KE Minhas, Adv. Mr. Manik Kapoor, Adv. Ms. Srishti Singla, Adv. Mr. Shrey Kapoor, AOR

For Respondent(s): Mr. Rajive Bhalla, Sr. Adv. Mr. Yash, Adv. Mr. Amitoj Bir Singh, Adv. Mr. Divyansh Misra, Adv. Ms. Gauri Bedi, Adv. Mr. Deepak Samota, Adv. Mr. Kamal Joshi, Adv. Mr. Shubham Bhalla, AOR Mr. Amrendra Kumar Mehta, AOR Mr. Vishal Arun Mishra, AOR Mr. Anilendra Pandey, AOR

For landowners Mr. Charanpal Singh Bagri, Adv. (Intervenors) Dr. Gurjit Kaur, Adv.

ORDER

I.A. Nos.10268/2026 & 10325/2026

1. These applications have been moved by one Anand Prakash Verma on behalf of 21 land owners, whose lands were acquired under the National Highways Act, 1956 (in short, the '1956 Act'). The award was passed by the competent Authority under the 1956 Act, and being aggrieved by the determination of compensation, these land owners filed

petitions under Section 34 of the Arbitration and Conciliation Act, 1996 (in short, the '1996 Act') before the Additional District Judge, Bhiwani. While the petitions were at the final stage of arguments, the High Court of Punjab and Haryana rendered the impugned judgment dated 20.03.2025, whereby Sections 3G and 3J of the 1956 Act were declared unconstitutional. Consequently, the statutory arbitral mechanism stood invalidated. The applicants, as well as the Court at Bhiwani, instead of waiting for the outcome, acted in post-haste and the applicants were permitted to withdraw their Section 34 petitions, and an order to the effect was passed on 25.04.2025.

2. Meanwhile, this Court on 30.05.2025 stayed the operation of the judgment of the High Court dated 20.03.2025. Thus, the arbitral framework envisaged under the 1956 Act again stood revived, though maybe temporarily, as this Court is yet to finally adjudicate the legality of Sections 3G and 3J of the 1956 Act. Unfortunately, if the applicants file a fresh petition, it will be barred by limitation under Section 34(3) of the 1996 Act. The resultant effect is that the applicants have been rendered remediless.

3. In such circumstances and with a view to render complete justice to the parties, we deem it appropriate to invoke our powers under Article 142 of the Constitution of India and consequently, we set aside the order dated 25.04.2025 passed by the Additional District Judge, Bhiwani, whereby the petitions filed under Section 34 of the 1996 Act were dismissed as withdrawn in light of the High

Court judgment dated 20.03.2025. As a necessary corollary, all those petitions under Section 34 of the 1996 Act, filed by the applicants, stand revived and shall be processed further from the stage of their withdrawal. Ordered accordingly.

4. The Interlocutory Applications are, thus, disposed of. The order dated 25.04.2025 by the Additional District Judge, Bhiwani is set aside, and all the petitions filed by the applicants under Section 34 of the 1996 Act are revived.

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 parties are now entitled to in light of the decision of this Court *Union of India & another vs. 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-à-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 300-A of the Constitution of India.

12. Since the issue primarily falls within the domain of the legislature, we refrain from expressing any final opinion and leave it in the first place to the entire discretion of the authority concerned to look into this aspect and take a holistic view.

13. We have requested the learned Attorney General for India, who is present in Court, to look into this aspect.

14. The Registry is directed to send a copy of this order to the office of the learned Attorney General for India. Similarly, a copy of this order shall also be forwarded to the office of the learned Solicitor General of India.

15. Post these matters for further consideration on 21.04.2026.

16. Interim orders to continue.