

Chapter IV

Compliance Audit of Municipalities

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4.1 Short recovery of conversion charges of ₹ 3.44 crore due to utilisation of site for operation of Banquet Hall instead of Recreational purposes

The main objective of Haryana Scheduled Roads and Controlled Areas Restriction of Unregulated Development Act, 1963, is to prevent haphazard and sub-standard development along scheduled roads and in controlled areas¹. Section 7 (1) of the Act provides that no land within the controlled area shall, except with the permission of the Director², on payment of such conversion charges, as may be prescribed by the Government from time to time, be used for purposes other than those for which it was used on the date of publication of the notification. No person can use the premises other than the permissible use. Further, section 9 of this Act empowers the Director to authorize any person to enter upon land or buildings, with or without assistants, for the purpose of making enquiries, inspections, measurements, surveys, or taking levels.

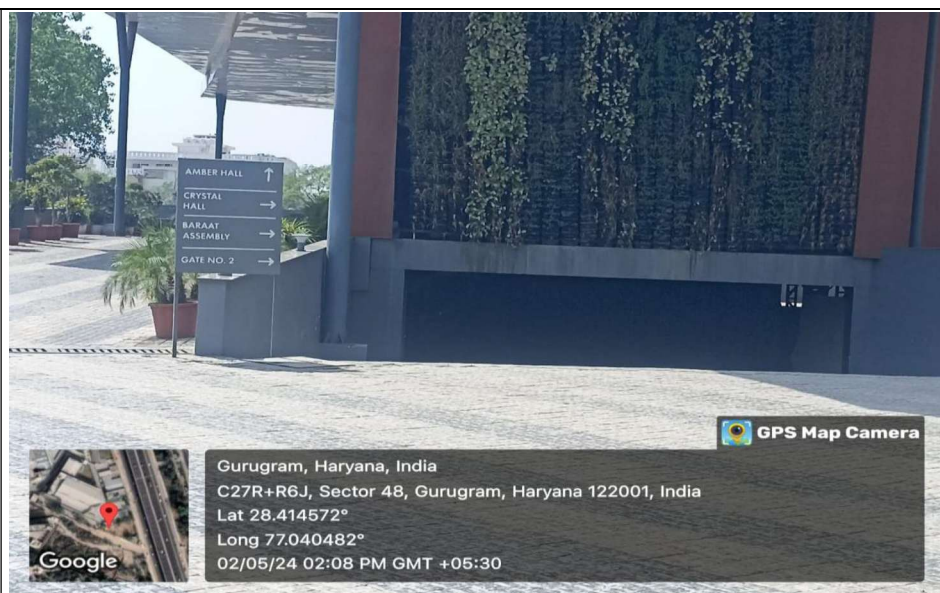
The Director, Urban Local Bodies (DULB) had granted (4 December 2019) change of land use (CLU) for the land measuring 7,655.43 sq. meter falling in the revenue estate of village Tikri, Gurugram for recreational activities which includes activities like Club/Community Centre including Swimming Pools, sports activities, Canteen/ Restaurant (not exceeding 200 sq. meter area). Further, occupation certificate to the CLU holders³ was also granted (July 2021).

Audit through examination of the Digital Land Records of Haryana and Joint Physical Verification found that the site was being utilised as banquet hall with commercial name of GNH Convention. The photographs taken during Joint Physical Verification are depicted below:

¹ Controlled Area” means an area declared under Section 4 of ‘The Punjab Scheduled Roads and Controlled Areas Restriction of Unregulated Development Act, 1963’ to be a controlled area. Section 4(1) of the Act relates to Declaration of controlled area which provides that the Government may, by notification in the Official Gazette, declare any area outside the limits of municipal town or any other area, which in its opinion has the potential for building activities, industrial, commercial, institutional, recreational estates/ activities and uses subservient to the above, to be a controlled area for the purposes of this Act

² Powers of the Director which have been entrusted to the Director of Town and Country Planning under section 7 of the Act has also been entrusted to Commissioner under section 348(1) of the Haryana Municipal Corporation Act, 1994.

³ Sh. Mahender Singh, Sh. Dharmender and Sh. Karambir Yadav.



Photograph 1 depicting the directions for various halls and Baraat assembly



Photograph 2 depicting the GNH convention

Notably CLU charges for Banquet Hall were applicable at the rate of ₹ 4,700 per square meter, while the applicable CLU charges for recreation purpose were only ₹ 200 per square meter. As such, the violation in changing the use of land from permitted use by CLU holder resulted in short recovery of differential amount of CLU charges of ₹ 3.44⁴ crore from CLU holder.

The Municipal Corporation, Gurugram (MCG) stated (December 2025) that the applicant has submitted that the site is being used for recreational indoor/outdoor sports purpose activities etc. The applicant has also mentioned that the community hall is being used for functions like Social Gatherings, Community Services etc.

⁴ 7,655.43 sqm x @ 4,500 per sq. meter (₹ 4,700 - ₹ 200) being site was on NH 248A i.e. hyper potential zone.

The reply is not acceptable as MCG has merely reiterated and endorsed the self-serving statements of the CLU holder regarding the alleged use of the site for recreational and community purposes. No independent inspection, verification, or factual inquiry has been undertaken by the MCG authorities. Such reliance without verification is contrary to the statutory duty imposed upon the Corporation under the Act.

Incidentally on being pointed out (February 2024) by the audit, the MCG had issued (August 2024) a show cause notice to another CLU holder, who was using an agro-based warehouse for non-agro products i.e. batteries (Amara Raja Batteries) for imposition of ₹ 14.03 lakh for violation of CLU conditions and had sealed the warehouse and recovered penalty of ₹ 14.03 lakh. However, in the instant case, despite clear evidence from joint physical verification, the MCG merely endorsed the CLU holder's claims without conducting independent inspection or verification, contrary to statutory duty. The absence of verification in the present case led to non-recovery of dues amounting to ₹ 3.44 crore, highlighting weak enforcement of the CLU conditions.

The irregularities were referred to the State Government in June 2024, their reply is awaited (April 2026).

The State Government should ensure strict enforcement of Change of Land Use conditions by conducting periodic inspections and promptly initiating penal action in cases of unauthorised change in land use and Municipal Corporations should immediately assess and recover short levy of conversion charges, including applicable penalties and interest, from CLU holders, found violating the permitted land use.

4.2 Non-achievement of intended objective of development of lake due to lack of timely action by Municipal Corporation, Panipat

The State Government had accorded the administrative approval for revival of Hali Park lake in Panipat in December 2016 and the technical approval was granted (November 2017) by the Municipal Corporation, Karnal for the detailed estimate of ₹ 23.40 crore.

Subsequently, based on an open tender and evaluation of bids, the work including the development of lake and boating site, development of park with open air theatre, Garden café, Kiosks, Parking lot, Market, Public Plaza etc. was awarded (December 2017) to M/s Jai Shree Balaji Construction Company (contractor) for ₹ 23.40 crore with scheduled completion within 20 months i.e. upto August 2019. A new underground 2.5 Km long water pipeline from Parallel Delhi Canal to Hali Park lake for filling it with water was also to be laid down. The contractor started the work from 17 January 2018.

The third-party inspection conducted between 8 and 10 August 2022 revealed that many items of work were completed, however, some items of work were still incomplete, such as the installation of the lift, provision of railing on the staircase and partial completion of electrical wiring etc. This highlights that the completion of the work was delayed by about three years and not completed within the scheduled period by August 2019. Payment of ₹ 23.56 crore has been made to the contractor till March 2023. In this regard, audit observed the following:

- As per Para 24.3.3 of the Haryana PWD code, the Engineer-in-Charge shall ensure the availability of site, cutting of trees, shifting of utilities, removal of encroachments, availability of design, etc. Further, necessary clearances should be obtained in time, preferably before award of the work. However, Municipal Corporation, Panipat applied for the clearance from the various departments namely Forest, Irrigation, Public Works Department and the Indian Oil Corporation Limited during June 2018 to December 2020. The approvals were obtained during June 2018 to December 2022, much after the award of the work in December 2017. The delayed clearances contributed to the delays in execution and completion of the awarded work. As a result, the MC Panipat granted extension to the contractor upto August 2022.
- The above-mentioned delays in getting the approval also delayed the laying down of the water pipeline from Parallel Delhi Canal to Hali Park lake for ensuring supply of water for filling the lake. From January 2023, the augmentation and widening work of the Parallel Delhi Canal was started, which is still in progress (May 2026) and therefore, currently, there is lack of supply of water from the canal for filling the Hali Park lake. As a result, the infrastructure created as part of development of the Hali Park lake at a cost of ₹ 23.56 crore is lying unutilised despite lapse of more than three years.

Thus, due to lack of timely action on part of MC, Panipat, the intended objective of development of lake as a recreational hub remains unachieved. This could have been avoided if the requisite clearances were obtained before award of the work, in terms of para 24.3.3 of the Haryana PWD code by ensuring coordination between the concerned Departments.

The observations were referred (December 2024) to the Commissioner & Secretary, ULB, and reply is awaited (May 2026).

Recommendations:

1. *The State Government should take appropriate measures to ensure strict adherence to the provisions of the Haryana PWD Code so that the requisite clearances prior to award of work are taken by the Local Bodies and for coordination between various Departments to avoid delays in obtaining the prescribed permissions.*
2. *The State Government should ensure a review of the aspect of award of work for development of the Hali Park lake without obtaining the prior approvals from the concerned departments and take the appropriate action including fixation of the responsibility for the lapses.*



Chandigarh

(ASHUTOSH SHARMA)

Dated: 18 August 2026 Principal Accountant General (Audit), Haryana

Countersigned



New Delhi

(K. SANJAY MURTHY)

Dated: 20 August 2026 Comptroller and Auditor General of India