

Workforce and Other Supporting Activities of the Organising Committee

We found serious deficiencies in the award of the workforce consultancy contract to a consortium of E&Y and EKS. The tendering process was clearly tailored to favour EKS. There were several deficiencies in the contractual clauses, which tended to favour the interests of the consultant, as well as in the execution of the contract.

We found that the OC managed the workforce in an arbitrary and ad hoc manner, leaving ample scope for patronage, favouritism and nepotism in the appointment and promotion of officials. Security and reference checks were not carried out for most employees, and certain employees, whose past records should have rendered them unfit for appointment in the OC, were nevertheless appointed. Further, the OC was grossly understaffed till 2009, but was grossly overstaffed by September 2010 (with this overstaffing being regularised post facto by the EB).

Regarding the Accommodation Functional Area, we found arbitrariness in hiring of apartments for OC's consultants and employees and one case of potential conflict of interest in hiring flats. OC had nominated Ashok Hotel as the flagship hotel for CWG-2010. Though between 155 to 399 rooms were vacant in Ashok Hotel on a daily basis, OC was inexplicably unwilling to accommodate technical officials in the same hotel where guests/officials were accommodated, and booked accommodation for them in 11 other hotels, resulting in infructuous expenditure of Rs. 1.15 crore.

We found 492 persons who had not received security clearance were incorrectly listed by the Accreditation Functional area in the data for the Integrated Security System, which indicated that the accreditation system was not followed strictly. We also found procurement of 1.5 lakh lanyards¹ at a cost of Rs. 0.68 crore with an inexplicable fire retardant requirement of 800 degrees Celsius.

Contracts for venue cleaning services were awarded irregularly, using a cluster-based approach, to just two contractors. Restrictive eligibility criteria were applied in a biased manner. 8 out of 9 packages went to A2Z Maintenance and Engineering Services, which was also engaged by OC for office automation services.

Although a separate logistics contractor was hired (with VIK sponsorship), most of the Functional Areas made separate arrangements. This resulted in information on the location and distribution of assets not being available with the OC. The Procurement Functional Area was also equally underutilised.

We found undue favour in awarding the insurance brokerage contract to Marsh/ Trinity, as also in the selective clauses for appointment of insurance companies (which favoured the interests of Marsh/ Trinity, rather than the OC).

¹ A lanyard is a rope or cord generally worn around the neck to carry identity cards and similar objects.



15.1 Workforce

15.1.1 Appointment of Workforce consultant

To build capable and well-managed workforce and to define transparent, implementable and appropriate human resource policies, OC signed an agreement in March 2008 with the consortium of Ernst and Young (E&YS) Pvt. Ltd. and Event Knowledge Services (EKS) for workforce consultancy services at a cost of Rs. 22.36 crore.

15.1.1.1 Selection of consultant

As in the case of other contracts with EKS (refer Chapter 9, Para 9.1), we found serious irregularities in the award of this contract, with clear intent to favour EKS:

- Global tendering procedures were not followed. Instead, in May 2007 OC floated an EOI with restrictive clauses

with regard to an annual turnover of Rs. 50 crore in foreign currency, and experience of providing advisory services to at least two multi-sport events of the stature of Olympics, Asian Games or Commonwealth Games.

- Only 2 out of four bidders qualified; EKS responded as an independent entity, and was found ineligible.
- At the RFP stage, OC relaxed the criteria² and issued RFP to three agencies viz. Price Water Coopers, Ernst and Young Pvt. Ltd. and Homes Glen Institute of Tafe, Australia. Only two responded with bids, both of which were technically qualified. EKS was allowed to form a consortium with E&Y after the EOI evaluation, which ensured its technical eligibility; the other bidder was Price Waterhouse Coopers.

² One year experience in advisory capacity for workforce

- OC took recourse to the RFP stipulated condition of considering only the “technically superior” bidder, and opened only one financial bid - that of EKS-E&Y consortium, which was awarded the work in March 2008. This clause in the RFP is against the extant CVC guidelines and GOI rules, and was evidently put in to ensure that OC could predetermine the winning bid.

15.1.1.2 Faulty contract with consultant

We found that the contract with EKS- E&Y included many clauses which were detrimental to the interests of OC:

- **Absence of schedule for delivery of services:** While the contract had a detailed list on deliverables from OC, it did not indicate the deliverables from the contractor and associated timelines.
- **Wasteful expenditure of Rs. 0.31 crore for compensation structure of OC employees** - The consultant's report on compensation structure, costing Rs. 0.31 crore, was redundant, since OC already had an EB approved compensation structure in place since January 2008. Further, OC's compensation structure was not altered in the light of the consultant's report.
- **Preferential terms of engagement for the consortium member:** Instead of dealing with the lead partner the two partners of the consortium were paid separately and in different currencies as per the contract. Rs. 7.23 crore was to be paid to EKS in foreign currency. Separate and higher out of pocket expenses were also allowed for EKS. They were allowed Rs. 2.20 crore for out

of pocket expenses as against Rs. 0.69 crore to E&Y the lead partner.

- **Full payment scheduled before the completion of work:** While the contract was till 15 November 2010, the final payment to the consultant was to be made by April 2010.

15.1.1.3 Irregularities in execution

We noticed several regularities in the execution of the contract:

- **Non utilization of output documents:** Although the consultant had submitted 73 policy documents (including Functional Area operational plans), we found no evidence of their actual use. Most FAs were not even aware of the timelines prescribed in these operational plans.
- **Release of payment due to misinformation:** At the time of release of a payment instalment In June 2010, when the CEO inquired about terminating the contract of EKS-E&Y, he was misinformed by Shri Abrar Hussain, DDG Establishment that the contract was to end in July 2010 and 90 days notice is required to terminate the contract. He therefore, recommended that there was no option but to release the payment, which was done. However, for inexplicable reasons, the next instalment was not released to EKS.
- **Non revocation of bank guarantee:** Though the consultant failed to deliver the “Post Commonwealth Games Delhi Report” and two HR reports (costing Rs. 2.82 crore as per the commercial bid), OC did not invoke the performance bank

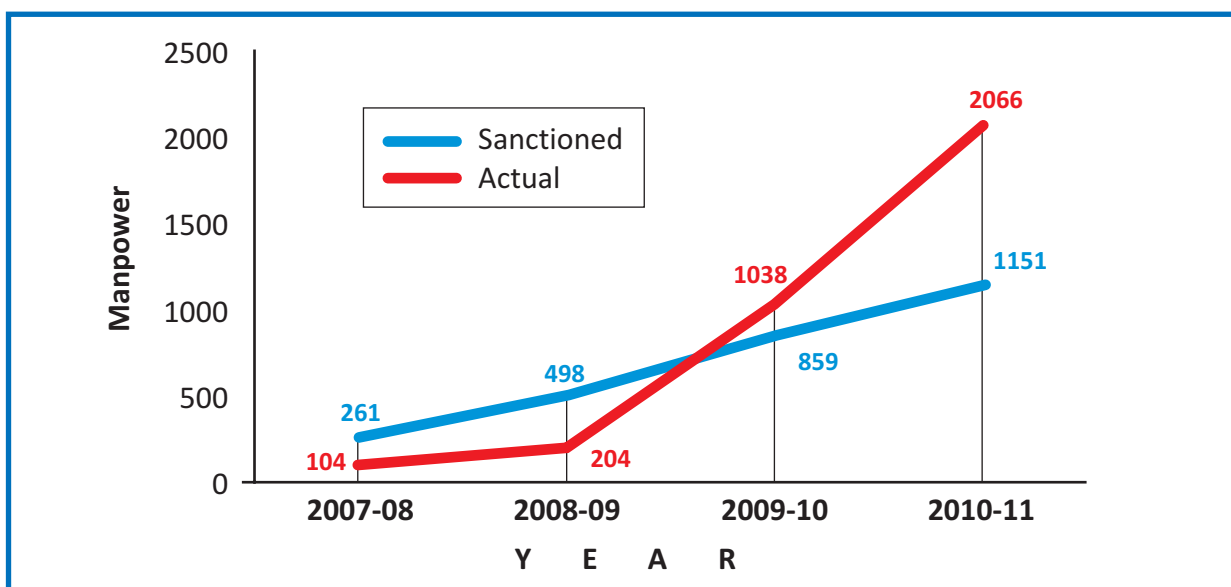
guarantee of Rs. 2.23 crore, which was valid till 15 November 2010.

- **Short deduction of TDS amounting to Rs. 3.06 Crore:** OC deducted income tax of US \$ 2.11 lakh @ 10 per cent, instead of 42.23 per cent as applicable to a Permanent Establishment (PE). This resulted in short deduction of income tax of Rs. 3.07 crore.

15.1.2 Arbitrary and Ad hoc Workforce management

While the General Organizational Plan of OC established the management structure of the OC and had timelines for hiring of staff clearly laid out, we found that the OC went about workforce management in an arbitrary and ad hoc manner, leaving ample scope for patronage, favouritism and nepotism.

Figure 15.1 – Excess Appointment of Staff at OC



15.1.2.1 Excess Appointment of Staff

Till 2009, OC lacked critical manpower as per its requirements. However, by September 2010, it had 2066 personnel in position, against the sanctioned strength of 1151. This was regularised post facto by the EB in a meeting held just 12 days before the Games. Incidentally, the proportion of excess staff at higher levels was substantially higher. There were 40 excess personnel at DDG level where sanctioned strength was 9 and 5 were excess at JDG level where sanctioned strength was 2. Further, the posts of DG, JDG, and COO were equated, facilitating distribution of

perquisites and higher salaries to a larger number of officials.

15.1.2.2 Irregularities in the appointment of Personnel

The maintenance of personnel files was extremely poor, and no files were maintained in respect of the Chairman, Secretary General, Vice Chairman and Treasurer. Our scrutiny of 191 personnel files in the rank of Director and above revealed several irregularities:

- **Identification of requirements:** The stipulated process for identification of requirements for subsequent

recruitment was rarely followed. Further, we could not find position briefs, job profile and desired qualifications in our sample of personnel files.

- **Competitive sourcing of candidates:** While OC appointed three recruitment agencies³ for sourcing of candidates, less than 5 percent of OC's staff was hired through them. Newspaper advertisements for recruitment were also rarely followed. We found that in 167 out of the 191 sampled personnel files, only one person was considered for the particular post and selected.
- **Appointment of personnel not having the requisite qualifications:** EKS-E&Y prepared job descriptions (with roles

and responsibilities), and required educational qualifications and experience for each unfilled position as of 2008. However, OC did not take note of these job descriptions, and appointed persons without the requisite qualifications and experience. We noticed incomplete or missing educational and experience certificates in 175 out of 191 personnel files.

- **Security and Reference Checks:** We found details of security/ vigilance checks and reference confirmations in only 18 and 2 files respectively out of 191 files. An illustrative list of employees, whose past records should have deterred their appointment in the OC, is given below:

- **Shri VK Verma:** In July 2008, after resignation of the then DG-OC, OC appointed Shri V.K. Verma as Director General on nomination basis. There was no advertisement or interview for the post, and only an unsigned single page bio data of Shri Verma was available in the personnel file. Even the dates of employment were not mentioned in the bio-data. While it was indicated that Shri Verma belonged to the Indian Railways Service of Mechanical Engineers (IRSME), there is no information regarding his retirement, NOC from his former cadre and re-employment information. We ascertained that there was a vigilance inquiry against Shri Verma, while he was working as Commercial Director in Air India, where he was "warned" for indiscretion and error of judgment. This information was not available in his personnel file.
- **Shri T.S. Darbari :** Well before his formal appointment with OC, Shri Darbari was, in August 2007, part of the evaluation committee for bids of the workforce consultants and was appointed as Joint Director General (Revenue, Marketing and Chairman's Secretariat) in January 2009. There was no evidence of any interview or application from Shri Darbari, and Chairman, OC was kind enough to write to his private sector employer for his early release on the very day of his selection by the search committee. OC took no action on the numerous complaints received against him from various sources (including MYAS) from February to April 2010. Shri Darbari's services was eventually terminated in August 2010 on corruption charges.
- **Shri Nachiketa Kapur:** Shri Nachiketa Kapur was appointed as Director, Protocol and Media Relations in July 2009 and further promoted to the rank of DDG. The official had been rejected for the post of OSD to Minister of State (MOS) for Women and Child Development in February 2008 by the Appointment Committee of the Cabinet (ACC), which stated that he should not be considered for any sensitive posts in future. OC however employed him, without any verification.

³ ABC Consultants, Ma Foi Management Consultant, and Team Lease-People Strong Consortium

15.1.2.3 Non Disclosure of related employees:

While there were no formal records or disclosures by employees of their close relatives working in the OC (despite provision for such disclosure), OC provided us a list of 35 such cases who had one or more relatives working in OC. Such a large number of cases, which are easily identifiable by OC (without formal disclosure records), indicates risk of favouritism / nepotism in appointments.

15.1.2.4 Fixation of salary

We found that employees were indiscriminately granted higher pay at the

time of appointment. OC did not follow the GoI rules for considering the pension of retired Government officers for deduction, while fixing their pay at the time of re-employment.

15.1.2.5 Unadjusted advances from employees

We found that employees were allowed to leave the organisation without adjusting the outstanding loans and advances. Apart from a serious internal control failure this indicated the work environment of patronage.

Table 15.1 : Advances outstanding against Employees at the time of relieving

Name of the Official	Designation	Functional Area	Loan/advance outstanding after relieving from OC
Mr. Sujit Panigrahi	ADG	Technology	15,000
Vijay Kumar Gautam	COO		83,647
B.B. Kaura	JDG	Protocol	69,313
Brig Sunil Arya	ADG	Technology	50,000
M. Jeychandran	ADG	Finance	50,49,652
Sanjay Mohindroo	DDG	Technology	67,58,578

15.1.2.6 Promotions in the OC

Given the temporary nature of the OC, there was no provision for grant of promotions. Nevertheless, OC granted promotions (multiple promotions in some instances) in an arbitrary and ad hoc manner to some of its employees. We found that this was apparently used as a form of patronage:

- Performance appraisal, which was supposed to be the basis for promotion, was not available in many cases.

- There was no criteria, time frame or process for grant of promotions.
- 7 persons were granted two promotions in short span of 1-3 years, of which 5 were staff associated with CYG-2008, Pune, Chairman Secretariat and DG Secretariat.

Promotions were granted to certain officials, despite low ratings by the workforce consultant of these officials on educational qualification and experience, as summarised below. Some officials were also promoted, despite less than satisfactory performance of their functional areas.

Table 15.2 : Staff promoted despite low ratings on educational qualifications and experience

Name of the Official	Designation	Functional Area
Mr. Ram Mohan	DDG	Legal and Chairman Secretariat
Dr. G.S. Anand	DDG	Venue Development and overlays
Dr. G.S Bawa	DDG	Sports and Venue Development
Mr. Abrar Hussain	Director	Workforce
Mrs. Indu Anand ⁴	PO	Ceremonies

15.1.2.7 Cases of Gross Irregularities in Workforce Management

- **Shri Vijay Kumar Gautam:** In September 2007, Shri Vijay Kumar Gautam, IAS (Maharashtra cadre) was appointed to the post of COO, which had overall responsibility for the delivery of the Games in addition to certain functional areas. Despite complaints by his reporting officer (Shri VK Verma, DG) about his performance, Chairman OC did not allow him to be replaced. Shri Gautam was allowed to proceed on leave from December 2009 for the next 10 months (including the actual Games period) and was relieved from the OC w.e.f. 31 October 2010, while still on leave. Shri Gautam's leave applications were addressed directly to Chairman, OC and not to the DG. Despite his leave spells never being formally sanctioned, he was paid full salary for the period.
- **Shri Manish Kumar :** There were several irregularities in appointment and functioning of Shri Manish Kumar, DDG Press Operations. Details are already discussed in para 14.1.1
- **Shri Sanjay K. Mahindroo:** Shri Mahindroo was interviewed for the post of Director (Information Services and Network) in May 2009, but appointed as DDG (Information Services-Technology). Approval was obtained for a salary of Rs.60,000, but Shri Mahindroo's appointment letter indicated his salary as Rs. 1,00,000 and his post as DDG (Technology/Marketing).
- **Wing Commander (Retd.) Rajiv Mohla :** Wing Commander Mohla was interviewed in April 2010 for the post of DDG (Chairman Sectt.), when he was also holding the post of Secretary in DDA (Sports Complex). He was appointed on 28 April 2010 as DDG (Chairman Sectt.), but continued to hold both the posts till October 2010.
- **Ms. Sangeeta Welinkar:** Ms. Welinkar joined the OC during CYG-2008, Pune as a coordinator. She was then appointed as DDG for 'Image and Look' in January 2009 by upgrading the post (without EB approval), and was promoted five months later as ADG 'Image and Look' with the approval of Chairman. We did not find Ms. Welinkar's qualifications and experience matching with her job profile.

⁴ She was granted two promotions despite the above low rating

15.2 Accommodation

15.2.1 Overview

The Accommodation Functional Area was responsible for:

- providing suitable accommodation to OC employees and consultants as per their contracts; and
- booking of hotel rooms and other arrangements for delegates and officials.

15.2.2 Hiring of Flats

OC hired 38 apartments in different parts of NCR Delhi for its consultants and employees at a cost of Rs. 4.39 crore as rental charges. This hiring was done in an arbitrary manner without any advertisements and prescribing entitlements in terms of maximum rent, area etc. Inexplicably, the selection of apartments was done by Shri Lalit Bhanot's office, despite the existence of a specific Functional Area for accommodation related issues. Further, we found instances of hiring of multiple accommodation for the same period and idle accommodations, with avoidable expenditure of Rs. 0.12 crore.

Further, as of March 2011, security deposit worth Rs.0.60 crore for these flats was still lying with the property owners, though most contracts had ended in October 2010.

Flats from Salwan Educational Trust

In November 2009, OC entered into an agreement with Salwan Education Trust for renting five flats for which OC ultimately paid Rs. 0.33 crore. While no details for selection of these flats were available on record, we

found that the entire process was done through Shri Lalit Bhanot's office. There is a distinct possibility that this process was conducted through Shri Sushil Salwan⁵, a legal advisor of OC pointing to a potential conflict of interest. Despite knowing that these flats were lying vacant for a significant part of the lease period, OC continued to retain them and pay rent, resulting in expenditure of Rs 0.21 crore towards rent on unoccupied flats.

15.2.3 Booking of hotel accommodation

The Ashok Hotel was nominated as the Flagship Hotel for the CWG 2010 and was booked exclusively for accommodating guests/officials from 29 September 2010 to 16 October 2010 at a cost of Rs 12.01 crore.

Of the 480 rooms provided by Hotel Ashok as many as 155 to 399 rooms remained vacant on different days during the period of reservation. During the same period, OC booked accommodation for International Technical officers (ITOs) and National Technical Officers (NTOs) with 11 others hotels at a total cost of Rs 3.53 crore. As the guest arrival list was firmed up by then, OC could have utilised at least 100 rooms in flagship hotels to accommodate the ITOs/NTOs, thereby saving Rs.1.15 crore. However, for some inexplicable reason, OC was apparently unwilling to accommodate ITOs/NTOs and other guests in the same hotel.

⁵ He was also a trustee of Salwan Education Trust

15.3 Accreditation

Accreditation Functional Area was responsible for issue of accreditation cards after obtaining security clearance. Data in respect of accredited persons was sent by the OC to ECIL, who was responsible for providing the integrated security system in all venues. We found that due to OC's negligence, 492 persons, who did not receive security clearance, were listed in the ECIL verified data as on 12 October 2010. This oversight was a serious security flaw and indicates that the accreditation system was not followed strictly.

Procurement of Lanyards by OC

A lanyard is a cord or rope worn around the neck to carry the identity card. Without ascertaining the need for lanyards for the accreditation card, a supply order for 1.5 lakh lanyards was placed on Tristar Enterprises⁶ in July 2010 at a total cost of Rs. 0.68 crore; out of these, 48,040 lanyards costing Rs. 0.22 crore were never used. Inexplicably, the lanyard specifications for fire retardantness stipulated withstanding temperature of up to 800 degree Celsius, whereas for the plastic pouch⁷ (which would contain the accreditation card) the requirement was 110 degree Celsius. We find no utility for such abnormal specification for the lanyard⁸, except to restrict competitive tendering.

⁶ Incidentally, Tristar Enterprises, was also the consortium partner of Gold Medal Systems who supplied GMS (See para 13.5)

⁷ for which separate RFP was issued

⁸ Incidentally, the selected lanyard contained PBDE (Polybrominated diphenyl ether), a chemical banned due to its harmful effects on the environment and humans.

15.4 Cleaning and waste management

This Functional Area was responsible for cleaning and waste management at venues and non venues, and also for development of an Integrated Waste Management Plan. The initial budget for this work of Rs.11.22 crore was increased in June 2010 to Rs 31.22 crore.

We found that the consultant for cleaning and waste management was appointed only in November 2008 and planning for this aspect was unduly delayed till July 2009.

15.4.1 Contract for Cleaning services at Venues

OC took an inexplicable long period of 11 months (from October 2009 to August 2010) for appointment of cleaning companies for providing cleaning services at all competition and non competition venues, after dividing them in nine tender packages (clusters). Except for tender package two (which was awarded to Sarvatra Integrated Services at a cost of Rs.1.02 crore) all the other eight packages were awarded to A2Z Maintenance and Engineering Services for Rs. 19.30 crore.

We found that the tendering process was deficient in many ways:

- There was no justification on record as to why the package/cluster based approach was adopted
- The qualifying marks for technical evaluation were lowered in the RFP from that specified in the EOI, purportedly to get more competition.

- The tendering was restrictive as the EOI stipulated an annual turnover, specifically related to cleaning services, of at least Rs 5 crore, in each of the last three financial years, for one tender package with a seating capacity of up to 5000, and Rs.10 crore for bigger venues. Consequently out of the 23 firms who responded to the EOI, 9 firms were disqualified for not satisfying prequalification criteria.
- We found that the two successful bidders, A2Z and Sarvatra, also did not fulfil the requirements indicated in the prequalification and technical bid stages, as details of experience were not provided by both of them. A2Z submitted only the certified copy of its turnover (from which the income derived exclusively from cleaning services could not be determined). Clearly the evaluation was not objective.
- At the technical evaluation stage when A2Z, Cleanvent and ISS Integrated Facility Services did not submit the required documents, OC contacted them to fill in the gaps instead of rejecting the bids.
- While OC consistently maintained during the tendering process that multiple tenders would not be allotted to the same vendor, A2Z was finally awarded eight out of nine tender packages.

Undue favour to A2Z Maintenance and Engineering Services

It appears that OC was intent on benefiting A2Z rather than safe guarding its own interests:

- During the price reduction negotiations, the scope of work and period was reduced
- A2Z was awarded multiple packages despite lack of games time/international experience, although Director (Cleaning and Waste Management) noted that it was beyond the capability of one single vendor to bring in such a large workforce for delivery of service.
- Although it was decided in May 2010 that A2Z would not undertake any other contract till its assignment with OC for CWG is over, OC itself engaged A2Z for office automation work in June 2010. Thus OC relaxed the condition in favour of A2Z. Interestingly, when A2Z had applied for another contract of office maintenance/housekeeping of OC, it was disqualified. We fail to appreciate why such relaxation was considered important, when there was no dearth of companies providing either cleaning/waste management services or office automation service.
- A2Z quoted different prices for items of same specifications in the tender packages allotted to him. OC did not question these inconsistencies, nor did it negotiate for lower rates.
- The performance of A2Z was found deficient and OC stated that a deduction up to Rs. 4.53 crore was being considered as also encashment of performance guarantee.

15.4.2 Cleaning services at Non Competition Venues

Due to deficient planning, the four non competition venues - International Broadcasting Centre, Uniform Accreditation Centre, Main Logistics Centre and Media Press Centre were not covered in the nine tender packages, and a separate tendering was conducted in June 2010. A contract for Rs.0.98 crore was awarded to an ineligible vendor (as they did not meet the relevant parameters as given in RFP), as no time was available by then.

15.5 Logistics

OC decided to centralise its logistics work with a separate functional area. Agility Logistics was appointed as the logistic service provider in July 2010, after a six month long tendering processing, at a cost of Rs. 12.5 crore less VIK sponsorship of Rs.11 crore. As of March 2011, OC could not provide details of the VIK services availed from Agility Logistics. However, we found that 20 out of 34 Functional Areas of OC did not avail of the centralised logistic services and made separate arrangements even for warehousing and distribution of goods e.g. OC engaged Buhariwala Logistics for the opening and closing ceremonies at a cost of Rs 0.69 crore. Further since all goods procured by the OC did not pass through the centralised logistics section, full information on assets procured by the OC, their location, distribution and retrieval was not available.

Also, after four months of the closure of the Games, OC has yet to complete physical verification of stores. Substantial assets are still lying in the Games Village, MDC Stadium and OC Headquarters. OC stated that they were awaiting instructions from

MYAS. We also found that out of four prime warehouses in the premises of ITPO, OC, JLN and SAI, two were closed in November 2010 without any physical verification. As such possibility of shortages during transit movement to OC building and MDC stadium cannot be ruled out.

15.6 Procurement

A separate Functional Area for procurement was established to facilitate planning for procurement of goods and services for the Games and procure goods and services as per defined timelines, locations and quantities. However, this Functional Area was grossly underutilised and played a very limited role in OC procurement. The procurement manual was prepared only in April 2010, and was also not complied with. In most cases, though associated with tendering, this Functional Area was not used to make procurement for other areas. In many cases e.g. Image and Look and Communication, their advice on tendering was ignored.

No plan for the return and disposal of surplus material was formulated till the Games were over. A committee was formed in November 2010 for the disposal of assets; however, its work is yet to start (March 2011).

In cases of procurement through this Functional Area, we found some irregularities e.g.:

- Souvenir items worth Rs.3.51 crore were lying unutilized as of December 2010, out of which commemorative medals constituted Rs.2.64 crore.
- Out of 200 laptops purchased in April 2010, 52 laptops worth Rs.0.27 crore were lying unutilised.

15.7 Risk Management

15.7.1 Insurance Broker

As per the Host City Contract, the OC was required to obtain adequate insurance coverage in respect of all risks associated with the organization and staging of the Games.

OC took 15 months to select insurance brokers:

Table 15.2 : Chronology of events for selecting of brokers

Timeline	Event
March 2007	EOI issued
June 2007	Evaluation committee recommended re-tendering, as none of the nine responses had the desired profile
July 2007	EOI issued again. Criteria revised from experience of five international events to experience of only two events.
January 2008	RFP issued to three shortlisted firms – Marsh India, Aon Global Insurance and JB Boda Insurance.
25 March 2008	Two sets of minutes of the Technical Evaluation committee, one where Marsh India was the bidder, and another where it was shown along with partner Trinity Insurance Broker.
June 2008	OC signed an agreement with Marsh India/Trinity Insurance Brokers

Incidentally, the RFPs for appointment of insurance companies for different covers included an unusual clause that “All re-insurance requirements will be discussed with Marsh/Trinity before approaching reinsurance market. All insurance companies have to follow guidelines laid

down by Marsh/Trinity with regard to Re-Insurance companies, failing which the bid will stand cancelled.”

Further, the RFP also provided for maximum brokerage permissible under IRDA rules. Both these clauses appear to have been designed to benefit the interest of the broker Marsh/Trinity.

15.7.2 Insurance for CYG-2008, Pune:

For CYG-2008 Pune, OC executed three insurance policies at a cost of Rs. 1.30 crore with Reliance General Insurance and ICICI Lombard. No records pertaining to these policies were made available for scrutiny. Strangely the insurance cover for 80 OC officials was taken up to March 2009 (while the Games took place in October 2008). In August 2009, OC, on the advice of MYAS, decided to opt only for public sector insurance companies for insurance coverage.

15.7.3 Execution of Insurance Policies

In September 2009, EB approved execution of a Comprehensive General Liability policy for US\$ 20 million (Rs. 100 crore). However, on the intervention of Shri Mike Hooper in October 2009, OC executed the said policy for US\$ 100 million at a total premium of Rs. 2.90 crore. Shri Hooper insisted that OC should take the insurance for US\$ 100 million based on the recommendations of CGF's insurance consultant Marsh⁹. It was noted in the EB meeting that there was a conflict of interest as Marsh was both a consultant to CGF and an insurance broker to OC and had a vested interest in

⁹ Shri Hooper even threatened that if OC did not execute the policy for US\$100 million, CGF would do so and charge it to OC.

increasing the policy amount on account of their brokerage commission. Despite EB's approval for a limit of US\$ 100 million (i.e. Rs. 460 crore), OC executed the policy for an enhanced limit of Rs. 500 crore resulting in excess payment of premium of Rs. 0.23 crore.

The management of other insurance policies and premiums was faulty on several counts:

- OC took insurance cover for 25000 volunteers (as against the actual 17667 volunteers and for a longer period than the volunteers' engagement, resulting in excess expenditure of Rs.0.11 crore.
- OC executed insurance policies for QBR personnel and equipment during the international and national legs of QBR at a premium of 0.84 lakh, although this was the responsibility of Maxxam, the QBR consultant.

- OC took insurance cover for directors and officers liability to protect the officials from the decision taken in good faith, during which process, Shri M Jeychandran¹⁰ falsely informed the CEO that the EB had approved a policy for US\$ 25 million. The EB did not discuss this issue in the above meeting. Further, as recommended by the CEO, the approval of SFC was also not taken. OC made a payment of Rs.1.29 crore in June 2010 only on Chairman's approval.

In a separate response, Shri Kalmadi (ex-Chairman, OC) disputed the above statement and indicated that the EB members had, in their meeting on 11 May 2010, suggested that OC should obtain such Directors & Officers Liability (D&OL) insurance. We do not agree, since the minutes of the EB meeting of 11 May 2010 did not reflect a discussion, nor a decision, on D&OL insurance.

¹⁰ Incidentally, Shri Jeyachandran submitted a claim for Rs. 5 crore (under the directors and officers liability cover) directly to the insurance company after his suspension; details are not available in OC's records.