



1.1 Commonwealth Games

The Commonwealth Games (CWG) is a multi-sport event held every four years among the Commonwealth Countries. The Members of the Commonwealth Games Federation (CGF), which is responsible for direction and control of the CWG, are the 71 Commonwealth Games Associations (CGA) from 53 countries.

1.2 Commonwealth Games 2010

The XIX Commonwealth Games (CWG-2010) were successfully hosted in Delhi from 3 to 14 October 2010. These Games represented the largest ever multi-sport event held in

India, surpassing the IX Asian Games (held in Delhi in November- December 1982) and the I Asian Games (held in Delhi in March 1951).



The official Games mascot "Shera"



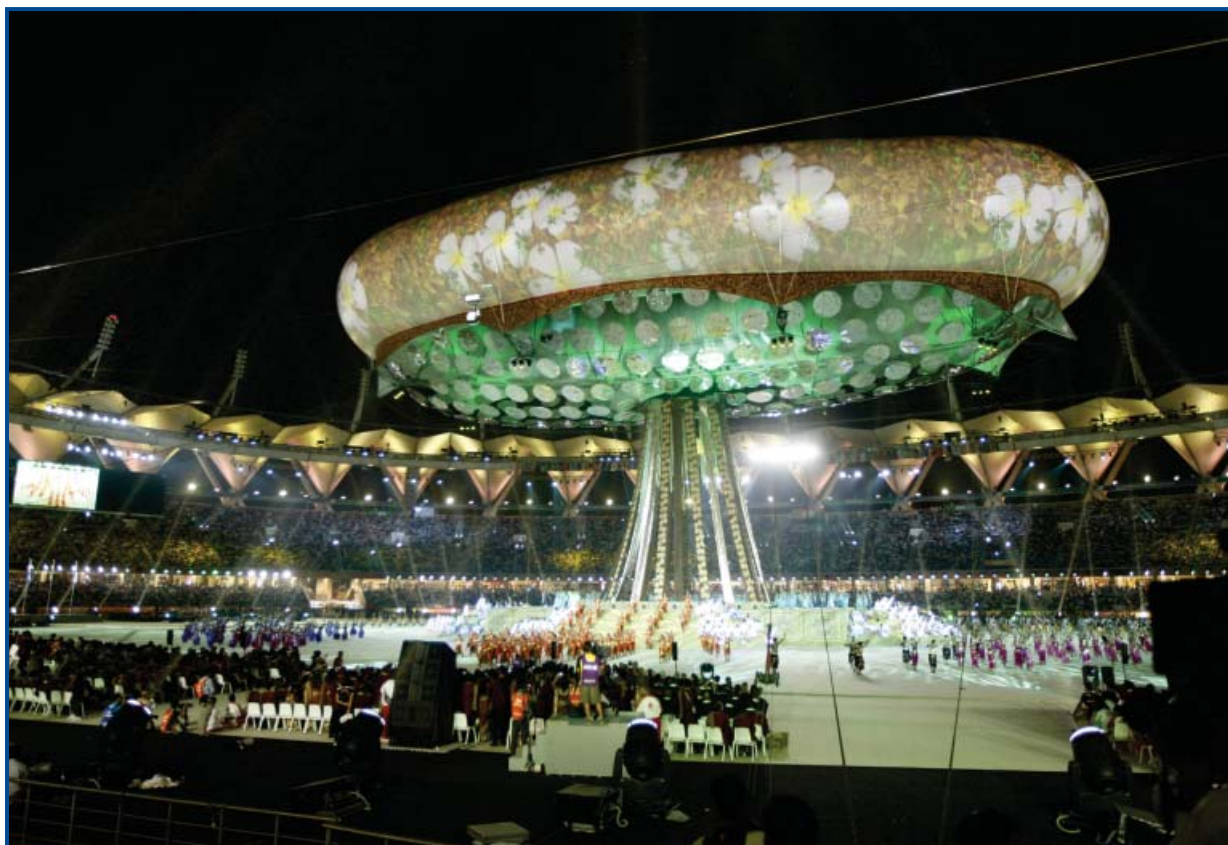
The Games logo

Chapter 1 - Introduction

The hosting of CWG-2010 was the culmination of the bid in May 2003 by the Indian Olympic Association (IOA), with the support of the Government of India (GoI) and the Government of the National Capital Territory of Delhi (GNCTD), for hosting the XIX Commonwealth Games 2010. Delhi won the right to host the Games with 46 votes against 22 cast in favour of the other bidding city Hamilton, Canada, at the Commonwealth Games Federation (CGF) General Assembly in November 2003. A Host City Contract (HCC) was signed in November 2003 between the

Commonwealth Games Federation (CGF), IOA, GoI, GNCTD, and the Organising Committee (yet to be formed).

The organisation of the Games was to be delegated by the IOA to the Organising Committee. However, all the Indian parties were jointly and severally responsible for all commitments, including financial liabilities without limitation, relating to the organisation and staging of the Games. In particular, GoI undertook to bear the financial liability for hosting of the Games, by underwriting any shortfall between revenues and expenditure.



1.3 Commonwealth Youth Games – 2008, Pune

The Commonwealth Youth Games are a small-scale version of the Commonwealth Games, designed for children and young people. The III Commonwealth Youth

Games took place in Pune, Maharashtra, from 12 to 18 October 2008, and were viewed, in part, as a test event for the XIX Commonwealth Games.

Highlights of XIX Commonwealth Games 2010

- 4336 athletes and 2115 officials representing 71 CGAs participated in CWG-2010.
- Competitions were held in 17 sports disciplines viz. archery, athletics, aquatics, badminton, boxing, cycling, gymnastics, hockey, lawn bowls, netball, rugby 7s, shooting, squash, table tennis, tennis, weightlifting and wrestling.
- In addition, 15 events were contested across four para sports viz. athletics, powerlifting, swimming and table tennis for elite athletes with disabilities under the Inclusive Sports Program.
- The events in 17 disciplines were held in competition venues in 12 stadiums and training/practice venues in 22 stadiums/ complexes. Details are given in **Annexe 1.1**.
- 108 Commonwealth Games records and two world records were set at the Games.
- Triple jumper from Jamaica, Trecia-Kaye Smith, was conferred the prestigious David Dixon award.
- With five gold medals in swimming, Alicia Coutts (Australia) was the most successful athlete. Gagan Narang (India), who won four gold medals in shooting, was the most successful male athlete.
- Australia was the most successful CGA at CWG-2010, with 74 gold, 55 silver and 48 bronze medals.
- India gave its best ever performance in Commonwealth Games by securing second position in the medal tally with 38 gold, 27 silver and 36 bronze medals. It also won all the medals in the women's discus throw event.

Major assets created/upgraded

- Creation of world class sporting infrastructure through renovation/ upgradation of sporting venues;
- Construction of several flyovers and roads and an elevated corridor;
- Upgraded metro connectivity and airport infrastructure;
- Induction of additional low-floor buses (AC and non-AC), and construction of new/upgraded bus queue shelters
- Streetlighting; and
- Restoration of heritage monuments (Safdarjung tomb, Purana Qila complex, Humayun's tomb complex, group of monuments at Hazrat Nizamuddin complex and Lodi Garden etc)

1.4 Organisation of CWG-2010 – a complex, long-term and multi-dimensional project

The organisation of the Games (and, indeed, any other multi-sport international events) constitutes a complex, long-gestation, multi-dimensional project with numerous participants/ activities.

Figure 1.1 - Organisation of CWG 2010



Governance and Management for CWG-2010 involved:

- Putting in place adequately empowered governance structures;
- Identification of activities, and delineation of responsibilities of different agencies;
- Funding and budgeting arrangements;
- Setting up of the “Organising Committee” (OC) for conducting the Games;

- Arrangements for monitoring, oversight and co-ordination; and
- Planning for legacy.

Development of sporting venues involved:

- Finalisation of 17 sporting disciplines (15 mandatory disciplines – as per CGF guidelines - and 2 optional disciplines – tennis and archery);
- Identification of stadiums as competition venues and training venues;



- Finalising plans for construction of new venues and renovation/ upgradation of existing venues;
- Venue building, testing and hand-over to the Organising Committee (OC) in time for the Games.

City Improvements involved:

- Transport improvements – roads and flyover projects to improve connectivity, road signages, traffic management, purchase of buses, construction of bus depots and bus queue shelters etc;
- Civic amenities – street lighting, public toilets, street “furniture”, streetscaping and beautification, restoration of heritage structures;
- Tourist accommodation and facilitation; and
- Power supply and other infrastructure arrangements.

Conduct of CWG-2010 involved:

- Games Planning and overlays;
- Sports and technology arrangements;
- Ceremonies (Queen's Baton Relay and Opening and Closing Ceremonies);
- Catering arrangements for athletes, officials and others;
- Workforce and volunteers;
- Games branding and image and look; and
- Revenue generation to offset the cost of organising CWG-2010.

Other services included:

- Security and law and order arrangements;
- Health services for the Games family; and
- Broadcasting and media coverage for the Games.

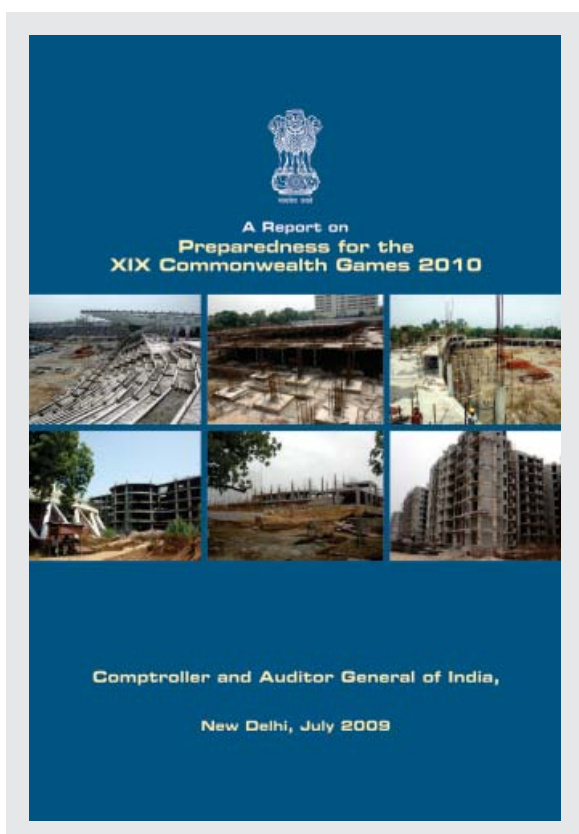


The organisation of CWG-2010 was a mammoth exercise. Notwithstanding the issues and concerns raised in this Audit Report, the Games were successfully conducted and received high praise nationally and internationally. Many of the objectives of hosting CWG-2010 – in terms of building state of the art sporting infrastructure as a lasting legacy; and large scale improvement of city infrastructure – were largely achieved.

We acknowledge the tremendous efforts put in by various agencies (both Government and non-Government) in working to very tight deadlines and under difficult circumstances to make CWG-2010 a grand success.

Study Report on 'Preparedness for the XIX Commonwealth Games 2010'

In July 2009, the Comptroller and Auditor General of India presented a Study Report to the Government of India on 'Preparedness for the XIX Commonwealth Games 2010'. The objective of the Study Report was to assess the progress of projects and preparedness of different agencies for organising the Games, and to identify significant risks that needed to be addressed.



The Study Report, which was the first of its kind produced by us, was intended to provide an aid to the Executive and the organisers in monitoring progress and in making mid-course corrections. It was

prepared to serve as a checklist and a ready reckoner to benchmark further progress towards preparing the infrastructure and in staging the Games.

For this Report, we conducted our field work between March and May 2009, and collected photographic evidence to record the status of construction as of 15 May and 1-2 July, 2009. Progress of works between May and July 2009 was also appropriately incorporated, based on available and verifiable information.

The main findings and recommendations of the Study Report were as follows:

- The scope for further delays and slippages in milestones no longer existed, given the immovable deadline of October 2010. In view of the complexity and multiplicity of activities and organisations involved and the progress till date, there was a need to rethink the governance model for the Games Project.
- While we witnessed renewed vigour and redoubled efforts by the agencies towards the close of our engagement, much time had been lost and it was imperative to move forward with the new-found sense of urgency, tempered by the realisation that crashing of timelines and bunching of decisions carried with it the heightened risk to transparency and accountability.

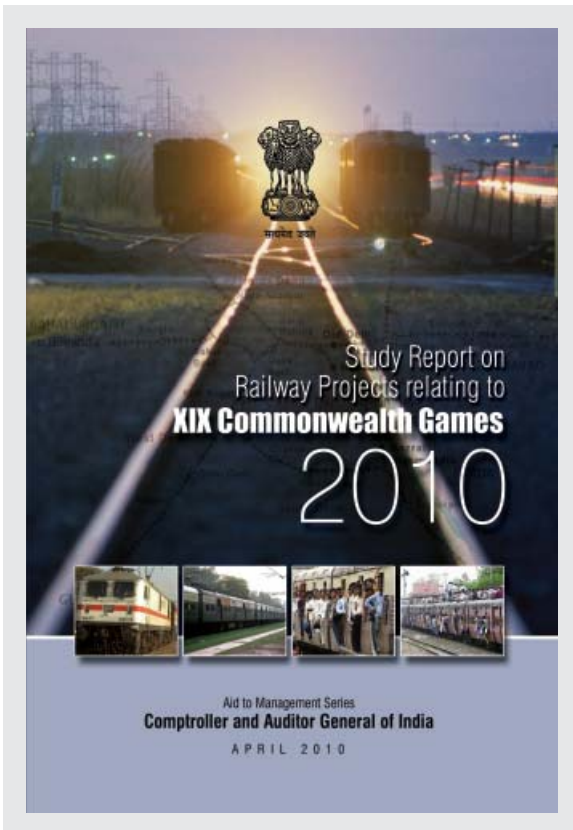
Chapter 2 - Study Report on 'Preparedness for the XIX Commonwealth Games 2010'

- The OC should finalise the pending basic planning documents and operational plans immediately. Further, it should expedite approval of final venue designs and detailed specifications. Freezing all specifications (howsoever minor) in all respects for all projects and works should no longer be delayed.
- There was considerable scope for improvement in the documentation and filing systems within the OC.
- Attention should be focused on the games venues identified by us as medium risk and high risk. Even the revised deadlines for completion would be challenging, considering the poor progress of work till date.
- The Games Village Project had run into several hurdles and required close monitoring and oversight to ensure successful and timely completion. Further, the bunching of the latest schedules of activities from June 2010 onwards would, in our opinion, put substantial pressure on the administrative and monitoring resources of DDA to ensure timely completion, without compromises on cost or quality.
- Many of the bridge and flyover projects assessed by us as critical on account of their location were at high/ medium risk, due to slow progress; three such projects had been delinked from the Games Project. Failure to address these risks in time would lead to traffic overload on roads being managed through sub-optimal solutions like reduction, diversion and restriction of non-Games traffic;
- Although the Games project was envisaged as a revenue neutral project, given the state of documentation supporting the revenue generation estimates, we were unable to derive an assurance that the organisation of the Games would be revenue neutral (especially regarding the increased estimates of revenue).
- Considerable work remained to be done in key outsourcing arrangements for HDTV production and broadcasting and related areas. Also, OC had not developed a comprehensive legacy plan for the overall legacy and long-term impact of the Games.

The Executive Summary of the Study Report is appended as **Annexe-2.1**.

We found that the draft audit report on preparedness for the Games was reviewed by the Committee of Secretaries (CoS) in July 2009. The main emphasis at this meeting was in responding to the audit findings, rather than using them as a benchmark for monitoring progress and making mid-course corrections. Ministries and Departments were asked to provide necessary documents to audit to enable to them to “share the confidence that the Ministry/ Departments concerned have on completion of works entrusted to them in a time bound manner.” Further, it was indicated that the OC may take the assistance of marketing agencies to give a convincing reply in the Exit Conference with regard to the audit concerns in respect of revenue projections.

Many of the issues and recommendations highlighted by us in our Study Report were not adequately addressed by the concerned agencies in a timely fashion, as detailed subsequently.



The CAG had also prepared a Study Report on the status of Railway Projects relating to

CWG in April 2010, which focused on the extent of completion of the Railway Projects identified for completion before the commencement of the Games and highlighted areas of risk that needed to be addressed by the Railway Administration.

Our initial review of Railway projects in January–February 2010 revealed substantial delays at every stage of the planning process, approvals for the projects, preparation of estimates, provision of designs and drawings, execution of works and monitoring. Our subsequent verification of the status of the Railway projects in April 2010 revealed satisfactory progress both in construction of rail over/under bridges and development of the facilities at the railway stations. We were especially heartened to see the progress in infrastructure works and provision of passenger amenities at New Delhi Railway Station, considering that about 290 trains pass through this station every day with approximately five lakh passengers commuting on a daily basis.

All the major activities relating to makeover of New Delhi Railway Station were completed before the Games and within a tight budget of Rs. 44.68 crore.



New Delhi Railway Station in time for the Games



Audit Approach

3.1 Audit Arrangements

3.1.1 Financial and Transaction/ Compliance Audit

Agencies, other than the Organising Committee, fall within the normal audit jurisdiction of the Comptroller and Auditor General of India (CAG). The scope, extent and frequency of audits of these agencies is decided through risk assessments, based on expenditure incurred, criticality/complexity of activities, assessment of internal controls, and previous audit findings. An annual audit plan is formulated to conduct audit on the basis of such risk assessment.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the head of unit, for their responses within one month. The audit findings are either then settled, or further action for compliance is advised. Only important audit findings, where large government expenditure has been incurred, are separately processed for inclusion in the CAG's Audit Reports, which are submitted to the President of India under Article 151 of the Constitution of India.

Notable findings presented in the CAG's Audit Reports included shortcomings in the bail-out package provided by DDA to the developer of the residential complex at the Games Village (reported through paragraph 9.1 of Audit Report No. 23 – Union Government (Civil) Autonomous Bodies – of 2009-10).

3.1.2 Audit of the Organising Committee (OC)

The constitution of the OC in February 2005 stipulated audit of its financial statements by Chartered Accountants appointed by the OC, and audit of its financial statements upto 2007-08 was carried out as such.

Over the period of three financial years from 2004-05 to 2006-07, the GoI released loans totalling Rs. 127.51 crore¹, against which expenditure of Rs. 123.53 crore was incurred by the OC (largely on Games Hosting License Fee, expenditure on the closing ceremony component of Melbourne CWG-2006 and other items). From 2007-08 onwards, the volume of loans given to the OC increased substantially.

In May 2007, the Ministry of Youth Affairs and Sports (MYAS) requested the CAG for a “concurrent audit” of the Organising Committee from April 2008. Such concurrent audit is an internal audit function and, thus, the responsibility of the Executive. Concurrent audit is not the mandate of the CAG. Consequently, in July 2007, we requested MYAS for entrustment² of the external audit of the OC through the Ministry of Finance³. This was entrusted to the CAG in April 2008. Audit of the

¹ In addition, GNCTD provided grants of Rs. 29.54 crore.

² Under Section 20 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971

³ As per the approved procedure for entrustment of audit of autonomous bodies and authorities circulated by Ministry of Finance on 12 January 2008 to all Ministries/Departments of GoI.

Chapter 3 - Audit Approach

transactions⁴ of the OC for the years 2005-07 was carried out in November/ December 2008. Following this audit, an Inspection Report was issued in March 2009 to the OC and the Ministry of Youth Affairs and Sports. The audit of transactions for 2007-08 and 2008-09 was carried out in December 2008 and March/ April 2010, and the Inspection Reports issued in May 2009 and May 2010 respectively.

Audits of the financial statements of the OC for 2008-09 and 2009-10 were conducted independently and Separate Audit Reports (SARs) issued in July 2010 and April 2011 respectively.

3.1.3 Study Reports on Preparedness for CWG-2010.

In addition to the transaction and financial audits mentioned above, we also presented, in July 2009, a Study Report on Games preparedness, which also covered the activities of the OC, as well as a Study Report in April 2010 on preparedness of the Indian Railways for activities related to CWG-2010; the main findings of these Study Reports are summarised in Chapter 2 of this Report. These Study Reports were intended as aids to management for monitoring progress on a concurrent basis, to be followed by *post facto* audits of expenditure.

3.2 Audit Objectives

This audit of the XIX Commonwealth Games was comprehensive in nature, covering compliance and performance issues related to the preparation of the infrastructure and organising of the Games, and builds on the findings and recommendations of our

earlier Study Report of July 2009 on preparedness for CWG-2010.

The main objectives of our audit were to assess the following:

- Adequacy and effectiveness of the high-level governance structures for overall stewardship, planning, co-ordination, and monitoring of the Games Project and its different components, particularly in view of the multiplicity of agencies involved;
- Effectiveness and efficiency of agencies in planning, executing and delivering the Games and associated infrastructure projects and in organising the Games;
- Propriety, economy, transparency and probity (including compliance with relevant rules and regulations and accepted best practices) in procurement of goods and services by different agencies;
- Robustness and prudence of budgetary and financial management for the Games Project; and
- Adequacy and effectiveness of internal controls and oversight mechanisms for ensuring successful delivery of the Games within pre-determined time and cost budgets and to stipulated quality standards.

3.3 Audit Scope and Coverage

The scope of our audit covered the period from May 2003 (submission of the bid for hosting the XIX Commonwealth Games) to December 2010. The main activities and agencies covered by us in this audit are summarised in Table 3.1.

⁴Under Section 14 of the CAG's DPC Act

Table 3.1 – Agencies Covered in Audit

| Area | Main Agencies Covered |
|---|---|
| Overall Planning and Management | Ministries/ Departments of the GoI and GNCTD, and inter-Ministerial/ Departmental Committees; OC |
| Venue Development | Venue owners (Sports Authority of India, GNCTD, MCD, NDMC, DDA, DU, JMI, AITA, DPS RK Puram, and CRPF) and other implementing agencies (CPWD) |
| Games Village | DDA |
| City Infrastructure Projects | PWD (GNCTD), NDMC, MCD, DJB, DTC, DTTDC, PPCL, DTL |
| Organisation of the Games | OC |
| Organisation of CW Youth Games, 2008 Pune | Agencies of the Government of Maharashtra and Pune Municipal Corporation/ Pimpri Chinchwad Municipal Corporation |
| Preparation of Indian Teams | MYAS and SAI |
| Media and Broadcasting | Ministry of Information and Broadcasting and Prasar Bharati |
| Others | Ministry of Home Affairs, Delhi Police, ECIL, Ministry of Health and Family Welfare, Directorate of Health Services, GNCTD, MTNL and TCIL |

This report focuses on issues, which would be of interest from the overall perspective of the organisation and management of the Games Project. Other issues and concerns, which focus on agency-specific aspects, would be reported separately, through other CAG's Audit Reports and Inspection Reports, depending on their materiality and significance.

3.4 Audit Methodology

We conducted our field audit between August and December 2010 (with a suspension of the audit from mid-September to mid-October 2010 to avoid inconvenience to the agencies during and around the Games period). We held an

entry conference with the Ministry of Youth Affairs and Sports (MYAS) and representatives of other agencies (except the OC) on 1 November 2010.

Our audit methodology covered scrutiny of records and documents of different agencies, interviews with concerned officials and persons, and physical inspection of sites, including collection of photographic evidence. Audit requisitions were issued, seeking records, information and clarifications (where necessary). Preliminary audit observations were communicated to the agencies at appropriate levels, seeking their responses.

Draft agency-specific audit findings were communicated through “Statements of Facts” (SOFs) in January- February 2011 to the concerned agencies for their responses. Exit Conferences were also held with the concerned agencies to discuss the main audit findings. The responses of these agencies at various levels have been examined and considered, as appropriate, in this report.

Details of the audit processes/ methodologies followed are indicated in **Annexe – 3.1.**

3.5 Scope Limitation

Our findings on the functioning/activities of the Organizing committee should be read in the context of the following:

- Given the state of documentation (refer para 7.2.3), we could not find evidence that documents produced for audit were complete and authentic in all cases.
- We could not derive any assurance regarding completeness of the number of contracts/agreements/work orders etc. entered into by OC.
- Till March 2011, OC could not provide information on contract wise payments made to vendors, limiting our scrutiny to

the contracted amount rather than the actual payments.

- We followed the formal reporting channels in the OC to obtain records and communicate findings. However, we noticed that informal reporting lines existed to the offices of Shri Suresh Kalmadi, ex-Chairman, Shri Lalit Bhanot, Secretary General and Shri V.K. Verma, DG-OC. We do not have access to the documents/ files/ records generated /maintained through these informal reporting channels and their consequential impact on the contracting and decision making.
- On certain issues, in addition to the official reply, we received several other replies from individuals associated with the OC. We have not treated their replies as the official view of the OC.

Final payments in respect of most of the venues have still not been made, despite lapse of considerable time since the conclusion of the Games. These are likely to have significant impact on the overall cost of the Games project. These would be covered in subsequent audits.

We acknowledge the co-operation and assistance extended by the Ministries/ Departments, Organizing Committee and other agencies of GoI and GNCTD during the conduct of this audit.

Governance and Monitoring Arrangements

Prime Ministerial approval for the IOA to bid, in May 2003, for CWG-2010 was processed by MYAS, without even obtaining the IOA bid document. In September 2003, Cabinet approval was obtained for Gol to underwrite the shortfall between revenue and expenditure (a deficit guarantee) without any cap. Although MoF did not support the proposal for such underwriting without a cap on Gol liability, MYAS felt that the shortfall was an unlikely event (based on the projections of revenue, expenditure, and surplus by the IOA), and it was not possible to put a cap on Gol's liability. By contrast, the competing bid from Hamilton, Canada for CWG-2010 involved a deficit guarantee only from the Hamilton City Council, and the Governments of Canada and Ontario Province did not provide any such guarantee, nor did they agree to be parties to the Host City Contract.

Thus, the commitment of Gol, in conjunction with GNCTD, to underwrite any shortfall between revenue and expenditure was critical to the success of the IOA bid for CWG-2010. In the case of India, thus, the Games became the property of the nation, rather than merely that of the IOA. This was inadequately reflected in the subsequent constitution of the Organising Committee (OC).

The unique challenge of managing and monitoring the activities of a multiplicity of agencies for delivering the Games Project was best met by entrusting its stewardship to a single point of authority and accountability. The authority should have been accorded adequate mandate to ensure all deliverables in time, to cost, and to specified quality standards. Further, in view of the Government guarantee for meeting the cost of the Games, it was essential for such stewardship to be fully under Government control. However, this model of management or financial control was not implemented for the Games Project.

The bid document of May 2003 envisaged the OC as a Government-owned registered society, with the Chairman of the OC Executive Board (EB) being a government appointee, and the IOA President being the EB Vice-Chairman. However, the OC was ultimately set up as a non-Government registered society, with the IOA President, Shri Suresh Kalmadi as the Chairman of the OC EB. This change was orchestrated through a chronology of events, commencing with a document titled as an "updated bid" with the dateline of December 2003. This had no legal sanctity or relevance, since the Games had already been bid and awarded to Delhi in November 2003. This document indicated the OC as a non-Government society and also removed references to the IOA President as EB Vice-

Chairman. These changes were objected to, and highlighted, by the erstwhile Minister, YAS, late Shri Sunil Dutt in November 2004 in correspondence with Shri Arjun Singh (Chairman, GoM) and the Prime Minister. These objections were ignored, and Shri Kalmadi's views prevailed. In our view, the decision to appoint Shri Kalmadi as the OC Chairman, based on a PMO recommendation, facilitated the conversion of the originally envisaged Government-owned OC into a body outside Governmental control, without commensurate accountability to Government and concomitant controls to ensure propriety and transparency. This was despite full financial guarantee and funding from Government. The late Shri SK Arora, Secretary, MYAS had, in 2007, highlighted the lack of effective authority with Gol representatives on the OC EB, and concluded that all decision-making was concentrated with the Chairman. He suggested multiple options – allowing OC to retain its flexibility and financial autonomy, but without direct financing by Gol; empowering the EB and providing Gol with control over high-value financial commitments; or broadbasing the OC's EB on the pattern of the 1982 Asian Games with representation from Gol and GNCTD at ministerial level. Shri Mani Shankar Aiyar, the erstwhile Minister, YAS, also highlighted the Ministry's ineffective position in exercising control over the OC to the PMO and GoM in 2007. This was, however, met with strong resistance from the Chairman, OC and did not yield the desired results.

The absence of a single point of authority and accountability for ensuring the successful conduct of CWG-2010 and the lack of a clear governance structure led to ad hoc creation of a multiplicity of co-ordination committees that were created, disbanded, and reconstituted at different points of time. This approach was not methodical, consistent and effective, and also led to complete diffusion of accountability. This was unlike the structure for the Melbourne CWG-2006, where the Victorian Government oversaw the planning and delivery of the Games through a specially formed Cabinet Committee. The Minister for Commonwealth Games was specifically empowered and responsible under the Commonwealth Games Arrangements Act 2001.

There were changes in the governance structure of the OC from October 2009 onwards, with the appointment of a CEO for the OC, deputation of senior Government officers to the OC, and the constitution of a Finance Sub-Committee of OC for scrutinising proposals before submission to the OC EB. This finally culminated in Gol's appointment of 10 senior officers in August 2010 to co-ordinate, monitor and take immediate decisions for each competition venue. However, these actions were largely in the nature of emergency fire-fighting measures. Early action on these lines, with a single point of authority and accountability, could have made the Games delivery process less painful and more streamlined and accountable.

4.1 Award of CWG-2010 to Delhi

The chronology of events leading upto to the award of the XIX Commonwealth Games, 2010 to Delhi is summarised below:

Table 4.1 - Chronology of events leading to award of XIX CWG to Delhi

| | |
|-----------------------|---|
| June-July 2002 | Gol conveyed its no objection to IOA making a bid presentation at Manchester to bid for the Games and also subsequently (February 2003) reiterated its support for the proposal, in connection with a preliminary presentation to the CGF Executive Board |
| May 2003 | IOA submitted a formal bid for the Games to the CGF |
| August 2003 | Visit of CGF Evaluation Commission to Delhi |
| September 2003 | Guarantees given by Gol, Lt. Governor, Delhi and Chief Minister, GNCTD to bear all costs and underwrite any shortfall between revenues and expenses |
| November 2003 | CGF General Assembly voted for allotment of XIX CWG to Delhi; Host City Contract (HCC) signed |

4.1.1 Approval to IOA for bidding, without obtaining or examining the IOA bid

In May 2003, approval of the Prime Minister was sought (and granted) on a Cabinet note proposed by MYAS, allowing IOA to bid for the Games and underwriting Government's support for the bid.

However, while submitting this Cabinet note, MYAS did not even obtain the actual bid of the IOA to the CGF. The Cabinet note merely reproduced IOA estimates of Rs. 490 crore of revenue and expenditure of Rs. 295.50 crore, without an examination of the underlying IOA bid. In fact, these figures do not tally at all with those indicated in the IOA bid. This bid indicated:

- revenues of Rs. 840 crore, offset by operating expenses of Rs. 635 crore, leaving a projected surplus of Rs. 205 crore;

- grants of Rs. 518 crore and revenue from sale of flats of Rs. 477 crore;
- capital and repair/ renovation expenditure on stadia of Rs. 1,050 crore;
- city beautification and additional services of Rs. 150 crore;

The comments of the Ministry of Finance on the draft Cabinet note were focused on the relatively miniscule expenditure of Rs. 1.61 crore on the bidding process, rather than on the larger (and more serious) financial and other implications of the bid on Gol. In fact, the IOA bid specified that “for conducting the Games, the Central Government shall provide the necessary grants”, although it expected the Games to generate a surplus.

In short, Prime Ministerial approval in May 2003 for the IOA to bid for CWG-2010 was processed by MYAS without obtaining, let alone examining, the IOA bid document.

4.1.2 Visit of CGF Evaluation Commission in August 2003

During its visit to Delhi in August 2003, the CGF Evaluation Commission for CWG-2010 sought certain additional information and clarifications on the IOA bid. Key among these clarifications were commitments from the Government, in particular:

- Agreeing to become parties to the HCC;
- Underwriting any shortfall between revenue and expenditure of the Organising Committee (OC) – in effect, the cost of the Games; and
- Providing all necessary Government and municipal services at Government/ municipal cost.

4.1.3 Cabinet Note of September 2003

In September 2003, MYAS moved a Cabinet note seeking approval to the above commitments, based on a letter of August 2003 jointly signed by Shri Suresh Kalmadi and Shri Randhir Singh (as IOA President and General Secretary respectively). This letter, supported by an assessment of commercial revenues by SMAM¹, indicated IOA's "confidence" that the OC would be able to raise revenue resources of US\$ 100 million. **However, the letter did not indicate a specific undertaking from IOA that it**

¹ Subsequently appointed as the OC's consultant for sponsorship and merchandising/ licensing rights

would be able to raise resources on its own amounting to Rs. 480 crore, which was desired by Secretary, MYAS.

The Cabinet note, however, referred to IOA's reiteration of "commitment" for revenue generation, and stated that the projections of IOA showed an approximate surplus of Rs. 50-60 crore, thus hinting that there was no substantial risk to GoI in agreeing to underwrite the shortfall between revenue and expenditure of hosting the Games.

Another annexed letter from Shri Randhir Singh, Secretary General, IOA stated that:

- It was the requirement of the CGF that the Government of the host country must give an undertaking to underwrite the shortfall, if any, in the capital and revenue expenditure of the Games.
- It was understood that the Canadian Government had furnished a similar guarantee to the CGF.

We found no evidence of a CGF requirement mandatorily stipulating guarantee by the Government of the host country (not just the city). Further, no such guarantee was given by the Government of Canada, as brought out in the CGF Evaluation Committee Report (described subsequently in para 4.1.4).

On the draft Cabinet note, MoF did not support the proposal to underwrite the shortfall between revenue and expenditure, and suggested that in case such commitment was necessary, the liability of GoI should be capped. However, MoF did not challenge the estimates of revenue/ surplus.

MYAS responded that in view of the projections of revenue and surplus, the shortfall was an unlikely event. Hence, it was not possible to put a cap on the liability of GoI, although the likely liability on account of infrastructure development was estimated at Rs 218.50 crore.

Consequently, the Cabinet approved the proposal for underwriting any shortfall between revenue and expenditure, without any cap.

Subsequently, in September 2003, GoI, in conjunction with the Lt. Governor (LG) and CM, GNCTD, gave formal undertakings to bear all the costs involved in upgrading and constructing all infrastructure, security, transport etc. required for staging the games and also underwriting any shortfall between revenue and expenditure of the OC.

4.1.4 Report of CGF Evaluation Commission of October 2003

The CGF Evaluation Commission for CWG-2010 analysed the bids of Hamilton and Delhi for the 2010 Games. Among other things, it noted the following:

- The Governments of Canada and Ontario, the City of Hamilton and McMaster University pledged specific, significant contributions to the cost of staging the Games. However, the Government of Canada would not provide deficit guarantee, and would limit its contribution to 35 per cent of the total event costs (not exceeding 50 per cent of the total public sector contribution). In fact, none of the Governments of Canada and Ontario, the Canadian CGA or McMaster University would assume responsibility

for any deficit of the OC. The Governments of Canada and Ontario would not be parties to the Host City Contract. Only Hamilton City Council would provide deficit underwriting, subject to a number of conditions. Nevertheless, Hamilton's bid was considered to be a "conforming bid".

- By contrast, the overriding undertaking that GoI and GNCTD would meet the costs of the Games and would underwrite any operating or capital budget shortfall (i.e. including both operating expenses and venue upgradation) was noted.
- **The Report also noted that the Delhi OC would be a non-profit Government-owned registered society, chaired by a Government nominee with the IOA President as Vice-Chairman.** The constitution of the EB was as indicated in the May 2003 bid of IOA.

Evidently, IOA could not have won the bid without GoI, in conjunction with LG, Delhi and CM, GNCTD, undertaking to bear all the costs associated with the Games. In the case of India, thus, the Games became the property of the nation, rather than merely that of the IOA.

4.1.5 Main Features of Host City Contract (HCC)

The HCC was signed on 13 November 2003 between the CGF, IOA, GoI, GNCTD and the OC (yet to be formed²). The main features of the HCC are summarized below:

- The OC, IOA, GoI and GNCTD would be jointly and severally responsible for all commitments, including, without limitation, financial commitments relating to the organization and staging of the Games in accordance with the Games documents.
- The Games would be organized in accordance with the provisions of the CGF Constitution, protocols, regulations and code of conduct, and the OC would be constituted within 6 months with status and powers in accordance with the CGF Protocols.
- The CGF would be represented on the OC Executive Board³; it would also establish a Co-ordination Commission (CoCOM) to liaise with, monitor and advise the IOA and OC on all matters relating to the organization of the Games.
- The IOA and OC would submit various planning documents and strategies for CGF's written approval within stipulated timeframes, as also periodic reports on the progress of preparations.
- Brief details of venues and services/ activities (viz. ticketing, hospitality, accommodation, transport, security, ceremonies etc.) to be provided by the

OC were stipulated, as also commercial rights, licensing, sponsorship, intellectual property, marketing and broadcasting rights.

- The host fees payable to the CGF, as well as courtesy facilities for the Games Family, officials and aides, were also stipulated.

Under the HCC, OC was required to comply with 34 major obligations within prescribed timelines. However, fulfilment of these obligations suffered delays, ranging from 1 to 56 months. Further, most of the CGF approvals for compliance with the obligations were obtained verbally.

4.2 Weak Governance Structure

4.2.1 Multiplicity of Agencies

Given the multi-dimensional nature of the Games Project and multiplicity of delivering agencies, the functional environment posed numerous challenges. The numerous agencies responsible for the various activities leading to the Games Project could be categorised into:

- Ministries/ Departments of GoI & GNCTD;
- Municipal bodies;
- Venue owners;
- Implementing agencies for the venues, Games village, and city infrastructure projects;
- OC;
- Regulatory agencies and other agencies according clearances; and
- Agencies handling support functions.

² The OC, which was formed only in February 2005, signed the HCC in March 2005.

³ Termed as the Board of Directors in the HCC.

This unique challenge was best met by entrusting the stewardship of the Games Project to a single point of authority and accountability. The authority would be accorded adequate mandate to ensure all deliverables in time, to cost and to specified quality standards. Further, in view of the Government guarantee for meeting the cost of the Games, it was essential for such stewardship to be fully under Government control.

The organizational arrangement as seen in the case of the XVIII CWG in 2006 at Melbourne clearly shows a hierarchical structure of command/control with specifically assigned responsibilities. Considering that a large contingent of Indian officials from GoI/GNCTD/IOA/OC etc. visited Melbourne, that model could have been studied and its relevant aspects adopted.

Melbourne CWG 2006 Organisational arrangement

For the Melbourne CWG 2006, the Victorian Government oversaw the planning and delivery of the games through a specially formed cabinet subcommittee which included representation from key portfolios and was chaired by the Premier. The Victorian Government was the underwriter of the event.

The Minister for Commonwealth Games, Mr. Justin Madin, MLC was responsible for the Commonwealth Games Arrangements Act 2001. Under the Act, he had wide ranging planning powers for the various projects necessary for the delivery of the Games infrastructure. This included making venue and project orders for the timely completion of the Games infrastructure and for crowd management in the public domain during the Games.

The Office for Commonwealth Games Co-ordination (OCGC) within the Department for Victorian Communities was established in 2002 to manage the Government's interest in the Games and to ensure effective coordination of the Games across and within the Government.

The following box illustrates the complexity of the delivery structure for the Games:

Table 4.2 - Profile of Major Agencies Involved in CWG - 2010

| | Govt Ministries/ Departments/ Agencies | Delhi Government | Municipal Bodies | Others |
|--|--|--|---------------------|-----------------------|
| Monitoring and Oversight | Cabinet Secretariat PMO MYAS MHA MoUD MoF Mo I&B MoT DoT MoH&FW | LG CM, GNCTD | | OC CGF |
| Venue Owners | SAI; DDA; DU (including constituent colleges); JMIU; CRPF | PWD | NDMC | AITA; DPS RK Puram |
| Implementing Agencies | DDA; CPWD; EIL; RITES; MTNL; ECIL; TCIL; BECIL | PWD; DTC; DTTDC; DHS; DJB; PPCL; DTL; | NDMC; MCD | OC |
| Support Services | Delhi Police; Prasar Bharati; PIB; MTNL; ITDC; Safdarjung, AIIMS and GB Pant Hospital; ASI | DTC; DTTDC; DHS; DJB | | |
| Regulatory Agencies and other Agencies according clearances | DUAC; ASI; MoEF; L&DO; DDA | Forest Deptt; UTTIPEC; DFS; DPCC | NDMC; MCD | |

Note: Agencies with multiple roles (e.g. owner/ implementing agency/ regulatory agency) are shown multiple times Committees (not being full-fledged agencies/ institutions) are not depicted here.

4.2.2 Group of Ministers (GoM)

In September 2004, the Prime Minister approved the constitution of a core Group of Ministers (GoM) headed by late Shri Arjun Singh, the then Minister, HRD for co-ordinating the work related to the organisation of the Games. The first meeting of the GoM was held in September 2004. A total of 14 meetings were held between September 2004 and April 2008. This GoM was reconstituted twice in July 2007 and April 2008.

The GoM could not provide the much needed focus and impetus:

- During 2004-06, the GoM took conclusive decisions only on setting up of the Apex Committee, CoS, authorities for financial approvals, engagement of EKS at OC's recommendation, and PPP model for the Games Village.
- During 2007, decisions were taken only on finalisation of sporting disciplines and competition/ training venues.
- During April 2008, no major decisions were taken.

GoM did not meet between May and November 2008. The interim GoM, which was constituted by the Cabinet in December 2008 under the chairmanship of Shri Jaipal Reddy, the then Minister, UD, met thrice between December 2008 and June 2009; its main decision was the engagement of Shri Bharat Bala as creative head for the opening and closing ceremonies.

The new GoM met 34 times between June 2009 and October 2010, and was in position at the time of the hosting of the Games.

4.2.3 Role of MYAS

As decided by the GoM in October 2004, the Ministry of Youth Affairs and Sports was entrusted with the overall responsibility of reviewing and monitoring various arrangements and organisation of the Games; it was also responsible for formulating Games-related funding proposals of OC and the venue owners as well as for releasing GoI funds to these agencies. However, we observed that MYAS could not establish a stable, long-term mechanism for discharging this onerous responsibility.

Frequent changes in incumbency in MYAS

Preparations for an event of this magnitude required a high degree of continuity of functionaries, for consistency as well as accountability.

However, there were numerous changes in the functionaries at various levels in the MYAS associated with the Games from May 2003 till date; there were five Ministers, YAS; five Ministers of State, YAS; seven Secretaries, YAS, and three Joint Secretaries (Sports/ ISD), as indicated below. This, further, contributed to the lack of effective and consistent monitoring by the MYAS.

Table 4.3 - Changes in Incumbency at MYAS

| Minister, YAS | |
|--|---|
| Shri Vikram Verma | 26.08.2002 to 21.05.2004 |
| Shri Sunil Dutt | 22.05.2004 to 25.05.2005 |
| Shri Mani Shankar Aiyar | 30.01.2006 to 06.04.2008 |
| Dr. M.S. Gill | 07.04.2008 to 19.01.2011 |
| Minister of State, YAS | |
| Shri Vijay Goel | 24.05.2003 to 21.05.2004 |
| Shri Prithviraj Chavan | 26.05.2005 to 17.11.2005 |
| Shri Oscar Fernandes | 18.11.2005 to 29.01.2006 |
| Shri Arun Yadav | 01.06.2009 to 16.06.2009 |
| Shri Pratik Prakashbapu Patil | 17.06.2009 to 19.01.2011 |
| Secretary | |
| Sh. Rajeev Srivastava | 1.4.2003 to 31.5.2004 |
| Smt. Meenaxi Anand Chaudhry | 1.6.2004 to 8.11.2005 |
| Dr. S.Y. Qureshi | 9.11.2005 to 29.6.2006 |
| Sh. Madhukar Gupta | 4.7.2006 to 19.3.2007 |
| Sh. S.K. Arora | 4.4.2007 to 19.5.2008 |
| Ministry bifurcated in the year 2008 | |
| Deptt. of Sports | |
| Sh. Sudhir Nath | 20.5.2008 to 17.3.2009 |
| Smt. Sindhushree Khullar | 19.3.2009 till date |
| Deptt. of Youth Affairs | |
| Smt. Jayati Chandra | 17.4.2009 to 30.9.2009 |
| Smt. Sindhushree Khullar | 1.10.2009 to 2.11.2009 (additional charge) |
| Sh. A.K. Upadhyay | 3.11.2009 till date |
| Joint Secretary (Sports) | |
| Sh. R.K. Mishra | From 2003 to Sept. 2004 |
| Sh. S. Krishnan | Oct. 2004 to Feb. 2007 |
| Sh. Injeti Srinivas | Feb. 2007 till date |
| Joint Secretary (ISD) | |
| Sh. Rahul Bhatnagar | 27.11.2006 till date |
| Joint Secretary & Financial Adviser | |
| Sh. S.K. Mittal | 14.03.2007 till date |

4.2.4 Apex Committee

The Apex Committee under the chairmanship of Minister, YAS was decided upon in October 2004 by the GoM. It was constituted in March 2005, reconstituted in May 2006 and November 2006, and functioned only from June 2006 (i.e. 19 months after the decision to constitute this committee) till April 2007, when it was discontinued.

In his letter of 14 November 2004 to the Prime Minister after the first GoM meeting, the erstwhile Minister, YAS, late Shri Sunil Dutt, appeared to have mistaken the “Apex Committee” for the Organising Committee.

This Committee was to have overriding power and responsibility for overseeing and co-ordinating the Games. However, this mandate was highly circumscribed by the GoM itself, which stipulated that:

- The minutes of all other Committees should be submitted to the Apex Committee periodically for its information.
- The Chairman of the Apex Committee could also call for such information which he deemed fit and could give such guidance that may be required.
- The Chairman of the Apex Committee may be kept informed by all other Committees, whenever any major decision was taken.

With such terms of reference, it is no wonder that the Apex Committee turned out to be a complete non-starter, as the responsibility placed on it by the GoM could not be fulfilled in any way.

The erstwhile Minister, YAS, Shri Mani Shankar Aiyar, went on record at the GoM meeting of March 2008 that the Apex Committee was dormant for 1½ years due to “resistance from the OC.”

In correspondence with the PM, Shri Aiyar indicated that it was his personal decision to not operationalise the Apex Committee after “Kalmadi's vociferous opposition to the Apex Committee at the meeting in August 2006 convened at your level.”

In July/ August 2006, the Apex Committee decided to constitute five sub-groups dealing with:

- Corporate Sector Participation;
- CWG Legacy;
- Economics and Provisioning of Infrastructure;
- Public Participation/ Medal Tally; and
- Organisation of Games.

These sub-groups were to submit their reports to the Chairman of the Apex committee, but were discontinued on disbanding of the Apex Committee itself in April 2007.

Given the overlapping nature of responsibilities, and without a clear hierarchical reporting relationship between the Apex Committee and the OC, it should have been anticipated, even in October 2004, that there would be conflicts between these two Committees, if both were allowed to function concurrently. The failure of the Apex Committee was, thus, inevitable.

4.3 The Organising Committee (OC) and Role of MYAS vis-a-vis OC

4.3.1 Formation of OC

The HCC stipulated the formation of an Organising Committee within six months. However, the Organising Committee Commonwealth Games 2010 Delhi was registered as a Society only on 10 February 2005 under the Societies Registration Act, 1860.

“Updated” bid document with December 2003 timeline

At the time of bidding for the Games, OC was envisaged as a *Government owned registered society*. However, we found a document titled as the 'updated' bid with the dateline of December 2003. This document, which, in our opinion, has no legal sanctity or relevance (since the Host City Contract had already been signed in November 2003), was sent to the MYAS only in September 2004. We are unsure as to when it was produced since we found multiple versions of it made available to us by different sources, all

bearing the same dateline – December 2003⁴. Describing this document as an “updated bid document” was a misrepresentation by the IOA.

There was no official endorsement by Gol of the modified constitution and structure of OC envisaged in the 'updated' bid; however, OC was registered in February 2005 in the form and structure laid out in this document.

The bid document submitted to the CGF (May 2003) and the document titled as the “updated” bid (December 2003) are similar, except for the organizational structure of the OC and certain expenditure figures under one head (Games Operating Expenditure). Other differences included changes in certain venues, location of the Games Village⁵, and an increase in some heads (e.g. license fee payable to CGF, payments to CGAs, Games Technical Conduct etc.) balanced largely by a reduction in one head (participants and team officials)⁶. A comparison of the constitution of OC and its Executive Board in the bid document and the “updated” bid document reveals the following position:

⁴ Multiple versions of the so-called “updated bid” have been provided to us by MYAS and OC, all with the dateline of December 2003. We are unable to determine authentically as to when this “updated bid” was actually produced, as such, till September 2004, when this document was transmitted to the MYAS.

⁵ One of the versions of the “updated bid” indicated that the Games Village would be on a 118 acre plot on the banks of the Yamuna; the original bid, merely, stated that the Athletes Games Village would be created on a 100 acre site in a prime Delhi area; the associated maps indicated a location on the New Delhi side of the River Yamuna, rather than on the East Delhi side.

⁶ The reworking of the figures under the head “Games Operating Expenditure” had numerous discrepancies. Expenditure under certain heads were reduced to one-tenth or increased ten-fold, without any alteration in the underlying supporting figures.

| | Bid Document (May 2003) | Document entitled as "Updated" Bid (December 2003) |
|--|---|--|
| Nature of OC | The OC would be a non-profit, Government-owned registered society. | The OC would be a non-profit, non-Government registered society. |
| Constitution of the Executive Board | Chairman, Executive Board would be a Government Appointee, and the Vice-Chairman would be the IOA President. | The chart depicting the EB of OC simply showed the positions of Chairman and Vice Chairman; references to Government Appointee and IOA President as Vice-Chairman were deleted. |

In a separate response, Shri Kalmadi (Ex-Chairman, OC) indicated that it was necessary to amend the final bid to bring it in conformity with the Games Protocols. Further, the Government had at no time objected to this amendment, as the Olympic movement contemplates that such organizations remain free from government interference. We do not agree with Shri Kalmadi's response; once Government of India decided to provide unconditional and unlimited financial guarantees, it was duty bound to take necessary steps to safeguard the public interest.

Appointment of Shri Suresh Kalmadi, President, IOA as Chairman, OC Executive Board

In our opinion, the primary objective of the document, titled as the "updated" bid, was to orchestrate the appointment of the President, IOA (Shri Suresh Kalmadi) as the Chairman of the OC Executive Board, since, as per the May 2003 bid document, the President, IOA would only be the Vice-Chairman. A chronology of related events, concluding in PMO's communication of 6 December 2004 (which was finally accepted by the GoM in January 2005) that Shri Kalmadi be appointed as the Chairman of the OC, is given in Table 4.4:

Table 4.4 - Chronology of Events related to formation of OC

| Dateline | Events |
|--------------------------------|--|
| August - September 2004 | Correspondence was exchanged between Shri Kalmadi and Shri Michael Hooper, CEO, CGF, referring to recent discussions at Athens, whereby Shri Hooper indicated that the structure of the EB of the OC, its Chairman and members as proposed by Shri Kalmadi was acceptable to them. |
| 6 September 2004 | Shri RK Sacheti, Director, IOA wrote to MYAS, enclosing the "updated bid", giving the new structure of the OC, and stating that CGF had informed them that, except the CGF nominees, all members' appointment had to be approved by the IOA General Assembly. |

| Dateline | Events |
|-------------------|--|
| 13 September 2004 | GoM constituted, headed by late Shri Arjun Singh |
| 23 October 2004 | <p>Shri Suresh Kalmadi wrote to the PM indicating that</p> <ul style="list-style-type: none"> ■ MYAS had not put the correct perspective of the role of IOA in the Games. ■ The Games were allotted to the IOA, and IOA had the responsibility to ensure successful conduct of the Games ■ OC was to be formed by the IOA and approved by the General Assembly of IOA. <p>Shri Kalmadi also referred to the “updated bid”⁷ in this letter.</p> |
| 25 October 2004 | 1st meeting of GoM chaired by PM ⁸ . |
| 26 October 2004 | Shri Kalmadi wrote to the PM, suggesting that he should be the Chairman, OC, while the Minister, YAS should be Chairman of the “Steering Committee”. |
| 28 October 2004 | PM acknowledged Shri Kalmadi's letter, stating that the Sports and HRD Ministers had been asked to examine the issues. |
| 1 November 2004 | IOA, at its AGM, passed a resolution, “constituting” the Organising Committee under the IOA and electing Shri Kalmadi as Chairman of the OC and EB ⁹ . |
| 11 November 2004 | Shri Sunil Dutt wrote to Shri Arjun Singh, specifically referring to the “updated bid” document received in MYAS in September 2004. He stated that it made significant changes with major structural and financial implications, without consultation/ approval of the MYAS for making these changes. Specifically, Shri Dutt highlighted the change in constitution of the OC from a non-profit Government owned registered society to a non-profit, non-Government registered society as well as the deletion of word “Government appointee” as chairperson of the Executive Board of the OC. Shri Dutt stated that the provisions in the original bid must have been incorporated because organizing the CWG involved large financial commitments on the part of the Gol. |
| 14 November 2004 | Shri Sunil Dutt wrote to the PM, specifically highlighting his surprise at the resolution passed by IOA appointing the President, IOA as Chairman of the OC. This was at variance with the decisions taken in the GoM meeting (of 25 October 2004). He also stated that the minutes of this GoM meeting, as issued by the Cabinet Secretariat and received in his office on 10 November 2004, did not reflect the decisions taken in the meeting regarding various aspects of the composition of the OC. |

⁷ Which removed the reference to the Chairman of OC as a Government nominee.

⁸ Referred to by late Shri Sunil Dutt in his letter of 11 November 2004.

⁹ This was a very surprising development, as the PM's decision, deciding that Shri Kalmadi would be the Chairman, was communicated only on 6 December 2004.

| Dateline | Events |
|------------------|---|
| | <p>Interestingly, we found substantial differences between the draft minutes of the GoM meeting prepared by MYAS, and those finalised by the Cabinet Secretariat and forwarded to the PM:</p> <ul style="list-style-type: none"> ■ The reference to an OC (as well as the OC EB) under the chairmanship of Minister, YAS for creation and development of infrastructure facilities for CWG-2010 was replaced by a reference to an “Apex Committee” chaired by Minister, YAS for “monitoring and reviewing of activities”. ■ The reference to the Empowered Committee on infrastructure (chaired by the LG) functioning under the OC was replaced by an Empowered Committee to “monitor” construction. |
| 6 December 2004 | A communication from the PMO stated that institutional arrangements had been evolved for the conduct of the CWG-2010. In this, Shri Suresh Kalmadi, President, IOA was indicated as the Chairman of the Organising Committee and the Executive Board. It also communicated the Prime Minister's direction that these institutional arrangements be considered in the next GoM meeting. |
| 14 January 2005 | The second GoM Meeting did not take a view regarding governance structure. |
| 29 January 2005 | The GoM, at its third meeting, endorsed the views of the PMO and decided that the OC would be headed by Shri Kalmadi. |
| 10 February 2005 | OC was registered as a society under the Societies Registration Act, 1860. The Rules and Regulations of the OC indicated Shri Kalmadi by name (and not merely as President, IOA) as the Chairman of the OC |

Even, Shri MS Gill, the erstwhile Minister, YAS, in his letter to the PM (September 2009) stated that *“the original signed document had a Government chairman, but later somehow that was changed”*.

In our opinion, the decision of the PMO for appointing Shri Suresh Kalmadi as the Chairman of the OC facilitated the conversion of the originally envisaged Government-owned OC into a body effectively outside Governmental control.

Incidentally, it may be noted that the Melbourne 2006 Commonwealth Games Corporation (M2006), previously created under Federal Company Law in 1999, was incorporated as a Statutory Authority in 2003 to manage the provision of the Games and its Board reported to the Minister under the Commonwealth Games Arrangement Act.

4.3.2 Members of OC

The bid document (May 2003) referred only to a 15-member Executive Board, supported by “Executive Management” and “Special Projects & Relations”. There was no mention whatsoever of any other

“membership” or “general body” of the OC¹⁰.

However, the Rules and Regulations of the OC, constituted as a society, stipulated a membership of not more than 500 persons “who shall be invited to become members by the Chairman.” According to these Rules, the members were to “promote the purpose of the Society (viz. the OC) to the best of their ability”.

Shri Kalmadi, Chairman, OC, recommended the appointment of 484 members, comprising the OC General Body, which was approved by Shri Arjun Singh (Chairman, GoM) in May 2005 and communicated to the then Minister, YAS. The strength of the membership was subsequently reduced to 454 in March 2004, at the behest of the new GoM.

The General Body, which consisted of personalities from different walks of life, was to meet at least once a year, to approve the accounts/ budget and accept the report of the Executive Board and the (private) auditors.

As many as 23 sub-committees of the OC were constituted from amongst the “members” of the OC, for providing “advice” on various functional areas. While the dates of constitution of these sub-committees could not be ascertained, the Terms of Reference for these sub-committees are dated as of 2009. 21 of these sub-committees reportedly held a total of 162 meetings (ranging from 2 to 17). The OC could not produce records or

¹⁰ Incidentally, Shri HJ Dora, erstwhile Vigilance Commissioner and President, Weightlifting Federation Member of India was a founding member of the OC. In response to our enquiry, the Central Vigilance Commission indicated that no information was available regarding obtaining of prior approval of the Government by Shri Dora before accepting membership of the OC.

documentation of the action taken, if any, on the recommendations/ advice offered by these sub-committees.

The constitution of an unwieldy 400-plus general body of members of the OC, which was not envisaged in the bid document or the HCC, did not result in any significant benefit or value addition to the Games Project.

Even the erstwhile Minister, YAS, Shri MS Gill, indicated in September 2009 that these 23 sub-committees had rarely met or performed in delivering the Games to the quality expected.

4.3.3 Executive Board of OC

As finally constituted, the 15-member EB had only 2 nominees each of the GoI and GNCTD; of these, only 2/ 3¹¹ members were Governmental functionaries. Apart from the Chairman (Shri Kalmadi), the Secretary General, IOA (Shri Randhir Singh), was to be the EB Vice-chairman, with the IOA Treasurer (Shri AK Mattoo) and the Secretary General, Athletics Federation of India (Shri Lalit K Bhanot), as well as four members from amongst the National Sports Federations (to be nominated by the Chairman). The CGF CEO and two CGF nominees completed the EB.

The day to day financial and administrative decisions were taken by the Executive Management Committee (EMC) comprising Shri Suresh Kalmadi, Shri Randhir Singh, Shri Lalit K Bhanot, Secretary General and Shri A.K. Mattoo, Treasurer. The functioning of the OC was overseen by the OC Secretariat,

¹¹ At different points of time.

headed by Director General (DGO). The various activities to be undertaken by the OC for staging the Games were to be looked after by 34 Functional Areas (FAs) each headed by a Functional area head.

The OC thus functioned, in effect, as a parallel, non-Governmental organization, without commensurate accountability to Government and concomitant controls to ensure propriety and transparency (despite full financial guarantee and funding from Government).

In a separate response, Shri Kalmadi stated that the decisions of the EB were taken on a unanimous basis. While the constitution of the OC contemplated decisions being taken by majority, in practice, this was not followed. Therefore, effectively each Government nominee had a veto power over decisions of the EB, none of which recorded any matter being put to vote. Further, Shri Kalmadi also drew reference to the constitution of the Finance Sub Committee and the OC Finance Committee.

Strangely, apart from late Shri SK Arora, erstwhile Secretary, MYAS's letter of July 2007 (discussed subsequently) regarding lack of authority for GoI representatives on the OC EB, the records of the EB meetings indicate that the EB decisions were unanimous and GoI representatives were present. Further, there were no instances of dissent notes or matters being put to vote on account of lack of unanimity.

Our comments on the ineffectiveness of the Finance Sub-Committee and the OC Finance Committee are brought out in Chapter-7.

4.3.4 Concerns expressed regarding OC Governance Structure

From July 2007 onwards, concerns of MYAS resurfaced at the GoM and PMO levels, regarding the lack of Government control over the functioning of the OC and the absence of a systematic arrangement to ensure reasonableness of expenditure and greater public accountability. This was of critical importance, in view of the OC being an asset-less organisation funded entirely by the GoI through an unsecured loan.

In July 2007, the late Shri SK Arora, Secretary, MYAS wrote to the PMO, with a copy to the Cabinet Secretary, regarding the role and responsibilities of the GoI nominees on the Executive Board of the OC. Apart from Secretary, MYAS, Secretary, UD was nominated on the EB, in line with the PM's desire in June 2005 that GoI representation on the EB should be raised. Shri Arora indicated that experience had shown that the Executive Board had a very limited management or decision-making authority and the GoI representatives had neither any executive authority nor any means of ensuring that the Government's view point was acknowledged and complied with, and concluded that all decision making was concentrated with the Chairman.

Shri Arora also highlighted the differences between the composition of the OC with that followed for the Special Organising Committee for the 1982 Asian Games, essentially in terms of the overriding powers of the Chairman in the CWG OC, the

lack of Governmental control, and the broadbased organisational structure for the 1982 Asian Games.

Shri Arora flagged the need for balancing OC's need for operational flexibility with transparency and public financial accountability, and indicated that in the present legal framework of the OC, it was unlikely that the Government representatives would be able to discharge their responsibility of ensuring transparency and public financial accountability in the management of the OC.

Subsequent events justified Shri Arora's apprehensions regarding lack of Governmental control for ensuring transparency and public financial accountability.

Shri Arora suggested three options:

- OC could retain its operational flexibility and financial autonomy, and the role of Government nominees could be restricted to a largely advisory role on the EB. However, in such a situation, GoI should revise its decision to give “bridge finance” to the OC, and discontinue direct financing by GoI, as well as take a view on the overall ceiling on the commitment to meet any revenue deficit.
- OC should be given a clear signal to vest decision-making in the EB. Government could consider retaining some authority for approving decisions with financial commitments above a certain limit.
- OC could be directed to broadbase its EB, as in the case of the 1982 Asian Games, with representation from GoI and GNCTD at Ministerial level.

Concerns expressed by erstwhile Minister, YAS, Shri Mani Shankar Aiyar highlighting lack of control by MYAS over OC

Extracts from letters addressed by Shri Mani Shankar Aiyar, erstwhile Minister, YAS to the PMO and PM (October 2007), and the Finance Minister (December 2007) indicate the lack of control by the Ministry of Youth Affairs and Sports over the functioning of the OC:

- Lack of decision on “institutional arrangements to give adequate and effective representation to the GoI in the EB and important committees of the OC to ensure public financial accountability and reasonableness of expenditure to minimize financial commitments of Government emanating from its guarantee to fully meet the revenue deficit of the OC budget”.
- The role of MYAS seeming to be to “funnel funds to the OC”, (described as an “asset-less organization”) and the Chairman's insistence that “funds should be released to him as per the annual phasing approved by the Cabinet with no further questions asked.”
- The advice by the MoF to release the balance funds in monthly installments during 2007-08 on the basis of information given directly by the Chairman, OC, which did not “enlighten us on the basis of these monthly releases”.

- Shri Aiyar's remarks that “following the GFRs and other financial prudence norms is leading to acrimony and making our position rather invidious” and also requesting the MoF to consider the possibility of relieving MYAS of the responsibility of releasing the balance of the loan amount and consider directly releasing the rest of the loan to the OC.
- The failure of MYAS to establish a genuinely co-operative working relationship with the OC, and the “abuse and scorn heaped at the Ministry in public statements by the Chairman, who stoops so low as to describe us as cartoons sitting in one room in Shastri Bhavan”, and the Chairman “increasingly resorting to establishing sub-committees of the EB which exclude the Government nominees, take decisions endorsed by the Chairman alone and without referring even the minutes to the Ministry” and seeing the “Ministry as a milch cow to extract as much money as he can and a rubber stamp to endorse every spending decision he takes, however outrageous.”
- The suggestion of the then Secretary, MYAS (late Shri SK Arora) that “since the Chairman of the OC believes his proposal to be bankable, it might be best for him to raise the required finances in the open market rather than have Government fund his demands and then be held responsible before Parliament”, and the lack of response from the Cabinet Secretariat and the PMO on this proposal.

Shri Aiyar also urged the imperative need for recasting the OC and its EB to be chaired by a Minister of State for International Sporting Events (i.e. fully under Governmental control). However, we noted that Shri Aiyar's interventions did not yield the desired results.

Such attempts were met with strong resistance from the Chairman, OC, who wrote to Shri Arjun Singh, Chairman GoM stating that *“...any attempt to fiddle around with the structures of OC would not only stop the internal motion but would be perceived as retrograde step by the CGF, IFs (International Federations) and the CGAs...would diminish the brand value of the Games globally and prove to be fatal for the conduct of Games.”*

Recommendations in our Study Report of July 2009

In our Study Report of July 2009 on “Preparedness for CWG-2010”, we had highlighted the need to rethink the governance model for the Games Project. We also found significant scope for improvement of coordination among agencies and for better clarity of their roles. We also observed that it was vital for the MYAS and the OC to assume effective leadership without further loss of time.

Subsequently, in September 2009, Mr. Mike Fennell, President CGF, wrote to the OC EB members and stated that “unless there is significant change in the management, culture and operation of the OC, these games will fail from an operational perspective.” Mr. Fennell also met the PM and, reportedly, expressed his doubts about the ability of the OC and its management for staging the Games.

4.3.5 Sphere of Influence of OC

As per the HCC, the IOA and the OC jointly and severally undertook to organise the Games. This was further expanded by the Rules and Regulations of the OC, which enabled it to **“advise all offices, institutions, governments and other bodies of associations that may be associated with the holding”** of the Games, and also **“to decide on all matters connected with the preparations and holding”** of the Games.

Thus, in addition to the organisation of the Games proper, **the OC was in a position to take or influence decisions of a central nature (e.g. approval of venue briefs, designs and specifications) to be implemented by other agencies, as well as determining specifications of common items (e.g. track/ turf, seating, sports equipment, certain items of overlays) which were to be ordered by implementing agencies.** Many of these decisions were taken/ driven by the OC in a highly non-transparent, inequitable and arbitrary manner.

These OC-driven decisions had serious financial implications, but were not reflected in the expenditure of the OC, which was only restricted to activities directly associated with staging the Games. This also had the effect of implicitly shifting responsibility for such questionable decisions from the OC to other agencies.

4.3.6 Changes in OC's Governance Structure from October 2009

In his letter to the PM dated 26 September 2009, Shri M S Gill, the then Minister, YAS referred to a letter from Mr Mike Fennell, President CGF, **raising doubts about the ability and the capability of the OC to deliver the Games to the quality expected,** and stated that, after due consultation, a line of action to strengthen the management inside the OC was being implemented.

4.3.6.1 Appointment of CEO, OC

Shri Jarnail Singh, a retired IAS officer was appointed as CEO by the OC in October 2009. His efficacy was totally blunted as we found several instances where queries raised by him were ignored and proposals were approved by the Chairman and EMC despite his expressed reservations.

4.3.6.2 Finance Sub-Committee

A Finance Sub-Committee (FSC) was constituted by the MYAS in November 2009, comprising entirely of Government nominees on the EB i.e. Secretary, Sports, Secretary, Urban Development, Addl Secretary, Ministry of Finance and CEO as convenor member. Initially, its mandate was to vet all proposals meant for the EB. Later in December 2009, this was expanded to

cover all proposals going to the EMC as well. The FSC functioned from November 2009 till July 2010, when Fast Track Committees were set up by the GoM to examine all proposals above Rs 25 lakh for direct approval by the Chairman and subsequent ratification by the EB.

In our view, MYAS constituted this Committee too late in time (less than a year from the Games) to have adequate and effective impact. We observed that the Committee discussed the proposals in detail, raised issues, but finally recommended all proposals for approval by EB. In many situations, the Committee members expressed their helplessness, as the proposals were presented as fait accompli and re-tendering was not appropriate or possible given the paucity of time. No proposals were rejected because any further delay would have adversely impacted the organisation of the Games. They were also not in a position to make comprehensive changes to the tendering process. Pointing out deficiencies/ inadequacies in proposals at the eleventh hour would not have facilitated executive decision making.

Many decisions (e.g. cancellation of the first catering bid) went to the Chairman, who did not allow it to go to the EB (and by implication, the Finance Sub Committee). When the catering contract finally went to the FSC, **it was April 2010, by which time no other options were available.**

The effectiveness of such committees was further reduced by (a) situations where proposals did not go beyond the Chairman to the EB (b) Chairman made subsequent decisions, which went against the EB/ FSC decisions/ recommendations e.g. counters for ticketing. For example, on catering,

despite the CEO's recommendation, the Chairman, at his level, decided to go for re-tendering, instead of sending the proposal to EB.

If a Finance Sub Committee was needed for effective government oversight and control, it should have been appointed much earlier (by around mid-2008). By end-2009, it was too late. At this time, the only mechanism that could have worked was effective takeover of the OC's functions by designated officials with full executive powers.

4.3.6.3 Fast Track Committees

The approval for expenditure for the Opening and Closing Ceremonies was already on a fast track mechanism in January 2010. Subsequently, from 1 August 2010 onwards, all financial proposals of the OC were taken up for approval by the Fast Track Committees (which put up cases directly for the Chairman's approval and post facto approval by the EB) that replaced the process through the Finance Sub-Committee as per the decision taken in the 25th meeting of the new GoM on 26 July 2010.

4.4 Co-ordination Committees

Planning, monitoring and oversight of the CWG-2010 Project, as well as co-ordination of activities across organisations/ agencies, was conducted through a host of co-ordination committees at various levels.

The following table depicts the multiplicity of committees created at different points of times for the Games Project:

Table 4.5 - Main Co-ordination Committees

Note: **Committee highlighted in Red** - Closed before hosting of the Games in October 2010

| Committee | Function | Period of Functioning |
|--|---|---|
| GoI | | |
| Committee of Secretaries (CoS) | Implementation of decisions of GoM regarding Games Project | May 2006 till date; held 112 meetings |
| Co-ordination Committee (MYAS) | Co-ordination with CM, GNCTD, Chairman, OC and Others | April 2008 to June 2009; held 5 meetings (discontinued from January 2010) |
| Infrastructure Monitoring Committee of MYAS (created by MYAS Co-ordination Committee) | Monitoring the progress of infrastructure works | June 2009 to May 2010; held 11 meetings |
| Venue Co-ordination Committee | Discuss issues for co-ordinated and speedy completion of works | June-July 2010; held 7 meetings |
| Stadium Committees | Venue-specific committees | November 2008 to June 2010 |
| Reconstituted Stadium Committees | Venue-specific committees | June to July/ August 2010 |
| Finance Sub-Committee of GoM | Supervise and deal with all financial matters | May to September 2005 (decided in January 2005) |
| Empowered Finance Sub-Committee of GoM | Supervise and deal with all financial matters (with Planning Commission representative) | November 2005 to January 2006 (decided in September 2005) |
| Empowered Security Committee | Oversee and approve and security arrangements | July 2006 onwards |
| Oversight Committee | Monitoring all aspects of CWG concerning Prasar Bharati and Press Information Bureau | September 2009 onwards |

| Committee | Function | Period of Functioning |
|---|---|---|
| Government of National Capital Territory of Delhi | | |
| Empowered Committee under LG | Monitor construction of required infrastructure within specified time; representatives of central ministries/ state Government /agencies | Decided in October 2004; Never constituted |
| Chief Minister's Sub Committee | To look after all issues that come under the jurisdiction of GNCTD as per constitution | Decided in January 2005; Never constituted |
| Empowered Committee under CS | Facilitation of clearances by various agencies of CWG related projects | From September 2006 onwards |
| Steering Committee | To approve venue-wise plans for installation of CCTV cameras and access control equipment; covered all venues, including ex-Delhi venues, irrespective of ownership | From February 2009 onwards |
| Organising Committee | | |
| Finance Sub-Committee for OC | Scrutinise all decisions placed before OC EB; review functional area-wise expenditure between two EB meetings | November 2009 to July 2010; From July 2010, Fast Track Committee (internal to OC) was initiated |
| (Other committees/ sub-committees of OC did not have external representation) | | |

A detailed chart of the interplay of different agencies and committees involved with the delivery of CWG-2010 is enclosed as a pull-out chart.

The above multiplicity of committees, many of which were created, disbanded and/or reconstituted at different points of time during 2005-10, reflected an ad hoc approach and was not conducive to a focused, streamlined, governance mechanism with stewardship for the Games Project as a whole. This also led to complete diffusion of accountability.

In addition, other major audit findings in respect of the co-ordination committees are summarised below:

4.4.1 Committee of Secretaries (CoS)

The GoM decided to constitute a CoS in January 2005, with responsibility for implementation of the decisions of the GoM. However, the CoS had its first meeting only in May 2006.

Further, while the CoS held 112 meetings, it became, in effect, a forum for monitoring and co-ordination, rather than implementing GoM decisions.

4.4.2 Committees Constituted by MYAS

- A Coordination Committee (which included Minister, YAS, Chairman, OC, and CM, Delhi) came into existence in April 2008, but was discontinued in June 2009, after holding five meetings.
- The Infrastructure Monitoring Committee, which was constituted in June 2009 pursuant to a decision of the Co-ordination Committee, was headed by Secretary, Sports and was responsible for apprising the Co-ordination Committee of the important developments relating to commissioning of different venues. This committee ceased to function after May 2010, and was rendered redundant by the CoS decision of June 2010 for constitution of the Venue Co-ordination Committee.
- The Venue Co-ordination Committee functioned for two months during June – July 2010. This committee, which consisted of Secretary, Sports and Chairman of all the Stadium Committees, came up pursuant to the CoS decision of June 2010, but was never formally constituted. In its last meeting on 29 July 2010, it was decided to hand over all the stadia to the OC.

- Stadium Committees had been constituted for each stadium in November 2008, but were reconstituted in June 2010, pursuant to the May 2010 decision of the CoS to empower them with decision making powers. There were eight stadium committees, which functioned till July 2010 (except for the SAI Stadium Committee, which functioned till 31 August 2010).
- In August 2010, Gol appointed ten senior officers (one for each competition venue) to coordinate, monitor and take immediate decisions for each competition venue, and the Stadium Committees ceased to meet thereafter. Possibly this team of officers under the direct supervision of the Cabinet Secretary was the only effective step which finally enabled the conduct of the Games and saved the country enormous embarrassment.

Clearly, the succession of committees formed and abruptly shelved from time to time under the aegis of MYAS could not ensure the handover of the stadiums even by July 2010, forcing the Gol to take emergent firefighting measures in August 2010. This was the decisive step which ultimately facilitated the conduct of the Games. The efforts of MYAS towards establishing a mechanism for proper monitoring and review of various arrangements towards delivery of the games were ineffective.

It must be noted that the MYAS was handicapped by its inability to exercise oversight and control over the functioning of the OC. While, in theory, this should not have been allowed to hamper the construction of the stadiums, the role of the OC in approving venue designs and specifications at various points of time and the delays therein constituted a major impediment to appropriate oversight arrangements even for venue development.

4.5 Web-based Project Monitoring System (PMS)

In August 2006, the Prime Minister had desired the establishment of a system for providing monthly status reports on progress on Games-related activities. However, MYAS acted only in April 2007, by appointing STPI¹² as the project manager, who, in turn, appointed TCS in May 2007 for development of the Project Monitoring System (PMS). The information made available to us indicates PMS generated reports for the period only from October 2008 onwards (till July 2010).

Our audit scrutiny revealed the following:

- The PMS did not cover activities of the OC, which further confirms that the OC effectively remained out of the GoI's monitoring and control efforts.
- The very purpose of the PMS in monitoring progress of different activities was vitiated, as the timelines against which such progress was measured were changed numerous times, rendering the reports completely ineffective. Further, there were no mechanisms for verifying the authenticity of revision of timelines. Detailed instances of the reduction in the percentage of planned work between October 2008 and July 2010, which served to depict a “misleading” picture of progress, are indicated in Annexe - 4.1.

In our Study Report of July 2009, we had highlighted instances of four venues, where the planned project progress was revised downwards from May 2009 to June 2009, so as to depict better progress. Instances of such “downward revisions” continued to occur till April 2010.

- The procedure for ensuring the reliability of data, e.g. audit trail, data validation procedures etc. were absent. In fact, Secretary, Sports, had also commented adversely in March 2010 on the discrepancies between the data submitted by officials in the CPWD, DDA and other agencies to the OC consultant for the PMS and the corresponding data submitted to their own higher authorities.
- The PMS did not have facilities for capturing follow-up action on issues/ deficiencies flagged in their monthly reports (as recommended in our Study Report of July 2009). This, further, contributed to the inadequate follow-up action by the MYAS in controlling delays in progress of various Games related activities.

4.6 Role of LG, Delhi and GNCTD

4.6.1 Overview

The GoM in its third meeting, in January 2005, decided that LG would have overall responsibility regarding the Games with specific reference to security, law and order and matters under DDA. CM, GNCTD would look after all issues under the jurisdiction of

¹² Software Technology Park of India (STPI)

GNCTD. The main areas of activity for LG and GNCTD were:

- The Games Village under DDA;
- City infrastructure by PWD, GNCTD, DDA, NDMC and MCD;
- Venues under DDA, PWD, GNCTD, and NDMC; and
- City improvement projects under PWD, GNCTD, NDMC and MCD

The main Committees set up by GNCTD for planning, coordinating and monitoring the execution of these projects are described below.

4.6.2 Empowered Committee under the Chief Secretary, Delhi

In September 2006 an Empowered Committee under the Chairmanship of Chief Secretary, GNCTD, was set up to expedite clearance in a time bound manner by various agencies, and coordination and close monitoring of all projects. The Committee met 27 times between October 2006 and October 2010. However, the Committee was not empowered to issue any sanction or approval, which was issued through normal organisational/ departmental channels. These decisions were processed through the established Departmental channels e.g. Works Advisory Board/ Technical Committee etc, and later subject to scrutiny by the GNCTD Expenditure Finance Committee, before submission to the GNCTD Cabinet for approval and subsequent issue of work orders.

4.6.3 Engagement of Shri Narayanswami as Advisor CWG – 2010

In September 2009, LG, Delhi and CM, GNCTD appointed Shri R. Narayanswami (who retired in August 2009 as Chief Secretary, GNCTD) as Special Advisor(CWG). His initial appointment was for co-ordination and monitoring of projects of CWG. He was subsequently appointed Chairman, Steering Committee in September 2009 and continued to be Chairman, Unified Traffic and Transportation Infrastructure Planning and Engineering Centre (UTTIPEC).

4.6.4 Steering Committee

The Steering Committee set up in September 2009 prepared the security plans for venues and deployment of CBRN (Chemical, Biological, Radiological and Nuclear) measures for the CWG.

4.6.5 Unified Traffic and Transportation Infrastructure (Planning and Engineering) Centre (UTTIPEC)

Set up by a September 2008 circular of LG, Delhi, this group was responsible for preparation of transport plans for the Games family and spectators in respect of six stand alone venues, the Games Village, linkages from airport to the Games Village, ITPO and other venues where the Games family was to be accommodated.

4.6.6 Multiple lines of command

The multiplicity of agencies carrying out overlapping/ similar activities (e.g. roads being the responsibility of PWD, GNCTD, MCD, NDMC, DDA and even NHAI) as well as issues relating to statutory approvals and clearances from several agencies (DUAC, ASI, Railways etc.) resulted in substantial delays in project execution. This was compounded by the lack of a single window mechanism for timely approvals and execution of Games-related projects.

Consequently, some important projects had to be delinked due to non clearance from the regulatory agencies:

- Elevated East West corridor;
- Shastri Park Tunnel Corridor;

- SP Mukherjee Marg Corridor; and
- Right turn signal free at junction at JB Tito Marg and Siri Fort Road for Siri Fort Sports Complex.

Objections by ASI and DUAC delayed the construction of the Barapullah Nallah flyover.

In addition, the following important projects were started late and could also not be completed in time for the Games:

- Shivaji Stadium;
- Connaught Place facade restoration work;
- Improvement of surroundings of New Delhi Railway Station;
- Streetscaping and street furniture works

