

Organisation of Commonwealth Youth Games – 2008, Pune

The Commonwealth Youth Games 2008 (CYG-2008), a sub-event of CWG-2010, was held in Pune between 12 and 18 October 2008. Events were conducted in 9 sporting disciplines, and 1673 athletes and officials attended. CYG-2008 was held at the existing Shiv Chhatrapati Sports Complex Balewadi- Mhalunge, Pune, which was refurbished and upgraded for the event. Two new hostels and a three-star hotel were constructed to accommodate the participants.

We found serious deficiencies with regard to the construction of the 3-star hotel on PPP basis. The plot for the hotel was located in a public-semi-public land use zone, and commercial use was not permitted. The proposal for change of land use to commercial, along with permission for higher building height than permitted, was moved to the Government of Maharashtra (GoM) on the grounds of urgency/ late stage, work already having commenced on the ground, and lack of other alternatives. This was approved by the then Chief Minister in October 2007. The Review Committee, headed by the Chief Secretary, abdicated its responsibility in this regard.

Further, the tendering process for the hotel was severely flawed:

- *The proposed PPP model was not submitted for examination by the existing Infrastructure Committee and Finance Department and was introduced without appropriate vetting.*
- *Tender conditions were relaxed substantially in various stages, purportedly on grounds of lack of response. In our opinion, such ambiguities in the bidding process would have acted as a deterrent for bidders, which is confirmed by the dwindling interest of potential bidders from the first pre-bid meeting to the second pre-bid meeting.*
- *The issue of change of land use was not raised at all. It is possible that only bidders who were confident of getting post facto clearance from the GoM would have gone ahead with the bidding process.*
- *The contract was finally awarded on a single financial bid to Unity Infra Projects with an NPV far below that recommended by the Finance Department.*

Further, the developer paid only the first instalment of annual premium (due in November 2008) in full, and no penal action has been taken against it.

CYG-2008, Pune was expected to be a learning experience for the staging of CWG- 2010 at Delhi. The deficiencies noticed at Pune, and the resulting recommendations were

intended to ensure that these were not repeated in CWG-2010. We, however, noticed that OC lost this opportunity to learn and test its preparedness for Delhi 2010, and consequently repeated its mistakes in key functional areas during CWG2010, notably technology, ticketing, sponsorship and merchandising, press operations, catering and accommodation.

We also found several deficiencies in the procurement of electronic, sports and other equipment for CYG-2008, in particular single tendering and other tendering irregularities. Most of the security equipment indented for CYG-2008, Pune was either ordered after the Games, or received after the Games. Further, most of the city infrastructure projects (taken up largely under JNNURM) could not be completed in time for the Games.



Shiv Chhatrapati Sports Complex, Balewadi - Mhalunge, Pune

27.1 Introduction

The 3rd Commonwealth Youth Games 2008 (CYG-2008), a sub-event of CWG-2010, was held in Pune between 12 and 18 October 2008. Events were conducted in 9 sporting disciplines, and 1673 athletes and officials attended. CYG-2008 was held at the existing Shiv Chhatrapati Sports Complex Balewadi-Mhalunge, Pune which was refurbished and upgraded for the event. Two new hostels



and a three-star hotel were constructed, and the existing three hostels renovated and refurbished to accommodate the participants. Construction and upgradation of new and existing city - infrastructure in Pune and adjoining areas was undertaken to provide connectivity with the sports complex and also for better traffic management. Security arrangements for CYG-2008 were made by the Commissioner of Police (CP), Pune.

27.2 Governance and Oversight Structure

The governance and oversight structure for CYG-2008, Pune are summarised below:



Table 27.1 — Governance and Oversight Structure for CYG-2008

Arrangement	Brief Details
Executive Committee (EC)	<p>The EC was constituted by the Government of Maharashtra (GoM) in May 2006. It was headed by the Divisional Commissioner, Pune. Its responsibilities included:</p> <ul style="list-style-type: none"> ■ Planning and development of infrastructure at the Shiv Chhatrapati Sports Complex, Pune; ■ Administrative and technical planning of CYG-2008; ■ Tendering and award of all projects; and ■ Day-to-day decisions relating to the above activities
Review Committee	<p>This committee, which was constituted in June 2006 and was headed by the Chief Secretary, was to oversee the status of works at the Government level.</p>
Apex Committee	<p>This committee was chaired by the Chief Minister (CM) and included the Deputy CM, Ministers of School Education and Sports and Water Resources, Guardian Minister, Pune, Finance and Planning Deputy Commissioner and all MLAs/MPs of Pune and Pune-Chinchwada cities.</p>
Department of Sports and Youth Services, Pune (DSYS)	<p>This was the nodal agency for organising CYG-2008, Pune</p>

27.3 Budget and Funding Pattern

The funding for staging of CYG-2008 came from the GoI, GoM, and the municipal

bodies of Pune - Pune Municipal Corporation (PMC) and Pimpri Chinchwad Municipal Corporation (PCMC), as summarised below:

Table 27.2 — Budget and funding for CYG-2008

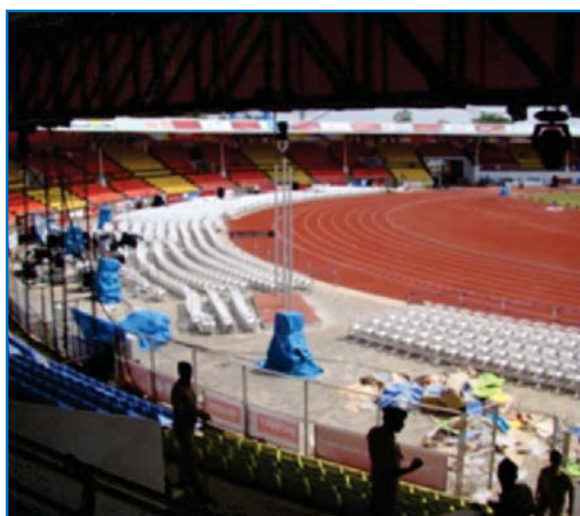
(In Rs. Crore)

Particulars	Budget allocation	Implemented by whom	Fund released by	Amount of funds released	Expenditure incurred as of December 2010
Venue and equipment	425.50	DSYS	GoI GoM	210.00 215.50	424.77
City Infrastructure	434.22	Commissioner, PMC	GoI GoM PMC	162.83 64.73 97.70	162.83 64.73 *112.25
	312.14 17.64	Commissioner, PCMC	GoI GoM PCMC	156.07 62.43 93.64	156.07 62.43 *178.38
Security Aspects	1189.50	CP, Pune	GoM	17.64	9.40
Total				1080.54	1170.86

* Also includes expenditure incurred by PMC & PCMC from own funds.

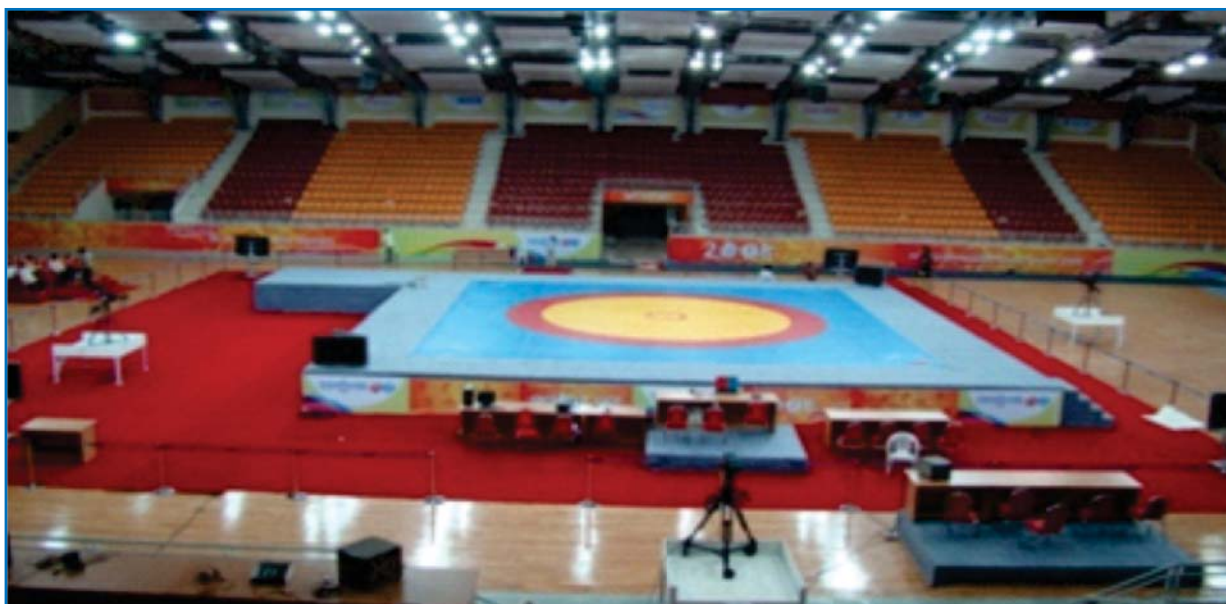
27.4 Venue Development

27.4.1 Overview of venue up-gradation



Renovated Athletic Stadium

For CYG-2008, existing facilities at Shiv Chhatrapati Sports Complex, Pune were up-graded/ refurbished at a cost of Rs. 106.58 crore; this included re-furbishing/ relaying of athletics stadium, centre tennis court, table tennis hall, swimming pool, and hostel buildings and conversion of the old wrestling hall into a boxing hall. Further, new facilities for shooting and badminton, and a weapons store, sports science centre and fitness centre were created at a total cost of Rs. 102.06 crore.



Refurbished boxing hall

27.4.2 Hiring of Consultant

Shashi Prabhu and Associates, Mumbai (SPA) was engaged as the Project Management Consultant (PMC) in August 2006 at a consultancy cost of 3.5 per cent of the estimated cost of works (pegged at Rs. 192.50 crore), excluding payments made towards price escalation, mobilisation advance and machinery advance. We found that SPA was irregularly paid total fees of Rs. 11.28 crore (upto October 2009), against the entitled amount of Rs. 6.74 crore. The excess consultancy payment of Rs. 4.54 crore was on account of consultancy fees on price escalation, equipment procured, and works executed beyond the contract value, which were not provided for in the consultancy contract.

27.4.3 Main work - renovation and construction of sports facilities

27.4.3.1 Award of work

BG Shirke Construction Technologies Private Ltd, Pune, was the L-1 bidder for the main work at a quoted price of Rs. 263.44 crore.

Since this amount was 50.49 per cent over the estimated price, the evaluation committee recommended exclusion of nine specialized items for Rs. 83.21 crore from the scope of work of the main contractor and executing them through specialised agencies. After negotiations, a work order was issued in February 2007 to BG Shirke Construction Technology Pvt. Ltd for Rs.191.74 crore for a revised scope of work, after adding back five specialised items at 23 percent discount for three items for completion by May 2008. In addition, works costing Rs. 31.15 crore were awarded by the EC directly in December 2007 to BG Shirke at the original tendered BOQ rates without bidding.

In our opinion, the changes in scope of work during post bid and award of additional work without bidding was irregular. DSYS' contention of urgency and availability of resources with the main contractor is not tenable, as BG Shirke stated award of the additional work as one of the reasons for seeking extension of time.

27.4.3.2 Payments to the main contractor

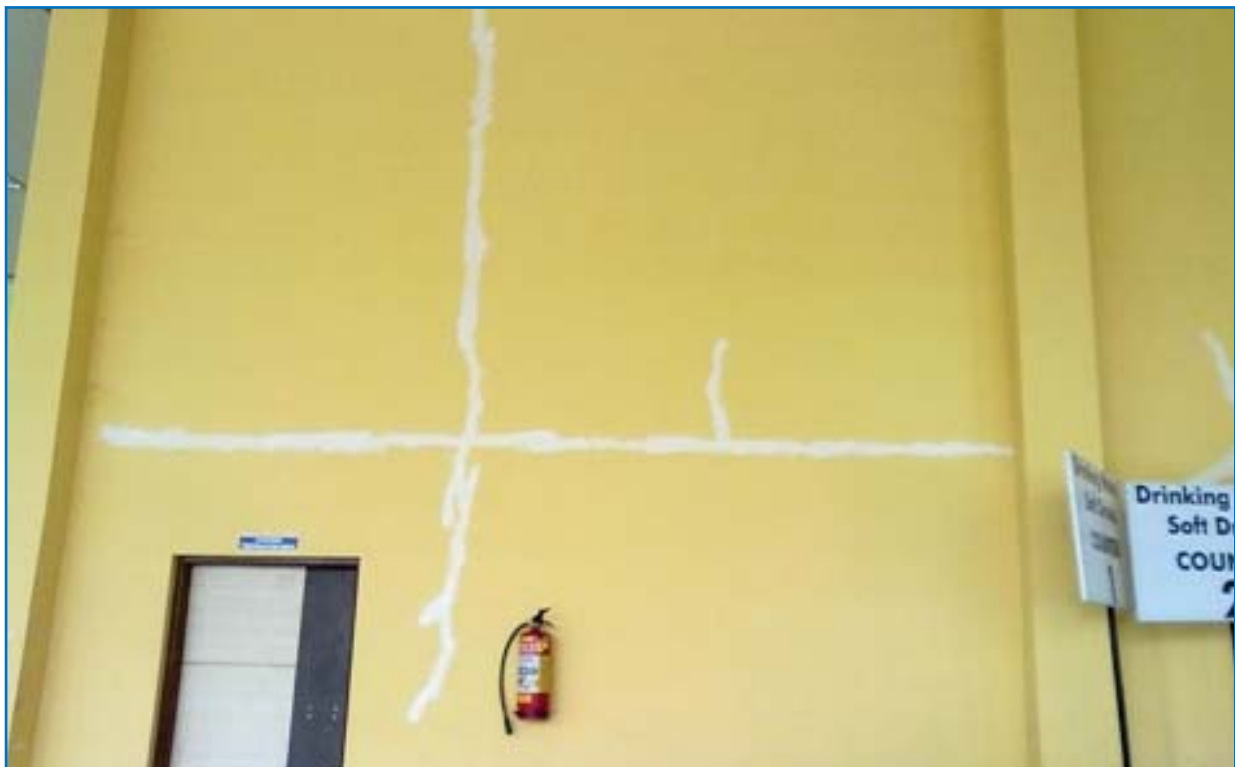
We found the following deficiencies in payments to the main contractor

- TDS of Rs 6.36 crore for VAT and Rs. 0.13 crore for Income Tax was not deducted/short deducted
- Payment of Rs. 20.59 crore for price variation in cement and steel for difference between the approved purchase rates and basic rates (i.e rates prevailing 28 days before the last date for tender receipt) was made by adopting basic rates of Rs. 4200/ MT (cement), Rs. 30,000/MT (tor steel) and Rs. 31,000/MT (structural steel). However, these payments were without verifying the basic rates; justification for these basic rates rates was not provided to us by DSYS.

27.4.4 Quality of Construction

We found the quality of works executed in the sports complex to be prima facie satisfactory, except in the case of badminton hall and tennis halls. Problems like cracks, damages, false ceiling joints and leakages were identified in the badminton hall and reported in January 2009 as having been corrected. During our joint inspection with DSYS in December 2010, we found that the cracks were prepared over by chemical solution.

During heavy rains in July/August 2010, there was water leakage in the badminton and table tennis halls flooding the wooden flooring. DSYS stated that these were minor leakages, which were rectified by the roofing contractor, and did not damage the flooring. It further claimed that the contractor had replaced a portion of the table tennis hall flooring, but the quality of the work was not satisfactory.



Badminton hall with cracks on the wall

27.4.5 Landscaping

Landscaping work was partly awarded to the main contractor for Rs 0.85 crore and the major portion of the landscaping work was awarded in March 2008 at a cost of Rs 7.50 crore to Indage Development Construction Pvt. Ltd. Mumbai¹. We found irregularities and deficiencies in award and execution of the contract:

- The tender notice was issued only in Sakal, a local Pune newspaper, giving a notice of only a little over two weeks;
- The contract was tendered twice. EC irregularly clubbed bids received at both stages. The contract was finally awarded to Indage Development Consultant Pvt. Ltd., a bidder for the first tender, although it had not submitted a bid in the second round.

- There was no clear demarcation of landscaping work/area between the main contractor and the landscaping contractor;
- A detailed completion certificate from the landscaping consultant could not be produced to us;
- The stipulated defect liability period (DLP) of five years was irregularly reduced to one year. At the time of handing over of the project, DSYS observed that the grass had dried and plants withered away at many sites.

We found the landscape in a state of neglect and the benefits of the effort largely lost (just two years after CYG-2008), as no agency had been engaged to maintain the landscaped site.



Position of landscaped areas in front of the Swimming Pool Complex in December 2010

¹ Who was also awarded additional landscaping and other miscellaneous works of Rs. 0.61 crore on nomination basis.

27.4.6 Ancillary works

We found that two ancillary works for constructing a smoke and gunshot arrestor in the trap and skeet stadium, and designing and provision of signages and waste bins for Rs. 1.09 crore were irregularly awarded to White Crow, Pune (who was in the business of catering, event management, and hospitality services). Both works were awarded on the basis of tender notices published only in Sakal with short notice periods of 10 days.

27.5 Construction of a three star hotel on BOT basis for accommodating CYG participants

27.5.1 Overview

As per OC's requirement, accommodation was to be arranged for 1700 athletes/officials for 15 days in a Games Village² for CYG-2008. Since the existing three hostels in the sports complex could accommodate only 500 participants, EC decided, in July 2006, to build a 600 room hostel (1200 beds), later to be converted into a three star hotel for commercial use, on BOT basis. Eventually, a three star hotel with 400 rooms was built by Unity Infra project Ltd. Mumbai. The chronology of events is given below:

Table 27.3 — Chronology of Events for award of hotel contract on BOT basis

Date	Event
17 July 2006	EC decided to go in for the construction of hostel to be converted into a three star hotel after CYG-2008 on BOT basis.
14 October 2006	NIT issued inviting bids for a three star hotel on BOT basis; tender documents to be sold from 26 October 2006; Last date of submission of bid 28 November 2006.
November – December 2006	2 pre-bid meetings held on 1 November ³ , 11 November 2006 ⁴ ; Conditions in tender documents relaxed progressively by EC based on discussions in pre-bid meetings and EC discussions; and Last date of submission of bid documents extended repeatedly due to non-receipt of bids. Last extension given till 22 December 2006.
22 December 2006	Four bids received; technical bids opened.

² In the international parlance, it implies that all athletes should stay at the same complex. It also facilitates security arrangements.

³ Participants at 1st pre-bid meeting: B.G. Shirke & Associates, S.D.Dabade, DLF Ltd. Pune, Ashok Murkute, Ganpat Mhatu Balwadkar, Rane Group of Hotels, Pune, White Crow facilities, Hari Om Estates Pvt. Ltd., Panchsheel Hotel Pune, Hiranandani Group, Mahindra Holidays, Nilesh Kakade Group, Pride Group Pune, Nilesh Group Pune and Hotel Sawan Garden Lodging and Boarding.

⁴ Participants at 2nd pre-bid meeting: B.G. Shirke & Associates, S.D. Dabade, Rane Group of Hotels, Hiranandani Group, Nilesh Group

Date	Event
26 December 2006	On the recommendation of the technical bid evaluation committee; only one financial bid opened; the other three bidders found “non-responsive” and financial bids were not opened.
8 February 2007	Contract awarded; and work commenced.
12 April 2007	City Engineer, PMC refused permission for project.
7 May 2007	Matter was referred to GOM.
15 October 2007/	Change of land use allowed by GoM under clause 58 of Maharashtra
1 November 2007	Regional Town Planning Act, 1966 (MRTP Act).
29 September 2008	Part completion certificate given by PMC.

27.5.2 Change of Land Use and relaxation of building norm

The land on which the 3 star Hotel was proposed to be built was located in public-semi public (PSP) zone, as per the published draft extended plan of PMC limits. On such land, apart from sporting facilities, only schools, colleges and universities and other public purposes like markets, social welfare/ cultural organisations, cinema halls, and public entertainment buildings could be built. The land could not be used to construct a commercial hotel.

EC, in total disregard of the usage limitations attached to the plot, decided to permit construction of a 3 star hotel on a five acre plot⁵ with FSI (Floor Space Index) of 2, along with permission to construct shopping malls, IT tower, office space etc on the built up area left after building 300 rooms. The issue of change of land use and violation of the applicable building laws came up only in April 2007 (after the

⁵ Increased to six acres post-bid, on the plea that the number of rooms had been increased to 400.

contract had been awarded and work commenced on the site) when the Municipal Engineer, PMC rejected the proposed building plan, since a hotel could not be constructed in a public-semi public zone and also because the height of the proposed structure (shown as 39.5 metres in the proposed building plan) was more than the 30 metres allowed under the PMC Development Control Rules⁶. Moreover, the proposed/advertised FSI of 2 also exceeded the permissible FSI of 1. Thereafter, the issue was referred to the Department of Urban Development, GoM (May 2007), by the DSYS and despite acknowledging that commercial exploitation on the plot was not permissible under the existing zonal restrictions, a case for change was made on the grounds that

- work had already commenced on the ground;
- lack of any alternative; and

⁶ Published draft development control rules of extended plan of PMC limits

- as per the original Government Resolution, one third of the entire plot of 152 acres allotted for developing the sports complex could be used for commercial purposes.

The change in land use for 6.1 acres was approved by the then Chief Minister, Maharashtra in October 2007 under clause 58 of the Maharashtra Regional and Town Planning Act, 1966

We noted that there was negligence and oversight at all stages and levels, which permitted a prime piece of Government land designated for public purposes to be handed over to private agencies for commercial exploitation of 60 years and that too without commensurate compensation accruing to the public exchequer. This is evidenced by the following series of events:

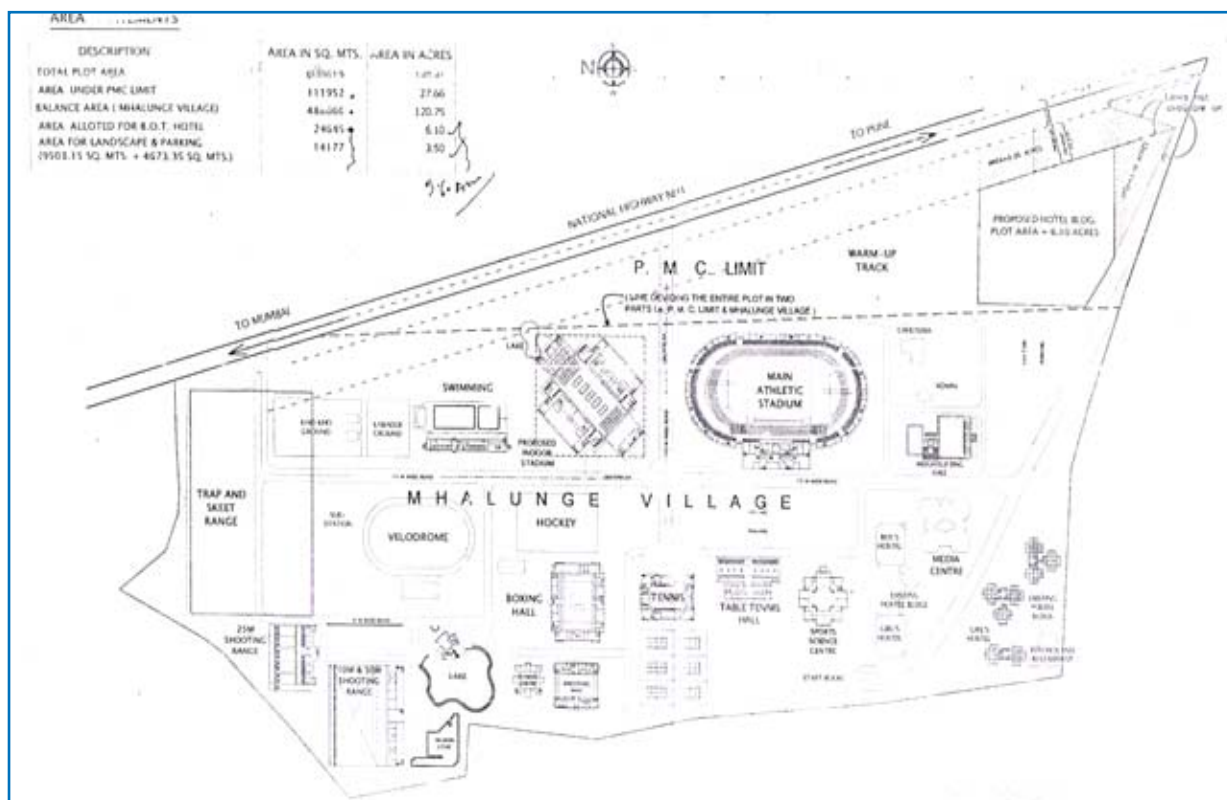
- The Review Committee (headed by the CS and with Additional CS Home and Finance, Principal Secretaries Planning, Revenue and Urban Development, and Public Health and Chief Architect, Mumbai as members and Secretary School Education and Sports as Member Secretary), were apprised of the intended BOT project (a PPP model) in September 2006, but chose not to question the attendant land use issues. They also did not suggest referring the matter to the existing Infrastructure Committee (to which all Maharashtra

PWD proposals to build infrastructure were to be mandatorily referred) or the Finance Department, but left it to the EC and the DC, Pune to pursue the project, subject to the condition that the ownership of the land remains with the GoM. Hence, the proposed PPP model remained unexamined, and was introduced without appropriate vetting.

Clearly, the Review Committee chose to abdicate its responsibility with regard to this project.

- The Commissioner, PMC, a member of the EC, which frequently discussed the proposal in his presence, failed to bring to the notice of the members the restrictions on the land use of the identified plot and the limitations on FSI and height of construction as per the applicable building laws.
- The Department of Urban Development, despite acknowledging that the rejection was valid as per the PMC rules and permission for exploiting one-third of the total area of the sports complex for commercial purpose could be allowed only if the Development Control Rules permitted (which, in the instant case, did not) recommended change of land use on the grounds of no alternative, late stage, urgency and commitments to IOA/CGF.

Figure 27.1 – Map of Shiv Chhatrapati Sports Complex showing the location of the proposed BOT hotel



It is pertinent to mention here that the Shiv Chhatrapati Sports Complex falls largely under Mhalunge village, with a portion within PMC limits (refer map). The plot proposed for the hotel was a prime piece of land (corner plot), located on the Mumbai - Pune - Bangalore Highway falling within PMC limits. Permitting its commercial exploitation by a private agency, without adequate compensation to public exchequer begs explanations at all levels.

27.5.3 Choice of constructing a 3 star hotel over residential accommodation to be disposed off later

For the Asian Games 1982 and also CWG-2010, GoI had opted for constructing residential units (either directly- Asian Games 1982 or through PPP model – CWG-

2010) to accommodate participants for the duration of the event and to be subsequently sold to recover costs.

Contrarily, EC chose to construct a 3 star hotel on BOT basis, without the matter being referred to the PPP cell for its opinion or input on the suitability of the model, the alternatives, and structuring of the arrangement to safeguard public interest.

In our opinion, construction of dwelling units and their subsequent sale in a developing city like Pune, with CYG-2008 linked infrastructure improvement in the vicinity, on 9.6 acres of public land (6.1 acres for hotel plus 3.5 acres for parking), would have been for the larger public good.

27.5.4 Gradual relaxation of tender conditions

EC based its proposal on a Feasibility Report prepared by the consultant (Shashi Prabhu and Associates). The proposal and the tender documents were not vetted by Finance Department of GoM or the specialised Infrastructure Committee of the GoM. The EC followed a very ad hoc approach in tendering and award of this contract.

The NIT was advertised on 14 October 2006, with the tender document to be made available from 26 October 2006. At this stage, the tender conditions had not been frozen, and the exact location of the plot on which the hotel was planned was not decided. The tender conditions were progressively relaxed at various stages, as summarised below:

Table 27.4 — Summary of progressive relaxation of tender conditions

Identification of plot	The proposed site for hotel was not indicated in the NIT published on 14 October 2006. The process of plot identification and measurement of land area started on 1 November 2006.
Area	Increased from the initial 5 Acres to 6 Acres in EC's meeting dated 4 December 2006; however, in the additional common set of deviations dated 11 December 2006, it was retained at 5 acres.); Finally, 6.1 acres were allocated.
Parking	2 acres - introduced in EC meeting of 4 December 2006. Finally, 3.5 acres was allotted for parking and gardening at a nominal rent of Rs 1/- per square metre per year.
Three Star norm for rooms changed to one star norm	Reduced to one star norm in the EC meeting of 4 December 2006
Upfront fee to annual lease	NIT of 14 October 2006 indicated annual payments; Upfront fee introduced in 6 November 2006 EC meeting; but only retained as annual payment in the set of deviations to tender documents issued after the two pre-bid meetings.
600 rooms to 300 rooms	The requirement of 600 rooms was reduced to 300 rooms (600 beds) in the EC meeting held on 4 December 2006.
Period as per the bid criteria to a 60 years concession	Initially, the period of concession was to be the bidding criterion with fixed annual payments; It was subsequently changed to a fixed concession period of 30 years, finally increased to 60 years in the EC meeting of 4 December 2006 from 30 years mentioned in the initial tender document. The annual premium for leasing became the biddable criterion.
PQ experience of construction of a three star hotel	This PQ criterion was removed, based on the pre-bid meeting of 11 November 2006.

Such frequent and significant variations in the tender conditions, though justified by the EC on grounds of lack of response to the NIT, are indicative of ambiguity that marked the bidding process, and would naturally act as deterrent to bidders. The dwindling interest of the bidders is evident from the fact that

- in the first pre-bid meeting, 15 agencies (including several prominent players in the construction/hospitality industry) participated; and
- in the second pre-bid meeting, only 5 of the original 15 were present.

It is interesting to note that of the four that finally bid, only DLF Ltd had attended the pre-bid meetings, and the remaining three (including Unity Infra Projects Pvt. Ltd.), whose financial bid was the only bid to be opened and contract awarded, never participated in any of the pre-bid meeting.

Further, it is strange that such experienced agencies in the construction sector never raised the critical issue of change of land use⁷, since it would be a critical parameter to decide whether to bid or not. It is possible that lack of clarity on this important issue deterred potential bidders, and only bidders who were confident of getting post facto clearance from the GoM, would have gone ahead with the bidding process.

27.5.5 Post bid negotiations and award of contract

After numerous extensions, finally four responses⁸ were received to the NIT on 22

⁷ or so it would appear from documents pertaining to EC meetings

⁸ Approach Land Developers-BVG Joint venture, DLF Ltd, Pranav Infra Private Ltd and Unity Infra Projects Ltd

December 2006. The technical evaluation committee (comprising of six members of whom only two signed the report) disqualified three⁹ bids on 26 December 2006 citing that these were non-responsive. The financial bid of the only qualified bidder, Unity Infra Projects Pvt. Ltd, was opened on 26 December 2006.

The bidder quoted a fixed annual premium of Rs. 2.16 crore per annum for 60 years from 2008-09. Negotiations were held on 30 December 2006, which resulted in allotment of 6.1 acres of land against the originally envisaged 5 acres (to accommodate the increased demand for 400 rooms to accommodate three beds i.e. 1200 beds at one location) and the annual concession fee revised to Rs. 1.57 crore per annum with a 5 per cent increase every 3 years.

In our opinion, opening of a single financial bid essentially means that the principle of competitive pricing is compromised. This is confirmed by the fact that the Finance Department, GoM (to which the case was referred by the CM's office, after the contract had been concluded) also noted that while the NPV of the original offer was Rs. 21.56 crore, the NPV of the revised offer was only Rs. 14.97 crore. It assessed the value of 6 acres of land with 2 FSI at Rs. 48 crore (considering the conservative residential rate of Rs. 10,000 per m²) and the value of 8,000 m² of land for parking at Rs. 3 crore. It recommended that a fair NPV for the said piece of land

⁹ Approach Land Developers-BVG Joint venture, DLF Ltd and Pranav Infra Private Ltd;

would be Rs. 40 crore. Subsequently, EC renegotiated with the concessionaire and secured an enhanced fixed premium of Rs 2.60 crore per annum for 60 years in August 2007 (NPV Rs. 25.87 crore) and reported to the GoM that it was not

possible to go any further. There was no further communication from GoM in this regard. This delayed intervention of Finance Department, only confirms our opinion that at the initial stage itself, when it was brought to notice of the Review Committee, the matter should have been looked into by the concerned department of the GoM.

27.5.6 Defaults in payment of premium

We also noted defaults and delays in payment of annual premium by the concessionaire, right from the first premium due on 1 November 2008, as given below

Table 27.5 – Position of premium payment

Due date	Actual
1 November 2008	25 May 2009 (delay of 205 days)
1 November 2009	Only Rs. 50 lakh paid on 19 January 2011
1 November 2010	Not paid

No penal action was, however, taken by DSYS in this regard.



Pictures of Vits hotel constructed on BOT at the Sports Complex Balewadi, Pune

Photographs of the hotel indicate that the facility constructed is primarily oriented as a superior class hotel, rather than merely a functional hostel of international standard for accommodating athletes. While it is well appreciated that suitable accommodation had to be provided to the participants of CYG 2008, evidently, under the guise of hosting the athletes and officials of CYG

2008, a hotel was allowed to be constructed through change of land use with a minimal premium accruing to Government. If indeed the intent was to convert public/ semi-public land for commercial use, GoM chose to ignore an opportunity for unlocking the full market value of such land in a prime location.

27.6 Lessons from CYG-2008, Pune for CWG-2010

CYG-2008, Pune was expected to be a learning experience for staging of Games for the conduct of CWG 2010. OC's consultant, EKS –E&Y, in their Post Games Report for CYG Pune noted several

deficiencies and gave several recommendations so that these were not repeated in CWG-2010. We, however, noticed that OC lost this opportunity to learn and test its preparedness for Delhi 2010, and consequently repeated its mistakes in key functional areas during CWG2010, as summarised below:

Table 27.6 — Experience of different functional areas at CY-2008, Pune and CWG-2010

Area of functioning/ activity	Experience in CYG Pune 2008	Experience in CWG Delhi 2010
Technology	<p>The Post Games Report of CYG Pune noted that the technology under delivered in many areas as the required infrastructure and equipment were not operational in time and were not reliable.</p> <p>Communications were poor, and there was lack of integration between various aspects of Timing, Scoring and Results systems.</p> <p>Internet availability in the Games Operation Centre was poor initially. Internet around the centre was regularly unavailable.</p>	<p>During CWG-2010, we found delays and lack of planning for technology solutions.</p> <p>The planning for acquiring TSR infrastructure was delayed resulting in lower competition, additional costs and integration issues. Just 10 days before the start of the games, the graphics were not published by the TSR vendor.</p> <p>The Commentary Information System and Games Information system malfunctioned during CWG. (Refer Chapter 12)</p>
Ticketing	<p>There was lack of visibility of ticketing strategy in terms of objectives, process, distribution and pricing.</p> <p>There was lack of availability of information for confirmed venue capacities to be used for ticketing.</p> <p>The process for sale and distribution of tickets was confusing, as the ticket office at Balewadi was not operational and active till the beginning of the games. Consequently, there were very few spectators on the first few days. During CYG-2008, OC received</p>	<p>The recommendation for CWG-2010, based on the performance during CYG-2008, Pune, was to determine the ticketing strategy to ensure maximum sales and capacity crowds and to provide easy systems for purchase and collection of tickets.</p> <p>During CWG Delhi OC again failed to achieve the objectives of ticketing due to delay in preparing ticketing strategy, appointment of ticketing agency and finalization of actual seat inventory (Refer Para 8.9).</p>

Area of functioning/ activity	Experience in CYG Pune 2008	Experience in CWG Delhi 2010
	Rs. 97.40 lakh through sale of tickets, although it had printed tickets of sale value Rs. 3.10 crore.	
Catering	There was lack of clarity on levels of service for various constituent groups and this affected the quality of food. This was alleviated by providing packed meals, which was found to be a good option for providing food service to workforce and volunteers.	During CWG-2010 also, there was again lack of clarity on the level of service for various constituent groups. OC revised the RFP and wasted one whole year, before once again opting for packed food for the workforce, volunteers etc. (Refer Para 11.5.3)
Sponsorship	OC had signed an agreement with SMAM for CYG-2008, Pune. In this contract, the targeted sponsorship was not defined. Finally OC collected about Rs. 20 crore only, most of which came from PSUs and OC made commission payments of Rs. 3.37 crore to SMAM (Refer Para 8.4.3.1)	SMAM was also the sponsorship consultant for CWG-2010. However, despite the poor performance of SMAM at Pune, OC failed to acknowledge this danger signal. Once again, very meager sponsorship was generated, two-thirds of which was from Government/ PSUs. (Refer para 8.4)
Merchandising	There was no strategy to generate revenue from merchandizing for CYG-2008, Pune. OC had not fixed any revenue target from merchandising for CWYG, Pune. OC incurred expenditure of Rs. 2.29 crore for expenses on merchandizing activities, against which it could generate revenue of just Rs. 2.03 crore from sale of merchandizing items.	In CWG 2010, the target for revenue generation through licensing and merchandising was Rs 50 crore. However, no revenue has been received. (Refer Para 8.2.2 & 8.5)
Press Operations	During CYG-2008, Pune, the facilities provided to the media persons such as media tribunes were not found proper. EKS-E&Y recommended greater interaction between PIB and OC to ensure smooth press operations during games.	During CWG-2010, international and national media people were not able to access the Games News Content for the initial few days. Finally, a makeshift arrangement was made to give electronic access to Games news to the media. The press operations remained an area of firefighting in CWG2010 as much as it was in CYG-2008, Pune. (Refer Para 14.2)

Area of functioning/ activity	Experience in CYG Pune 2008	Experience in CWG Delhi 2010
Accommodation	Contracts with various categories of hotels stipulated that OC would pay retention charges for unused hotel accommodation. As there was no mechanism to track the arrivals, departures and other guest movements, release of unutilized hotel accommodation could not take place and OC incurred expenditure of Rs. 0.62 crore towards retention charges for unused hotel accommodation.	The same shortcoming was repeated during CWG 2010. On any given day, OC had more than 150 rooms vacant in its flagship hotels, and yet OC had booked rooms in other hotels resulting in excess expenditure of at least Rs 1.15 crore. (Refer Para 15.2.3)

27.7 Purchase of Electronic, Sports and other Equipment

27.7.1 General

We examined 63 major contracts for Rs. 81.55 crore for procurement of electronic and other requirement and observed the following general deficiencies in the tendering and award procedures

- Orders were placed directly in 16 cases on a single source without tendering; in violation of the codal provisions;
- In 12 cases, less than the prescribed time was given for submitting tenders and advertisements were placed only in local Marathi newspapers;
- In 3 cases, contracts for equipment were concluded with firms with no prior experience in the field;
- Other instances of lack of transparency in the tendering process were noticed in 5 cases;

- Additional items were ordered from the same contractor without tendering in 4 cases;
- Hire charges for facilities were paid for periods for which the facilities were not available in three cases;
- Penalty for delayed supply of equipment was not deducted in three cases;
- Arrangements for technical inspection of equipment by third parties were not made or items were found defective on receipt in 6 cases; and
- Requirements of equipment were not assessed realistically and the quantity procured was in excess of the requirement in 8 cases.

Our findings from the scrutiny of 39 major contracts are summarised below:

27.7.2 Purchase of Electronic video screens/scoreboards and equipment

The OC furnished the requirements for various electronic equipments to DSYS

between November 2007 and March 2008, with instructions for purchase from specified manufacturers. Accordingly, DSYS placed seven supply orders for Rs 31.90 crore on Indian and foreign firms from February to September 2008 on single tender basis, as indicated in the following table:

Table 27.7 — Supply orders placed on single tender basis

(In Rs. Crore)

Venue	Nomenclature of the equipment	Name of the agency	Brand	Amount
Shooting	Electronic scoring target systems	Sius AG, Switzerland	Sius Ascor	16.25
Trap and Skeet	Trap & skeet ranges	Laporte, France	Laporte	1.73
Athletics & Swimming	Starting block, electronic score board, starting platforms video matrix colour scoreboard etc	Swiss Timing Omega, Switzerland	Omega	7.95
Table Tennis, Tennis, Weightlifting, Badminton, Wrestling	Electronic score boards (Opto tech brand)	Shiv-Naresh, Delhi	Opto-tech	4.10
Athletics & boxing	Electronic score boards	Gem International, Faridabad (Indian agent of Swiss Timing Omega)	Omega	0.85
Table Tennis, Tennis, Weightlifting	Electronic score boards (optotech brand)	Shiv-naresh, Delhi	Opto-tech	0.37
Athletics & Boxing	Electronic score boards and tachometer etc	Gem International, Faridabad	Omega	0.65

After placing five supply orders aggregating Rs 30.88 crore on nomination basis as per OCs direction, the matter was referred to the MSYA, Gol through the state government in June 2008 for guidance. In August 2008, Gol clarified that the procurement was to be made as per GFRs and the concerned manufacturers (on the approved list of official suppliers of the concerned international federations for specified equipment) should be invited to bid. However, even after receiving the Gol clarifications, EC placed another order for electronic score boards etc for Rs. 0.65 crore in 2008 on Gem International, Faridabad.

We also observed other deficiencies in procurement of equipment:

- **Athletics Starting Blocks (portable):** 30 Starting Blocks were procured from Swiss Timings Ltd. against the requirement of 17, resulting in avoidable expenditure of Rs. 0.20 crore.
- **Rotatory electronic-scoreboard:** Four scoreboards (portable) were actually procured for the main stadium basically for display purpose. A maximum of two field events were possible at a time in the main stadium owing to its size. The expenditure of Rs 0.38 crore on procurement of two additional scoreboards was avoidable.
- **Swimming Pool Starting Platforms:** Sixteen starting platforms procured for Rs 0.13 crore for the warm-up pool were lying idle due to leakages in the warm up pool.
- **Shooting target system in 50 M main range:** Six scoreboards (costing Rs 0.43 crore), which were an integral part of the shooting target system, were not working.
- **Boxing Scoring system:** In March 2008, OC demanded one scoring system, but DSYS hired two systems, involving additional expenditure of Rs 0.12 crore
- **Electronic score boards supplied by Shiv-Naresh, Delhi:** The OC reported on 24 September 2008 that the Electronic Score boards supplied by M/s Shiv-Naresh Delhi (for Rs 4.97 crore) were very rudimentary screens, similar to an electronic counter, without the inbuilt Olympic Result Information System (ORIS) compliant timing and scoring system and the cost of providing and handling such system should be borne by the supplier. However, DSYS did not effect any deduction from the supplier's bills for non-supply of the ORIS software.
- **Delay in supply and installation of equipments by Gem International, Faridabad and Shiv-naresh, Delhi:** Despite a provision of penalty of one per cent per week of delay, DSYS allowed extension of time to these suppliers without levy of penalty of Rs 23.26 lakh
- **Rentals paid for electronic scoreboard hired from M/s Gem International, Faridabad for period it was not available:** The agency claimed hire from 01 September to 15 November 2008 for equipment that were dispatched from Faridabad only on 04 October 2008. DSYS paid the full hire charges claimed by the firm, without making deduction of Rs. 0.38 crore for the period that the equipment was not available.

- **Cost escalation due to currency fluctuation:** DSYS bore cost escalation of Rs. 0.32 crore due to foreign exchange variation during the period of delay of supplies by foreign suppliers, which should have contractually been borne by the suppliers. In addition there was no contractual penalty leviable for the delay in supplies.

27.7.3 Other deficiencies noticed in procurements

Table below gives the list of other deficiencies noticed in procurement and execution of works:

Table 27.8 – List of other deficiencies in procurement and execution of works

(In Rs. Crore)

Equipment	Contract Value	Audit Observation
Air cooling system replaced by Air conditioning system at the direction of OC	0.81	The air cooling system initially installed at a cost of Rs. 0.81 crore was removed and air conditioning system purchased at an additional cost of Rs. 0.67 crore and installed at a cost of Rs 0.17 crore.
Supply, installation and testing of Weapons storage cabinet and RFID based locker access control system	0.64	Work was awarded to a company engaged ordinarily in the business of pharmaceuticals and medical products, which could not complete it in time for CYG-2008.
CCTV	1.63	Of the 4 moving cameras, 37 Speed dome cameras, 55 fixed cameras, 34 indoor dome cameras and 4 LCD TV; equipment worth Rs. 0.34 crore were lying uninstalled in store rooms;
Idle equipment at Sports Science Centre	4.09	<ul style="list-style-type: none"> ■ Spiro meter worth Rs. 0.55 lakh not utilised as long distance running events not held; ■ Portable VO Max for Rs. 0.22 crore became useless after CYG-2008 since required oxygen sensors were provided only during CYG-2008. ■ Altitude Simulation Training equipment of Rs. 0.91 crore remains utilised as the staff trained to use it is no longer associated with the centre.
Permanent Furniture at the venue	1.10	No documentary proof that these were received before CYG-2008



Pictures of CCTV cameral lying in stores



Pictures of CCTV cameral lying in stores

27.8 City Infrastructure

Road improvement projects of Rs 434.22 crore and Rs. 312.14 crore were approved under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for works falling under PMC and PCMC respectively. As per the approved DPR, 25 road¹⁰ construction/ improvement/ widening/ electrical works projects (including creation of BRTS corridor on 15 roads), 12 bus

terminal facilities, 4 pedestrian subways and area traffic control systems were to be constructed prior to CYG-2008 as part of city infrastructure development. In addition, PMC and PCMC spent Rs 15 crore and 132.06 crore respectively from their own funds on vehicular underpass, roads and grade separators. We found that several projects could not be completed in time for CYG-2008 as indicated in the Table 27.9.:

¹⁰ 23 for PMC and 2 for PCMC.

Table 27.9 – List of infrastructure projects not completed in time for CYG-2008

Nature of work	Number	Awarded before CYG-2008	Awarded after CYG-2008	Not Awarded	Completed before CYG-2008	Completed after CYG-2008
PMC - JNNURM funded						
Road works	23	20	3	-	12	4
Work for BRT systems	Work on BRTS component of Rs 32.67 crore was still at tendering stage					
Terminal works	12	11	-	1	5	1
Pedestrian subways	4	3	-	1	1	2
Area traffic control system	No work started so far					
PCMC - JNNURM funded						
Road Works	2	2	-	-	-	-
PCMC - Own Funds						
WBM treatment	1	-	1	-	-	1
Widening and improvement	1	1	-	-	-	1
Grade separator	2	2	-	-	-	2
Vehicular Underpass	1	1	-	-	-	1

While we accept the need for, and legacy value of such city infrastructure post CYG-2008, such delays in completion violate the premise under which these projects were sanctioned. Since many of these projects are still incomplete, it indicates lack of responsibility and accountability.

27.9 Purchase of Security Equipment and Vehicles

While DSYS forwarded a proposal for Rs 67.70 crore to GoI for security arrangements for CYG-2008, Pune, the CP submitted indents for equipment, vehicles etc for only Rs 23.59 crore to the Director General of Police, Mumbai on 01 October 2007, specifying the items were required before June 2008. In response, GoM accorded approval for Rs 17.64 crore in piecemeal during May – September 2008 and released funds during August – September 2008 only.

We found that:

- Out of Rs 17.64 crore sanctioned, equipment for only Rs 9.40 crore was procured, and Rs 3.18 crore were surrendered.
- Out of the procurement of Rs. 9.40 crore of equipment, supply orders for Rs 1.33 crore were placed after the CYG events were over, while equipment worth Rs 3.23 crore were received only after the CYG events were over.

Items which were not received in time included night vision goggles with binoculars, portable X-rays, operational and traffic propaganda vehicles, ambulances, hearse vans, dog squad tempos, minibuses, working trucks, personnel carriers, light vans, mobile repair vans, and cranes.