

Games Planning Consultancy and Overlays

Event Knowledge Services (EKS) was awarded five consultancy contracts relating to venue appraisal/ briefs, project monitoring, games planning and workforce (awarded to an EKS consortium) during 2005-08. Three of these contracts were awarded on nomination basis, facilitated by strong patronage from the CGF (with which EKS had a close link); tendering conditions for the other two contracts were tailored to suit EKS. We are also unable to verify the need for this multiplicity of contracts, and the possible overlap between the deliverables from different contracts.

Venue overlays are temporary facilities at various venues provided during the operational phase of the Games. Planning and scoping for overlays was critically delayed by the OC and completed only in June 2009, after which the responsibility for procurement of overlays items was transferred from the venue owners to the OC. The reliability of the overlays requirements is also open to question, since there were huge variations in successive budget estimates between September 2009 and January 2010 and there was a substantial curtailment in the awarded quantities (in view of the available budget provision), which did not apparently affect the overlays work.

The procurement process followed for award of venue overlays contracts was highly irregular. OC inexplicably shifted from an item-wise basis (followed internationally) to a venue-cluster approach, based on geographical locations. This cluster-based approach, along with tailored eligibility criteria (enormous annual turnover requirements and stipulated experience of only Olympics/ Asian Games/ CWG), was used to discourage competition by restricting the number of vendors. These criteria were then selectively and inconsistently applied to remove competitors, leaving a field of just four “technically qualified” consortiums – ESAJV-D-Art-Indo, Pico-Deepali, Nussli and GL-Meroform. The commercial bids of all four vendors were the lowest exactly for those clusters, which were their first and second preferences. Such coincidence points to collusion and the possibility of cartels among the vendors.

The overlays contracts were signed at exorbitant rates, causing huge financial loss to the OC (and the GoI). Based on the available records, we cannot fully quantify the true total loss. We have, however, come up with indicators of the financial loss in different ways, which give an idea of the exorbitant rates charged for individual overlay items:

- *By comparing item wise rate across clusters and across vendors;*
- *By comparing item wise rates for the same vendor across different clusters; and*
- *By comparing item wise rates with other supporting documents (e.g. rates declared to Customs, rates charged by CPWD and other agencies.*

9.1 Games Planning Consultancy – Role of Event Knowledge Services (EKS)

Event Knowledge Services (EKS), a Switzerland-based organisation, was irregularly awarded multiple consultancy

contracts related to CWG-2010 as summarised below:

Table 9.1 - Award of consultancy contracts to EKS

Area	When awarded	Amount	Organisation
Venue appraisal study	June 2005	Rs. 0.49 crore	DDA
Venue brief and preparation of site plan	July 2006	US\$ 1.16 million	OC
Project Scheduling Review and Monitoring and Delivery Review	November 2006	US\$ 3.24 million	
Games Planning Consultancy (EKS- Ernst & Young Consortium)	March 2008	Rs. 29.66 crore	
Workforce consultancy contract (EKS- Ernst & Young Consortium)	March 2008	Rs. 22.36 crore	

We found that the award of these contracts to EKS/ EKS Consortium was non-transparent and irregular in all cases. The first three contracts were awarded on nomination basis. Although the other two contracts (Games planning consultancy and workforce consultancy) involved tendering, the tendering conditions were tailored to suit EKS.

EKS had a strong CGF link, as its CEO, Mr. Craig McLatchey, was also a member of the CGF Co-ordination Commission, who was specifically entrusted with the responsibility of monitoring CWG-2010 arrangements in India. The appointment of EKS by OC was facilitated by strong patronage from the CGF, with clear statements discouraging global tendering and advising EKS appointment without tendering, for which CGF approval would be readily forthcoming.

There were serious deficiencies relating to the contract for project scheduling review and monitoring and delivery review:

- The contract was poorly negotiated; the final offer after negotiations was for the same amount of US\$ 3.24 million but for a shorter period (December 2006 to Games time), which was eight months shorter than the original offer (April 2006 to the Games time);
- Subsequently OC cut short this contract till April 2010, purportedly because it felt no further monitoring was necessary (which is inexplicable, since almost all the venues were still incomplete); and
- Consultancy contract of this nature are primarily dependent on deployment of specialist manpower for specified mandays. For the period from June 2008 to March 2010, we noticed deployment of only 3 professionals for a total of 279 mandays. Even assuming the highest

rate of US\$ 2,000/ day¹, the eligible payment for this period works out to just \$0.56 million, as against the actual payment of US\$ 1.38 million. This further confirms that the contract was awarded to EKS at highly inflated costs on a nomination basis, without adequate cost justification.

Although a tendering process was allowed for awarding the contract for Games Planning consultancy, there were serious deficiencies:

- The pre-qualification conditions were tailored to specify experience of Olympics/ CW Games/ Asian Games “in any capacity”, rather than experience “in the relevant area”. The EKS- E&Y consortium did not have experience in Games Planning and Project Management Consultancy;
- There was an unexplained delay of nearly four months from the receipt of the PQ bids in May 2007 to their opening in September 2007; and
- The recommendation of the OC commercial bid evaluation committee (headed by DG) for a reduction in the 5450 mandays as against 3950 mandays indicated by the other bidder, which would have resulted in savings of Rs. 11.69 crore, was not given effect to, primarily because of CEO, CGF's intervention against such a reduction.

Specific deficiencies relating to the workforce consultancy contract are discussed in Chapter 15.

¹ Applicable for CEO, EKS, Mr. Craig McLatchey

We are also unable to ascertain or verify the need for this multiplicity of contracts, especially the Games Planning consultancy contract awarded in March 2008, and the possible overlap between the deliverables from different contracts awarded to EKS/ EKS and E&Y.

Further, from August 2009 onwards, EKS requested for future OC payments to be made to a new company, EKS Private Limited in Mauritius; payments of Rs. 7 crore were made through this route. We are unable to ascertain the reasons as to why OC acceded to this unusual request, particularly because the shareholding pattern of this Mauritius company is not traceable/ verifiable.

9.2 Venue Overlays

9.2.1 Introduction

Overlays are temporary facilities at various venues provided during the operational phase of the Games. These include items like pre-fabricated structures, tents, furniture and fixtures, back-up power (DG Sets/ UPS), consumables etc.

9.2.2 Delays in Planning and Scoping of overlays

The planning and scoping of overlays involved the listing of items required, quantities and their specifications on a venue-wise basis. This work, which was entrusted in August 2007 to the OC by GoM, was critically delayed by the OC. Despite CGF indicating in July 2008 that overlays was an area of concern, the overlays functional area in the OC was set up only in February/ March 2009 and the overlays scoping was completed only in June 2009. The OC finally forwarded the Bill of

Quantities (BOQs) and overlay requirements of individual venues only in July 2009 to SAI in respect of its venues. In August 2009, SAI expressed its lack of technical knowledge to undertake procurement of overlay items. Consequently, the responsibility for procurement of overlay items was also entrusted to the OC.

These delays in planning were compounded by further delays in the procurement process, leading to signing of the overlays contracts only on 2 June 2010.

Table 9.2 - Chronology of events relating to award of venue overlays contracts

Date	Event
5 December 2009	Issue of EOI with last date 6 January 2010; 10 responses received and 4 vendors shortlisted
16 January 2010	RFPs issued to 4 vendors
15 / 26 February 2010	Opening of technical and financial/ sponsorship bids of 4 vendors
March – April 2010	1st and 2nd round of negotiations
2 June 2010	Signing of contracts with 4 consortia (Pico-Deepali, Nussli, ESAJV-D'Art-Indo, and GL Events-Meroform)

9.2.3 Budgeting for Overlays

The estimated cost of overlays, was not specified in the bid document (May 2003). It was stated as Rs. 200 crore in GoM meeting (August 2007) and was tentatively taken to Rs 400 crore (July 2009), by EFC. At this

point of time, these overlays were envisaged to be provided by the venue owners/ SAI.

After the transfer of responsibility for procurement, the OC submitted an overlays budget estimate of Rs. 870.41 crore in September 2009 to MYAS, indicating that this estimation was based on item wise rates obtained from different international suppliers as well as Indian suppliers/manufacturers, partially for procurement and partially for hiring. This estimate was reduced by OC in October 2009 to Rs. 687.06 crore (including contingencies of Rs. 40 crore). Finally, on January 2010, the EFC approved an estimate of Rs. 574.93 crore².

Such huge variations in budget estimates, even after scoping of overlays requirements, were indicative of “elasticity” in the estimating procedures and cast doubts on their reliability.

9.2.4 Unexplainable shift from item-wise contracts to 'cluster' wise contracts.

Internationally, overlay contracts are awarded on item-wise basis³. Contrarily, in August 2009, DG OC stated that, in a meeting attended by Chairman OC, it was decided that overlays work would be divided into different clusters, based on geographical locations. However, Shri Suresh Kalmadi, in his separate reply (March 2011), denied that the decision was taken by him.

² With an additional Rs. 53.23 crore for TSR, network, switches etc. and Rs. 58.9 crore for Image and Look.

³ Even OC's budget estimate of September 2009 was constructed, based on item wise rates.

The venues were then divided into seven clusters⁴, and tender documents prepared accordingly.

In our opinion, this “cluster-based approach”, along with other restrictive conditions, was used to discourage competition by restricting the number of participating vendors (due to the eligibility condition of exorbitant annual turnover on a “whole of cluster” basis, rather than item-wise basis, coupled with an initial stipulation of holding of at least 80 per cent stock of diverse overlay items). Competition was further restricted to just four vendors (by eliminating two bidders against the recommendation of the evaluation committee) by inconsistent application of PQ criteria; all four vendors bagged overlay contracts for one or more clusters. This cluster-based approach also gave ample scope to vendors to quote exorbitant rates for the same items supplied at different venues.

OC's response that this approach was adopted as per the Finance Sub Committee's suggestion is incorrect, since the tenders had already been floated on a “cluster” basis before FSC approval⁵.

⁴ This “cluster based approach” was also used in award of contracts relating to Cleaning and Waste Management, Image and Look . However the composition of clusters in these cases was not identical.

⁵ Incidentally, the FSC merely recommended consideration of a cluster-based approach amongst other alternatives to be explored.

9.2.5 Improper Eligibility Criteria and Evaluation

We found that the eligibility criteria were tailored to minimise competition:

- **High annual turnover requirement** – An enormous annual turnover requirement of Rs. 1075 crore was specified for bidding for all clusters. 9 out of 10 vendors submitting PQ bids (including three successful bidders – Nussli, ESA JV, and Pico-Deepali – out of four) did not qualify. We could not ascertain the rationale for this arbitrary figure, which is substantially higher than both the budget estimated and the total contract value.
- **Restrictive experience criteria** – The pre-qualification (PQ) criteria stipulated experience of providing at least one major multi-sport event (Olympics/ CWG/ Asian Games) and excluded other events of such scale, even though the overlay requirements (which are non-sporting in nature) were not significantly different. This criteria restricted participation of similarly experienced Indian and international vendors. Further, this criteria was, in our opinion, impractical, since a cluster-based overlays approach was not standard international practice, and experience of providing individual overlay items would not be relevant.
- **Inclusion and subsequent deletion of condition of holding 80 per cent stock** – The EOI of 5 December 2009 stipulated certification of 80 per cent holding of the stock (of diverse overlay items) by the bidders; this condition was deleted on 19 December 2009 with the intention of incorporation at the RFP stage (which

was not done). Only one of the successful bidders (GL Meroform) would have met this condition.

embassies) was not followed, which helped to limit competition for such huge items of work.

In addition, global tendering (by circulation through the Indian Trade Journal and Indian

Further, these criteria were selectively applied to restrict competition further:

Table 9.3 - Selective application of eligibility criteria

Criteria	Instances of Selective Application
Annual Turnover of Rs. 1075 crore for bidding for all clusters	<ul style="list-style-type: none"> ■ Nussli (with an annual turnover of just Rs. 418 crore) was irregularly allowed, at DG's instance, to bid for all clusters, and did not submit a solvency certificate ■ Pico was allowed to bid for all clusters on the basis of self-certification of annual turnover (instead of adopting figures from the annual audited accounts⁶)
Experience of providing overlays at one major multi-sports event	<ul style="list-style-type: none"> ■ The certificates of three successful bidders were deficient, but were accepted: <ul style="list-style-type: none"> ■ Nussli was allowed to bid, based on its experience of just providing a Grand Stand for the 2006 Doha Asian Games (which was not comparable to the scope of this overlays contract) ■ The certificate submitted by Pico for the Beijing Olympics 2008 did not specify the nature of work ■ GL Meroform's certificate for Doha Asian Games 2006 was for sponsorship for hospitality service, while its certificate for Beijing Olympics 2008 was from the Hong Kong Jockey Club (and not the Beijing Olympics OC). ■ By contrast, a similar approach was not adopted for two other bidders: <ul style="list-style-type: none"> ■ The experience certificate of Cityneon from the Doha Asian Games 2006 OC was found to be insufficient, without a specific justification; ■ Uniplan was not considered, as it could not furnish a certificate from a (now defunct) Beijing Olympics OC. <p>The OC Evaluation Committee recommended consideration of six vendors for issue of RFP (including Cityneon and Uniplan), but this was turned down by DG⁷.</p>

⁶ Even the balance sheet supplied (and purportedly examined by OC), as well as the solvency certificate, pertained to the Pico Group of Companies and not to the individual company (Pico HongKong Limited).

⁷ stated to be with CEO's verbal approval

9.2.6 Nexus, Cartelisation and suspected leaking of information

Our scrutiny shows that two of the successful bidders were aware of the conditions of the EOI, even before its publication on 5 December 2009:

- Nussli entered into a consortium agreement with Comfort Net Traders India Pvt. Ltd. and also with Minaean Habitat (India) Pvt. Ltd originally on **15 November 2009** for exactly the same scope of work as indicated in the EOI.
- While the consortium agreement of ESG Arena Group Joint Venture Ltd (ESAJV): D-Art: Indo Consortium was recorded to have been constituted on 29 December 2009, ESAJV wrote to the OC on 1 December 2009 that they had already formed a consortium with their Indian partners exactly for the same scope of work.

The four vendors were required to submit their order of preference for award of contracts for the seven different clusters. We found that the commercial bids of all the four vendors were the lowest exactly for those clusters, which were their first and second preferences. Such coincidence and precision of estimates, rarely seen in practice, points to collusion and possibility of cartels among the vendors.

Further evidence of the existence of cartel was noticed, when we found that Pico had sub-contracted public display systems (a significant overlay item) to MIC Electronic Limited for all 17 venues, although it was entrusted with overlays for only 6 venues.

9.2.7 Global Companies merely acting as Front

The need to involve experienced global companies along with Indian partners for provisioning of overlays was repeatedly reflected during the process for overlays planning⁸. The participation of Indian (and foreign) vendors had already been restricted through various clauses. We, however, found that in the cases of the successful bidders, the respective global companies were merely acting as a front, to enable pre-qualification eligibility and award of contract, and not for work execution.

The EOI stipulated that ***the turnover and the experience of (only) the lead partner of the consortium would be counted for pre-qualification eligibility***. We, however, found that the defined lead partners for the ESAJV consortium and the GL Meroform consortium – ESAJV and GL – had only 1 per cent and 0 per cent shareholding respectively in the joint venture companies⁹ formed for executing the overlay contracts; their contribution would therefore have been insignificant. However, the role and contribution of the lead partner in execution of overlay contracts was not verified and ensured by OC, by requiring submission of necessary legally binding documents.

⁸ In the EFC minutes and OC's FSC deliberations

⁹ In the case of the GL Meroform consortium, payments were made to a company named GL Litmus Events Private Ltd. (with 0 per cent shareholding of the "lead partner"; however, the agreement was signed with another company "GL Events – Meroform Consortium / CG 2010".

9.2.8 Award of Contracts

The quoted prices of the four bidders in respect of their “chosen” clusters amounted to a total of Rs. 1276 crores; consequently, two rounds of negotiations were held with the four bidders in respect of their chosen clusters. There was a reduction of 5.6 per cent in the first round; the “reduction” of

5.3 per cent obtained in the second round was not material, as the discounts were offered on items (e.g. fixed flood lighting poles, treadmills, cross trainers by GL) for which quantities had been reduced drastically. Contracts were signed with the four bidders as follows:

Table 9.4 - Award of Venue Overlays Contracts

(Rs. in Crore)

Name of the vendor	Clusters	Contract Amount
Pico Deepali	I & VI	209
Nussli	II & IV	128
ESAJV,D:Art, Indo Consortium	V	84
GL Events	III & VII	150

We found that the OC reduced the contract value from Rs 1276 crore to Rs 630 crore, (which was still higher than the budget provision of Rs.574 crore) mainly by curtailment of quantities in each of the clusters, which ranged in aggregate from 27.4 percent to 57.6 per cent. Since this drastic reduction does not seem to have affected the overlays work later on, it appears that the quantities were substantially inflated at the time of scoping and tendering. In response, the OC stated that they had not reduced the quantities of mandatory overlays items. This begs the question of a distinction between purported “mandatory” and “non-mandatory” overlays, which was never envisaged or mentioned at the time of scoping or budget estimation.

Even after four months of the Games, OC could not produce the final bill of quantity for items actually supplied, for our scrutiny. We, therefore, do not know what overlay items were actually delivered, whether these were actually required/ used, what

will be billed for, and how much financial loss GoI will ultimately suffer.

9.2.9 Exorbitant rates of Overlays

In our view, the overlays contracts were signed at exorbitant rates, causing huge financial loss to the OC (and the GoI). Based on the available records, we cannot fully quantify the true total financial loss. We have, however, tried to come up with indicators of the financial loss in several ways, which give an idea of the exorbitant rates charged for individual overlay items:

- **By comparing item wise rate across clusters and across vendors**
- **By comparing item wise rates for the same vendor across different clusters**
- **By comparing item wise rates with other supporting documents (e.g. rates declared to Customs, rates charged by CPWD and other agencies.**

It may be noted that there would be instances of overlap between these three kinds of comparisons and the losses quantified through these comparisons cannot be aggregated.

9.2.9.1 Instances of Different Rates across vendors and across clusters

We have compared the item-wise rates quoted by the four successful bidders for different clusters, and calculated the loss on account of just the difference vis-a-vis the minimum rates quoted. This (minimum) loss

works out to Rs. 199.37 crore (plus service tax of Rs. 20.53 crore).

We are unable to understand how OC failed to negotiate and obtain at least this minimum reduction. OC's response that each cluster had "unique" features, rates were worked out across items on "notional basis", and high O&M cost for individual items is unacceptable.

While the complete details are given in Annexe - 9.1, some glaring examples are given below¹⁰.

*Table 9.5 - Instances of widely varying rates for overlays items
(Note: BOH – Back of House; FOH – Front of House)*

Furniture

Item	Minimum rate (per unit in Rs.)	Maximum rate (per unit in Rs.)
Chair BOH	1,276	10,254
Chair Folding - Padded BOH	1,374	3,217
Chair Folding - Padded FOH	1,459	3,306
Chair Office BOH	1,318	4,535
Chair Office FOH	3,556	7,595
Chair Patio FOH	1,276	12,244
Chair Sofa 1 seater (Fabric) BOH	10,030	18,229
Chair Sofa 1 seater (Fabric) FOH	10,030	15,304
Chair Sofa 2 seater (Fabric) BOH	12,323	24,216
Chair Sofa 2 seater (Fabric) FOH	12,323	24,487
Chair Sofa 3 seater (Fabric) BOH	19,071	36,458
Chair Sofa 3 seater (Fabric) FOH	19,071	35,743
Chair Sofa Swivel BOH	7,112	12,152
Chair Sofa Swivel FOH	7,112	13,404
Cup Boards BOH	8,342	56,664
Press Table FOH	4,012	14,583
Refrigerator (Small) BOH	9,848	22,957
Refrigerator BOH Large.	13,129	49,864
Safe Small BOH	7,473	20,515
Safe Small FOH	8,973	20,515
Table Folding 1200x760 FOH	3,191	10,774
Table Folding BOH	3,191	10,774
Umbrella Patio (BOH)	1,304	5,137
Visitor Chair Stackable BOH	1,178	2,192
Visitor Chair Stackable FOH	1,542	3,476

¹⁰ For some items the quantity given in the contracts was 'Nil' but till date (March 2011), final Bills of Quantities (BOQ) are not firmed up and are not sure whether the actual quantity also remained 'Nil'.

Fitness equipment

Item	Minimum rate (per unit in Rs.)	Maximum rate (per unit in Rs.)
Adjustable Benches : Declined	24,306	1,55,763
Adjustable Benches : Inclined	24,306	1,38,456
Adjustable Benches : Normal	24,306	1,23,621
Cross Trainer	1,46,765	8,01,066
Gym Mirrors - Full Height	2,435	15,305
Multi Gym - 12 stations with pulley and leg extension cables	2,20,147	9,01,484
Skipping Ropes	480	1,268
Stepper	5,706	3,06,087
Treadmill	4,03,603	8,83,953
Twisters	3,803	29,353
Vibrators	15,215	49,864
Weights, Dumbels and Barbels (per Kg)	85	317

Industrial goods:

Item	Minimum rate (per unit in Rs.)	Maximum rate (per unit in Rs.)
Air conditioning HVAC - 11T	2,03,151	7,47,005
Air conditioning HVAC - 150T	16,21,809	2,08,87,833
Air conditioning HVAC - 2T	69,652	1,46,733
Air conditioning HVAC - 3T	92,869	2,64,120
Air conditioning HVAC - 5.5T	1,16,087	3,76,348
DG Sets 10 KVA - 415V, 50 Hz, 1500 RPM	1,82,291	2,53,991
DG Sets 1000 KVA - 415V, 50 Hz, 1500 RPM	15,84,719	1,45,83,305
DG Sets 125 KVA - 415V, 50 Hz, 1500 RPM	4,93,368	10,30,862
DG Sets 15 KVA - 415V, 50 Hz, 1500 RPM	1,82,291	5,87,747
DG Sets 2 KVA - 415V, 50 Hz, 1500 RPM	58,043	1,82,291
DG Sets 20 KVA - 415V, 50 Hz, 1500 RPM	2,43,055	3,52,608
DG Sets 200 KVA - 415V, 50 Hz, 1500 RPM	7,25,541	13,47,970
DG Sets 250 KVA - 415V, 50 Hz, 1500 RPM	9,28,692	16,45,016
DG Sets 300 KVA - 415V, 50 Hz	10,44,779	20,20,258
DG Sets 380 KVA - 415V, 50 Hz, 1500 RPM	10,22,864	23,90,195
DG Sets 40 KVA - 415V, 50 Hz, 1500 RPM	2,90,217	5,58,380
DG Sets 5 KVA - 415V, 50 Hz, 1500 RPM .	88,152	2,32,173
DG Sets 500 KVA - 415V, 50 Hz, 1500 RPM	18,22,913	29,29,651
DG Sets 62.5 KVA - 415V, 50 Hz, 1500 RPM	3,48,260	6,07,638
DG Sets 82.5 KVA - 415V, 50 Hz, 1500 RPM	4,06,303	8,81,620
Fuel Oil Tank for Diesel Storage - Steel Tank 1500 lts. with motor and pipes to fill diesel in DG set.	25,497	1,17,550
Generator auxiliary equipment	34,826	2,03,497
GI Pipe Earthing	5,040	9,496
ICE BOX, Large, 70L FOH	4,467	16,070
Power - 10kVA UPS -	4,86,110	11,27,726
Power - 180 kVA UPS -	14,54,100	60,76,377
Power - 1kVA UPS -	5,581	1,13,790

Industrial goods:

Item	Minimum rate (per unit in Rs.)	Maximum rate (per unit in Rs.)
Power - 200kVA UPS -	18,85,406	62,72,892
Power - 250kVA UPS -	20,73,947	72,91,652
Power - 2kVA UPS -	60,764	2,57,924
Power - 320kVA UPS -	23,75,612	2,43,05,508
Power - 400kVA UPS -	26,39,569	5,46,87,394
Power - 40kVA UPS -	10,36,653	14,99,000
Power - 5kVA UPS -	1,82,291	4,93,089
Power - 600VA UPS -	2,371	60,688
Power - 60kVA UPS -	12,13,758	17,46,715
Printer FOH	5,457	21,446

Other general/household items:

Item	Minimum rate (per unit in Rs.)	Maximum rate (per unit in Rs.)
Air Freshener	266	1,456
Automatic shower sprinklers	13,140	1,82,291
Bookcase FOH	4,518	12,153
Brush	65	1,841
Colour TV FOH	19,659	36,265
Designated Lane Marker Tapes	365	1,580
Disposable Glasses	1	37
Door Mats FOH	322	939
Fan - Pedestal, Commercial, 46cm High BOH	1,915	7,149
Fan Pedestal BOH	2,431	7,881
Fan Pedestal FOH	2,594	7,736
First Aid Kit	938	6,711
Garbage Bags	4	3,068
Liquid Soap Dispenser	187	9,379
Mirror Standing H:160 cm FOH	1,682	5,362
Mosquito Repellent	114	188
Office Stationary (Paper, Stapler, Resister, pens, pencils etc,)	657	9,246
Plasma TV FOH	28,460	72,917
Plastic Rope in 5m	38	2,762
Refrigerator Large FOH	13,129	56,210
Rubbish Bin 15 Ltr. Size	245	7,618
Soap Dispensers	187	9,379
Tissue Paper (Box)	84	295
Tissue Paper Dispenser	654	4,652
Tissue Roll	22	3,751
Toiletries	789	9,515
Umbrella Patio FOH	1,542	5,719
Wall Clock BOH	603	2,000
Washing Machine & Dryer FOH	13,940	61,218
Water Dispenser - 20 Lts.	1,776	32,986
Water Jug	152	1,944

Rates for power from DG Sets

OC had agreed to pay Rs.11/ unit to Pico Deepali towards per unit consumption of DG Power in cluster VI, while the rate agreed for other clusters ranged from Rs. 14 to Rs. 73. Thus the difference in rates was from 1.27 times to 6.63 times. Total excess expenditure for this one item alone was of Rs. 8.16 crore; details are given in Annexe-9.2

9.2.9.2 Instances of Different Rates by the same vendor

We have found bizarre cases, where there were substantial differences between the rates offered by the same vendor (Pico-Deepali) for the same item in different clusters. Losses on this account alone work out to Rs. 11.06 crore. Incidentally, we did not find such differences in respect of other two vendors viz. Nussli and GL Meroform who also got multiple clusters

While some items would be overlapping with the details given in the previous section, some glaring examples are given in the table below; (details are given in Annexe-9.3).

Table 9.6 - Widely varying item-wise rates from the same vendor (Pico-Deepali)

Item	Max. Rate	Min. Rate
ELECTRICAL ITEMS		
6A, 1 phase, plug points	359	305
16A, 1 phase, plug points	402	342
20A, 1 phase, plug points	1077	917
32A, 1 phase, plug points	1,148	977
32A, 3 phase, plug points	2,728	2322
4 Plug, 5A, 1 phase extension boards	646	550
Surge Protector	31,581	26,883
HOUSEHOLD ITEMS		
Fitness and Gym equipment		
Treadmill	5,35,654	4,59,879
Cross Trainer	2,65,531	2,27,968
Stepper	3,06,087	2,62,788
Weights, Dumbles and Barbels	153	131
Vibrators	30,609	26,279
Twisters	20,308	20,308
Skipping Ropes	559	480

Item	Max. Rate	Min. Rate
HOUSE HOLD ITEMS		
First Aid Kit	4,741	3,942
Tissue Paper Towels	1,580	1,314
Bathroom shelves	1,580	1,314
Disposable Glasses	2	1
Toileteries	948	789
Office Stationary (Paper, Stapler, Resister, Pens, Pencils etc.)	790	657
Garbage Solid Waste Container 6"x6"	1,16,446	91,976
Air Freshener	790	657
Tissue Paper Dispenser	1,897	1,577
Liquid Soap Dispenser	1,501	1,248
Water Dispenser - 20 lts.	11,852	9,855
PRE- FABRICATED ITEMS		
Prefabricated WC unit- Footprint-3.5mx3.0m	7,27,448	6,19,644
Prefabricated WC unit- Footprint-8.3mx3.1m	12,01,871	10,23,759
Prefabricated WC unit- Footprint-12.0mx3.6m	13,99,547	11,92,140

9.2.9.3 By comparing item wise rates with other supporting documents

In some cases, where the items were imported, we compared the CIF cost declared to the Customs authorities with the cost charged to the OC (only for temporary hiring and not purchase). In the

absence of final BOQs of items actually supplied, we could not work out the total monetary loss. However, we found differences between the CIF cost and the hiring charges to OC, ranging from 2 to 178 per cent. Some illustrative examples are given below (details are given in Annexe-9.4).

Table 9.7 - Comparison of lowest item-wise rates to rates declared to Customs authorities

Item	Lowest Rate (in Rs.)	Mkt. Rate/CIF value declared to Customs (in Rs.)	Vendor
Cupboard Pigeon Holes FOH	14,440	5,200	Pico
Bookcase 4 shelves BOH	7,655	2,840	Pico
Coffee Table 1200x400 FOH	3,830	1,500	Pico
Coffee Table 1200x400 BOH	3,830	1,500	Pico
Whiteboard Large BOH	3,365	1,420	Pico
Coat Stand 1800 high BOH	1,963	830	Pico
Bookcase 4 shelves FOH	8,206	3,470	Pico
Cabinet 1020 high FOH	8,314	3,520	Pico
Safe Small FOH	8,973	3,870	Pico
Table Patio 1540x1000 FOH	2,994	1,300	Pico
Witches Hats - Transport BOH	547	250	Pico
Notice Board BOH	3,101	1,420	Pico
Reception Counter 1800x460 H:1150 FOH	8,297	3,850	Pico
Visitor Chair Stackable FOH	1,542	720	Pico
Whiteboard Large FOH	4,038	1,890	Pico
Coat Stand 1800 high FOH	2,188	1,030	Pico
Table Patio 1540x1000 BOH	2,664	1,300	Pico
Cabinet 1800 high FOH	11,076	5,460	Pico

We also found some instances of sub-contracting (public display boards, UPS, and DG sets) by the vendors, which revealed huge differences of 152 per cent to 1140 per cent between the rates charged to the OC and the rates charged by the sub-contractors; details are given in Annexe - 9.5.

Incidentally, such sub-contracting was carried out irregularly by the vendors without OC's approval, as contractually required.

We also noticed other instances of exorbitantly priced overlays items, as summarised below:



Prefabricated Structures at JLN Stadium

OC paid rental - @Rs.4,250 per sqft (Vendor-Pico Deepali Consortium)

CPWD paid rental -@1,645 per sqft (Vendor – Deepali Designs & Exhibits)

Such excessive rental rate of pre-fabricated items was found in other clusters also. The excess expenditure on this account was to the tune of Rs.13.39 crore; (details are given in **Annexe 9.6**).



Water Dispenser of normal specifications hired by OC

Supply of Water Dispensers

OC hired 3120 water dispensers under overlays contracts, with rates ranging between Rs. 1,776 and Rs. 32,986 per unit. Excess expenditure (based on the lowest cost) worked out to Rs.3.82 crore. (**Annex 9.7**)

This item was infructuous, since Coca Cola was required to provide adequate mineral water to all the venues during the entire period of the Games, under the sponsorship agreement. Further, Delhi Jal Board (DJB) also made arrangements for provision of drinking water at venues by setting up its own water kiosks for dispensing water, for which an amount of Rs 0.26 crore was payable to the kiosk contractor.

In response to adverse media publicity, OC published a full page advertisement in several national newspapers at a cost of Rs. 0.34 crore on 10-11 November 2010. Among other aspects, the advertisement attempted to justify the prices of tissue rolls as “per box of 100 rolls” and not per roll.

We have verified this from the comparative evaluation statements, and found that the information in the advertisement was misleading. In response, OC has now indicated that “there were some problems in comparison”.