

### **3.8 Malpractice in the 2010 Delhi Commonwealth Games and the renovation of Shivaji Stadium**

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The 2010 Commonwealth Games, held in New Delhi, were marred by allegations of corruption and mismanagement, which tarnished the image of India by presenting it as a country blighted by high levels of fraud and malpractice.<sup>2</sup> From the very beginning the event was shrouded in controversies, which continually surfaced and have still not been fully resolved. Concerns were raised during the preparatory phase, with construction work falling behind schedule and volunteers quitting in large numbers because of dissatisfaction with their assignments and with the training programme. Gross violations of workers' rights were reported at construction sites, where workers were forced into *begar*.<sup>3</sup> The conclusion of the Games brought to the fore further issues, such as the reported flouting of contracting rules by officials of the Organising Committee and the awarding of work contracts to incompetent agencies at hugely inflated prices.<sup>4</sup>

At the start it was not clear whether the Organising Committee would be covered under the national Right to Information (RTI) Act, as it did not come under the purview of the definition of 'state'.<sup>5</sup> Such grey areas can create a sense of immunity from rules, procedures and accountability.

Concerns about the management of the project were raised when the British revenue and customs department (HMRC) raised objections over a substantial amount of money transferred to a UK company, AM Films.<sup>6</sup> The potential discrepancies surfaced in March 2010 when the Organising Committee reportedly asked HMRC for a VAT refund on its payments to AM Films, thus opening a

Pandora's box.<sup>7</sup> It was reported that AM Films claimed that the payments were for car hire services, toilets, barriers and electricity, with the Organising Committee saying that they were for the purchase of video equipment, while HMRC held that no services had been procured in line with a proper tendering process.<sup>8</sup>

A judgment from the Delhi High Court in January 2010 brought the whole gamut of activities related to the Commonwealth Games within the ambit of the RTI, however. The High Court sided with the government's claim that the RTI laws were applicable to these activities on the grounds that nearly all the funding for the Organising Committee was provided by the government and that the committee was not an independent body.<sup>9</sup> This provided a fillip to various activists and members of the media in their efforts to expose potential malpractice.<sup>10</sup>

A special committee led by the former comptroller and auditor general of India, V. K. Shunglu (the 'Shunglu Committee'), was set up by the government on 25 October 2010 to probe the allegations of corruption and mismanagement in organising the Commonwealth Games. Given the colossal amount of public money that was involved, several other investigative agencies, such as the Central Bureau of Investigation (CBI), the Central Vigilance Commission (CVC), the Directorate General of Income Tax Investigation and the Enforcement Directorate, also scrutinised the financial irregularities.

The chairman of the Organising Committee, Suresh Kalmadi, and several others were subsequently arrested by the CBI on 25 April 2011, linked to the awarding of the timing/scoring/result system contract to a Swiss firm, Swiss Timing Omega, at an exorbitant cost of Rs. 141 crore (some US \$23 million) and the rejection of Spanish firm MSL's much lower bid of Rs. 62 crore (around US \$10

million), which resulted in a loss of over Rs. 80 crore (about US \$13 million) to the exchequer.<sup>11</sup> They were charged with cheating, forgery and criminal conspiracy, criminal intimidation and destruction of evidence under the Prevention of Corruption Act.<sup>12</sup>

Several other serious allegations came to light, relating in particular to the Queen's Baton Relay, held in London and coordinated by the Organising Committee. This included the awarding of transportation work to AM Car and Van Hire and the aforementioned contracting of AM Films, which reportedly entailed irregular contracting processes and the charging of exorbitant rates.<sup>13</sup>

### **The example of the renovation of the Shivaji Stadium**

The renovation of the Shivaji Stadium, located in New Delhi, is a classic case of the potential risks involved with large construction projects. Concerns of corruption have been exposed mainly through information procured by whistleblowers and RTI applications. The Shivaji Stadium was to be used solely as a practice stadium for women's hockey teams, rather than for any event during the Commonwealth Games. However, the renovation of the stadium proceeded so slowly that it could not be used for even practices during the Commonwealth Games. Though the tender for the renovation of the stadium stipulated that experience working with the Indian authorities was required, the New Delhi Municipal Council (NDMC) contracted M/s China Railway Shisiju Group Corporation (CRSGC), which did not have such experience.<sup>14</sup> The tender estimated that Rs. 808,518,605 (some US \$11.5 million) was needed for the renovation, but CRSGC negotiated a sum of Rs. 1,602,716,430 (around US \$23 million) for the contract.<sup>15</sup> The company then subcontracted the work in its entirety, contrary to the terms of its contract, to M/s Simplex Projects Ltd (SPL) and allegedly at half the cost of its original contract.<sup>16</sup>

Though there have not been conclusive findings to date that the work or procurement activities carried out in relation to the renovation involved corruption, there are incidents that raise serious concern. For instance, CRSGC, via SPL, allegedly purchased stadium chairs from abroad at six to seven times the price of chairs locally available in Delhi.<sup>17</sup> During the execution of the project the work was investigated by various government bodies, including the Shunglu Committee, the comptroller and auditor general, and the chief technical examiner of the CVC. The investigations found that CRSGC was not eligible to apply for the tender, that its subletting of the work to Simplex Projects Ltd. was illegal and that the contract was awarded at an inflated cost.<sup>18</sup>

Based on the various irregularities, the NDMC revoked CRSGC's contract, reassigned the renovation to other agencies and debarred CRSGC.<sup>19</sup> Soon afterwards the Shunglu Committee submitted its report, and the government formed a committee consisting of a group of ministers to look into its findings and recommendations. As of July 2013, a case had been registered against the former NDMC Chairman for alleged irregularities relating to the awarding of the contract to CRSGC.<sup>20</sup> Since then, however, no further known action has been taken on the Shunglu Committee's recommendations, and there is no evidence that any advances have been recovered from CRSGC.

After Transparency International India learned from a whistleblower about various potential irregularities and malpractices that had occurred during the award and execution of the contract, and in an effort to find out what actions had been taken by the government on the recommendations of the Shunglu Committee, TI India filed an RTI application. After the initial application, and a subsequent appeal, government officials refused to share critical information, citing section 8(1)(i) of the Right to

Information Act, which empowers the government to exempt certain information from disclosure; the authorities stated that the CBI was still investigating the matter, and questioned the need for an RTI request to be filed.

Of the Rs. 1,602,716,430 (about US \$23 million) negotiated by CRS GC for its work on the renovations of Shivaji Stadium, it ultimately received Rs. 987,231,667 (some US \$12.5 million) for the work.<sup>21</sup>

Since the work is still ongoing at the time of writing and the final bills are yet to be paid to the agencies completing the project, there is no estimate of the actual expenditure incurred for the stadium's renovation.

It remains the case, at present, that the authorities are uncertain as to the expected date of completion and the total expenditure that is being incurred to upgrade this stadium.<sup>22</sup> The investigations are still ongoing, without any tangible outcome. The renovations were scheduled to be completed before the 2010 Commonwealth Games, but the fact that the work is still in progress even though the 2014 Commonwealth Games, in Glasgow, are already over points to the laxity that has seeped into the political system, allowing corruption to become endemic and deep-rooted.

## Notes

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<sup>1</sup> Ashutosh Kumar Mishra is Executive Director of Transparency International India.

<sup>2</sup> NDTV (India), 'Commonwealth Games scam may be to the tune of R8,000 crore: CVC', 20 October 2010, [www.ndtv.com/article/india/commonwealth-games-scam-may-be-to-the-tune-of-rs-8-000-crore-cvc-60984](http://www.ndtv.com/article/india/commonwealth-games-scam-may-be-to-the-tune-of-rs-8-000-crore-cvc-60984) (accessed 25 November 2014).

<sup>3</sup> 'Begar' is a Hindi term for 'forced labour': *Economic and Political Weekly* (India), 'Violation of workers' rights at the Commonwealth Games construction site', 13 June 2009.

<sup>4</sup> NDTV (India), 'CWG scam: Kalmadi's aide caught on camera', 28 April 2011, [www.ndtv.com/india-news/cwg-scam-kalmadis-aide-caught-on-camera-454204](http://www.ndtv.com/india-news/cwg-scam-kalmadis-aide-caught-on-camera-454204); the Organising Committee was composed of an executive board and a 500-member general body, within which there were special subcommittees (for accreditation, transport, publicity, etc.) and functional area subgroups (sanitation, accommodation, catering, etc.). The 15-

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member executive board was led by a chair, vice chair, secretary general and treasurer:

[http://d2010.thecgf.com/organisation\\_structure](http://d2010.thecgf.com/organisation_structure) (accessed 18 March 2015).

<sup>5</sup> Article 12 of the Indian constitution defines what is meant by the term 'state', and the Right to Information Act, 2005, is applicable to only those institutions that are covered under the definition of 'state'.

<sup>6</sup> *Hindu Times* (India), 'Shadow over Commonwealth Games', 1 August 2010, [www.thehindu.com/todays-paper/tp-national/tp-newdelhi/shadow-over-commonwealth-games/article545691.ece](http://www.thehindu.com/todays-paper/tp-national/tp-newdelhi/shadow-over-commonwealth-games/article545691.ece).

<sup>7</sup> *The Hindu* (India), 'Major scam hits Commonwealth Games', 31 July 2010.

<sup>8</sup> *Hindu Times* (1 August 2010).

<sup>9</sup> *The Hindu* (India), 'CWG committee, IOA come under RTI Act: court', 7 January 2010, [www.thehindu.com/sport/other-sports/cwg-committee-ioa-come-under-rti-act-court/article77008.ece](http://www.thehindu.com/sport/other-sports/cwg-committee-ioa-come-under-rti-act-court/article77008.ece).

<sup>10</sup> The verdict was pronounced on 7 January 2010; see <http://lobis.nic.in/dhc/SRB/judgement/20-01-2010/SRB07012010CW8762007.pdf>.

<sup>11</sup> NDTV (India), 'CWG case: Suresh Kalmadi, Lalit Bhanot and 9 others charged with corruption, conspiracy', 21 December 2012, [www.ndtv.com/article/india/cwg-case-suresh-kalmadi-lalit-bhanot-and-9-others-charged-with-corruption-conspiracy-308113](http://www.ndtv.com/article/india/cwg-case-suresh-kalmadi-lalit-bhanot-and-9-others-charged-with-corruption-conspiracy-308113) (accessed 24 November 2014).

<sup>12</sup> *Governance Now* (India), 4 February 2013, 'CWG scam: court frames charges against Kalmadi, 9 others', [www.governancenow.com/news/regular-story/cwg-scam-court-frames-charges-against-kalmadi-9-others](http://www.governancenow.com/news/regular-story/cwg-scam-court-frames-charges-against-kalmadi-9-others).

<sup>13</sup> *The Economic Times* (India), 25 April 2011, 'CBI arrests Suresh Kalmadi in Commonwealth Games corruption investigation: report', [http://articles.economictimes.indiatimes.com/2011-04-25/news/29471351\\_1\\_dig-s-k-palsania-suresh-kalmadi-cwg-scam](http://articles.economictimes.indiatimes.com/2011-04-25/news/29471351_1_dig-s-k-palsania-suresh-kalmadi-cwg-scam).

<sup>14</sup> The following bidders participated in the tender: M/s China Railway Shisiju Group Corporation; M/s Ahluwalia Corporation (India) Ltd; M/s JMC Projects Ltd; M/s Nagarjuna Const Co.; M/s YMC Buildmore; and M/s Unity India Projects Ltd. This information was provided by the Office of the Executive Engineer (Stadia Project), Civil Engineering Department, New Delhi Municipal Council on 5 August 2014, in response to an RTI application filed by TI India.

<sup>15</sup> Information provided by the Office of the Executive Engineer (Stadia Project), Civil Engineering Department, New Delhi Municipal Council on 28 November 2014, in response to an RTI application filed by TI India; a report by the Office of the Chief Technical Examiner of the Central Vigilance Commission was also provided in response to the RTI request.

<sup>16</sup> Information provided by the Office of the Executive Engineer (Stadia Project), Civil Engineering Department, New Delhi Municipal Council on 28 November 2014, in response to an RTI application filed by TI India. *Outlook* (India), 'Was Rs 185 Cr Wasted on Shivaji Stadium Renovation?', 10 April 2011, <http://www.outlookindia.com/news/article/was-rs-185-cr-wasted-on-shivaji-stadium-renovation/718288>.

<sup>17</sup> This was among the irregularities reported by a whistleblower to TI India.

<sup>18</sup> Information provided by the Office of the Executive Engineer (Stadia Project), Civil Engineering Department, New Delhi Municipal Council on 28 November 2014, in response to an RTI application filed by TI India.

<sup>19</sup> M/s Johnson Lifts Pvt Limited and M/s Ingersoll Rand Climate Solution: *ibid*.

<sup>20</sup> *Economic Times* (India), 'NDMC annuls Rs 160 crore contract with Chinese firm', 23 July 2013, [http://articles.economictimes.indiatimes.com/2013-07-23/news/40749697\\_1\\_commonwealth-games-chinese-firm-crore-contract](http://articles.economictimes.indiatimes.com/2013-07-23/news/40749697_1_commonwealth-games-chinese-firm-crore-contract)

<sup>21</sup> This information was provided to TI India by the Office of the Executive Engineer (Stadia Project), Civil Engineering Department, New Delhi Municipal Council on 5 August 2014 and 7 November 2014, in response to an RTI application filed by TI India.

<sup>22</sup> *Ibid*.