

*The main ceremonial events of CWG-2010 were the Queen's Baton Relay (containing a message of Queen Elizabeth – II) which was to be carried through the Commonwealth countries and different parts of India, and the opening and closing ceremonies which were to be signature events showcasing Indian culture and heritage. We note that the ceremonies were widely appreciated; in particular the opening ceremony was a spectacular success. Other ceremonial events included the Delhi capsule at the previous CWG, and the ceremonies at CYG-2008, Pune.*

*We found significant irregularities in the appointment of both Maxxam International as the consultant for QBR and Jack Morton Worldwide (JMW) as the event management agency for the QBR Launch Ceremony in London on 29 October 2009. Further, the scope of work for JMW was inexplicably reduced in October 2009 (with an increase in cost), and the OC made highly suspect payments of £ 386,237 to two little known entities – AM Films UK Ltd and AM Car and Van Hire Ltd – for diverse and unconnected services for the QBR Launch ceremony. The assignment of work and payments therefore were highly questionable; associated approvals and clearances were obtained and payments made with uncommon haste, and large amounts were also paid in cash, perhaps to avoid leaving a transaction trail. The role of Shri TS Darbari and Shri Sanjay Mahindroo, who were unrelated to OC's Ceremony Functional Area, in the QBR Launch Ceremony is also questionable.*

*We found that planning for the opening and closing ceremonies was inordinately delayed. Further, a multiplicity of agencies were engaged – Shri Bharat Bala as Creative Director/ Creative Consultant, Spectak Productions (Mr. Ric Birch) as International Consultant, Wizcraft as the Event Management Firm and 17 other consultants. There was considerable overlap between the roles and responsibilities of these multiple agencies. Further, the event agency charges of Rs. 16.09 crore paid to Wizcraft (in addition to a fixed ceremonies management fee of Rs. 5.40 crore) are, in our opinion not justified. We also found that Spectak Productions and Wizcraft had tied up with other experts well in advance of the award of the contracts. The engagement of the additional consultants (at a cost of at least Rs. 6.12 crore) by the OC amounted to a clear financial benefit to Wizcraft.*

*There were also major irregularities in procurement of accessories/ special items. The consultant for the band stand, Mr. Mark Fisher, got his full fee of US\$ 514,000, even though the idea of the band stand was abandoned. Mr. Fisher then presented a design for an aerostat, which was accepted; the fact that Spectak Productions and the aerostat vendor*

*were part of the same group was concealed. There were also serious irregularities in the technical evaluation and award of the lighting/ searchlight contract, as well as the award of the contract for video content.*

*Contracts for Rs. 16.49 crore for art direction and props for the opening and closing ceremonies were irregularly awarded to Blue Lotus Productions, even without having an approved list of props actually required. Huge quantities of props remained unutilised. Some props were not even received. Many of these props were exorbitantly priced.*

*OC went in for multiple forms of ground protection (ground protection tiles, ground cloth, and grass turf replacement) at a cost of Rs. 17.84 crore for the opening and closing ceremonies, which, in our opinion, was not adequately justified. There were major tendering irregularities; the quantities required were fixed and reduced arbitrarily, and large quantities of ground protection tiles and ground cloth remained unutilised.*



## 10.1 Overview

The main ceremonial events for CWG-2010 were:

- A “capsule” at the Closing Ceremony of Melbourne CWG-2006, showcasing the next Games;
- The opening and closing ceremonies of the Commonwealth Youth Games – 2008 (CYG-2008), Pune, which was a sub-event of CWG-2010;
- **The Queen's Baton Relay (QBR)** - This was the ceremonial carrying of the baton (containing a message from the Head of the Commonwealth, Queen Elizabeth II) through the participating Commonwealth countries, and through different parts of India culminating in the Opening Ceremony of CWG-2010.
- **The opening and closing ceremonies** – These were to be the signature events

of the Games with large scale world-wide coverage, which would showcase Indian civilisation, history and cultural diversity.

- Other minor events and launches – e.g. “1500 days to go” and “1000 days to go”.

Organising such ceremonial events would normally require two players – a consultant to render advice on the creative concept, and an event management firm which delivers the ceremony in line with the approved creative concept. However, the OC ended up appointing a multiplicity of agencies for these tasks.

The original IOA bid of May 2003 indicated an amount of Rs. 30 crore for ceremonies. A comparison of the budget and expenditure of the OC for ceremonies till date is given below:

*Table 10.1 - Budget and expenditure on ceremonies*

(Rs. in Crore)

Event	Original budget (March 2006)	Revised Budget (July 2008)	Expenditure (December 2010)
Capsule for Melbourne CWG-2006 <sup>#</sup>	30	29.78	27.56
Opening and Closing Ceremonies for CYG-2008, Pune		22.06	21.76
Queen's Baton Relay	7	51*	26.00
Opening and Closing Ceremonies	85	106 <sup>^</sup>	240.00
Others		15.04	15.04
<b>Total</b>	<b>122</b>	<b>223.88</b>	<b>330.36</b>

**Notes:**

<sup>#</sup> Paid for by GNCTD; this was not part of OC's budget

<sup>\*</sup> While the overall QBR budget was reduced from Rs.51 crore to Rs.26 crore through re-appropriation in the OC, the budget for the QBR Launch ceremony at London was enhanced from Rs.2.20 crore to Rs.12.77 crore

<sup>^</sup> This was increased to Rs. 300 crore, through additional budget of Rs. 193 crore sanctioned in September 2010.

## 10.2 Capsule for Melbourne CWG-2006

We observed that Wizcraft International Entertainment Private Ltd. (Wizcraft) was appointed in September 2005 as the event management firm (EMF) for delivering the capsule of the next host city (Delhi) of CWG-2010 on “nomination” on the basis of past experience. For this, the EOI released in July 2005 (against which five proposals were received) was abandoned. Further, Wizcraft submitted a budget for Rs. 15.05 crore for production and execution expenses (excluding their commission of 15 per cent), which was approved and paid without any independent analysis and scrutiny by OC .

Incidentally, Wizcraft was also appointed as the Event Management Firm for the ceremonies for CYG-2008, Pune and the main CWG-2010 ceremonies – the opening and closing ceremonies. These appointments involved deficient tendering and award. Wizcraft was also the event manager for the ceremonies of other IOA-associated sporting events – the Afro-Asian Games -2009 (Hyderabad); the SAF Winter Games – 2010 (Dehradun); and the National Games – 2011 (Ranchi).

## 10.3 Opening and Closing Ceremonies for CYG-2008, Pune

Wizcraft was appointed in August 2008 as the event management firm for the opening and closing ceremonies for CYG-2008, Pune, after a deficient tendering process. After floating an RFP in March 2008, to which two responses were received, Wizcraft<sup>1</sup> was

<sup>1</sup> The other technically qualified bidder was Alternate Brands Solution Ltd.

declared T-1 in technical evaluation and only a single commercial bid was opened and selected.

Interestingly, the contract with Wizcraft for Rs. 12.77 crore was signed on 1 August 2008, well before:

- submission of rates by Wizcraft on 5 August 2008, and
- submission of a note on 25 August 2008 by the evaluation committee for EMC's approval;

**In our view, the evaluation committee's report appears to have been just a formality to legitimise a decision already taken informally.**

Further, the contract required approval by the EB, which was not obtained.

We also found excess payment of Rs. 0.22 crore to Wizcraft on account of artists, whose names were indicated in the response to the original RFP but excluded from the final contract; demonstrating clear favouritism.

## 10.4 Queen's Baton Relay (QBR)

The QBR represented an opportunity for the OC to generate significant international publicity and promotion in advance of the Games. The QBR involved different segments:

- the formal QBR launch at London by Queen Elizabeth II on 29 October 2009;
- the international leg of the QBR from 29 October 2009 to 25 June 2010 through the Commonwealth countries; and



- the domestic leg of the QBR through 35 States/UTs before arriving at JLN Stadium for the Opening Ceremony on 3 October 2010.

#### 10.4.1 Consultancy Services for QBR

We found that Maxxam International was irregularly awarded the contract for consultancy services for QBR in February 2008, as summarised below:

- The process from issue of EOI (May 2007) to award of the contract (February 2008) took an unduly long period of eight months;
- There was no global tendering, and adequate time was not provided for potential bidders. Maxxam International was also allowed to submit its bid on 25 September 2007 after the due date for submission;
- E-mails seeking presentations from technically qualified bidders were sent to Maxxam on 27 September 2007 but to the other two bidders only on 29 September 2007, providing them just 5 days for preparation;
- Maxxam was the highest cost bidder at Rs. 8.01 crore, but was awarded the contract on the basis of a newly evolved criteria – cost per manday (rather than total cost), which was not mentioned

earlier. Further, OC did not possess information on the actual mandays of consultancy services provided by Maxxam and made full payments, evidently without considering this aspect; and

- Contrary to the RFP provisions, OC agreed to bear the service tax liability of US\$ 0.24<sup>2</sup> million (Rs. 1.08 crore), irregularly benefiting Maxxam to that extent.

**We found that payments of \$ 25,850 (Rs. 1.16 lakh) were made to Maxxam for November-December 2007, even before the issue of the Lol to Maxxam in January 2008.**

**It appears that OC had already informally decided to award the contract to Maxxam, and the evaluation process was just a charade.**

#### 10.4.2 Design and manufacture of batons for QBR

As per the Host City Contract, the OC was required to supply two batons for the QBR - a route baton (which was to be carried throughout the route) and a ceremonial baton (into which Queen Elizabeth II's message was to be transferred for the opening ceremony). We found that there was a delay of 15 months in obtaining CGF approval for the baton design, due to the OC's failures.

<sup>2</sup> @ 1 US \$ = Rs. 45

## 10.5 QBR Launch Ceremony

The QBR was to be launched in London by Queen Elizabeth-II and the President of India on 29 October 2009. In May 2009, the OC increased the budget for the QBR launch ceremony from Rs. 2.20 crore to Rs. 12.77 crore, purportedly on account of the visit of the President.

### 10.5.1 Event Management Agency for QBR Launch at London

For the QBR launch ceremony at London on 29 October 2009, OC appointed Jack Morton Worldwide (JMW) on 24 September 2009 at a cost of Rs. 1.50 crore (£ 1, 99,982<sup>3</sup>).

We found the integrity of the process of award of the QBR event management agency contract to JMW was suspect:

- Global tendering was not followed, nor was sufficient time provided to potential bidders;
- Technical evaluation was flawed, since weightage was given to bidders who submitted themes, drawings and plans, which was contrary to the RFP (which indicated such themes and concepts as a deliverable of the firm, in liaison with the OC). Thus, bidders who potentially had advance knowledge of this requirement were at an advantage;
- One technically qualified bidder withdrew from the process, questioning the evaluation criteria adopted and also indicating that no time was available for proper execution. Interestingly, this bidder questioned the evaluation criteria a day after the purported date

of the meeting of the technical evaluation committee which decided these criteria. In fact, these evaluation criteria were not even communicated to the bidders; it is thus not clear on what basis these criteria were questioned.

### Inexplicable reduction in scope of work of JMW

**Less than 20 days after award (and with less than 20 days to the QBR launch), OC revised the work order to JMW on 10 October 2009, removing work relating to outdoor video display screens, transport and logistics (which were later awarded to AM Films and AM Cars & Van Hire Ltd) and simultaneously increasing (rather than decreasing) the cost to Rs. 1.87 crore (£ 2, 49,739). This reduction in scope and increase in cost is inexplicable.**

In addition, excess payments, amounting to £ 30531 (Rs. 22.90 lakh) were made to JMW at the instance of Chairman and SG, OC as detailed below:

- **Increased Scope of Work due to visit of President** - In October 2009, DG-OC and Chairman OC approved an additional payment of £ 10350 (Rs. 7.76 lakh) to JMW proposed by Shri Sanjay Mahindroo, DDG, purportedly due to increased scope of work on account of the visit of the President of India. In fact, this visit was known to the OC in May 2009 itself, well before the award of the contract to JMW. Neither Chairman nor DG, while approving the payment,

<sup>3</sup> 1£= RS.75

questioned Shri Mahindroo regarding the reasons for change of scope of work. Further, during execution of the work, OC hired certain extra items from JMW, for which £ 2370 (Rs. 1.78 lakh) was purportedly paid in cash by Shri Mahindroo to JMW.

- **Trafalgar Square Function** - OC scheduled a function at Trafalgar Square, London, which was later cancelled and JMW intimated about this cancellation. Subsequently, JMW raised a bill of £ 31000 (Rs. 23.25 lakh) for this event, claiming that they had already incurred these expenses. Curiously, this issue was dealt with directly by the Chairman and SG. The instruction to work on this function was given from the Chairman's Secretariat, and the SG agreed to pay half this amount; ultimately £ 17811 (Rs. 13.36 lakh) was paid to JMW.

### Role of Shri Darbari and Shri Mahindroo in QBR Launch

Interestingly, the expenses for the QBR London launch were not approved by the QBR functional head. These expenses were handled by Shri TS Darbari, JDG (Revenue Marketing & Chairman Secretariat) (who was appointed by Chairman, OC, although without a formal office order, as in-charge of the London launch) and Shri Sanjay Mahindroo, DDG (Technology and Marketing) (who was closely involved without a formal role).

### 10.5.2 52 member delegation for QBR Launch Ceremony

On 21 October 2009, Chairman, OC approved a 52 member delegation for the QBR Launch Ceremony, which was at variance to the 36 member delegation approved by MYAS on 19 October 2009<sup>4</sup>; reasons for non-adherence to the MYAS approval, and the criteria for selection of delegates, were not documented. Consequently, the OC booked 56 rooms, and incurred excess expenditure of £ 22,910 (Rs. 17.18 lakh) for the persons in excess of the MYAS-approved delegation. We also noticed:

- Extra expenditure of Rs. 14 lakh on account of travel booking of extra members (including Smt. Meera Kalmadi<sup>5</sup> and Smt. Ranjan Mukherjee<sup>6</sup>) and relatives of baton bearers, who were not in the approved list;
- OC failing to deduct TDS amounting £ 18898 (Rs.14.17 lakh), while making two part payments to the hotel;
- Excess payments totalling £ 2084 (Rs. 1.56 lakh) on account of double charging for two rooms, and a superior room beyond entitlement; and
- Excess advance payment of £ 3399 (Rs.2.55 lakh) by the OC to the hotel.

<sup>4</sup> Based on a proposal from the OC for a 37-member delegation

<sup>5</sup> Shri Kalmadi (ex-Chairman, OC) stated that Smt. Meera Kalmadi bore her own travel expenses, without however providing supporting documents. However, OC confirmed that the ticket in the name of Smt. Meera Kalmadi was booked by OC.

<sup>6</sup> Wife of OSD to LG Delhi

### 10.5.3 Hiring of AM Films UK Ltd and AM Cars & Van Hire Ltd for various services

We found that the OC made payments of £ 386,237 (Rs.2.90 crore) during October 2009 to two little known entities, AM Films UK Ltd. and AM Car and Van Hire Ltd, for diverse and unconnected services for the QBR Launch Ceremony:

- £ 146,869 for hiring of large outdoor video display screens and £ 1275 for postage, photocopy, paper, cartridges etc;
- £ 238,093 for transport facilities, branded cars & buses, driver services, power generation facilities, mobile toilets, telephone charges etc.; this included a payment of £ 100,625 due to AM Cars and Van Hire Ltd but actually made to AM Films UK Ltd.

These services were originally to be provided by the QBR Event Management Agency, JMW, but were taken away from JMW's scope of work just 20 days before the QBR Launch ceremony for unexplained reasons.

In our view, the assignment of work to AM Films UK Ltd/ AM Cars and Van Hire Ltd and payments therefore were highly questionable; associated approvals and clearances were obtained and payments made with uncommon haste, and large amounts were also paid in cash, perhaps to avoid leaving a transaction trail.

#### 10.5.3.1 Hiring of AM Films UK Ltd. for large outdoor video display screens

We observed the following:

- Three bids were purportedly obtained by Shri Mahindroo without any advertisements being issued; it is not known how these bids were obtained;
- One of the bidders (3 Dots Vision Ltd.) was not registered with the UK Registrar of Companies; we also verified that the agency did not exist at its stated address;
- The credentials of AM Films UK Ltd. appear suspect, since the company registration and VAT registration numbers indicated in its advance invoice were false;
- The committee, consisting of Shri Jeychandran, JDG (F&A), Shri Mahindroo, DDG (TM) and Shri Sudhir Verma, DDG (Communications) which evaluated the quotes and selected AM Films UK Ltd at a total cost of £ 146,869 (Rs. 1.10 crore) and recommended 100 per cent payment in advance, was different from the originally formed committee. The minutes of the committee meeting purportedly held at London on 23-24 October 2009 were signed by Shri Jeychandran, who was actually in Delhi on these dates and processed the payment to AM Films Ltd.
- AM Films Ltd. submitted an advance invoice for £ 146869 (Rs. 1.10 crore) on 23 October 2009. Approval was obtained by Shri Mahindroo from the Chairman and communicated to Shri Jeychandran by e-mail / fax and processed, the OC CA's certification of payment of foreign currency obtained,



and funds transferred to AM Films Ltd – all on 24 October 2009 with undue haste by the OC.

In a separate response, Shri Kalmadi indicated that he gave his in-principle clearance, on account of urgency and the threat of cancellation of the QBR launch (as informed by Shri Mahindroo), and also expressed his dissatisfaction on the manner in which this issue had been handled. He also indicated that many of these aspects were approved/ processed by other officials – Shri Bhanot, Shri AK Mattoo and Shri Jeyachandran. In our view, the Presidential visit was known well in advance, and there should have been no occasion for such “emergent” action.

- Payment of £ 1275 (Rs. 0.96 lakh) was also purportedly made in cash by Shri Mahindroo to AM Films for unrelated postage/ stationery services, which appears unusual.

### 10.5.3.2 Hiring of Services of AM Cars and Van Hire Ltd.

AM Car and Van Hire Ltd. was hired for diverse and unconnected services, including power generation and video equipment (including LED), mobile toilets, barriers and first aid provision. We found that this agency was hired on the basis of a proposal by Shri Mahindroo on 20 October 2009, who stated that he had learnt about the firm during his visit to London in September 2009 through the High Commission of India and the Mayor's Office. Shri Mahindroo's claim was false, as he had earlier utilised the services of the agency in August 2009. Further, the selection of a transport solutions company for various event management services lacks credibility.

Payments of £ 238,093 (Rs.1.79 crore) were made for these services as follows:

- Even before the agency submitted three invoices<sup>7</sup> for £ 100,625 (Rs. 75.47 lakh) on 21st October 2009, the payments were processed and DG and Chairman's approval was obtained on 20 October 2009 itself; the payment was transferred to the account of AM Films UK Ltd. (and not AM Cars and Van Hire Ltd.) on 22 October 2009<sup>8</sup>. This payment included £ 49,803 (Rs. 37.35 lakh) for power generation purportedly required by SIS Live<sup>9</sup>, but no correspondence with SIS-Live was documented.
- A subsequent payment of £ 36,612 (Rs. 27.46 lakh) was made on 26 October 2009, on a proposal by Shri Mahindroo which was processed for payment by Shri Jeychandran after a “talk with the Chairman”.
- A cash payment of £ 100,856 (Rs.75.64 lakh) was made by Shri Mahindroo, purportedly for various services and works. There seems to be no reason for such large cash payments, except to avoid a transaction trail.

### 10.5.4 Gift Plaques for QBR Launch Ceremony

OC placed an order on 23 October 2009 for 91 silver and gold plated plaques at a cost of Rs. 14 lakh as gift items for the QBR Launch

<sup>7</sup> For branded buses and taxis, transport services and other services (barriers, toilets etc.)

<sup>8</sup> OC informed the Westminster City Council that AM Films (and not AM Cars and Van Hire Ltd.) had been hired for providing these services. This was either misinformation or indicated that the two entities were identical or the same.

<sup>9</sup> The contractor of Prasar Bharati, the Host Broadcaster for CWG-2010.

Ceremony. 72 small plaques were to be supplied, but only 52 plaques had been taken to stock; there are no records of actual distribution of these plaques. Further, only a payment of Rs. 5 lakh had been paid till December 2010.

#### 10.5.5 Other Miscellaneous Expenditure incurred by Shri Mahindroo

Besides the above payments, Shri Mahindroo also incurred expenditure of

£ 28,301 (Rs. 21.23 lakh ) on miscellaneous items, including food bills, alcohol charges, Chairman's party, phone charges, tips to hotel staff etc. and also expenditure without documented justification and/or reasons.

Incidentally, Shri Jeychandran and Shri Mahindroo drew advances of £ 65,000 (Rs. 48.75 lakh) each from the OC. Although they had submitted their adjustment bills in December 2009 and February 2010 respectively, these had not yet been settled.

### 10.6 Opening and Closing Ceremonies



**We note that the ceremonies were widely appreciated; in particular, the opening ceremony was a spectacular success. Our concerns, as described below, focus on delayed planning, lack of assurance that funds were expended economically, and numerous instances of non-compliance with procedures to ensure due diligence and transparency.**

### 10.6.1 Delays in planning

There were huge delays in planning for the opening and closing ceremonies.

- The manning of the Ceremonies Functional Area commenced only in January 2008 (against the original deadline<sup>10</sup> of October 2006), and no personnel from the Ceremonies FA formed part of the delegation to Melbourne CWG-2006.
- The process for engagement of the international consultant and the event management firm was suspended by the OC in December 2008 on the orders of MYAS (since the GoM had started examining this issue), and restarted only in May 2009 (after the appointment of a Creative Director in line with the GoM's directions).
- The first creative concepts for the opening and closing ceremonies were presented only in September and December 2009 respectively, against the stipulated timeline of October 2008.

### 10.6.2 Overlapping roles of agencies

For handling the opening and closing ceremonies, multiple sets of agencies were appointed:

- Shri Bharat Bala Ganapathy was engaged in February 2009 as the Creative Director on the recommendation of a panel of experts<sup>11</sup> (including Shri Bharat Bala himself) constituted by the GoM. From November 2009, he was appointed as “Creative Consultant”;
- Spectak Productions (headed by Mr. Ric Birch) was engaged in September 2009 as the international consultant for ceremonies;
- Wizcraft was appointed in December 2009 as the Event Management Firm; and
- 17 consultants (one Indian and 16 international) were appointed for the period between February and December 2010 for various services.

There was considerable overlap between the roles and responsibilities of these multiple agencies, as summarized below:

*Table 10.2 - Overlapping roles of different agencies*

Role of Shri Bharat Bala	Role of Spectak Productions (Shri Ric Birch)	Role of Wizcraft
<p><b>(Phase I – Creative Director February – October 2009)</b></p> <p>Ideation and development of creative concept for opening and closing ceremonies</p>	<p>Adequate support for planning of creative story/ boards/ scripts and designs, logistics and production plans/schedules (including audio-visual, sound/music, lighting, props, décor, aerial rigging, pyrotechnics etc.) along with timely and high quality implementation of all creative and production aspects of the ceremonies.</p>	<p>Rendering the service of creatively enhancing, coordinating, organizing, producing, directing, managing, executing and successfully delivering the opening and closing ceremonies.</p>
<p><b>(Phase II – Creative Consultant - November 2009 – October 2010)</b></p> <p>Advice and work for overall development of concept theme</p>	<p>Help to access the most appropriate talent, technology and specialist consultants and contractors from across the world.</p> <p>Provide timely advice to ensure that the preparations and delivery of ceremonies are meticulously planned.</p>	<p>Sourcing ceremonies procurement for technical arrangements, performers and other creative elements.</p>

<sup>10</sup> As indicated in the General Organisation Plan of the OC.

<sup>11</sup> The other members were Shri Javed Akhtar, Shri Prasoon Joshi and Shri Shyam Benegal.

Consultant	Work
Mark Fisher	Production Designer
Piers Shepperd	Technical Director
Durham Marengi	Lighting Designer
Laurence Estrin	Communications Designer
Andrew Garrod	Associate Technical Director
James Lee	Production Rigging
Ian Baldwin	Technical Systems Manager
Scott Willsallen	Audio Designer
Sarah Grubb	Master Scheduler
Ola Melzig	Technical Director
Stage Safe	Health & Safety Consultant
Aaron Felker	CAD Manager
Richard Hartman	Scenic Engineering and Scenic Rigging Manager
Knut Stockhusen	Roof Loading Study
Linus Lopez <sup>12</sup>	Power Consultant
Stage One	Rigging consultant
Laura Thatcher	Show Caller

**The need for a multiplicity of agencies with roles, which are prima facie overlapping, is not clear; we found instances of Shri Bharat Bala rendering advice on areas within the remit of Wizcraft. At best, two agencies – one as a consultant/ advisor, and another for execution (on a turnkey basis) could be justified.**

We also noticed that the working relationship between Shri Bharat Bala (who was appointed on the directions of GoM) and the other agencies – Wizcraft, Spectak Productions and other consultants were often discordant. OC's documentation reveals complaints by Mr. Ric Birch about the lack of live stage experience of Shri Bharat Bala. We are unable to comment on the differing perceptions of Mr. Ric Birch and Shri Bharat Bala as to their performance/ experience on the basis of available records.

<sup>12</sup> Only Indian Consultant

### 10.6.3 Engagement and Performance of Shri Bharat Bala

We found that no contract, specifying his scope of work and terms of remuneration, was signed with Shri Bharat Bala from February 2009 till February 2010. Shri Bharat Bala unilaterally decided his own scope of work for the first phase. Shri Bharat Bala also unilaterally determined his own remuneration:

- Initially in June 2009 at Rs. 40 lakhs per month from May to August 2009 and Rs. 10 lakh per month thereafter; and
- Revised in July 2009 to Rs. 50 lakhs per month from May to August 2009 and Rs. 12.50 lakh per month thereafter.

He was paid a total of Rs. 3.09 crore till October 2010 (including an advance payment of Rs. 0.25 crore).

As against the original timeline of August 2009, Shri Bharat Bala presented the creative concepts for the opening and

closing ceremonies only in September 2009 and December 2009 respectively. Further, the creative concept for the opening ceremony was largely a rearrangement of ideas presented by Wizcraft in August 2009 (as part of the technical evaluation for the event management firm<sup>13</sup>).

We are not clear about Shri Bharat Bala's role in Phase-II as Creative Consultant – “advice and work for overall development of concept and theme”, when the creative concepts had already been presented and an event management firm (Wizcraft) appointed to deliver the ceremonies.

#### 10.6.4 Engagement of Spectak Productions (Mr. Ric Birch<sup>14</sup>)

We found that:

- Global tendering procedures were not followed for engagement of the international consultant;
- The tendering process commenced with an EOI in September 2008, was suspended in December 2008 (on the directions of MYAS), and restarted in May 2009. After evaluation in July 2009, an Lol was issued in September 2009 to Spectak Productions for Rs. 10.33 crore and the agreement signed in December 2009.
- The performance guarantee obtained from Spectak Productions was faulty, as it could be invoked only with its prior approval. Consequently, OC was unsuccessful, when in December 2010 (after a review), it tried to invoke the performance guarantee.

<sup>13</sup> Shri Bharat Bala was present during the technical evaluation.

<sup>14</sup> CEO, Spectak Productions

- OC favoured Spectak Productions by agreeing to take on the service tax liability of Rs. 1.06 crore (when the RFP clearly indicated that the consultant was to indicate costs inclusive of all taxes).

#### 10.6.5 Engagement of Wizcraft as Event Management Firm

We found that:

- The tendering process was initiated in September 2008, suspended in December 2008, and restarted in May 2009. After evaluation in August 2009, the contract with Wizcraft was signed only in December 2009.
- The scope of work of Wizcraft was not adequately clear, as OC also appointed other consultants and contractors, whose scope of work fell within the same areas as indicated in Wizcraft's scope of work.
- No milestones were indicated in the scope of work, and the schedule of payments was not linked to deliverables.
- In the EOI, the contract was to be given on a turnkey basis on the lines of Melbourne CWG-2006; this was changed through a corrigendum issued on 30 September 2008. In the RFP, the Event Management Firm was not to get agency commission on procurement done by OC directly. However, in the contract, OC agreed to pay a fixed ceremonies management fee of Rs. 5.40 crore and event agency charges on a sliding scale depending on the procurement amount, (even on OC's direct procurements) which eventually amounted to Rs. 16.09 crore. This pattern of remuneration was on the

lines of Melbourne CWG-2006. However, OC did not follow the turnkey business model followed at Melbourne, and appointed staff/ consultants and made procurements on their own.

**In our view, the event agency charges of Rs. 16.09 crore to Wizcraft were not justified. OC's response that Wizcraft was providing BOQs, drawing up scope of work, and sourcing vendors/ artists etc. is not tenable, since these activities were undertaken by Shri Bharat Bala, Spectak Productions and the other 17 consultants engaged by the OC.**

#### 10.6.6 Inappropriate Engagement of Other Consultants

OC appointed 17 other consultants for various ceremony-related activities for the period February to December 2010; Rs. 6.12 crore had been paid till February 2011<sup>15</sup> to these consultants. 16 out of these 17 consultants were appointed on nomination basis (largely on the advice of Mr. Ric Birch and Event Management Firm), with one consultant appointed through limited tender.

Our review of the EOI documents submitted by Wizcraft revealed that five of these consultants (Mr. Piers Shepperd, Mr. Durham Marengi, Mr. Mark Fisher, Mr. Laurence Estrin and Mr. Richard Hartman) had addressed consent letters dated 1 June 2008 to Mr. Ric Birch, wherein they indicated that:

- They would provide their services on an exclusive basis to Spectak Productions

for submitting a creative proposal for the CWG-2010 ceremonies;

- It was understood that Spectak was providing their consulting services to Wizcraft; and
- Should Wizcraft be appointed as the producer for the ceremonies, they confirmed their availability and willingness to participate in the creative production group.

Further, the website of Spectak Productions also indicates that Mr. Ric Birch and 10 Spectak contractors provided services for CWG-2010.

#### **Nexus between Mr. Ric Birch (Spectak Productions), Wizcraft and other consultants**

**This correspondence involving Mr. Ric Birch (Spectak Productions) and the additional consultants (with references to Wizcraft's role) took place on 1 June 2008, while the EOIs resulting in appointment of Spectak Productions and Wizcraft were issued only in September 2008. We conclude that:**

- **Mr. Ric Birch and Wizcraft had a high level of confidence of being awarded the contracts for the CWG-2010 ceremonies, and had tied up with other experts well in advance. Incidentally, the other respondents to the EOI did not indicate evidence of such tie-ups.**

<sup>15</sup> Final payments were yet to be made to two consultants.

- **These consultants, who expressed their willingness in June 2008 to work for Wizcraft, were appointed by the OC in 2010. Evidently, the cost of engaging these consultants was to be paid by Wizcraft, and not by the OC. OC should not have appointed these additional consultants, and their engagement at a cost of at least Rs. 6.12 crore amounted to a clear financial benefit to Wizcraft.**

Further, the terms and conditions of the contracts with the 16 foreign consultants did not safeguard OC's interests:

- The mandays to be spent on-site in India were not provided in 10 cases, and there was no formal system of periodic monitoring and reporting in all cases.
- We found three specific instances of overlapping scope of work – show caller/ stage manager, rigging manager, and master scheduler – between the consultants and Spectak Productions, Wizcraft and another consultant.
- No performance related provisions were incorporated in any of the contracts (despite OCFC's recommendations), which prevented OC from taking adequate action in June 2010 against Mr. Shepperd and Mr. Marengi. Further, no clauses regarding refund of advances (for breach of contract or non-delivery of services) were incorporated; consequently, OC could not take action against four consultants, who resigned mid-way.

- 12 out of 17 contracts did not specify the liability for service tax; OC finally bore the liability for service tax of Rs. 0.52 crore. In the case of Mr. Mark Fisher, OC failed to deduct service tax of Rs. 1.23 lakh.

We also found overpayments of Rs. 0.43 crore to Mr. Shepperd and Mr. Marengi, as well as an unexplained reduction in the scope of work of Mr. Andrew Garrod<sup>16</sup> on 4 October 2010.

#### 10.6.7 Theme song

Shri AR Rehman was engaged for composing and performing the theme song for the Opening Ceremony. The theme song was launched on 28 August 2010 and the video shoot completed only on 11 September 2010, as against the contractual date of 15 August 2010 for release at a press conference. This delay resulted in lack of adequate exposure and publicity for the theme song. No action could be taken for the delay, due to absence of penal provisions in the contract.

#### 10.6.8 Music Composer and Director

OC engaged Shri Ranjit Barot as music composer and director for a turnkey solution for the opening and closing ceremonies at a total cost of Rs. 1.75 crore plus taxes. Contrary to the Fast Track Committee's direction, OC did not obtain the cost break-up for each sequence, nor did it constitute a negotiation committee. Further, we noticed overpayment of Rs. 0.18 crore to Shri Barot; OC also incurred expenditure of Rs. 0.73 crore for royalty and license fees for music (which should have been borne by Shri Barot).

<sup>16</sup> Who was paid \$ 102,700 (Rs. 0.46 crore)

### 10.6.9 Procurement of accessories/ special items

In order to present spectacular opening and closing ceremonies, OC entered into various contracts for accessories/ special items. We found that the tendering/ award process in most of these contracts were deficient; details are summarized below.

#### Consultant for Band Stand

With the approval of GOM, OC engaged Mark Fisher Studio, London in October 2009 at a fee of USD 514,000 excluding taxes (Rs. 2.31 crore) for providing architectural designs and drawings for a centre stage pavilion (band stand) in the JLN Stadium for the opening ceremony.

We found that Mark Fisher Studio<sup>17</sup> was engaged directly by the EMC (without OCFC's approval<sup>18</sup>).

Subsequently, Mr. Mark Fisher managed to get

- his scope of work revised to cover only “preliminary” designs and drawings”, rather than complete designs and drawings, and
- revised terms for 100 per cent payment in advance.

When the GoM decided in December 2009 to dispense with the bandstand, full payment had already been made; the CEO's efforts to subsequently review the work done by Mr. Mark Fisher were unfruitful.

<sup>17</sup> Mr. Mark Fisher had attended two creative workshops hosted by Shri Bharat Bala; he was also one of the consultants, who submitted a consent letter to Mr. Ric Birch to work with Wizcraft for CWG-2010.

<sup>18</sup> The proposal was, post-GoM approval, remitted to the OCFC, who refused to comment on it at that stage.

#### 10.6.9.1 Hiring of Aerostat

After the idea of the band stand was dropped, Mr. Mark Fisher presented a design for an aerostat in January 2010. A turnkey contract for the aerostat was awarded to K-Events at a cost of € 5.87 million (Rs. 35.81 crore). We found that Mr. Ric Birch had claimed that after having surveyed 51 agencies for different aspects of the aerostat<sup>19</sup>, K-Events was the only respondent. Further, Mr. Ric Birch falsely claimed that he had no corporate or commercial relationship with K-Events; in fact, Spectak Productions and K-Events were part of the same group, the Filmmaster Group.

Further, OC showered other undue favours on K-Events:

- It hired two consultants and equipment for this work and paid Rs.2.23 crore; and additionally spent Rs. 0.23 crore for expenses on customs duty and electric generator, as well as necessary approvals; these were within the remit of the turnkey contract awarded to K-Events;
- OC also provided undue benefits worth Rs. 1.13 crore on account of travel, accommodation and other charges.

Further, one out of the five parts (sausages) of the aerostat was not utilized for the ceremony.

#### 10.6.9.2 Pyrotechnic supplier

OC hired Howard & Sons in June 2010 as the pyrotechnic supplier at a cost of US\$ 0.75 million (Rs. 3.38 crore). We found that the supplier was selected through a limited

<sup>19</sup> No evidence of such communications with these 51 agencies was available on record.



tender issued to firms recommended by Mr. Ric Birch, contrary to the Fast Track Committee's direction for an open tender<sup>20</sup>; Also, we found excess payment of Rs. 0.23 crore on account of non-adjustment of freight charges.

### 10.6.9.3 Lighting and Searchlight

OC awarded a contract for lighting and searchlight to PRG, Belgium at a cost of US\$ 3.5 million (Rs. 15.75 crore). We found that the tendering/ award process was irregular:

- Limited tendering was adopted, contrary to the recommendations of the Fast Track Committee for open tendering. Further, the firms for the RFP were recommended by the Technical Director (Mr. Piers Shepperd) and not the lighting designer (Mr. Durham Marengi).
- The last date for submission of the bid was extended on PRG's request, as they had not prepared the bank drafts for processing fee and EMD.
- The contract was originally envisaged as two separate RFPs for lighting and searchlight, but a single contract was awarded on the basis of a post-bid proposal by PRG for a composite contract. However PRG did not provide the details of the equipment, they were going to supply.
- The technical evaluation was faulty, as another bidder, BeiAo Events, China with relevant experience was technically disqualified through incorrect evaluation.

## Dubious Technical Evaluation of Lighting and Searchlight RFPs to favour PRG

Our review of the papers relating to termination of the services of Mr. Durham Marengi indicated an e-mail from Mr. Durham Marengi to a PRG official, who then complained to the OC against Mr. Marengi's attempt to "frighten" them.

In his e-mail, Mr. Marengi alleged:

- vigorous efforts by Wizcraft to rate PRG as top of the list, and mark down another bidder (Agora) for the lighting RFP,
- PRG failing to meet the bid requirements for the searchlight RFP.

Mr. Marengi then indicated that he and PRG could then "*play our collaboration card... so that OC has their preferred one stop shop*" and Wizcraft "*had their obviously preferred company in place*". Mr. Marengi also offered to "*assure everyone of the absolute integrity of PRG's actions in Delhi*" if PRG sub-hired a part of the contract from the other bidder, Agora, "*which would keep them from feeling aggrieved*".

Mr. Marengi also drew reference to the need to be "*especially squeaky clean as we head towards the infinitely politically correct procurement process that we will find in the UK (2012 Olympic) Games opportunities coming up soon.*"

On the basis of PRG's complaint (enclosing Mr. Marengi's e-mail), the OC terminated Mr. Marengi's contract.

<sup>20</sup> Later in March 2010 OCFC agreed for limited tender.

Subsequently, OC re-evaluated the selection of PRG. However, the re-evaluation committee, consisting of Shri Sanjiv Mittal, JDG (Procurement), Shri KUK Reddy, DDG (F&A), Shri Jeyachandran, JDG (F&A), Shri Ram Mohan, DDG (Legal), Ms Indu Anand Director (Ceremonies) and representative of Wizcraft found the selection of PRG to be correct. Interestingly, the committee re-evaluated the contract for lighting (which was the main focus of Mr. Marengi's e-mail) and not the searchlight contract.

We also found other instances of undue favour by the OC to PRG:

- Irregular payment of € 225,000 (Rs. 1.37 crore) to PRG on account of damage to equipment, although risk insurance for such eventualities was contractually PRG's liability;
- Short-deduction of TDS of US\$ 1.13 million (Rs. 5.09 crore), contrary to the advice of OC's CA; and
- Provision of 136 air flights free of cost, instead of 60 (as contractually stipulated).

#### 10.6.9.4 Video Content<sup>21</sup>

We found the OC irregularly awarded a contract of Rs. 3.8 crore for video content to Prime Focus (the L-3 bidder), after negotiations with them, on the basis of Shri Bharat Bala's "strong belief in his capabilities", to reduce their rates to the L-1 rates. Incidentally, no tenders were floated, and only proposals given by Wizcraft were evaluated.

#### 10.6.9.5 Audio Systems

OC awarded the contract for audio systems at a cost of US\$ 1.15 million (Rs. 5.17 crore) to Norwest Production and Sound.Com. We found the award process to be irregular:

- Although an open RFP was stated to have been issued in June 2010, the successful PQ bid was not available on record;
- Norwest submitted two options in its bid, one as per OC's criteria and the other on alternative criteria. During evaluation, OC revised its criteria and opted for the alternate option given by Norwest, thus selecting Norwest and not PRG<sup>22</sup> who was L1 as per OC's RFP criteria; and
- While the work was awarded to Norwest through tendering, the contract was signed with Norwest and Sound.com and payments were equally divided between them.

<sup>21</sup> To be projected on the aerostat

<sup>22</sup> Who had just been awarded a composite contract for lighting and searchlight.

## Appointment of Shri Omung Kumar (Blue Lotus Productions) as supplier of props for ceremonies

OC engaged Shri Omung Kumar (Blue Lotus Productions) as Art Director for the opening and closing ceremonies and manufacturing of props. The proposal for appointment of Shri Omung Kumar was initiated on the recommendation of Wizcraft, Mr. Ric Birch and Shri Bharat Bala; a separate tender process for manufacturing of props was scrapped at the commercial evaluation stage. The scope of work was finalized in April 2010 with Shri Omung Kumar, bypassing the Fast Track Committee, which was considering this issue. Initially, OC signed a turnkey contract for Rs. 11 crore plus taxes (for props and art direction for the opening ceremony) in July 2010. Subsequently, Shri Kumar was given additional work and props for Rs. 1.45 crore plus taxes, contrary to the principle of a "turnkey contract". This was further expanded on 10 October 2010 to cover props of Rs. 4.04 crore plus taxes for the closing ceremony (which was just four days away). All these works were awarded without an approved list of props required. The need for such high volumes of expenditure on props is, thus, questionable.

The props included vehicles of different categories, ownership for which was not transferred in OC's name. Further, props worth Rs. 3.09 crore for the closing ceremony and Rs. 0.36 crore for the opening ceremony remained unutilized. In addition, props worth Rs. 2.38 crore were not received at all.

We also noticed that the props procured from Blue Lotus Productions were exorbitantly priced, as is illustrated below:

### DESCRIPTION OF PROPS AND PRICES CHARGED

Podium (Rs.50000/- per piece)



Polo Circles (not used) - just a ply piece covered with cloth (Rs.13425/- per piece)



**DESCRIPTION OF PROPS AND PRICES CHARGED**

**Ashok Chakra painted on cloth  
(4 metres diameter) (Rs. 150000/-)**



**Placard for each CGA  
(Rs.3521/- per piece)**



**Sugarcane Truck  
(Rs.10 lakh)**



**Chinese fan  
(Rs. 11,000 per piece)**



**DESCRIPTION OF PROPS AND PRICES CHARGED**

**Mobile flag holder - Used to hold the flags for all CGAs (Rs.2254/- per piece)**



**Garland with stand used as a show piece (Rs. 46833/- per piece)**



**Bangles for Namaste (Rs.22,950- per piece)**



**Chagada – Gujarati style (Rs. 2.5lakh)**



**Tiffin trays for dabbawalas (Rs.8,141/- per piece)**



**Milk Churn with Bicycle (Rs. 8,000 per set)**



Section - C  
Conduct of the  
Games-Organising  
Committee

## DESCRIPTION OF PROPS AND PRICES CHARGED

Small truck (Tata 407-1996 model) Rs.4.47 lakh



Car (Ambassador-2001 Model) Rs.3.45 lakh



Though the EB asked OC to dispose off these props by selling them in order to earn revenue, Chairman OC approved the proposal for handing over the props and costumes to artist and schoolchildren.

## 10.6.10 Ground Protection and restoration FOP



**Ground Cloth Closing ceremony Lying in JLN Stadium** (Picture Taken 1 March 2011)



**Ground cloth Opening ceremony Lying in JLN Stadium** (Picture Taken 1 March 2011)

OC incurred a total expenditure of Rs. 17.84 crore on various forms of protective coverage for the ground at JLN Stadium for the opening and closing ceremonies. This included:

- Rs. 7.87 crore on procurement of ground protection (temporary flooring tiles to take heavy loads);
- Rs. 2.71 crore on ground cloth (thick carpets) for the opening and closing ceremonies; and
- Rs. 7.26 crore for rolling out grass turf replacement for the Field of Play in the stadium (where grass had initially been laid by CPWD at a cost of Rs. 0.40 crore).

We found that the need for multiple forms of ground protection was not adequately justified. In addition:

- The area to be covered was fixed after the RFP were issued; this area was subsequently reduced and even the reduced supply (of ground protection tiles and ground cloth) was utilised only partially<sup>23</sup> (leaving 4500 tiles worth

Rs. 2.02 crore as well as 16 rolls of ground cloth worth Rs. 0.20 crore, unutilised).

- Ground cloth for the closing ceremony was merely optional, but the OC still went ahead with procurement.

Further, the procurement of all these items was irregular:

- Procurements were done without following global tendering and also not providing adequate time for bidders to respond.
- The ground protection contract was initially floated on hiring basis in March 2010. Out of three qualified bids, the L-1 bidder (Signature Fencing and Flooring Systems) and L-2 bidder (Signature Fencing jointly with Jubilee Sports Technology Ltd.) were essentially the same. After the L-1 bidder withdrew its offer for Rs. 7.87 crore (purportedly

<sup>23</sup> The original requirement of ground tiles of 23,000 sq. meter was reduced to 16,900 sq. meter, but only an area of 11,970 sq. meter was covered.

because it refused to bear the withholding tax), the scope of work was reduced (from 23,000 sq. meter to 16,900 sq. meter) and awarded in June 2010 to L-2 (since Jubilee Sports agreed to bear the tax). Then, Jubilee Sports refused to bear the tax, and the contract was awarded on procurement basis to Rs. 7.87 crore to Signature Fencing. Incidentally, Signature Fencing supplied only one layer of ground protection (against the contracted three layers of protection)

- The ground cloth contracts for the opening and closing ceremonies were awarded on the basis of single responses to GeoFabrics, UK and Lalit Art Studio at costs of US\$ 387,695

(Rs. 1.74 crore) and Rs.0.97 crore.

Further, Lalit Art Studio supplied ground cloth of the wrong colour (white against black and sand colour), but OC accepted the cloth.

- OC awarded the contract for rolled grass turf replacement in June 2010 at Rs. 7.26 crore to Hortus Consultants Ltd, after re-tendering. In addition, OC also awarded a service agreement for Rs. 0.48 crore in September 2010 to supply water proof membrane for levelling of ground and filling of sand for the Field of Play, which was actually the responsibility of CPWD. There was no evidence that CPWD refused to undertake this work.



Unused Ground Protection Tiles (March 2011)