CHAPTER 16

Common Issues in Venue Development

There were considerable variations in the performance of design consultants engaged by different venue owners/ implementing agencies. We noticed that where the role of the foreign partner in the design consultants consortia (with relevant experience in design of sports stadia) was less, there were significant deficiencies in performance.

Despite a multi-level quality assurance mechanism, most of the implementing agencies had engaged Third Party Inspection/ Quality Assurance (TPIQA) Agencies for larger works. It is important that the role and responsibilities of the TPIQA Agencies and the implementing agencies should be clearly demarcated. While the TPIQA Agencies should be held accountable in its own right for poor quality of execution of the work, the implementing agencies should continue to be the final point of responsibility and should closely monitor the work of the TPIQA Agencies.

Different implementation agencies followed different processes for award of major construction works. CPWD awarded most of the venue development contracts on item-rate basis, which is the preferred method according to the CPWD Manual since it is best suited to deviations from the original scope of work. However, two major works (SPM and roofing of JNS), which were awarded on lumpsum basis. Large number of extra/ substituted items and deviations in the works awarded on lump sum basis tended to change the very essence of the contract. PWD, GNCTD awarded most of its works on percentage rate tenders. This method of tendering is recommended/ suitable, only when the major portion of work is on account of items included in the Delhi Schedule of Rates (DSR), which was not the case in most of the venue development works.

Deficiencies in the process for award of major works related mainly to pre-qualification and eligibility. The pre-qualification of bidders separately for each venue not only introduced arbitrariness and inconsistencies in eligibility criteria, but also delayed the process of award and execution. Considering the similar nature of works for sports venues, a common pre-qualification process should have been conducted.

There were delays relating to venue development at all stages – practically no progress being made till mid 2006; thereafter planning delays on account of late preparation/ approval of venue briefs, return briefs, and concept designs; delays in tendering and contract award; and delays in works execution and handover.

We found several deficiencies in the process of "justification" for awarding works at substantially higher amounts than the cost estimates. There were also numerous instances of deviations (quantity deviations, extra items, and substituted items) from the original scope of work, with adverse implications in terms of increased cost and delays.

These are attributable to deficiencies in performance of the design consultants, the works contractors, and the implementing agencies, as well as subsequent changes in detailed venue specifications at the instance of the OC/ International Sporting Federations.

We found numerous instances of delays in achieving the milestones listed in the contract, for which adequate penal action (levy of compensation/ Liquidated Damages) was not taken, hindrance registers were poorly maintained, and Extensions of Time (EOTs) not managed properly. Further, it is a matter of grave concern that despite the lapse of several months since the conclusion of the Games, final payments are nowhere in sight for most venue development works. Also, in our opinion, the current clauses for compensation/ LD do not provide adequate disincentives for delays in completion. For such projects, GoI may consider revised LD/ compensation clauses with higher disincentives, with an appropriate cost-versus-time trade-off.

A key element of cost escalation is labour wage escalation. We found several deficiencies in the application of this escalation clause. In our opinion, although such payments are in the nature of compensation, the payments are routinely made as per a specified formula and there is no mechanism to verify that payment is made for labour actually engaged by the contractor/ sub-contractor. In order to ensure that the benefit of increased minimum wages reaches the actual beneficiary, we recommend that such payments should be made only on production of proof of unskilled labour actually engaged, duly authenticated by the Labour Welfare Department.

Another issue with regard to the venue development contracts is the reimbursement of service tax to the contractors. Currently, such reimbursement is being made on the basis of e-challan indicating only lump payments. In future, such reimbursement should be made only on the basis of a certification from the Chartered Accountant that the service tax claimed for reimbursement has been paid specifically for the work covered under the contract.

We also found deficiencies in legacy planning and signing of MoUs with the venue owners.

16.1 Introduction

For hosting CWG-2010, 14 Competition venues and several training venues were constructed/upgraded to meet the standards and specification for such international events. The works were undertaken under the guidance of different consultants by the implementing agencies who further enaged contractors to execute them. Figure 16.1 is a schematic presentation of the various agencies engaged in venue development.

16.2 Design Consultancy

There were considerable variations in the performance of design consultants engaged by different venue owners/ implementing agencies. A key requirement for the design consultants was experience in designing of similar sports stadia[1]. Such experience requirements were usually met through consortia involving a foreign partner with such experience. We noticed that where the role of the foreign partner with relevant experience was less, there were significant deficiencies in the performance of design consultancy services:

- Almost all the design consultancy services relating to CPWD venues were awarded to CES. The role of the foreign partner (SBP), if any, was not verifiable from CPWD's records, although the fees payable to the foreign partner were 60 per cent under the contract. In the case of roof designing consultancy contract for JNS, strangely SBP (the JV partner) was also engaged as the TPQIA. The services of CPWD's Central Design Organisation (CDO) were not utilised. (Refer paragraph 17.1 and 17.2 of the report);
- In the case of the Games Village practice venues, a consortium of Suresh Goel Associates with Decathlon was awarded the contract; however, Decathlon withdrew from the consortium due to problems with the Indian partner.(Refer paragraph 20.6. of the report); and
- Likewise, Architects Bureau in consortia with Group GSA was appointed by DDA for refurbishment of existing venues at Siri Fort Sports Complex and Yamuna Sports Complex (Peddle Thorp Architects having been appointed for designing of new facilities). There were several deficiencies in the performance of Architects Bureau.(Refer paragraph 18.2.2 of the report).

16.3 Third Party Inspection/ Quality Assurance Agency

Third Party Inspection/ Quality Assurance (TPIQA) Agency are engaged to provide an independent assessment, at various stages of the construction. The scope of work of TPIQA included:

- Assessment of the quality of the work being executed with regard to the material and workmanship as per the stipulated specifications;
- review the quality assurance plan submitted by the contractor in consultation with the client;
- advise the department on quality check of various materials being used, as well as that of the finished works.

[1] *Especially when the implementing agencies had no such experience and the construction contractors were not required to specifically have experience in constructing sports venues.*

- periodically, inspect ongoing as well as finished works and record observations about the quality and standard of the work and the workmanship; and
- prepare a report on its observations and submit the same to the department for taking necessary action on their recommendations.

We found that all the venue owners/ implementing agencies viz. CPWD, PWD, NDMC, GNCTD etc. had appointed/ engaged independent design consultants, who were also required to assist the departments during the execution stages of the projects in order to ensure that the works were carried out as per the approved plan and concept. Further, the CVC also periodically monitored the projects of the CWG – 2010, through its technical wing, the Chief Technical Examiner (CTE), and submitted reports with its recommendations. Besides, the quality assurance functions of the implementing agencies also covered the projects at all stages of execution.

Despite a multi-level quality assurance mechanism, the implementing agencies also engaged TPIQA Agencies for larger works. While it is difficult for us to question the rationale of engaging TPIQA Agencies, it is important that the role and responsibilities of the TPIQA Agencies and the implementing agencies should be clearly demarcated. While the TPIQA Agencies should be held accountable in its own right for poor quality of execution of the works, the implementing agencies should continue to be the final point of responsibility and should closely monitor the work of the TPIQA Agencies, so as to ensure that:

- it is available at all stages of construction;
- it gives its reports periodically, preferably linked with the construction milestones; and
- it submits its report in a timely manner and the client ensures that the deficiencies are rectified immediately.

Further, in cases of failure to perform its duties and responsibilities, the penalties imposed on the TPIQA Agencies should be stringent and not limited to financial penalties viz. liquidated damages, compensation for damages, etc., but also such that it adversely effects the credibility of the agency (TPIQA), so that it is debarred/ blacklisted from securing any government/ private contract for third part assurance/ engineering consultancy in future.

16.4 Award of Contracts

Different implementing agencies awarded major construction works differently:

- CPWD awarded most of the venue development contracts on item-rate basis, which is the preferred method according to the CPWD manual, since it is best suited to handling deviations from the original scope of work.
- However, CPWD awarded two major works – the Dr. SP Mukherjee Aquatics Complex (SPM) and the roof for Jwaharlal Nehru Stadium – on lumpsum basis. Large number of extra/ substituted items and deviations (in particular in the case of the SPM) – tended to change the very essence of

the lump sum contract. (refer paragraph 17.6.1.1 , 17.6.1.2 & 17.7.1.1 of this report)

- PWD, GNCTD awarded most of its works on percentage rate tenders. Under this method, the bidding contractors quote a single percentage rate above or below the cost estimate for the project. Consequently, errors/ calculations in individual items of the cost estimate cannot be factored into consideration at the time of bidding. According to the CPWD manual, this method of tendering is acceptable only when the major portion of the work is on account of items included in the Delhi Schedule of Rates (DSR). Considering that many of the items associated with development of sports venues were not listed in the DSR, adoption of this method was not desirable. (refer paragraph 19.3.1.4 of this report)

Deficiencies in the process for award of major works mainly related to pre-qualification and eligibility:

- In the case of Major Dhyan Chand Hockey Stadium, Unity Infra became eligible only through relaxation of pre-qualification criteria. (refer paragraph 17.9.2 of this report)
- In the case of Indira Gandhi Stadium(indoor cycling velodrome), JMC India was considered eligible on account of financial position only through consideration of a shortened accounting period of six months with profits (while substantial losses were incurred during the preceding extended 18 month accounting period). Further, undue favours were shown in selection of Swadeshi Construction Co. for many works. (refer paragraph 17.8.2.1 and 17.8.4.1 of this report)
- The main work for the Games Village practice venues was awarded to Sportina Payce, which was ineligible at the time of bidding. (refer paragraph 20.6.4 of this report)
- The main work of construction of Shivaji Stadium was awarded to China Railway Shisiju Group Corporation (whose eligibility is open to question) which, in turn, employed a sub-contractor, Simplex Projects Ltd. Incidentally, this stadium is still not complete. (refer paragraph 19.2.2.5 of this report)
- The main work in respect of Talkatora Indoor Stadium was awarded on the basis of a single financial bid to Simplex Projects Pvt. Ltd. (refer paragraph 19.2.3.1 of this report)

The pre-qualification of bidders separately for each venue not only introduced arbitrariness and inconsistencies between the eligibility criteria adopted by different implementing agencies (and their executing divisions), but also delayed the process of award and execution of these contracts. In our opinion, considering the similar nature of works for sports venues (based on the venue briefs prepared by OC's consultant, EKS), a common pre-qualification process (cutting across all implementing agencies and venues) should have been conducted, which would have minimized such issues.

16.5 Delays

There were delays relating to venue development at all stages:

- Planning delays – As already discussed in Chapter 5, till mid-2006, there was practically no progress made on planning. While the sporting disciplines and the competitive venues were approved in January 2006, no major progress could be made till the appointment of EKS as OC's consultant, which was approved in November 2006.

  Thereafter, time was lost on account of delayed preparation of venue briefs by OC, submission of return briefs and concept designs by the implementing agencies, and final approval by the OC; this was compounded by delays in applying for, and receiving clearances from various statutory agencies. Annexe 16.1 indicates the delays at the planning stage;

- Delays in tendering and contract award; and

- Delays in works execution and handover.

16.6 Contract Management and Execution

16.6.1 Cost Estimation

In most cases, the costs at which works were finally awarded were substantially higher than the estimated costs[2]. The awards were then "justified" within a band of 10 per cent through calculation of justified costs (based on market assessment of the majority of items) post- financial bid opening. We found several deficiencies in the process of justification.

We recognise that the only alternative to the justification process – viz. re-tendering – was not feasible in the vast majority of cases, due to the limited time available for completion of the venues in time for the Games. However, in addition to casting doubts on the reliability of cost estimation, not knowing the precise cost to be ultimately borne by the public exchequer is also a highly undesirable situation. This also puts the Government in a weak negotiating position vis-a-vis potential bidders.

16.6.2 Changes in Scope of Work

In most of the works, there were numerous deviations from the original scope of work, with adverse implications in terms of increased cost and delays. In our opinion, these are attributable to multiple factors:

- the failures of the design consultants,
- deficiencies in performance of the works contractors;
- failure of the implementing agencies to properly supervise and monitor the progress of work; and
- subsequent changes in detailed venue specifications at the instance of the OC/ International Sporting Federations.

These changes in the scope of work of awarded contracts, fell into three categories:

- Deviations – representing increases/ decreases in quantity for items already included in the contract;

[2] *In one case i.e. Weightlifting Auditorium in JNS, the civil works component of the technical estimates were inexplicably prepared in January 2008 on the basis of DSR 2002 (without indexing it to increase in costs) though the revised DSR 2007 was notified in December 2007.*

- Extra items – for items of work which are completely new and in addition to the items contained in the contract; and
- Substituted items – where an item is taken up in partial modification or in lieu of items of work in the contract.

The financial implication of these changes is complicated by the differences between the current market rates and the item-wise rates stipulated in the contract. The rate of extra items will be worked out at market rates prevailing at the time of commencement of execution of these items. However, for substituted items, the agreement rate of the original item will be adjusted for the difference in market rates of original and substituted items. In a few instances, we noticed treatment of items as "extra" items where there was a rising market trend, and substituted items where there was a declining market trend. Both these scenarios tended to be to the financial benefit of the contractors. Case study 16.1 illustrates the variation in amounts payable by treating substituted items as extra items.

Case Study: 16.1

Overpayment by irregularly treating the substituted items of works as extra items

We noted that undue financial favours were extended to the contractor through irregularly treating items of work in the agreement as 'extra items' instead of 'substituted items'.

In Dr. Karni Singh Shooting Range agreement, items of integral flood flight were partially modified but instead of deriving rates as above, CPWD paid market rates treating the item as extra item resulting in overpayment of Rs. 0.31 crore.

In SPM treating the item viz. 'toughened glass' as extra item instead of substituted item CPWD justified the rate of Rs. 15,955 per sqm in lieu of the rate of Rs. 13,744.45 per sqm already sanctioned as substituted item, with an additional financial implication of Rs. 2.16 crore. The extra payment was justified on grounds of a decision that for lump sum contract usual substitution of items cannot be operated upon on the basis of variation rates and therefore such items would be treated as new item for payment at market rate. However, fact remained that in another case but in the same agreement, CPWD (Electrical Division) has substituted some items. Hence, CPWD adopted two different methodologies for adoption of rates in case of substitution of items in a lumpsum contract.

The extent of extra, substituted and deviated items in the 29 works (with tendered cost of Rs.1483.91 crores) reviewed by us, is summarized below:

(Rs. in crore)

Category	Amount
Extra items	95.66
Substituted items	15.99
Deviated items	131.83

These include cases which are also discussed in works specific paragraphs of the relevant chapter.

The details of extra items, substituted items and deviated items in different works, along with our remarks, is given at Annexe 16.2.

16.6.3 Handling of Delays

We found numerous instances of delays in achieving the milestones listed in the contracts, for which adequate penal action was not taken. Hindrance registers, which would clarify the responsibilities of the contractor and implementing agency for these delays, were poorly maintained, compromising the process of determining liabilities for delays. Further, Extensions of Time (EOTs), which are required to be handled in a timely manner (to ensure contractually that time remains the essence of the contract, if a dispute requires legal or arbitration remedies) were not managed properly. Also, compensation/ liquidated damages for delays have not been levied on the contractors in most cases.

It is a matter of grave concern that despite the lapse of several months since the conclusion of the Games, final payments are nowhere in sight for most venuedevelopment works.

16.6.4 Non-levy and recovery of compensation for delay in completion of work

All contracts awarded by CPWD for CWG-2010 indicated stipulated dates of start and completion of work specifying that time was essence of the contract. All agreements provided for recovery of compensation @ 1.5 percent per month of delay in completion of work, computed on per day basis, not exceeding 10 percent of the tendered value of work. Agreements for major works also included milestones indicating stages of work for achievement by the contractor. In case of failure of the contractor to achieve the contracted milestone, specified percentage of tendered amount was to be withheld from contractors' bills for adjustment against any recovery due from contractor for slow progress and delay in completion of work. Regarding grant of EOT, the CPWD Manual stipulates that based on the Hindrance Register where adequate and proper grounds exist, the Engineer-in-charge can grant extension of time. Remedies for delayed completion/ inferior workmanship at disposal of the Government include levy of compensation, termination of contract, award of unexecuted work to another contractor after giving notice to the contractor, forfeiture of earnest money/ security deposit/ performance guarantee etc.

We found that generally completion of works was delayed due to numerous lapses, slippages, inadequacy of manpower, incompetency of contractors/ sub-contractors, delays in procurement of material etc. on the part of the contractor and there were either no bona fide hindrance in completion of work or hindrance were of routine nature not justifying long delays in completion of work. Despite records indicating that the contractor was fully/largely responsible for delay in completion of work, CPWD had not initiated action in a single case for levy and recovery of compensation from contractors. Amounts withheld for slow progress of work and non-achievement of milestone were also released without reasonable justification. Extensions of time were routinely granted, completely ignoring lapses, slippages and delays on the part of the contractor, letters issued to the contractors pointing out such lapses, inadequacies of resources & materials and

notices issued to the contractor from time to time under provisions of respective agreement.

In two of the six cases in which final EOT had been granted we found that no compensation was levied despite delays being attributable to inadequate manpower and lack of management on the contractor's part; and delays in providing drawings for the consultancy contract. The maximum amount of compensation that could have been levied in these 2 cases amounted to Rs. 2.32 crore as detailed in Annexe 16.3.

In 41 cases extension of time had not been decided and CPWD assured that due consideration would be taken for lapses on the part of the contractor at the time of final extension of time/bill and compensation levied. Details of these cases are given in Annexe 16.4.

16.6.5 Payment of escalation in cases of unjustified EOT

Further, under the provisions of the contract, penal action against the contractor for delay in completion of work would deprive them of their claim for escalation in rates of labour and material beyond the stipulated date of completion of work. We found that an escalation of Rs. 7.02 crore for periods beyond the stipulated date of completion, was made in JNS (refer paragraph 17.6.1.3 of this report).

Recoveries need to be made in all such cases while finalising the EOTs and penalties for delays in completion.

16.6.6 Adequacy of penal provisions for delays in completion of projects

For the venue development and other projects relating to CWG-2010, completion within stipulated time limits was of paramount importance. Clearly, the routine delays in completion occurring in a large proportion of public works projects would not be acceptable in this scenario. However, the current clauses for liquidated damages/ compensation for delays (generally limited to 10 per cent of the contract cost) do not provide adequate disincentives for timely completion. By contrast, BOT contracts with revenue generation arrangements automatically provide necessary incentives/ disincentives for contractors, since delayed completion automatically delays/ reduces revenue generation.

For such projects, where timely completion is of utmost importance, GoI may consider revising the LD/ compensation clauses (to, say, 20 -25 per cent of contract cost), which would provide far higher disincentives to the contractor for delayed completion. Naturally, the risks on account of stricter LD clauses would be factored into consideration by the prospective bidders, and would, likely, result in higher awarded costs. However, an acceptable cost-versus-time trade-off needs to be considered in such circumstances.

A potential problem in such an arrangement is that contractors could be favoured by attributing delays to the Department (and not the contractor); in such a situation, LD/ compensation would not be leviable. Safeguards against such misuse could include specifying that hindrances/ delays not attributable to the contractor should be identified well in time (and not just before/

after the stipulated completion date) and approved at one or two levels higher than the NIT/ contract-approving authority.

If a contractual arrangement on the above lines is considered feasible, it should be finalised at the level of the Central Works Board, and not at lower levels.

16.7 Justification of rates by inclusion of additional labour cost due to reduced time period for execution

Most major contracts for works were awarded between late 2007 and 2008. Since the costs tendered were generally higher than the estimated costs, these were justified partly by including a cost component of increased labour cost due less than normal time allowed for execution of work in view of the immovable deadline of CWG-2010. However, most projects could not be completed as per the reduced time schedule, defeating the very premise on which these additional costs amounting to Rs. 15.02 crore were anticipated. Details of time lines (targeted and actual) and the additional labour costs due to reduced time for execution are given in Annexe 16.5.

As commented elsewhere in this chapter, Extension of time has been granted but it has not been determined how much of the delays are attributable to the contractor. To the extent that the delays are attributable to the contractor, the additional cost for labour included in the justification is not tenable and should be adjusted in the final bills.

16.8 Inadmissible component of cost transportation of labour from labour huts to site and back in cases where arrangements are not made for labour huts at an off-site location

Generally, the Notice Inviting Tender (NIT) for works stated that "No labour hut/jhuggies shall be allowed at site. The contractor shall accommodate the labourers etc. in neat looking prefabricated structures, instead of temporary jhuggies including provision of toilet blocks on his own land."

Accordingly, when justification of rates were prepared, a component of cost "transportation from hutments to site and back" was included.

We found evidence indicating that some labour hutments were provided on site instead of off-site at venues listed in Annexe 16.6 As such, it cannot be assured that the contractor fully incurred costs for the component "cost of transportation from hutments to site and back" estimated at Rs. 8.79 crore in the justification of rates.

16.9 Labour wage escalation payments under clause 10C of General Conditions of Contract

Clause 10 C of General conditions of Contract (GCC) provides for reimbursement to/recovery from a contractor of increase/decrease in labour costs caused as a direct result of coming into force of any fresh law or statutory rule or order, by which wages of labour are increased/decreased over wage rates

prevailing at the time of the last stipulated date of receipt of tenders. This clause forms an exception to the general rule of the contract that nothing more than what has been agreed to be paid for work done is to be paid to the contractor. **It is in the nature of recompense to the contractor** if during the progress of the work the cost of wages of labour increases as a direct result of the coming into force of any fresh law or statutory rule. Similarly, the contractor cannot benefit in the event the cost of labour decreases due to the same reason.

As per this clause, for labour wage escalation payments, the labour component of the work executed during period under consideration shall be the percentage, as specified in Schedule F, of the value of work done during that period and the increase/decrease in labour shall be considered on the minimum daily wages in rupees of any unskilled adult male mazdoor, fixed under any law, statutory rule or order. Also, Engineer-in-Charge may call for books of account and other relevant documents from the contractor to satisfy himself about reasonability of increase in cost of wages.

We found several deficiencies in the application of clause 10C with regard to reimbursement of increase in labour costs

Escalations were to be calculated on the basis of percentage of labour component in schedule F to the contract. We found cases, detailed in Annexe 16.7, where no such percentage was mentioned in the signed contract and appended to Schedule F, but payments of Rs. 3.81 crore were made. Such payments against deficient contracts are irregular and not permissible.

Though the payment under Clause 10 C of GCC is in the nature of a compensation, there is no mechanism in place to verify that payment is being made for labour actually engaged by the contractor/sub-contractor. Though the contractor does submit fortnightly reports indicating the labour engaged, these are neither complete as they generally do not reflect the labour engaged by sub-contractors, nor are these authenticated by an independent competent authority (Labour Welfare Department of the Government). It is also not mandatory for the engineer in charge to verify the strength of labour engaged before making such payment. Hence, no assurance can be drawn that the payments made under Clause 10C of GCC truly and fairly reimburse the contractor for the labour actually engaged by it and that the benefit of increase in minimum wages is being passed on to the actual beneficiary i.e. the labourer in the instant case. A case study in this regard is given in the box below

Case Study: 16.2

Contractor paying less than minimum wages to labour while claiming compensation under Clause 10C

In case of the Indoor Cycling Velodrome at IG stadium (Composite work for

construction of Indoor Cycling Velodrome executed by JMC Projects (India) Ltd.), the contractor claimed esclation payment for the months of June-September 2009 on the basis of revised labour late of Rs. 180 per day per labour and for October-December 2009 at the revised rate of Rs. 203 per day per labour. However, as per labour reports attached with running account bills, payment to the unskilled labourers by the contractor was @ Rs. 155 per day per labour.

It is a known fact that the unskilled labour sector is a disorganised sector. It is the primary responsibility of the Labour Welfare Department to ensure that the unskilled labour engaged in any nature of employment activity is duly identified, registered and recompensed/benefited as per the labour laws of the country. Construction industry being a major employer of unskilled labour, it is imperative that systems are put in place in this sector to ensure all unskilled labour are duly identified, registered and remunerated at least as per the prevailing minimum wage rates apart from benefitting from other statutorily prescribed labour welfare measures.

Therefore, we recommend that payments under clause 10C for statutory increase in wage rates/other labour related costs, should be made only on the production of proof by the contractor, duly authenticated by the competent authority of the Labour Welfare Department, of the unskilled labour actually engaged and compensated at minimum of the applicable wage rate.

In the long term, measures should also be taken to ensure proper identification of unskilled labour through issue of unique identification numbers and payments through wage cards directly credited to their bank accounts as is being done in the implementation MNREGA scheme.

16.10 Deficiencies in Detailed Analysis of Rates for Delhi(DAR)

Scrutiny of records indicated that the Department was reckoning the following components of costs as per DAR while analysing rates, as indicated below:

- one per cent of the cost of the steel items towards water charges, though no use of water was required in the execution process of the items; and
- five per cent towards wastage of steel (TMT Bars) used without crediting its scrap value in the analysis of rates.

CPWD, without commenting on the reasonability of the charges stated that these were done as per provisions of DAR and did not furnish the comments of the competent authority (approving authority) of DAR.

The matter needs to be examined by the DAR approving authority and necessary clarification issued

16.11 Service Tax Issues

16.11.1 Excess reimbursement of Service tax

As per clarification issued in the Service Tax Rules for reimbursement of service tax, the gross amount charged for the works contract was to exclude VAT/Sales Tax to arrive at the net amount subject to service tax. However, this was not done by CPWD while allowing reimbursement of service tax reimbursed with reference to total amount of work done. CPWD accepted the fact in SPM stadium and assured that necessary

correction/adjustment shall be done in the next reimbursement of service tax to the agency. Though CPWD was requested in January 2011 to provide details of such overpayments made in all CWG-2010 works, their reply was still awaited. As a case study, we calculated that such recoveries/ adjustments amount to Rs.0.18 crore in the case of Ahluwalia Contracts (India) Ltd., the agency executing works at Dr. SP Mukherjee Stadium.

16.11.2 Reimbursement of Service Tax without assurance of its payment for the particular work

CPWD, in the NIT for works, specified that Service Tax on work contract as applicable would be reimbursed to the executing agencies, and accordingly reimbursed service tax @ 4.12 per cent of the gross amount of the work done. Such reimbursement was done on the basis of e-challan, which indicate only lump sum payment without break-up of the payments made against various works – Government/ non-government, undertaken by the contractor. In the absence of work-wise breakup, it cannot be assured that the reimbursement is specifically with respect to the Service Tax paid on that particular work executed for Government, and the contractor is not unduly enriched by such reimbursement.

We recommend that in future, reimbursement of Service Tax should be made only on the basis of a certification from the Chartered Accountant to the effect that the Service Tax payment sought to be reimbursed has been paid specifically for the work covered under the contract/ agreement permitting the reimbursement.

16.12 Absence of Works of Art

Delhi Urban Arts Commission, in its approval to projects, stipulated a condition that one percent of the project cost should be spent on works of art in the buildings. No such works were executed. CPWD replied that since the estimates did not include this cost, it had separately asked SAI to release Rs. 22.54 crore for the execution of such works in the venues owned by SAI.

As such, the works of art remain unexecuted.

16.13 Legacy Plan

Since the funds for development/ upgradation of various competition and training venues not owned by Government directly/ indirectly were released by Government, MYAS was required to enter into MoUs with the venue owners for legacy/ future use of sports infrastructure and facilities created. We found that the action taken by MYAS in this regard was deficient

16.13.1 Memorandum of Understanding (MoU)

MYAS signed MoUs on various dates in respect of the following venues:

Sl.No.	Name of the organization and venue	Date of MOU
1.	Main Rugby Competition Venue, Multipurpose Hall and Athletics Track Training Venue at Polo Ground at Delhi University, North Campus.	09.11.2010
2.	Delhi Lawn Tennis Association (DLTA) and All India Tennis Association (AITA), R.K. Khanna Tennis Stadium	27.05.2010
3.	Rugby and Table Tennis Training Venue at JMI.	08.07.2010
4.	Lawn Bowls Training Venue at DPS, RK Puram	04.08.2010
5.	1000 yard Big Bore Shooting Range at CRPF Campus at Kadarpur	17.06.2010

We found that the MYAS had not fixed any time limit for signing of MoU with the venue owners although the CWG-2010 concluded on 13 October 2010, the legacy/future use of most venues are yet to be decided.

16.13.2 Deficiencies in MoUs

The deficiencies in the MoUs signed are listed below:

Venue	Deficiencies
Delhi University,	■ DU signed MoU with MYAS; however, MoU with seven colleges[3] for legacy use of rugby training venues and women wrestling hall are still pending.
North Campus.	■ DU (March 2011) replied that the colleges were independent administrative units governed by separate statutes and based on their requirements; the final proposal would be submitted to MYAS.
DLTA and AITA	■ DLTA and AITA signed MoU for legacy use of R.K. Khanna, Tennis Stadium. As per MoU ● MYAS has the right to nominate seventy five talented players annually to avail of free coaching by AITA, ● MYAS would nominate up to ten coaches per year for free of cost training by AITA, ● tenure membership be provided for 20 government servants for using facilities and ● maintenance of stadium and facilities shall be responsibility of DLTA and AITA. ■ It was observed that the activities mentioned in the MoU schemes viz. nomination of talented players and providing coaching to them had still not been implemented.

[3] *Daulat Ram, Khalsa, Ramjas, Kirorimal, St.Stephens, SRCC and Hindu.*

Further, the provision of tenure membership for 20 Government servants for using DLTA facilities does not represent proper legacy use of such facilities (targeted towards children, youth and sportsmen) and instead provide an opportunity for patronage by MYAS to individual Government Servants. We recommend that this clause in MoU be ammended.

The comprehensive legacy plan for optimum utilization of developed infrastructure for usage and regular maintenance and upkeep of facilities in the operational condition in respect of above venue owners has still not been prepared.

We suggest that

At DU, besides regular use by the students of DU and respective colleges, the sports facilities may be made available for training/ practice of national level athletes; and Tennis associations and societies could have been invited to utilize the stadium by organizing tournaments/tennis events.

16.13.3 Present Position

Our visit at the DU, revealed that if the legacy plan for usage and regular maintenance and upkeep of facilities for the operational condition had been prepared and implemented, then the sporting infrastructure would have remained in proper working condition; unlike the poor condition as can be seen from the series of phorographs taken by us and presented below:

During CWG - 2010	After CWG - 2010
	
Rugby Main Competition Venue	Rugby Main Competition Venue

During CWG - 2010	After CWG - 2010
	
Main Rugby Field - Seating	Main Rugby Field - Seating
	
Toilets in Multipurpose Hall	Toilets in Multipurpose Hall