

*Games branding essentially involved running the Games News Service (GNS) and other press operations, communication and marketing, and “image and look” (i.e. promoting a unique Games look and identity through banners and graphics); this was handled through three separate functional areas.*

*We found that the appointment of Shri Manish Kumar as Director, Press Operations and his subsequent promotion was irregular. Despite numerous complaints about his behaviour, no action was taken till late-September 2010, when he was transferred out of Press Operations, just eight days before the Games.*

*The exorbitant cost of Rs. 10 crore for the Games News Service (GNS) contract (against the initial budget of just Rs. 0.56 crore) was due to a decision to go in for outsourcing (as against the internally developed option used at Melbourne-CWG 2006) and also on account of flawed tendering procedures (with re-tendering) resulting in award on a single financial bid to Infostrada Sports. GNS failed to perform satisfactorily during the Games, as the Games news content was inaccessible from 5 to 8 October 2010 and was rectified subsequently using makeshift arrangements.*

*The selection of the “Games Look Provider” for preparing banners was marked by a cluster-based approach (as in the case of overlays). Further, on the pretext of urgency, a snap bidding process was used. As in the case of the venue overlays contracts, OC allowed several ineligible vendors to bid, while disqualifications were made on a selective basis; we also found the same vendor quoting different prices for the same items across clusters.*

*The Communications Functional Area was hampered by bad planning, drastic curtailment of the budget for advertising campaigns, and award of works on ad hoc basis to selected TV channels and media houses.*



## 14.1 Overview

Games Branding essentially involved three aspects:

- **Press Operations** – Running the Games News Service (GNS) for providing the editorial content for the GIS, managing the main and venue press centre and facilities for media persons;

- **Communication** – Creating awareness about the games; and
- **Image and Look** – designing logos and promoting a uniform games identity through graphics and banners.

## 14.2 Press Operations

### 14.2.1 Appointment and Removal of Shri Manish Kumar as Director, Press Operation

The appointment of Shri Manish Kumar as Director, Press Operations was irregular:

- In September 2008, Shri Manish Kumar was appointed as Director, Press operations.
- After 15 days of his appointment, Shri Kumar informed Shri Lalit Bhanot that he was unwilling to accept the post at the remuneration offered.
- OC kept the post vacant for another 6 months and then interviewed Shri Manish Kumar again, offering him a considerably higher salary. The post was neither advertised openly nor any other interviews conducted.

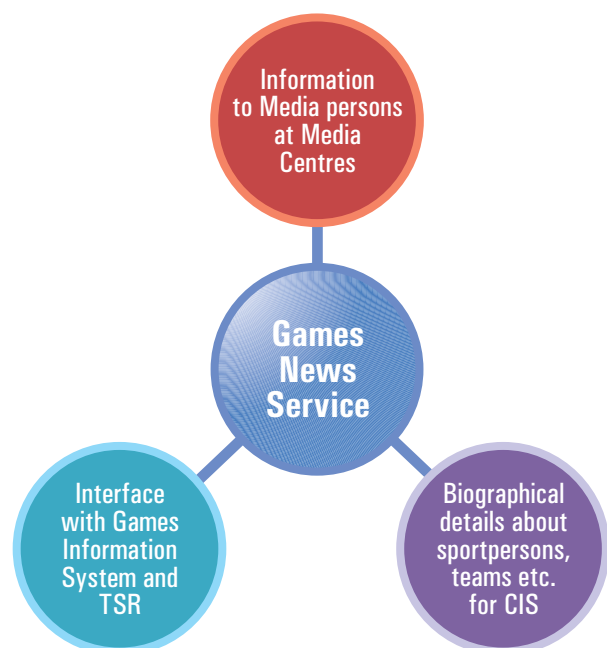
Due to complaints regarding his behaviour, Shri Manish Kumar was transferred out of Press Operations just 8 days before the commencement of the games to the Sustainability and Environment Functional Area office without any specific charge. Earlier in August 2010, a foreign hire of the OC, Shri Gnanapragasam, responsible for press operations across all venues, had left the organisation, complaining about Shri Manish Kumar's misbehaviour, but OC did not conduct an inquiry into these complaints. Shri Manish Kumar was also

instrumental in procurement of media kits without due financial approval, where he also revised the quantities and items on his own, at the time of placing the order. CEO, OC declined to give ex-post facto approval and ordered for recoveries from the concerned officials.

Interestingly, though Shri Manish Kumar's performance in Press Operations was far from satisfactory, he was promoted from Director to DDG. Further on his transfer, Shri Manish Kumar did not hand over records to his successor. Thus, during the Games, the Press Operations FA had no access to its own records, including the GNS contract documents (and the obligations of the GNS provider). Although the matter was brought to the notice of higher management, no action was taken on this issue.

### 14.2.2 Games News Service

Figure 14.1 – Games News Service



The Games News Service (GNS) supplies the editorial content for the Games Information System (GIS) i.e. athlete biographies, records, background, reviews, previews from the competitions etc. OC awarded the GNS contract to Infostrada Sports in June 2010 at a cost of US \$ 20.60 million. We found that the award was irregular:

- An RFP was issued in January 2010 only on the OC's website, and without presenting any last date for submission; global tendering was not followed. Only one bid from Infostrada Sports was received.
- OC retendered the work in March 2010, but again received only one bid from Infostrada Sports.
- After three months, in June 2010 OC awarded the GNS contract to Infostrada Sports:

OC also showed other favours to Infostrada Sports:

- OC deducted only Rs. 5 lakh as performance security against the required amount of Rs 45.30 lakh.
- OC made payments in foreign currency (USD), without approval, resulting in additional financial burden of at least Rs. 58.09 lakh due to currency fluctuations. Even the conversion rate applied at the time of negotiation was incorrect.
- OC accepted the liability for service tax payment of Rs 0.94 crore without the EB's approval, although the LOI stipulated otherwise.
- The terms of payment were also varied materially from the commercial bid in

favour of the vendor. The vendor had demanded 30 per cent payment till the first delivery (with 20 per cent within 10 days of signing of the contract) while the OC agreed to pay 50 percent (with 20 per cent within 10 days of contract signing). The contract also irregularly provided for advance payment of 70 percent.

The initial budget of Rs. 0.56 crore for GNS was based on the internal development model adopted for Melbourne CWG-2006. However, OC incurred Rs. 10.00 crore (inclusive of taxes) on an outsourced GNS. OC chose not to take action on SDG (Press Operations)' opinion recommending engaging journalists and university students for this task; the relevant notings of the SDG were missing from OC's records. Further, Infostrada hired most of its manpower requirement for GNS locally.

We found that the exorbitantly priced GNS failed to perform satisfactorily during the Games, as the Games news content was inaccessible from 5 to 8 October 2010 due to technological glitches. The GIS, which was supplied by Swiss Timing Omega and was to receive editorial content from GNS, did not perform satisfactorily, as pointed out in Chapter 12. OC confirmed that the information could not be displayed because no testing was carried out prior to the event. Finally on 8 October 2010, a makeshift arrangement was made to provide electronic access to GNS information in PDF format. Even Shri Mike Hooper, CEO CGF confirmed the difficulties experienced by broadcasters and media-persons due to the malfunctioning of GNS.

## 14.3 Image and Look



The successful execution of the Games required building and ensuring consistency in the image and look for CWG-2010.

### 14.3.1 Graphic Design

OC issued a limited RFP in June 2008 for appointment of a Graphic Design Agency, in response to which two bids were received. OC declared the L-2 bidder, Idiom Design and Consultancy to be “technically superior” (after opening of commercial bids) and issued the LOI to it in July 2008, to match the L-1 bid. OC finally signed the contract with Idiom Design and Consultancy only in November 2008 on further relaxed<sup>1</sup> payment and performance guarantee terms.

Further, the visual identity concept for Games (logo, mascot, colour palette, pictogram, sub-graphics and sub brands) could be finalised only in July 2009, delaying other milestones for image and look activities.

<sup>1</sup> *Idiom Design and Consultancy asked for separate payment for approval of design (art work) and reduction in performance guarantee.*

### 14.3.2 Selection of “Games Look Provider”

OC hired two consultants on nomination basis only in October 2009 for scoping and costing Games branding.

The Games Look Provider was to promote a uniform game identity and look through graphics, banners etc at all venues. Although scoping was completed in October 2009, for inexplicable reasons, tendering for this work was taken up only in June 2010, encouraging deficient tendering procedures on pretext of urgency .

OC replied that considerable time was spent in reworking the entire BOQ for venues and cities to fit within the re-appropriated budget which was received in June 2010.

OC adopted a “cluster” based approach (on a similar pattern as venue overlays), with work divided in 9 clusters covering all venues and non venues. OC stated that this approach was adopted with OCFC's approval in view of cost effectiveness, ease

of operations and paucity of time. However, we found that this cluster based approach led to several irregularities and increased cost:

*Table 14.1 – Chronology of events for selection of Games Look Provider*

June 2010	RFP Issued
July 2010	Out of nine bids, two were rejected in pre-qualifications. After technical and commercial bidding, cluster-wise, L1 selected for nine clusters  Three rounds of negotiations held with L1 bidder
July and August 2010	Fast track committee approved the negotiated prices for cluster 1,2,3,7,8 and called for “snap bid” for the other 4 clusters to all 7 bidders and awarded work on the basis of these snap bids

- The draft RFP initially contained an unusual clause for “snap bids” which was deleted at the insistence of Director(Procurement) These snap bids were later called for from four clusters where the deviation in prices was more than 10 percent of the estimated cost, resulting in undue benefit to two vendors (Peacock Media and Hannu Advertising) who were not L-1 before the snap bids but were finally awarded the contract. In retrospect, this appeared to be a pre-meditated strategy to favour selected vendors.
- Ambiguity on the turnover eligibility criteria for bidding for multiple clusters
- was not rectified<sup>2</sup>, leading to lower competition. It was not clear whether annual turnover of Rs. 4 crore or more was required in each of the three preceding financial years or any one of them.



<sup>2</sup> despite being pointed out by Director (Procurement).

## Consideration of ineligible vendors

Mirroring the overlays contract, OC entertained several vendors who could not supply the required documents or were ineligible. We also found that disqualifications were made selectively.

While two bidders were disqualified for not submitting certificate of factory license/ certificate from the Pollution Control Board, OC accepted a temporary license from another bidder (Peacock Media) and even a certificate in the name of a sister concern from yet another bidder (Hannu Advertising), both of whom were finally awarded contracts.

Further, Roop Sign and Graphics, a bidder who had submitted multiple bids, one independently and one in consortium, was given an opportunity to select and propose its preferred bid and was awarded a contract.

As in the case of the venue overlays contract (refer Chapter-9), the annual turnover of Pico Hong Kong was accepted on the basis of self certification, and they were allowed to bid for all clusters.



- As per the conditions of snap bids, all technically qualified firms were required
- to submit the order of preference for award of contracts for different clusters. We found that bids of different bidders and L-1 prices for their preferred clusters matched with almost unreal precision, indicating existence of a cartel.

As in the case of the venue overlays contracts, successful vendors for different

clusters had quoted different rates for same items and OC accepted it. Also, the same vendor (Design Dialogue) quoted different prices for same items in the different clusters. Had OC negotiated rates in different clusters to match the lowest item wise rates, across clusters, they could have achieved savings of Rs 2.04 crores across the clusters (details in **Annexe- 14.1**).

### 14.3.3 Execution of Games Look Provider Contract

Although the works were awarded for Rs 25.94 crores, after further physical verification, the scope of work was reduced to Rs 20.33 crores; finally, the work executed by the vendors was limited to only Rs 14.45 crores. This decrease was largely due to OC's failure in ensuring timely accreditation and permissions, coupled with limitation of time available for execution.

## 14.4 Communications Functional Area

### 14.4.1 Overview

Although the Communication functional area was operating since 2007, its operation plan was prepared only in April 2009, revised twice, and finalised in March 2010. The functional area was required to create awareness about the Games; promote ticketing, merchandising and sponsorship for the Games; and create Games time build up to support spectator services.

These objectives could not be achieved due to:

- Bad planning;
- Reduction of the budget from the initial amount of Rs. 82.02 crore to Rs.68.34 crore to Rs.38.34 crore in June 2010. This forced curtailment of advertisement campaigns for the QBR domestic leg;, ticket marketing; test events; Pre Games, Games and Post Games advertisements; internet campaign and direct media relations;
- Initial reluctance on the part of senior management of OC for marketing efforts

(as it was anticipated that the CWG tickets would sell on their own); and

- Award of works on ad hoc basis to selected TV channels and media houses.

Internal controls in the Functional Area were very weak as there was no institutional memory and the files and records made available to audit were incomplete.

### 14.4.2 Award of contract on ad hoc basis to selected TV channels

OC awarded contracts for Rs. 3.78 crore for production and broadcasting of commercials for promoting of CWG-2010 to CNN-IBN and NDTV. An arbitrary approach was followed, with no planning for specific channels and time slots, cost benefit analysis, benchmarking of rates and tenders. Proposals were considered, in an ad hoc manner, as and when a proposal was received; no form of competitive tendering was adopted. We had no assurance about the competitiveness of the rates quoted by these channels and the need and usefulness of the proposals.

From March 2010 to June 2010, the entire pre games publicity and sponsorship publicity was done only on NDTV and CNN-IBN.

Further, although OC had rights to telecast commercials produced by these channels (particularly for celebrity films, special episodes on development of games) it never used these commercials. Instead, it separately spent Rs.0.81 crore on the production of films during Games time.

### 14.4.3 Non-utilization of VIK worth Rs. 16.20 crore during the Games

As part of the international broadcasting contracts<sup>3</sup>, OC got VIK (Value in Kind) sponsorship in the shape of commercial spots for promotion of the Games. While some of these channels broadcast their own films for Games publicity, the VIK on other channels was not utilized during the Games. Instead, OC awarded separate contracts worth Rs. 0.73 crore for promotion of games internationally following deficient tendering processes to BBC, Google, MSN and Yahoo. Incidentally, inadequate publicity was one of the reasons for low sale of tickets in other participating countries.

### 14.4.4 Empanelment of Advertising Agency

In 2007, OC empanelled three advertisement agencies, namely, JWT, Quantum, and Mercantile for effective publicity and communication and for handling all indoor and outdoor publicity. Work of Rs.10.76 crore was executed by these agencies. **Records regarding selection of these firms were not furnished by the OC.** In December 2009, a fresh empanelment of advertisement agencies was considered, and approved, but not pursued further.

### 14.4.5 Non-utilisation of audio and visual commercial valuing Rs. 1.27 crore

OC failed to utilise audio and video segments produced at a cost of Rs. 1.27 crore as it revised its media plan to cover only the print media for the launch of logo and promotion on the “1000 days to go” campaign.

### Abnormally high specification restricting competition

OC floated a RFP for appointment for sports consultant in the Communication Functional Area in June 2010. Although the estimated value of the contract was only Rs. 2 crore, the RFP stipulated pre-qualification criteria of an abnormally high turnover of Rs. 250 crore, ignoring DDG(Procurement)'s advice . Only two out of three bids received met this criterion, and the work was awarded in July 2010 at a negotiated cost of Rs. 1.90 crore to Percept Limited. This arbitrary turnover requirement of Rs. 250 crore was, in our opinion included to restrict competition.

<sup>3</sup> with Network Ten, TVNZ and South Africa Broadcasting Corporation.