

Although Doordarshan was indicated as the Host Broadcaster in the May 2003 bid, it was formally notified by the OC only in March 2007, and the Host Broadcaster agreement between the OC and Prasar Bharati (PB) was signed in May 2009.

The award of the broadcasting services contract by PB to SIS Live was flawed on several counts:

- *Only one bidder, SIS Live, was qualified on technical grounds, and the contract was awarded on a single financial bid, without any competition. Undue delays on the part of PB and the Ministry of Information & Broadcasting (MIB) led to a situation where re-tendering was not considered feasible, and, thus, facilitated the award of the contract on a single financial bid.*
- *Lack of competition was facilitated by a rigid stand taken by PB at the stage of bidding (especially on the payment schedule), which restricted potential competitors from bidding. However, PB agreed at the pre-bid meeting to finalise the contract terms “mutually” with the selected entity, and subsequently amended numerous clauses of the draft contract to make it one-sided in favour of SIS Live.*
- *Contrary to the intent of the contract with PB, SIS Live outsourced almost the entire contract on the same day to Zoom Communications, which would have been ineligible for bidding. We found that SIS Live and Zoom were in alliance much before the signing of the contract with PB, and even at the contract drafting stage, the intention of SIS Live to outsource the contract was clearly evident.*
- *While PB's contract with SIS Live was for Rs. 246 crore, the sub-contract between SIS Live and Zoom was for only Rs. 177.30 crore (which would also factor in Zoom's profit margin). Clearly, there was a substantial loss to PB and Government, although we are unable to quantify this loss (based on available and verifiable records).*
- *As per the contracted schedule of payment, SIS Live was to receive only 30 per cent payment before 14 October 2010, with the balance only on verification of performance. This was irregularly amended to allow 60 per cent payment in advance of the Games (subject to successful installation and testing of equipment). Had this relaxed payment schedule been incorporated at the bidding stage, there would have been much greater financial competition, reducing the ultimate cost to the public exchequer.*
- *PB failed to enforce compliance by SIS Live with even the conditions associated with the relaxed payment schedule viz. short supply of equipment, irregular changes in*

make/model of equipment involving financial implication of Rs. 17.39 crore and non-co-operation by SIS Live with PB's technical inspection team.

There were also several deficiencies in the execution of the contract. The entire payment for coverage of the QBR was released to SIS Live, despite non-receipt of tapes relating to 5 out of 21 countries and delayed receipt vis-a-vis the stipulated time schedule (which was necessary for timely coverage). SIS technical personnel, who were approved by PB and were required to be present during the Games, were replaced by other personnel of SIS.

We found that the Host Broadcast Management Committee (HBMC) set up by the PB did not achieve the desired results. There was a lack of consensus among members of the HBMC, with dual minutes in respect of three meetings, an important meeting involving major decisions signed by only 4 out of 7 members, and legal opinion being sought on key issues; this ultimately resulted in debatable decisions, which favoured the interests of SIS Live. The Ministry of Information and Broadcasting, as well as an Oversight Committee (chaired by the Minister, I&B and co-chaired by the Minister of Law and Justice) which was constituted to monitor the progress of activities and expedite decisions, chose to largely accept the proposals put forward by PB.

The legacy value of HDTV coverage of CWG-2010 to PB, both in terms of improvement of infrastructure and development of in-house skills, was insignificant despite incurring of such huge expenditure out of GoI funds. PB participated in production of only three events as against the initial plan of coverage of 10 out of 17 events in-house. Training was imparted to PB staff only in non-Games venues, and there was no evidence of such training being imparted on the highly specialised OB vans used for Games production.

Further, PB failed to take advantage of the Cabinet approved scheme for upgradation of Doordarshan to HDTV. Consequently, the training received by PB personnel from SIS Live would also become largely redundant, in the absence of HDTV equipment in PB.

The award of the contract for construction of the International Broadcast Centre (IBC) by PB was flawed. Two entities (Shaf Broadcast and Anytime Pictures Ltd.), which had been found ineligible on account of lack of experience at the EOI stage by the Evaluation Committee, were irregularly included in the shortlist, and the final contract was awarded to Shaf Broadcast at a cost higher than that was approved by CCEA.

28.1 Planning and Budgeting for Media and Broadcasting Services

Planning and delivery of media and broadcasting services for coverage of CWG-2010 involved multiple agencies – Prasar

Bharati (PB)/ Doordarshan (DD) and Press Information Bureau (PIB) under the Ministry of Information and Broadcasting (MIB); and the India Trade Promotion Organisation (ITPO). Their roles and functions were as in Table 28.1.

Table 28.1 – Roles of different agencies for media and broadcasting services

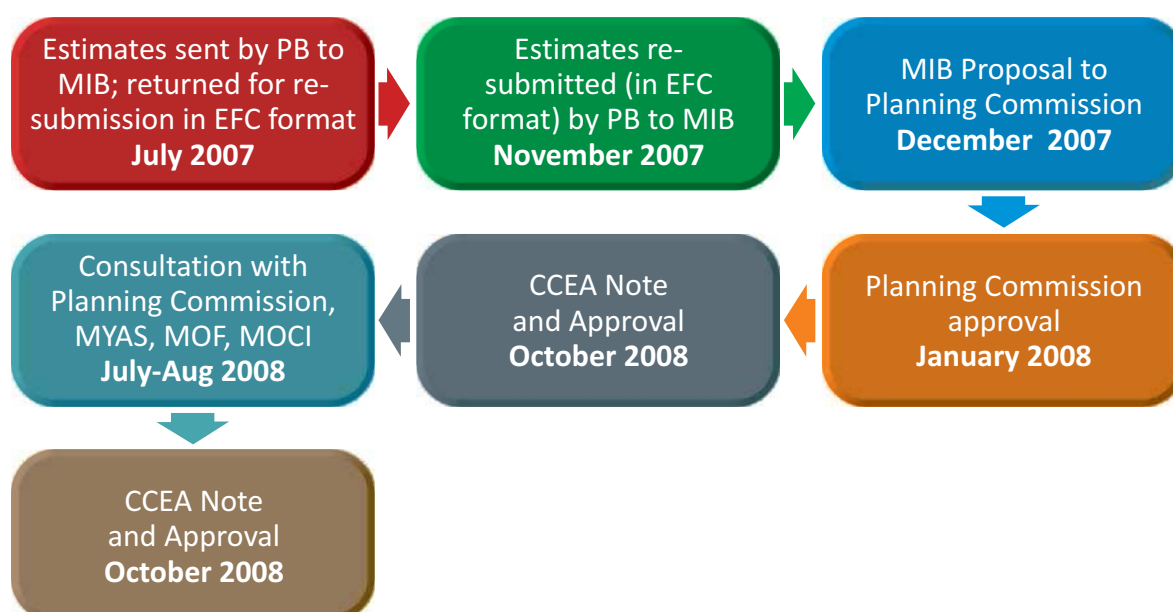
Agency	Role and Functions
Doordarshan (DD) / Prasar Bharati (PB)	Host Broadcaster (HB): <ul style="list-style-type: none"> Television and radio production; Broadcast venue operations and services; and Setting up the International Broadcasting Centre (IBC).
Press Information Bureau (PIB)	<ul style="list-style-type: none"> Providing and managing the Main Press Centre (MPC) and Mini Press Centres at each venue.
India Trade Promotion Organisation (ITPO)	<ul style="list-style-type: none"> Providing international standard infrastructure facilities at Pragati Maidan for the IBC and MPC

28.2 Costing and Estimation for Media and Broadcasting Services

The finalisation and approval of the budget estimate for media and broadcasting

services was unduly delayed (taking 15 months from July 2007 to October 2008) with no sense of urgency apparent amongst the various approval agencies.

Figure 28.1 – Undue delays in approval of budget for media and broadcasting services



The Cabinet finally approved an overall amount of Rs. 463 crore for media and broadcasting services for CWG-2010 (including CYG-2008), as follows:

Table 28.2 – Original budget for media and broadcasting services

(Rs. in Crore)

Category	CYG-2008, Pune	CWG-2010	Total
Host Broadcasting Services (PB)	49.00	366.00	415.00
PIB	1.20	18.80	20.00
ITPO	--	28.00	28.00
Total	50.20	412.80	463.00

The Cabinet note envisaged that since revenue generation from the Games by PB was uncertain¹, 50 per cent of the funding to PB would be as grant-in-aid, with the remaining 50 per cent as an interest-free loan (with conversion into grant-in-aid to be considered, if required, at a later stage).

Subsequently, in January 2010, revised cost estimates of Rs. 482.57 crore were approved by the EFC (within the approved limit of variation of 20 per cent). A profile of the revised estimates and the actual expenditure incurred (as of December 2010) is given below:

Table 28.3 – Revised budget and expenditure for media and broadcasting services

(Rs. in Crore)

Agency	Original Budget	Revised Budget (Rs. in Crore)	Expenditure (December 2010)
CYG-2008, Pune	50.20	9.05	9.05
PB	366.00	366.00	225.89
PIB	18.80	31.75	20.72
ITPO	28.00	75.77	37.70
Total	463.00	482.57	293.36

The spirit of the variation limit of 20 per cent for EFC (rather than CCEA) approval was not observed. The upward revisions for the PIB and ITPO were 69 per cent and 171 per cent, which were hidden within the overall upward revision of Rs.19.57 crore, by partly adjusting the savings of Rs.41.15 crore on account of CYG-2008, Pune. Incidentally, the savings on CYG 2008, Pune, were achieved due to the decision of MIB for in-house production and coverage by PB in SD format, as against outsourcing to SIS Live (which was the chosen bidder).

28.3 Broadcasting Services by Prasar Bharati

28.3.1 Overview

We have already highlighted in Chapter-8 on Revenue Generation, the abnormal delays by the OC in finalising the contract with the Host Broadcaster, Prasar Bharati (PB). Despite having declared PB as the Host Broadcaster in the original bid of May 2003, OC formally communicated this appointment to Prasar Bharati only in March 2007.

Under the Host Broadcaster Service Agreement, which was signed between the OC and PB in May 2009, PB agreed to undertake, at its own cost and expense, all

¹ Incidentally, no such uncertainty was expressed at this time regarding OC's generation of revenues (including broadcasting revenues).

obligations stipulated in the CWG Broadcasting Guidelines. This essentially covered production and distribution of “basic feed” for all the sports and the opening and closing ceremonies in HD (High Definition) format. As a concession to those international broadcasters who did not support HD format, PB was required to offer the basic feed signal to broadcasters at the venue in SD (Standard Definition) format also.

28.3.2 Cost Estimation

PB's initial budget estimate of July 2007 of Rs. 557 crore for broadcasting services was not found to be realistic by the Ministry of Information and Broadcasting (MIB). Further, OC's Advisor – Broadcasting, Shri Patrick Furlong advised PB to prepare a realistic budget estimate after issuing a Request for Information (RFI).

In October 2007, PB issued an RFI, to which only one complete response² from International Games Broadcasting Services (IGBS)³ was received. After receipt of this response, PB prepared a revised budget of Rs. 445 crore for broadcasting services in November 2007. This was finally reduced to Rs. 366 crore in the approved Cabinet estimate of October 2008.

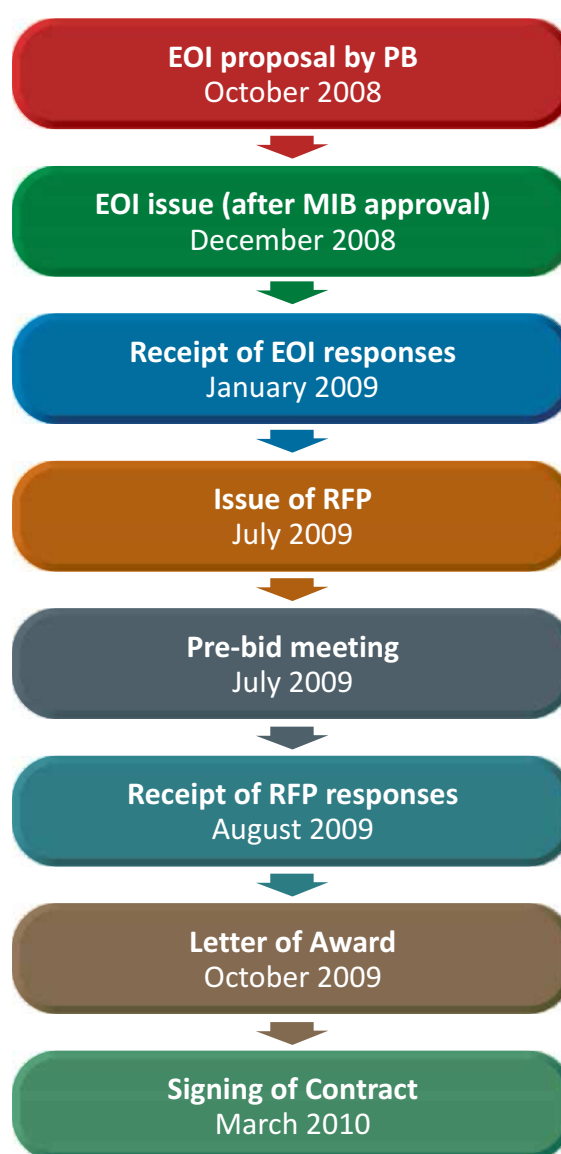
We could not derive assurance as to the reasonableness and reliability of the approved budget estimate of Rs. 366 crore for broadcasting services. The award of the contract for 'production and coverage' to SIS Live for Rs. 246 crore on a single financial bid basis and its back to back sub-contracting to Zoom Communications Ltd. for Rs. 177.30 crore confirm the unreliability of the estimates.

28.3.3 Award of Contract for Production and Coverage

28.3.3.1 Undue Delays

The process for tendering and award of the contract for production and coverage to SIS Live took inexplicably long.

Figure 28.2 – Tendering and award of contract for production and coverage



² The other response by BBC-OB's to the RFI covered only 12 events.

³ A joint venture between HBS and IMG Media

28.3.3.2 EOI and Technical Eligibility

PB took three months to finalise the EOI in December 2008. PB submitted the EOI to MIB twice in October 2008 and December 2008. MIB insisted that PB send the proposal and revisions through CEO, PB. However, PB did not comply and sent the revisions through DG, DD.

In response to the EOI of December 2008, 10 responses were received in January 2009, of which the following five were found to be technically eligible:

- Big Productions (Reliance) with Interpublic Marketing Services, Shanghai;
- Nimbus Communications Ltd with Canadian Broadcasting Corporation;
- Nimbus Sports International Pvt. Ltd, Singapore with International Sports Broadcasting ;
- Satellite Information Service Live UK with SIS Outside Broadcast Ltd; and
- International Games Broadcast Services, Switzerland (HBS and IMG Media).

However, PB issued the RFP only in July 2009 (nearly six months after the EOI). PB submitted the draft RFP to MIB thrice in May, June and July 2009. In our view, MIB's observations, which necessitated multiple revisions of the RFP, were on relatively trivial aspects, which did not cover the rigid conditions and other core issues in the RFP. Further, the delay in approval of EFC and finalisation of EOI and RFP resulted in paucity of time due to which re-tendering in the context of a single financial bid was not feasible.

28.3.3.3 Pre-Bid Meeting

PB held a pre-bid meeting with the five technically eligible bidders on 24 July 2009. The shortlisted respondents expressed serious concerns about the terms and conditions of the contract, financial conditions/ payment schedule, vague clarifications, and difficult deadlines. During the pre-bid meeting, PB took a very rigid stand against making any changes in the payment schedule. Contrarily, PB also committed that the “draft contract would be finalized with the zeroed-in entity mutually”.

Clearly, only those bidders, who were confident of getting post-bid contractual changes in their favour, were encouraged to bid, thus creating a situation with high scope for arbitrariness and patronage.

Subsequently, all the shortlisted respondents, other than SIS Live, expressed their inability to submit a bid under the given terms and conditions.

In particular, IGBS⁴ (whose response to the RFI was the basis for cost estimation) indicated their unwillingness to submit a bid on account of tough financial conditions, unfair and one-sided draft contract, unreasonable and unrealistic RFP conditions (regarding scope of services and provision of technical and personnel specifications) and inadequate clarifications. As a result, IGBS withdrew from bidding for CWG-2010.

However, many significant conditions/ provisions of the contract were later changed by HB at the draft contract stage or subsequently as indicated in Table 28.4.

⁴ IGBS was the official Host Broadcaster of Doha Asian Games 2006 and associated with Broadcasting of Melbourne CWG 2006

Table 28.4 — Comparison of conditions at pre-bid and contract stages

Area	Pre-bid query by bidders	Response of PB	Actual Implementation by PB
Payment schedule	Considering 10 percent performance guarantee, 80 percent of payment is not due until completion of the games. This is at variance with the payment schedule for similar events anywhere in the world. Considering that the most significant part of budget is spent prior to the event, we would request DD for negotiation on this.	No	After the first two instalments, the payment schedule was changed in September 2010 from 30 percent before the Games to 60 percent before the Games.
	Could you confirm that the payment schedule can be discussed and negotiated as part of the contract negotiation with the successful bidder?	No	
	Please advise on date and time frame for releasing payments once the deliverables are submitted	As per draft contract	
	Would HB consider lowering the timeframe of payment from 30 days to 7 days after submission of deliverables?	Accordance to clause 6.3(b) of draft contract.	This was changed while finalising the contract to 10 working days of submission of invoice along with inspection certificate.
Equipment	Would HB consider a later date for equipment to arrive, if delivery guarantees were offered?	No	<p>Timeline for installation of equipment and core teams at site of 31 August 2010 was converted to proof of despatch of equipment while changing the schedule of payment in Sept 2010.</p> <p>Eventually, SIS Live was allowed to delay the timeline for successful installation of equipment to 27th September 2010.</p>
	As per Form Tech 7, details of equipments as accurately as would be actually deployed for the games with makes and models of every piece of equipment for every OB.	The entity has to provide the list of equipment and in rare	In August 2010, SIS Live approached HB for change in make/model of certain equipment from those approved in the production plan, which was, however, not accepted by

Area	Pre-bid query by bidders	Response of PB	Actual Implementation by PB
		cases can substitute equipment with similar or better specification with proper justification and approval of HB.	HB. During inspection carried out by the team of technical experts in September 2010, substantial deviations in the manufacturer/specifications of equipment were noticed but no action was taken. Incidentally, the DG DD stated that, as per opinion of the Additional SG, the details of make and model of equipment given by entity (in the production plan) was only illustrative to meet technical specifications.
	Please clarify if the timeline in Appendix VI must be used to construct the financial bid or can alternative dates be proposed for equipment personnel arrival normally associated with international games.	It has to be in accordance with Appendix VI	Timeline for installation of equipment and core teams at site by 31 August 2010 was converted to proof of despatch of equipment while changing the schedule of payment in Sept 2010.
Consortium		If the entity happens to be a consortium no addition can be made and composition of consortium shall remain the same as on submission of EOI responses.	A substantial part of contract was outsourced to Zoom Communications and responsibilities and profits were shared equally by both, which essentially makes it a partnership.
Coverage of QBR	Will the contract be awarded well in advance to enable the bidder to plan and prepare to cover the QBR?	Contract would be awarded well in advance of the QBR	Letter of award was issued to SIS Live on 22 Oct 2009, just six days before QBR.

Evidently, the rigid stand taken by PB at the pre-bid stage was a pre-determined strategy to deter other potential bidders and favour SIS Live, for whom special concessions were accorded subsequently.

Due to Prasar Bharati's failure to amend the draft contract in a fair and transparent manner in advance of bid submission (rather than allowing it to be insidiously amended post facto at multiple stages), only two bids were received. One bid was effectively withdrawn, as the lead partner – Canadian Broadcast Corporation – withdrew from the consortium. This left only one financial bid – that of SIS Live – in contention.

It may be noted that MIB was involved by PB at each stage of the tendering/ award process. The Oversight Committee (discussed subsequently in para 28.6.3) also felt that the process followed was fair and transparent, although it noted in a subsequent meeting (February 2010) that some parties had opted out of the bidding due to the restrictive payment schedule.

Further, the accepted financial bid included Rs.10 crore for Consultancy (wherever required), which SIS Live had stated to be its project profit. In addition Rs.10 crore was provided for incidental/ contingency expenses which SIS Live stated to be pre-operative expenses and unspecified contingencies. Although the Host Broadcast Management Committee (HBMC)⁵ negotiated with SIS Live, it could not effect any deduction under these heads. Thus, the contract was ab initio overpriced by Rs 20 crore.

⁵ HBMC was chaired by CEO, PB and comprised Member (Finance), Member (Personnel), DG DD, Engineer-in-Chief DD, DG AIR and Engineer-in-Chief AIR

We clearly discern PB's intent to discourage other parties from bidding, leaving only one “chosen” bidder (SIS Live). The Letter of Award was issued on 22 October 2009, just six days before the QBR Launch ceremony on 28 October 2009.

Miraculously, SIS Live, along with its future sub-contractor – Zoom Communications Ltd., was already in position (after mobilisation of necessary equipment and resources), to cover the QBR.

28.3.3.4 Finalisation of Contract with SIS Live

The finalisation of the contract between PB and SIS Live inexplicably took five months – from 22 October 2009 (when the LoA was issued) to 5 March 2010. The final contract at a cost of Rs. 246 crore differed substantially from the draft contract circulated at the RFP stage, with all the changes favouring SIS Live and to the detriment of PB/ Gol.

These changes were finalized as a result of “negotiations” between PB and SIS Live and direct consultations with the Solicitor General without routing through MIB. The Solicitor General vetted the contract and settled the changes, amidst the conflicting views of HBMC members.

A summary of the major changes to the contract is given in Table 28.5.

Table 28.5 – Changes in Contract Conditions

Area	Para No.	Original provision in brief	Provision in final contract
Termination of Contract	2.8.5 (a)	If the contract is terminated pursuant to clause 2.8.1 the entity shall not be entitled to receive any payment.... however HB may consider making payment for the part satisfactorily performed..., <u>HB may also impose liquidated damages as per the provisions ...</u>	If the contract is terminated pursuant to clause 2.8.1 the entity shall not be entitled to receive any payment... however HB shall make payment for the part performed to the reasonable satisfaction of the HB
	2.8.5(c)	Upon such termination HB shall be free to engage any other service provider as it may deem fit <u>at the risk and cost of entity</u>	Upon termination under clause 2.8.1, HB shall be free to engage any other service provider as it may deem fit. <u>in which event the entity shall be liable only for the costs of such replacement services that are reasonable.</u>
Terms of payments	6.3(a)	The entity shall submit invoice along with inspection certificate....the payment will be released as per work related milestones achieved.	The entity shall submit invoice along with inspection certificate....the payment will be released as per work related milestones/ <u>specified dates within 10 working days of submission of invoice.</u>
	6.3 (b)	Once a milestone is completed the entity shall submit the requisite deliverables.....HB will release payment upon acceptance of the deliverables.... <u>if HB fails to intimate the objections within 30 days it shall release payment without further delay.</u>	Where completion of a milestone requires the submission of a deliverable ...entity shall submit the deliverable....within five working days HB shall confirm its acceptance or any deficiencies. <u>Payment shall be released as per work related milestones/specified dates within 10 working days of submission of invoice. In case of any undue delay in payment HB shall be liable to pay LD.</u>
Liquidated Damages	9.3(a)	If the deliverables are not submitted as per schedule, the entity shall be liable to pay <u>1 percent of the total cost of services for delay of each week or part thereof</u>	Where a milestone requires submission of a deliverable and it is not submitted and delay is not due to failure of HBthe entity shall be liable to pay <u>1 percent of value of the payment which would have been due</u>

Area	Para No.	Original provision in brief	Provision in final contract
	9.3(b)	If the submitted deliverable is not acceptable to HB..... entity shall be liable to pay <u>1 percent of the total cost of services for delay of each week or part thereof</u>	If the submitted deliverable is not accepted by HB..... <u>the entity shall be liable to pay 1 percent of value of the payment which would have been due</u>
Liquidated Damages Payable by PB	9.4	Both the parties agree to pay such liquidated damages, as defined under the provisions of the contract.	<u>HB shall be liable to pay to the entity LD for any delay in payment on part of HB...for an amount equal to 1 percent of value of the payment due...for each week subject to a maximum of 10 percent of contract price.</u>
	9.5		Any LD due from the entity to HB may be set off against the payment due from HB to the entity.
Contract Price	14	<u>Contract price shall remain firm for the entire contract period except changes in the tax law.</u>	Deleted
Sub-Contract	15	Entity shall not assign or transfer the contract or any part thereof.	Entity shall not assign or transfer the contract or any part thereof, <u>but HB acknowledges that the entity will utilise sub-contractors/production associates for the performance of the services.</u>

In particular, the new provision allowing SIS Live to utilise sub-contractors/ production associates changed the fundamental nature of the contract and paved the way for SIS Live to outsource almost the entire work to Zoom Communications Ltd. on the same day as the main contract – 5 March 2010.

28.3.3.5 Sub-Contracting by SIS Live to Zoom Communications Ltd.

PB entered into a contract on 5 March 2010 with SIS Live for production and coverage of

CWG-2010 at a cost of Rs. 246 crore. On the same day (5 March 2010), SIS Live entered into a sub-contract with Zoom Communications Ltd. at a cost of Rs. 177.30 crore, covering almost the entire scope of work, viz.:

- Generation of basic feed;
- Broadcast venue operations services; and
- Training

We found that SIS Live and Zoom Communications Ltd. were in alliance much

before the signing of the main contract and sub-contract on 5 March 2010:

- SIS Live utilized the services of Zoom Communication Ltd. for coverage of the QBR, which was launched on 28 October 2009;
- On 5 March 2010, Shri Dehlvi signed as a witness to the main contract between PB and SIS Live and also as the authorized representative of Zoom Communications in the sub-contract between SIS Live and Zoom Communications on the same day. Subsequently, Shri Dehlvi corresponded with PB as the Resident Project Director of SIS Live.

The terms of the sub-contract did not envisage a principal-agent relationship between SIS Live and Zoom Communications, and made Zoom Communications responsible for performance of key services:

- Managing the broadcast production and coverage facilities and services;
- Providing a turnkey solutions for scheduled services and deliverables;
- Providing advice and taking decisions to ensure services of generation of basic feed, broadcast, venue operations, training etc.;
- Provision of 85 per cent of equipment for Games coverage and training;
- Providing 800 out of the 1200 estimated Games time staff;
- Responsibility for all Indian staff for planning and management, technical and production costs for pre-Games programming, QBR costs, technical equipment for training, insurance etc.

- As per clause 3 of Operating Document attached with the sub-contract, profit provision was to be shared equally between SIS Live and Zoom.

Clearly, practically the entire set of contractual services was being executed by Zoom Communications Ltd through a back-to-back contract, with SIS Live acting essentially as a conduit. The amended clauses of the main PB contract, thus, enabled the back door entry of Zoom Communications Ltd, who was ineligible for bidding for this contract.

28.3.4 Irregularities in Contract Management

28.3.4.1 Change in schedule for payment in favour of SIS Live

As per the contracted schedule of payment, SIS Live was to receive only 30 per cent payment before 14 October 2010, with the balance only on verification of performance. PB irregularly amended this provision in September 2010 on the basis of SIS Live's request in August 2010 for 100 percent advance before the Games, as well as a statement by DG, DD, that the entity was considering termination of the contract as the delayed fund flow was making the project untenable. The amended provision, which was approved by the Host Broadcast Management Committee (HBMC) in August 2010 and the MIB in September 2010, provided for 60 percent in advance of the Games by 27 September 2010 (subject to successful installation and testing of equipment) and the remaining 40 per cent through Letters of Credit⁶.

⁶ Payment through Letters of Credit was, however, not processed.

Had this relaxed payment schedule been incorporated at the bidding stage, there would have been much greater financial competition, reducing the ultimate cost to the public exchequer.

28.3.4.2 Irregularities in payments made to SIS Live

PB failed to enforce compliance by SIS Live with even the conditions associated with the relaxed payment schedule:

- Payment of the fourth tranche of Rs.73.80 crore was linked with successful installation and testing of the required equipment conforming to the quality, make and models indicated in the production plan.
- In August 2010, SIS Live approached PB for changes in make/model of certain equipment, which was not approved. However, SIS Live, on 11 September 2010, refused to accept the approved determinants for payment of the fourth tranche, and insisted on its own list of determinants, which specified only installation of equipment. This was however, not accepted by PB.
- In the inspection carried out by the team of technical experts in September 2010, several deviations from the approved specifications were noted.
 - Ikegami/Snell & Wilcox make equipment in place of Sony, 22 Zoom lens in place of 72 Zoom, SSM camera in place of Robotic camera, Miranda in place of Leitch.
 - HDCAM VTRs/DDRs were not provided in any of the venues, 23 cameras and four EVS SMS were not provided.

Despite the adverse inspection report, the payment of Rs.73.80 crore for the fourth tranche was released in September 2010, after approval of the HBMC. A committee to evaluate the financial implications of this deviation and shortfall in equipment was subsequently constituted by DG, DD in October 2010, which estimated the financial implication at Rs.17.39 crore.

28.3.4.3 Non-deployment of approved key technical personnel by SIS Live in CWG

Against the 61 key technical personnel for production and coverage of CWG 2010 stipulated in the contract, we found that the list of OC accredited personnel of SIS Live included only 22 persons out of the 61 identified personnel. Clearly, PB did not make any efforts to verify and ensure that the key personnel approved by it actually executed the assigned task.

29.3.4.4 Undue favours to SIS Live resulting in extra expenditure by HB

Other favours irregularly granted by PB to SIS Live involved extra expenditure of Rs. 3.22 crore on the following tasks:

- **Hiring of lighting consultant** - Despite the fact that SIS Live had charged Rs 10 crore for consultancy over and above the consultants already hired under the contract, PB hired a lighting consultant at a cost of Rs. 21.95 lakhs. Legal opinion in this regard received on 16 August 2010 stated that in the absence of a relevant contractual clause, it was PB's responsibility to hire a lighting expert.
- **Supply of Power Cables** - Contractually, SIS Live was to provide for laying of

power cables to interconnect various functional areas at all venues; this was also clarified at the pre-bid meeting. However, in July 2010, SIS Live stated that this was not in its scope of work and refused to undertake this task. Consequently, in August 2010, PB hired BECIL to execute this work at the cost of Rs. 0.96 crore, envisaged at SIS Live's risk and cost (as per legal advice). The ultimate cost incurred by BECIL amounted to Rs.1.30 crore. This approach was reversed by HBMC in August 2010, which decided to impose the responsibility on the OC. Inexplicably, OC agreed to bear these costs. Clearly PB showed undue favour to SIS Live on this account.

- **Special camera mounting** - PB incurred an additional liability of Rs 1.70 crore on special camera mountings, on account of ambiguities in the contract clauses and divided legal opinion.

28.3.5 Deficiencies in QBR deliverables

The entire payment for coverage of the QBR was released to SIS Live, despite non-receipt of tapes relating to 5 out of 21 countries and delayed receipt of the other tapes relating to 16 countries vis-a-vis the stipulated time schedule which ranged from two days to two months. No tape was received in time and the event was therefore telecast late.

28.4 Legacy of the Games

Despite incurring of such huge expenditure from GoI funds, the legacy value of HDTV coverage of CWG-2010 to PB, both in terms of improvement of infrastructure and

development of in-house skills was insignificant.

- **Non-upgradation to HDTV** – PB failed to upgrade itself to HDTV, even partially if not fully, by CWG-2010. Against funds of Rs.165 crore (out of which Rs. 114.61 crore was to be spent upto 2010-11) sanctioned by GoI to DD for production facilities for HDTV content and terrestrial and satellite transmission, DD could spend only Rs. 6.84 crore for the uplinking facility.
- In July 2007, PB proposed that seven sporting events, besides the opening and closing ceremonies would be outsourced, and the remaining ten events would be covered in-house. This was reduced in November 2007 to cover only three events in-house out of the 17 events. Finally, PB participated in production of only three events in CWG 2010, and coverage of all 17 events was outsourced.
- Further, PB spent Rs. 7.85 crore for training of its staff by SIS Live (outsourced agency) on HDTV equipment. Training was imparted to staff on non-games venues as the venues were not ready. No records were available to establish that the training was imparted on the same highly specialized OB Vans that were used by SIS Live for production and coverage of games. Consequently, the training received by PB personnel from SIS Live would also become largely redundant, in the absence of HDTV equipment in PB.

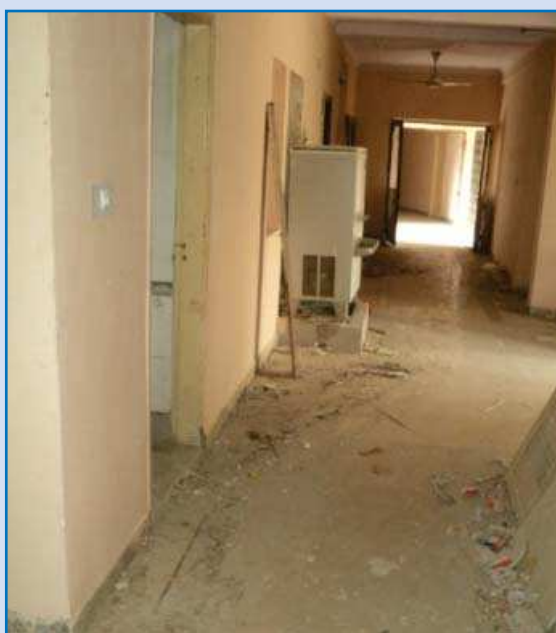
At the stage of EFC approval, PB had stated that the *“legacy which Prasar Bharati would carry after the Games is innumerable development of skills of its staff, who would get to work with latest and super-specialised equipment on the most advanced HDTV technology. This would place PB prominently on the sports broadcasting field on the world map.”*

In reality, the production and distribution of CWG-2010 in HDTV format was an ephemeral exercise, with no legacy capabilities for DD/ PB.

28.5 Other related infrastructure

28.5.1 Inordinate delay in upgradation of hostel facilities

Sanction of Rs. 3.49 crore, in June 2010 for improvement/upgradation of hostel facilities at the Staff Training Institute (STI), Kingsway Camp New Delhi in view of CWG-2010 turned out to be redundant despite expenditure of Rs.1.72 crore till December 2010. The upgraded hostel facilities were not ready even as of March 2011 and staff brought from outside Delhi was ultimately accommodated in private hotels during Games time at an extra cost of Rs.0.19 crore.



State of hostel facilities at STI, Delhi



Furniture lying in PB's godowns

28.5.2 Broadcast facility at venues

PB awarded a lump sum contract to BECIL for 'provision and customization of broadcast facilities at venues' at Rs. 19.81 crore. This included hire of items worth Rs. 1.77 crore. However, in July 2010, PB asked BECIL to go ahead with outright purchase of furniture (without concurrence of the HBMC), and a work order for Rs. 1.94 crore was issued in August 2010. The ultimate cost however, was Rs. 2.20 crore.

However, out of this procurement, furniture amounting to Rs. 0.92 crore were still lying in PB's godowns. (December 2010)

28.5.3 Irregularities in award of IBC contract

PB issued an EOI in May 2009 for the construction and operation of IBC facilities and services; nine responses were received in June 2009.

We found that two entities (Shaf Broadcast and Anytime Pictures Ltd.), which had been found ineligible on account of lack of experience at the EOI stage by the Evaluation Committee, were irregularly included in the shortlist.

The contract was finally awarded to Shaf Broadcast at a cost of Rs. 65.91 crore which was much higher than the CCEA estimates of Rs 45.67 crore. Further, PB failed to adequately negotiate reductions on account of reduced requirements from RHBs (estimated at Rs. 7-8 crore) as well as duplication in air conditioning and fire fighting systems (sanctioned by ITPO at Rs. 9.87 crore) and obtained a negotiated reduction of only Rs. 4.61 crore.



28.5.4 India Trade Promotion Organisation

ITPO was awarded a budget of Rs. 28 crore for upgradation of ITPO through Cabinet Note in October 2008. The MIB approved the revised estimates from Rs. 28 crore to Rs. 75.77 crore (including Rs. 16.77 crore available for rent, electricity and water charges and fuel expenses) for augmentation and replacement of AC plant, development of food plaza for the use of press, renovation of toilets, hiring of DG sets, firefighting works, and other miscellaneous works.

We found that ITPO and CPWD (the implementing agency) had unspent balances of Rs. 21.30 crore:

- ITPO had retained Rs. 3.95 crore, while issuing sanctions of Rs. 55.05 crore for civil and electrical works to CPWD
- As of December 2010, CPWD had awarded works/incurred actual expenditure of Rs. 37.70 crore, with an unspent balance of 17.35 crore.

Since this amount of Rs. 21.30 crore could not be utilised by ITPO/ CPWD for CWG 2010, it should be forthwith refunded to MIB.

28.6 Oversight and Monitoring arrangements

28.6.1 Role of HBMC

The Prasar Bharati Board (Board) formally appointed a Host Broadcast Management Committee (HBMC)⁷ in May 2009⁸. The HBMC was granted the authority to accord the requisite approvals and take all steps for successful completion of PB's role as HB in the CWG, 2010.

⁷ Chaired by CEO, PB and comprising Member (Finance), Member (Personnel), DG DD, Engineer-in-Chief DD, DG AIR and Engineer-in-Chief AIR.

⁸ although it had been functioning since February 2009.

28.6.1.1 Lack of consensus within HBMC

Of the 55 meetings between February 2009 and October 2010, records of only 40 were made available to us, we found that:

- There was no consensus among the HBMC Members for finalising the draft contract. Vigorous objections by the Member (Finance) and Member (Personnel) were ignored;
- Minutes of only two out of 40 meetings were signed by all the members of HBMC;
- In the meeting held on 26 August 2010, several major decisions⁹ were taken, but the minutes were signed by only four of seven members;
- In three meetings, two sets of minutes with different streams of opinions were issued - one by the PB Secretariat and another by the Member (Finance), along with the Member (Personnel).

Due to conflicts of opinion, legal opinion had to be sought on several key issues relating to drafting of the contract, hiring of lighting consultant, supply of power cables, and special camera mounting.

28.6.2 MIB's Role

The tendering/ award and management of the production and coverage contract was submitted for MIB's approval at various stages – EOI, RFP, approval of the single financial bid, as well as relaxation of the

⁹ Regarding engagement of lighting consultant, synchronized camera risers, games time catering, delays in decision on construction of broadcast compounds, laying of power cables from broadcast compounds to commentary tribunes, proposed change in supply of equipment other than mentioned in the RFP, and payment in respect of QBR.

payment schedule in September 2010 in favour of SIS Live. MIB did not show adequate urgency in finalisation of budget estimates, nor in quick finalisation of the EOI and RFP. These delays left no time for re-tendering in the context of the single financial bid.

Regarding major decisions relating to SIS Live, MIB chose to go along with the recommendations of PB. In particular, while approving the contract award to SIS Live on a single financial bid, Secretary, MIB noted that *“given the circumstances and the fact that there is no time to initiate a fresh process and no certainty as to a better and more acceptable outcome, the Ministry does not have the option of revisiting the issue at this stage. Moreover, we cannot rule that making any substantive changes in the RFP documents following the pre-bid meeting could have led to objections and complaints.”*

Further, approval to the revised payment schedule was accorded by MIB, primarily on the ground that they were left with no alternative but to accede to the demands (of SIS Live), since non-telecast would be a matter of international embarrassment. Further, Secretary, MIB noted that the Cabinet Secretary had also spoken to him on more than one occasion that keeping in view the prestigious nature of the event for India, the telecast must be ensured.

MIB chose to largely go along with the recommendations of PB, on grounds of urgency and lack of alternatives.

28.6.3 Oversight Committee

The Oversight Committee¹⁰ chaired by Minister of Information and Broadcasting and co-chaired by Minister of Law and Justice was constituted on 2 Sept 2009 by MIB to monitor the progress of activities relating to production and coverage of games, expedite decision making at various levels, and resolve inter-ministerial issues. Its constitution was essentially at the same time as the receipt of the single financial bid from SIS Live. The Committee met six times between September 2009 and July 2010. We found that it chose to largely accept the proposals put forward by PB, in particular, on the decisions to award contracts to SIS Live and Shaf Broadcast, as well as the changes in the draft contract (which were largely in favour of SIS Live).

A meeting of the Oversight Committee in February 2010 is of particular interest. At this meeting:

- The Minister for Law and Justice mentioned that he had gone through the opinion of the Solicitor General (SG) on the contract document (particularly with reference to changes in the payment schedule from 30:70 to 40:60 and waiver of bank guarantee for the initial two payments). He felt that the SG had tried more to arrive at a compromise between PB and SIS-Live

and had not specifically given a finding on the legality of the same. Prima facie, the changes in the payment schedule could not be considered at this stage, and if insisted, re-tendering may have to be considered.

- The Minister for Information and Broadcasting also noted that some parties chose to opt out of the bidding process because of the terms and conditions of the payment schedule. It was all along maintained that the schedule could not be changed; changing it now may leave the field open for legal intervention by other parties. She also noted that the SG had left this to the competent authority to take a final decision. In her opinion, such matters could not be left to the discretion of the competent authority, and the legal implications should be clearly indicated, before any decision could be taken.

The contract signed with SIS-Live left the payment schedule at 30 per cent before the Games. However, this was amended in September 2010 to 60 per cent before the Games.

Ultimately, the Oversight Committee's intervention on the payment schedule did not have any lasting effect.

¹⁰ Other members were Secretary I&B, Secretary Legal Affairs, Additional Secretary I&B, Additional Secretary and Financial Advisor I&B, and a law officer to be nominated by the Ministry of Law and Justice.

