

**NINETY-EIGHTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(1986-87)**

(EIGHTH LOK SABHA)

**FIVE STAR HOTEL AT INDIRA GANDHI
STADIUM COMPLEX**

MINISTRY OF URBAN DEVELOPMENT



*Presented in Lok Sabha on 30 April, 1987
Laid in Rajya Sabha on 30 April, 1987*

**LOK SABHA SECRETARIAT
NEW DELHI**

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CORRIGENDA TO 98TH REPORT OF PUBLIC ACCOUNTS
COMMITTEE (1986-87)

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PART II*

Minutes of the sittings of Public Accounts Committee (1986-87) held on
28 August, 1986, 19 November, 1986 and 24 April, 1987.

*Not printed (one cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library).

PUBLIC ACCOUNTS COMMITTEE

(1986-87)

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1. Shri K.H. Chhaya—*Joint Secretary*
2. Shri S.M. Mehta —*Senior Financial Committee Officer*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 98th Report of the Committee on Para 7 of the Report of the Comptroller and Auditor General of India for the year 1984-85, Union Government (Civil)—Volume II regarding Construction of Five Star Hotel at Indira Gandhi Stadium Complex.

2. The Report of the Comptroller and Auditor General of India for the year 1984-85, Union Government (Civil)—Volume II was laid on the Table of the House on 7 May, 1986.

3. In this Report, the Committee have observed that the Player's Block was planned for execution in two Phase : (i) Phase-I intended to serve the immediate sports complex needs of the Asian Games and (ii) Phase-II to ultimately serve the hotel purposes after the games were over. However, there has been incomprehensible, indecisiveness and ambivalence on the part of the Government right from the inception of the project, which has resulted in non-completion of the building and considerable delay in utilising the building. As a consequence of vacillations on the part of the Government, the building constructed at a cost of Rs. 5.3 crores has not been put to any productive use so far. Apart from blocking up of these funds, there is a loss of interest charges of Rs. 63.60 lakhs each year (@ 12% per annum) on the above amount in addition to that on the cost of land. The Committee have observed that there has been total lack of realisation for the value of time ; there has been no planning and no foresight.

4. The Committee have been informed that the Government have taken a decision that instead of the proposed hotel, this building is to be utilised to serve the needs of a hospital with certain specified specialities and have invited offers from the private parties to run the hospital in this building. Four offers are stated to be under active consideration of the Government. The venue hotel building along with the land is to be made available free of cost provided the hospital is, on the whole, run on a 'no profit no loss' basis and provided free medical and other facilities to atleast one third of its indoor patients and 40% of outdoor patients. The cost of conversion of the building and the recurring expenditure on the running of the hospital is to be met by the lessees. The Committee have urged upon the Government that expert advice, available with Health Ministry and the Indian Medical Council should be sought regarding the essential structural alterations that would be necessary. Their assistance should also be sought for scrutinising the estimates and facilities offered by these 4 parties. The Committee

have also desired the Government to finalise the selection of the party at the earliest.

5. The Public Accounts Committee (1986-87) examined this Paragraph at their sittings held on 28 August, 1986 and 19 November, 1986. The Committee considered and finalised the Report at their sitting held on 24 April, 1987. The Minutes of the sittings form Part II* of the Report.

6. For reference, facility and convenience, the observations and recommendations of the Committee have been printed in thick type in the body of the Report and have also been reproduced in a consolidated form in Appendix to the Report.

7. The Committee would like to express their thanks to the Officers of the Ministry of Urban Development and Delhi Development Authority for the cooperation extended by them in giving information to the Committee.

8. The Committee also place on record their appreciation of the assistance rendered to them in the matter by the office of the Comptroller and Auditor General of India.

NEW DELHI ;
27 April, 1987
7 Vaisakha, 1909 (Saka)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

*Not printed (one cyclostyled copy laid on the Table of the House and 5 copies placed in Parliament Library.

REPORT

CONSTRUCTION OF FIVE STAR HOTEL AT INDIRA GANDHI STADIUM COMPLEX

Audit paragraph

1. The construction works of players' block (Five Star Hotel) Phase-I & II at Indira Gandhi Stadium Sports Complex, to meet the requirements of IX Asian Games 1982 were awarded to contractor 'A' during June 1981 and March 1982 at tendered amounts of Rs. 227.08 lakhs and Rs. 192.48 lakhs, which were 96.19% and 102.98% above the estimated cost of Rs. 115.75 lakhs and Rs. 94.82 lakhs respectively, while the Phase-I was to be completed by 31st May 1982, part of Phase-II was to be completed by 15th October 1982 and part by 15th August 1983.

2. Apart from the unpaid liabilities of Rs. 18.53 lakhs, the total expenditure incurred on the work was Rs. 529.88 lakhs (Civil works Rs. 488.36 lakhs and electrical works Rs. 41.52 lakhs). Further expenditure of Rs. 353.05 lakhs for completing the work relating to water storage, filtration plant, aluminium glazing, etc. and Rs. 500.00 lakhs for sanitary fittings, air conditioning plant, internal electrification, lifts installation, etc. is also anticipated.

3. The work has not yet (February 1986) been completed. There has been no progress in the work since March, 1984.

4. Normally the provision of internal conduits should precede the flooring and plastering work; however, in the guest rooms the plastering and flooring had been completed without providing the internal conduits which is bound to damage the flooring and plastering in addition to the incurring of extra expenditure.

5. The D.D.A. had not been able to find a suitable collaborator to run the five star hotel. The work in guest rooms, public and commercial areas had been held up because of not knowing the collaborator's requirements regarding the window fittings of the guest rooms, and specifications of electrical works, flooring, etc. in public and commercial areas.

6. The building contains 338 rooms with the attached toilets, hot and cold water lines, etc. and was basically meant to be used as a Five Star Hotel. However due to D.D.A.'s inability to find a suitable collaborator, the use to which the building is to be put has not yet been decided.

7. The non completion of the building and uncertainty of the use to which the building is to be put has resulted not only in blocking of the

funds to the tune of Rs. 530.00 lakhs, but also to loss of interest charges of Rs. 63.60 lakhs each year (@ 12% per annum) on the above amount apart from that on the cost of land and also incurring of the expenditure of Rs. 6,000 p.m. on watch and ward of the building. Thus the expenditure incurred so far proved unproductive.

8. DDA stated (March 1986) that the building could not be completed as its final use had not been decided by the Government. It was also stated that initially the idea was to convert it into a Hotel to be run by a private agency in collaboration with the DDA, but keeping in view the response and the rates quoted, it was not considered to be commercially a viable project. It was further stated that the transfer of the building on "as is where is" basis to Ministry of Health for use as a Cancer Hospital was in an advanced stage of finalisation.

[Para 7 of the Report of the C & AG for the year 1984-85 Union Government (Civil) Vol. II]

9. The Ministry of Urban Development have furnished the following background note on the conception and execution of Five Star Hotel at the Indira Gandhi Stadium Complex :

"(i) The Ministry of Education and Culture (now the Deptt. of Sports & Youth Affairs) was the nodal Ministry for making arrangements for Asian Games, 1982. In order to ensure timely and economic provision of facilities required for holding the games, a steering Committee was set up by the Government under the Chairmanship of the then Education Minister. This Committee took final decisions on the basis of recommendations made by the various Committees. The Steering Committee was serviced by the then Ministry of Education. Besides the Steering Committee, which was the high level Committee at the top, there were several other Committees, the important ones being as follows :

Finance Committee : This was a Committee under the Chairmanship of the Minister of State for Finance and the proposals received from different Committees which had financial implications were considered by this Committee.

Works Committee : This Committee, of which the Secretary, Ministry of Works & Housing (as it was then called) was charged with the task of overseeing the execution of various construction projects entrusted to different agencies in connection with Asian Games. This implied the monitoring of the progress of these works also.

(ii) Out of the various projects to be constructed and facilities to be provided for the Asian Games, the construction of the following was entrusted to the DDA :

1. Indraprastha Stadium Complex at I.P. Estate.
2. Yamuna Cycle Velodrome.
3. Tughlakabad Shooting Range.
4. Asian Games Village Complex, Siri Fort.

For execution of these four projects, the DDA had set up a Project Board with full financial and administrative powers.

(iii) The I.P. Stadium Complex consisted of the main stadium, the administrative block, the Coaching-cum-Athletes, (Players) Block, which is also now referred to as the Venue Hotel and which is the subject matter of the present PAC Para. As per international customs and practice, provision is usually made for an Annexed Block for residential purpose of players, with an inbuilt facility for warming-up, practising etc. while planning a Sports Complex during International Games meet, after which such Block (Building) is put to use as a hotel. The Players' Block was thus conceived and planned with the following twin purposes in view :—

- (a) to serve the immediate Sports Complex needs related to the requirements of Asia-82 (Consisting of Practice Halls/working-up Halls, and Residential accommodation for 120 players plus connected facilities) : and
- (b) to fit in with and serve the requirements of a Four/Five Star Hotel after the Games were over.

As the players' Block Building was to be ultimately used by the DDA itself for hotel purposes, the question of Government providing funds for construction of the building did not arise.

(iv) Superstructure of the Players, Clock of Venue Hotel Building was planned for execution in two phases ; (i) Phase-I to consist of ground plus three floors, at 0 to 14.45 mtrs. level, intended to serve the immediate needs of the Asian Games and consisting of items referred to at (a) above and (ii) Phase-II so ultimately serve the Hotel purpose as stated in (b) above, beyond 14.45 mtrs. upto 37.9 Mtrs. level (4th to 11th floor), as referred to in (b) above. Before commencement of the construction of super-structure of Phase-I, the piled foundation for the ultimate eleven storeyed building had been provided. This work had been got executed under a separate contract.

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(v) The proposal to construct Phase-I was considered and administratively approved at the 19th Project Board Meeting held on 15th and 19th May, 1981; vide Agenda Item No. 165.

(vi) It may be emphasized at this stage that the immediate requirements connected with the Asian Games, though important, were not the sole consideration in view while formulating the design of the entire building. The construction work from 0.00 to 14.45 Mtrs. level was related to the use for Asiad-82 and was brought under Phase-I. The balance of floors were to form Phase-II, since they were required to be completed subsequently, though the balance too formed part of the integrated building.

(vii) Tenders for Phase-I were invited so as to reach by 25.5.81, subsequently extended upto 28.5.81. The notice inviting the tenders was issued to 24 contractors on the approved Select List. Out of the 24 contractors to whom the notice was issued, only 5 contractors purchased the tender documents and the following three submitted the tenders :—

- (i) M/s Bhasin Construction, Co. Pvt. Ltd.
- (ii) M/s G.S. Luthra.
- (iii) M/s Tarapore & Co.

(viii) During negotiations, M/s Bhasin Construction Co. Pvt. Ltd. however, pleaded their inability to complete the work within the stipulated time and withdrew their offer, the remaining 2 offers were, therefore, considered in the meeting of the Board held on 11.6.81 and the offer of M/s G.S. Luthra, which was the lower of the remaining 2 offers was approved. This offer of M/s G.S. Luthra, finalised during negotiations worked out to Rs. 2,70,08,475.00, which was 96.19% above the estimated amount out to tender. The Board felt after detailed discussion and deliberation that there was no possibility of getting a better offer than that given by M/s G.S. Luthra, even on re-invitation of tenders. The Board also decided that letter of award should be issued immediately as per the agreed conditions so that the time of completion of 11 months could be reckoned from 1st July, 1981 (i.e., the completion date being 31st May, 1982).

(ix) At this stage, it may be clarified that the accepted offer of M/s G.S. Luthra was 96.19% above the estimated amount put to tender as on the basis of DSR 1977. Based on the then prevailing market rates, the justified rate worked out by the Engineering Wing of the DDA was, however 77.78% above the estimated amount put to tender. Thus the net excess works out to 10.35% which was marginally above the permissible limit of excess of 10% in emergent works as per codal provisions.

(x) While the construction of the structural portion of Phase-I of the building was in progress, considering the high commercial potential of this integrated building, provisions already made in the foundations, economy in completion of the work under Phase-II by awarding the work to the civil contractor in position under his existing agreement, besides the desirability of completing this building along with the commissioning of the complex so as to safeguard against its lop-sided development, it was decided by the Project Board in its meeting held on 14.11.1981 that the work of the construction of the building in Phase-II should be taken up forthwith. The Board further decided that the confirmation of the contractor in writing to continue the work on Phase-II, under the existing agreement, at the same rates and terms and conditions, be obtained suitable and the preparatory work for installation of services in the entire building be commenced immediately. Accordingly, the offer obtained from the existing contractor in position, namely M/s G S. Luthra, was considered in the meeting of the Project Board held on 11.2.1982 and in the interest of earliest completion of the building and there being no possibility of getting lesser rates if the fresh tenders were invited, the Board decided to accept the offer of the existing contractor regarding the construction of the building in Phase-II, confirmed by their letter dated 8.2.1982. The Board also decided that relaxation in the Delegation of Financial Power Rules to award the work without calling tenders be accorded in the larger public interest. According to the letter dated 15.3.82, issued to M/s G.S. Luthra, the estimated cost of the work of the Phase-II, was Rs. 94,82,351 based on DSR 1977 and the accepted tender amount was Rs. 1,92,48,075, which works out to 102.98% above the estimated cost. The justified cost based on the then prevailing market rates was worked out by the Engineering Wing of the DDA at 120.19% above the estimated amount (Rs. 2,08,79,188)."

10. Phase-I (0 to 14.45 meters level) was to be completed by 31 May, 1982, part of Phase-II (beyond 14.45 meters upto 31.20 meters) was to be completed by 15 October, 1982 and part (beyond 31.20 meters upto 37.9 meters) by 15 August, 1983.

11. The Committee desired to know whether these works were completed by the stipulated dates. The Ministry of Urban Development stated in reply :

"The construction work of the structural part of the building in its Phase-I was completed upto 65% by 31 May 1982, which was the stipulated date as per the contract for the completion of the entire building in its Phase-I. As regards Phase-II of the building, the structural part thereof completed upto 15 August, 1983, which was the original date stipulated as per contract for completion of Phase-II has been estimated at 56% of the total construction work involved in Phase-II."

12. During evidence, the Committee desired to know whether any role was played by the Ministry to ensure that these works were completed by their target dates. To this the Secretary, Ministry of Urban Development stated :

“As far as the Ministry is concerned, there was a sort of Works Committee, of which the Secretary, Works & Housing was a member. This was constituted by Government by an executive order. This Committee had the general function of overseeing the progress of various Asiad projects. It was not concerned with administrative approvals or sanctions, financial approvals or financial sanctions. Each of the executing agencies was responsible, as far as the allocation of funds and resources were concerned, also in regard to seeing to it that all the formalities were completed and administrative approval and financial sanctions were issued. This Committee has a general role of overseeing that the projects were being implemented, and that the progress of the work was in accordance with the schedule. This was broadly the function of the Committee.”

13. The Ministry explained the position further in a note as under :

“The Works Committee had been constituted to monitor the progress of various items of construction works and other facilities specifically required to be completed for the Asian Games. However, in view of the fact the Special Organising Committee ultimately desired in February 1982, to have only limited facilities in the Players’ Block and as the completion of these limited facilities had been achieved, the Committee did not take serious note of the non-completion of the entire construction work of Phase-I of the Players’ block building. It may be added that for reasons of security of players participating in the games, it was decided that instead of lodging them partly in the rooms provided for in Phase-I of the building i.e. the Players’ block, they should be lodged in the Asian Games Village Complex itself, where special security arrangements had been contemplated.”

14. Explaining the position further in this regard the Ministry of Urban Development stated as under :

“The facilities actually required by the Special Organising Committee for the Asian Games, as communicated in their letter dated 3.2.1982, were as follows :

- (a) *Badminton Practice* : Four Courts in Players’ Block;
- (b) *Gymnastics Practice* : Suitable areas in Players’ Block; and
- (c) *Volley Ball Practice* : One Indoor Court with Taraflex in Players’ Block.

In so far as these limited facilities were concerned, they were ready by 31.5.1982 and were also in fact used during the Asian Games and are also still in use. The reason for non-completion of the remaining work of Phase-I was mainly the fact that the DDA felt that before Phase-I could be fully completed, the collaborator was required to be selected and associated with certain aspects of construction of the building and the final finishing work thereof. Decision on the selection of the collaborator did not, however, materialise for the reasons already explained above. The contractor was, therefore, asked to go slow in completion of the entire construction work and complete only such work as would ensure provision of the facilities required by the Special Organising Committee."

15. According to the Ministry, the design and construction of venue Hotel building had been on the basis that it will be used as a 4-star or 5-star hotel after the Asian Games were over. To ensure that the building can be ultimately adopted for use as a hotel, it was therefore, felt necessary that the hotelier who will ultimately collaborate with the DDA in the management of the hotel should be associated with certain aspects of the construction and finishing of the building. Accordingly, offers were invited in mid May 1982 from the intending hoteliers for collaboration in running/ management of the hotel.

16. The Committee desired to know as to how the decision to invite offers from the intending hoteliers for collaboration as late as in May 1982 justified when the entire work of Phase-I was to be completed by the end of May 1982 and the collaborator was to be associated with certain aspects of the building for Phase-I work. In reply the Ministry stated in a note as under :

"The decision of S.O.C. to use only limited accommodation for practice purposes etc. was received by DDA, as late as in February 1982. A decision was taken in February 1982 to select the collaborator and certain items were identified where the investment was to be made by the collaborator. Since the collaborator could not be finalised, the remaining items of work in Phase-I could not be completed. It was not considered appropriate to select the collaborator till such time the requirements of Asian Games are met with."

17. According to Audit Paragraph, the DDA had not been able to find a suitable collaborator to run the five star hotel. The work in guest rooms, public and commercial areas had been held up because of not knowing the collaborator's requirements regarding the window fittings of the guest rooms and specifications of electric works, flooring, etc. in public and commercial areas. When enquired why the DDA was not able to find

a suitable collaborator, the Ministry of Urban Development explained in a detailed manner as follows :

“DDA invited tenders for the first time for collaboration from reputed hoteliers through press Advertisement on 18.5.82. The space offered excluded the office-cum-shopping arcade comprising of 47 units on the first floor of the adjoining Coach Block which was otherwise linked to the main hotel building. Subsequently it was decided to attach the above space also to the hotel building. This resulted in an increase in the floor space as well as the capital cost of the building to be invested by DDA and, therefore, necessitated fresh offers. The offers received were, therefore, not further processed and fresh offers were invited on 12th July, 1982 from the same hoteliers who had responded to the first notice, by taking into account the aforesaid additionality. 4 offers were received in response to this revised notice, offering guaranteed return of Rs. 101.58 crores, 81.60 crores, 76.50 crores and Rs. 60.00 crores. The offer of M/s. I.T.C. Ltd. of Rs. 60 crores by way of guaranteed return for thirty years, though the lowest, also contained an alternative offer of 21% of the gross receipts of the hotel. After considering the pros and cons and merits of different offers, it was decided by the Chairman of the Authority on 9.10.1982 to accept the offer of M/s. I.T.C. Ltd. having regard to their link-up with nation-wide chain as well as international chain, since it could attract regular group booking which in ultimate analysis will ensure the financial viability. This decision of the Chairman, before it could be implemented however needed ratification of the DDA. Before the matter could be placed before the Authority for such a ratification/final approval, it was noted by the then Vice-Chairman that the Govt. had yet to take a final decision about the ownership and management of Stadia Complexes, including the Indraprastha Stadium Complex. The decision on the leasing and management of the hotel by a selected hotelier was, therefore, deferred. On 20.9.1983, the Department of Sports of the Govt. of India informed the DDA that the entire I.P. Indoor Sports Complex, with the exception of the proposed hotel, will be taken over by the Sports Authority of India. Accordingly—

- (i) Coaching Block and Plaza at the entrance of the I.P. Stadium should be transferred to the Sports Authority of India; and
- (ii) the practice facilities for sports on the ground floor of the hotel building under construction will be used for sports purposes and also transferred to the Sports Authority of India for management, maintenance and utilisation.

In the light of the aforesaid decision, M/s. I.T.C. Ltd. were sounded with reference to their earlier offer for collaboration, submitted by them in July, 1982.”

18. However, M/s. I.T.C. Ltd., withdrew their offer due to the following reasons :—

“As considerable time has elapsed from the date of submitting out tender quotation, many changes have taken place during this period in the economic and tourist market scenario. We are, therefore, reluctantly compelled to advise you that our offers made in our letters nos. IX.I dated 29.5.1982, 28.8.82 and 17.9.82 stands withdrawn which you may please take note of. Fresh offers regarding collaboration were again invited on 21.6.84 and in response thereto, 5 offers were received upto 16th July, 1984. Since these offers contained terms and conditions which were widely varying with each other, it was decided that these offers should be negotiated with the hoteliers concerned. The internet meetings and negotiations took considerable time and before a final decision on the offers could be taken, certain developments taking place at the Government level indicated that there was a change in thinking regarding the use of the building.”

19. When asked whether the Ministry of Tourism was consulted at any stage about the utility of venue hotel as a tourist hotel, the Ministry of Urban Development replied in negative.

20. On being enquired whether any final decision had been taken as regards the final use of this building, the Ministry stated in a note as under :

“One view was that the building may be used as office accommodation in Delhi of which there was considerable shortage. Another possible use thought of was of using the building as a hostel for the officers of the Navy. The Government considered various options for the utilisation of the building and ultimately came to the conclusion that the best course would be to consider the possibility of establishing a hospital with multi-super-specialities. In fact, Tatas had made an offer in November, 1985 for utilisation of the building for a Cancer Hospital, with financial assistance from the Sultanate of Oman. Unfortunately, on account of sharp drop in petrol prices and the resultant financial crises in the middle-East, the Sultanate of Oman withdrew the offer to the Tatas and Tatas, in turn, were not in a position to pursue their offer. However, two other parties, namely, the Apollp Group, having their existing hospital in Madras, and Birlas, had shown interest in setting up a Hospital in Delhi.”

21. In this connection, the Secretary Ministry of Urban Development stated during evidence :

“The Committee of Secretaries had proposed in August 1985 that in view of the shortage of office accommodation in Delhi, the Venue Hotel

might be purchased for the purpose of accommodating offices. Then there was an offer from the Indian Navy which wanted to have hostel accommodation for its officers. The Delhi Administration itself wanted to take it up as an office accommodation. Ministry of Finance also, for their office purposes, wanted it. All these offers are there, but considering the overall priorities and the need for increasing hospital facilities in Delhi, this offer is being pursued. If this does not succeed, then all these 3-4 alternatives are there and it would not be difficult to pursue either of them."

22. Explaining the reasons for choosing Hospital as the best use of this building, the Secretary Ministry of Urban Development stated during evidence :

"It was found, on a review, that the hospital facilities in Delhi were inadequate. For example, according to the estimate made, the number of beds available in Delhi were 14,656. The number of beds required was based on the norm of 5 beds per thousand which was 36000. There is a shortage of 21344 beds. That was the position in the year 1985. So, two hospitals were planned (i) Deen Dayal Hospital and (ii) Guru Teg Bahadur Hospital. But this would not be sufficient and even more hospitals were required. The other question was that an hospital with super-speciality was also necessary as the All India Institute of Medical Sciences which was partly meeting this requirement was speciality-hospital was envisaged and ultimately it was put forth in the notice issued."

23. The Committee desired to know whether conversion of a building designed as an Hotel having 338 rooms with attached bathrooms into a hospital, a wise proposition, The Ministry stated in reply in a note as under :

"This building is considered suitable enough for conversion and use as a hospital with slight alterations. The requirement of a multi-specialisation hospital for the weaker section of Delhi is a long felt need."

24. In this connection, the Ministry further stated in a note as under :

"Government, therefore, decided in June, 1986 that a Committee be set up under the Chairmanship of the Lt. Governor of Delhi Finance Secretary, Secretary (Expenditure) Secretary (Health) and Spl. Secretary (Urban Development) as members, to examine the different offers and submit its recommendations as to the choice of the best one. The first meeting of the Committee was held on 15.7.1986 and the consensus was that open offers should be invited from professionally sound and

experienced parties for opening the hospital rather than restricting the choice to the two offers which had already been received. Accordingly, by a notice published in news-papers on 22.7.86, the Delhi Administration invited offers for opening of multi-speciality modern hospital, with advanced technology, to include certain specified specialities. The notice stated that the Venue Hotel building, along with the land, may be made available free of cost, provided the hospital is, on the whole run on a "no profit no loss" basis and provides free medical and other facilities to at least one-third of its indoor patients and 40% of outdoor patients, without any distinction of religion, race, sex or language. The cost of conversion of the building and the recurring expenditure on the running of the hospital was expected to be met by the parties making the offers. The offers received in response to this notice are now pending for consideration."

25. The Committee desired to know how many offers were received in response to the notice issued on 22 July, 1986. In reply, Special Secretary, Ministry of Urban Development stated during evidence :

"The offers which have been shortlisted for final consideration are four. The four institutions are Bapuji Educational Association; Gauri Hospitals Ltd; Gwalior Rayan, Indian Rayon and Hindal Company; and Laxshmipt Singhania Medical Foundation."

26. In reply to a query whether these were Trusts, the witness replies in affirmative. He added :

"One of the considerations for including them in the short list was whether they have the requisite wherewithal in terms of money and experience."

27. When required about the estimated cost indicated by these parties in their offer, the witness stated :

"Bapuji Trust has estimated the cost of completion as Rs. 10 crores. Gwalier Rayon have given the estimate of Rs. 23.25 crores. Gauri Hospital have given the estimate of Rs. 22.27 crores. Singhania have estimated Rs. 30 crores."

28. On being asked whether Government have prepared any estimate for converting 300 odd rooms into a hospital, the witness replied :

"It is primarily for the persons who have made the offer to satisfy themselves that the building can be adapted. So far as the project cost is concerned, it will vary according to the number of specialities and the kind of equipment which they will instal. And it is with reference to that that there are some variations in cost. These are the details which

are being scrutinised by the medical experts with a view to finding out whether these cost estimates are reasonably realistic.

At present, it is very difficult to make any estimate with reference to one particular thing. Supposing a person brings 10 specialities, the estimate will vary. So, we have to go into the estimates with reference to each speciality."

29. The Committee desired to know whether bigger halls for wards etc. would not be needed for Hospital purposes as the subject building consists of rooms only. The Secretary, Ministry of Urban Development deposed :

"Wards would be needed, as you have very rightly pointed out because for one-third of the patients the treatments has to be free. Just now I may not be able to say exactly how it will be met, but the modifications will be made. May be, some of the bigger rooms could be used as general wards."

30. In reply to a query whether this exercise has been done, the Vice-Chairman, DDA stated :

"This will be taken up by the Committee (set up to examine the offers)."

31. The Committee pointed out that the Health Ministry had acquired a great deal of expertise on this subject and had very specialised architects who know the structure and so on and enquired whether it would not be advisable to consult these specialities as well as those from the Indian Medical Council, the Special Secretary, Ministry of Works & Housing stated :

"We are grateful for the suggestion and we would certainly take it up."

32. The Secretary, Ministry of Urban Development stated in this connection :

"If I may clarify, it is true that initially hospital buildings, particularly the Government hospitals were being constructed by the CPWD. At a later stage sometimes since 60s, they set up their own wing for construction of hospitals. It is true, as pointed out by the Hon. Member, that there is a certain expertise available with them, but I would not say that it is adequate and that can meet our requirements because this question has arisen in some other forum and we found that we do still need some consultancy may be by private parties."

He added :

“When the plans are there and the basic assessment relating to the financial soundness, the comparative assessment of the different parties and their expansion is available and the phased programme for completion and other basis assessment is drawn up, the question of hospital building and the modifications required will be taken up. I think it is a very useful suggestion.”

33. The Committee desired to know as to when the hospitals was likely to become operational. The Ministry replied in a note :

“The hospital is likely to be operational within 30 months from the date of handing over the building to the licensee/selected party. The selections of the party is likely to be made very soon.”

34. Out of the various projects to be constructed for the Asian Games, the construction of Indraprastha Stadium Complex at I.P. Estate and three other projects were entrusted to DDA. The I.P. Stadium Complex consisted of the main stadium, the Administrative Block, and the Coaching-cum-athletes' (Players) Block now referred to as Venue Hotel. The financial and administrative approval of the Players' Block was sanctioned by the project Board set up by DDA for the execution of four projects entrusted to it.

35. The superstructure of the Players' Block was planned for execution in two phases; (i) phase-I to consist of ground plus three floors at 0 to 14.45 metres level, intended to serve the immediate sports complex needs of the Asian Games comprising of Practice Halls/Working-up Halls and Residential Accommodation for 120 players plus connected facilities and (ii) phase II to consist of 4th to 11th Floors beyond 14.45 Metres upto 37.9 Metres level to ultimately serve the hotel purpose after the Games were over.

36. Phase I (0 to 14.45 metres level) was to be completed by 31 May, 1982. Part of phase II (beyond 14.45 metres upto 31.20 metres) was to be completed by 15 October, 1982 and part (beyond 31.20 metres) by 15 August, 1983. However, the construction work of the structural part of the building in its phase I was completed upto 65% only by 31 May, 1982. As regards Phase II, the structural part thereof completed upto 15 August, 1983 has been estimated at 56% of the total construction work involved in Phase II.

37. As a result of offers received through press advertisement, the Chairman of the Authority decided to accept the offer of M/s. I.T.C. Ltd. having regard to their nationwide and international hotel chains. Before the matter could be finalised it was decided on 20 September 1983 that the control of the I.G. Sports complex with the exception of the proposed hotel would be taken over by the Sports Authority of India. M/s. I.T.C. Ltd. withdrew their offer on the plea that considerable time had elapsed from the date of submit-

ting tender quotations and many changes had since taken place in the economic and tourist market situation in the intervening period.

38. Subsequently the Government considered various options for the utilisation of the building, viz., hostel accommodation for India Navy officers, office accommodation for Delhi Administration, Ministry of Finance etc. and ultimately came to the conclusion that the best course would be to examine the possibility of establishing a hospital with multi-super-specialties as it was found, on a review, that the hospital facilities in Delhi were inadequate. Accordingly, Government decided in June 1986 that a committee be set up under the Chairmanship of the Lt. Governor of Delhi with Finance Secretary, Secretary (Expenditure), Secretary (Health) and Special Secretary (Urban Development) as Members to examine different offers and submit its recommendations as to the choice of the best one.

39. The Committee find that there has been incomprehensible indecisiveness and ambivalence on the part of the Government right from the inception of the project, which has resulted in non-completion of the building and considerable delay in utilising the building. To start with, Players' Block was conceived and planned to serve the immediate sports complex needs related to the requirements of Asiad '82 (consisting of Practice Halls/Working up Halls and Residential Accommodation for 120 players plus connected facilities) but S.O.C. subsequently demanded only limited facilities (Badminton Practice Court, Gymnastics Practice Court and one Volley Ball Practice Court) for Asian Games. Then, while inviting tenders for the first time from hoteliers the space offered excluded office cum-shopping arcade comprising 47 units. When the tenders were received the decision was taken to include this arcade also necessitating invitation of fresh offers. Thereafter when the offer of M/s. ITC Ltd. to run the hotel was accepted the Government again changed its decision that the practice facilities for sports on the ground floor of the hotel would be transferred to SAI for management, maintenance and utilisation consuming in the process considerable vital time forcing the party (M/s. ITC Ltd.) to withdraw its offer. Even after re-inviting the tenders on 21 June, 1984, Government again started thinking alternate uses of the building. Initially the thoughts veered round to use the Venue Hotel for the purpose of office accommodation but it was subsequently decided to utilise the building for a hospital. Finally in June 1986 it was decided to invite open offers from professionally sound and experienced parties for a hospital. As a consequence of all these vacillations on the part of the Government, the building constructed at a cost of Rs. 5.3 crores has not been put to any productive use so far and is likely to remain unutilised for quite some time as the hospital is not likely to be operational within 30 months from the handing over the building to licencees/selected party who is yet to be selected. Apart from blocking of these funds, there is a loss of interest charges of Rs. 63.60 lakhs each year (@ 12% per annum) on the above amount apart from that on the

cost of land. In addition, expenditure of Rs. 6,000 per month on watch and ward of the building is also being incurred. There has been total lack of realisation of the value of time; there has been no planning and no foresight. Had this venture not been undertaken the amount of Rs. 5.3 crores spent on the above project could have been profitably utilised on housing or on other developmental needs of Delhi.

40 The Committee also note that the above building was constructed on the eve of Asiad when a number of other hotels were also constructed in Public Sector in Delhi. Had there been any planning at the highest level with reference to the total needs of hotels in Delhi a decision could have been taken to use the building as a hotel from the very inception and the money spent on one of the other hotels could have been avoided.

41. The Committee also find that offers received in response to a notice published by Delhi Administration in newspapers on 22 July 1986 for opening a multi-speciality modern hospital, with advanced technology, in respect of certain specified specialities are short listed for final consideration to four, namely, Bapuji Educational Association; Gauri Hospital Ltd.; Gwalior Rayon, India Rayon and Hindal Company; and Lakshmi Pat Singhania Medical Education. The Venue Hotel building along with the land is to be made available free of cost, provided the hospital is, on the whole, run on a 'no profit no loss' basis and provides free medical and other facilities to at least one third of its indoor patients and 40% of outdoor patients, without any distinction of religion, race, sex or language. The cost of conversion of the building and the recurring expenditure on the running of the hospital is to be met by the parties making the offers. The estimated cost of completion according to these four parties varies from Rs. 10 crores to Rs. 30 crores. According to the Ministry the estimate will vary according to the number of specialities and the kind of equipment which they will install and these details are being scrutinised by medical experts. Since the existing building was constructed to serve the purposes of a hotel and for hospital use, bigger rooms for wards etc. are needed, the Committee urge that expert advice available with Health Ministry and the Indian Medical Council should be sought regarding the essential structural alterations that would be necessary. Their assistance should also be sought for scrutinising the estimates and facilities offered by these four parties. As more than ten months have already elapsed since the Government took decision to use the building as a hospital and more than 2½ years would still be needed after handing over the building by the selected party before the hospital becomes operational, the Committee would urge upon the Government to finalise the selection of the party at the earliest. The Committee also desire that in the event of none of the four parties being selected, the Government may examine the feasibility of running the hospital as a Government hospital equipped with specified specialities. At this stage the Committee can only express the hope that

Government would have taken suitable lesson from this experience in poor planning and would exercise vigilance and abundant caution in project clearance involving huge financial outlay. Finally the Committee desire that there should be no further delay in taking a final decision of the offers already made so that the conversion of the building into a hospital with modern specialities serves the public need.

NEW DELHI ;
27 April, 1987
7 Vaisakha, 1909 (Saka)

E. AYYAPU REDDY,
Chairman,
Public Accounts Committee.

APPENDIX

Statement of Observations and Recommendations

Sl. No.	Para No. of Report	Ministry/Deptt. concerned	Observations and Recommendations
1	2	3	4
1	34	Urban Development	Out of the various projects to be constructed for the Asian Games, the construction of Indraprastha Stadium Complex at I.P. Estate and three other projects were entrusted to the DDA. The I.P. Stadium Complex consisted of the main stadium, the Administrative Block, and the Coaching-cum-athletes' (Players) Block now referred to as Venue Hotel. The financial and administrative approval of the Players' Block was sanctioned by the Project Board set up by DDA for the execution of four projects entrusted to it.
2	35	—Do—	The superstructure of the Players' Block was planned for execution in two phases; (i) Phase-I to consist of ground plus three floors at 0 to 14.45 metres level, intended to serve the immediate sports complex needs of the Asian Games comprising of Practice Halls/Working-up Halls and Residen-

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			<p>tial Accomodation for 120 players plus connected facilities and (ii) Phase-II to consist of 4th to 11th Floors beyond 14.45 Metres upto 37.9 Meters level to ultimately serve the hotel purpose after the Games were over.</p>
3	36	Urban Development	<p>Phase I (0 to 14.45 metres level) was to be completed by 31 May 1982. Part of Phase-II (beyond 14.45 metres upto 31.20 metres) was to be completed by 15 October 1982 and part (beyond 31.20 metres) by 15 August 1983. However, the construction work of the structural part of the building in its phase I was completed upto 65% only by 31 May 1982. As regards Phase II, the structural part thereof completed upto 15 August 1983 has been estimated at 56% of the total construction work involved in Phase II.</p>
4	37	—Do—	<p>As a result of offers received through press advertisement, the Chairman of the Authority decided to accept the offer of M/s. I.T.C. Ltd. having regard to their nationwide and international hotel chains. Before the matter could be finalised it was decided on 20 September 1983 that the control of the I.G. Sports complex with the exception of the proposed hotel would be taken over by the Sports Authority of India. M/s. ITC Ltd. withdrew their offer on the plea that considerable time had elapsed from the date of submitting tender quotations and many changes had since taken place in the economic and tourist market situation in the intervening period.</p>
5	38	—Do—	<p>Subsequently the Government considered various options for the utilisation of the building, viz., hostel accommodation for Indian Navy officers, office accommodation for Delhi Administration, Ministry of Finance</p>

etc. and ultimately came to the conclusion that the best course would be to examining the possibility of establishing a hospital with multi-super-specialities as it was found, on a review, that the hospital facilities in Delhi were inadequate. Accordingly, Government decided in June 1986 that a committee be set up under the Chairmanship of the Lt. Governor of Delhi with Finance Secretary, Secretary (Expenditure), Secretary (Health) and Special Secretary (Urban Development) as Members to examine different offers and submit its recommendations as to the choice of the best one.

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—Do—

The Committee find that there has been incomprehensible indecisiveness and ambivalence on the part of the Government right from the inception of the project, which has resulted in non-completion of the building and considerable delay in utilising the building. To start with, Players' Block was conceived and planned to serve the immediate sports complex needs related to the requirements of Asiad '82 (consisting of Practice Halls/Working-up Halls and Residential Accommodation for 120 players plus connected facilities) but S.O.C. subsequently demanded only limited facilities (Badminton Practice Court, Gymanastics Practice Court and one Volley Ball Practice Court) for Asian Games. Then, while inviting tenders for the first time from hoteliers the space offered excluded office-cum-shopping arcade comprising 47 units. When the tenders were received the decision was taken to include this arcade also necessitating invitation of fresh offers. Thereafter when the offer of M/s. ITC Ltd. to run the hotel was accepted the Government again changed its decision that the practice facilities for sports on the ground floor of the hotel would be transferred to SAI for management, maintenance and utilisation consuming in the process considerable vital time forcing the party (M/s. ITC Ltd.) to withdraw its offer. Even after re-

inviting the tenders on 21 June 1984, Government again started thinking alternate uses of the building. Initially the thoughts veered round to use the Venue Hotel for the purpose of office accommodation but it was subsequently decided to utilise the building for a hospital. Finally in June 1986, it was decided to invite open offers from professionally sound and experienced parties for a hospital. As a consequence of all these vacillations on the part of the Government, the building constructed at a cost of Rs. 5.3 crore has not been put to any productive use so far and is likely to remain unutilised for quite some time as the hospital is not likely to be operational within 30 months from the handing over the building to licencees/selected party who is yet to be selected. Apart from blocking of these funds, there is a loss of interest charges of Rs. 63.60 lakhs each year (@ 12% per annum) on the above amount apart from that on the cost of land. In addition, expenditure of Rs. 6,000 per month on watch and ward of the building is also being incurred. There has been total lack of realisation of the value of time; there has been no planning and no foresight. Had this venture not been undertaken the amount of Rs. 5.3 crores spent on the above project could have been profitably utilised on housing or on other developmental needs of Delhi.

**Urban
Development**

The Committee also note that the above building was constructed on the eve of Asiad when a number of other hotels were also constructed in Public Sector in Delhi. Had there been any planning at the highest level with reference to the total needs of hotels in Delhi a decision could have

been taken to use the building as a hotel from the very inception and the money spent on one of the other hotels could have been avoided.

The Committee also find that offers received in response to a notice published by Delhi Administration in newspapers on 22 July 1986 for opening a multi-speciality modern hospital, with advanced technology, in respect of certain specified specialities are short listed for final consideration to four, namely, Bapuji Educational Association ; Gauri Hospital Ltd.; Gwalior Rayon, India Rayon and Hindal Company; and LakshmiPat Singhania Medical Foundation. The Venue Hotel building along with the land is to be made available free of cost, provided the hospital is, on the whole, run on a 'no profit no loss' basis and provides free medical and other facilities to at least one third of its indoor patients and 40% of outdoor patients, without any distinction of religion, race, sex or language. The cost of conversion of the building and the recurring expenditure on the running of the hospital is to be met by the parties making the offers. The estimated cost of completion according to these four parties varies from Rs. 10 crores to Rs. 30 crores. According to the Ministry the estimate will vary according to the number of specialities and the kind of equipment which they will instal and these details are being scrutinised by medical experts. Since the existing building was constructed to serve the purposes of a hotel and for hospital use, bigger rooms for wards etc. are needed, the Committee urge that expert advice available with Health Ministry and the Indian Medical Council should be sought regarding the essential structural alterations that would be necessary. Their assistance should also be sought for scrutinising the estimates and facilities offered by these four parties. As more than ten months have already elapsed since the Government took

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