

CAG Indicts Big Guns for ₹500-Cr Loss in CWG

CAG names HCL Infosystems, MTNL, Cisco & Hungama for causing loss to exchequer

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The Comptroller and Auditor General (CAG) of India has named large companies such as HCL Infosystems, state-owned telco MTNL, US-based networking giant Cisco Systems, and digital media firm Hungama as colluding with the Organising Committee of the Commonwealth Games and causing a combined loss of ₹500 crore to exchequer.

During the Commonwealth Games 2010, tech majors were contracted for providing timing and scoring system, a games management software system, a website, and IT and telecom infrastructure, besides laptops and desktops.

The biggest loss to the exchequer came from the telecom services contract. It was bid by state-owned MTNL at ₹387 crore, about 12 times higher than what was spent in Melbourne Games held in 2006. "For unexplained reasons Airtel's offer, which was better than that of MTNL, was not brought to the notice of the government," says the CAG report.

Airtel's last offer was ₹160 crore to provide telecom service, which was to be offset by a sponsorship of ₹100 crore, but never considered.

CAG says that MTNL was appointed on nomination basis, without a process. It further adds that "MTNL altered the technical requirements of the tender to favour HCL Infosystems and Cisco Systems".

MTNL's Director (finance) and a board member, who was involved in the tender process, says she had raised reservations of allowing a single bidder to bid. The CAG ratified her reservations fact, in the report. MTNL CMD Kuldeep Singh was unavailable for comment, despite repeated calls by ET to his office.

About 18 technology companies had evinced interest in the tender. "The experience stipulation of 60 nodes in a network was deliberately introduced to help HCL-Cisco team. Thus among the 18 agencies that had evinced interest only one - HCL and Cisco - bid," says the CAG report tabled in Parliament. Companies say they

Time For Virus Scan

THE BID FOR TELECOM SERVICES

was won by MTNL at ₹387 crore, about 12 times higher than what was spent in Melbourne Games

THE RENT FOR 3302 LAPTOPS WAS

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CBI HAS FILED A CASE AGAINST

top officials of telecom firm MTNL and IT company HCL Infosystems



followed the required norms and it was up to authorities to select a vendor.

Regarding the bid process both HCL Info and Cisco put the onus on MTNL. "It was an MTNL project and CWG installation was a small part of it," said an HCL Infosystems spokesperson. "Immediately on completion of the event the entire equipment was redeployed in Delhi and Mumbai as per the agreement," he added.

The CAG blamed the OC for procuring the Time Scoring and Result IT system from Swiss Timing Omega for ₹135 crore

Cisco said its role in the bidding process was as equipment provider to its channel partner HCL Infosystems. "We believe the bidding process was competitive, as reflected by the services, and discounts we offered," said a Cisco India spokesperson.

The telecom services contract was to connect the Games Village, press office, police headquarters, and provide a network which could carry the Games broadcast.

The most interesting contract was for the procurement of 3,302 laptops, on lease basis, worth ₹10 crore. The rent was so high that government ended paying up

95% of cost of those computers, as rent, as per the report.

The CAG has also blamed the OC for procuring the Time Scoring and Result IT system from Swiss Timing Omega for ₹135 crore, compared to ₹39.8 crore spent in Melbourne CWG 2006, from the same firm.

It also lambasted OC for the content deficient website, which mentioned CWG participating nations as the US, Korea, Japan and the Philippines! The award of the website to a media firm and Hungama was flawed and irregular, says CAG.

"The documentation from Hungama regarding its consortium was deficient but was ignored by the tech evaluation committee. Although Hungama's commercial bid was L3 at ₹7.94 crore, it was declared L1 by taking a cash discount of ₹4.65 crore," says CAG. A Hungama spokeswoman offered no comments on the story.

Delhi CM Sheila Dikshit has said her government will "completely and fully" cooperate with the Public Accounts Committee which will examine the allegations in 743-page report.

The Central Bureau of Investigation (CBI) has registered a case against top officials of telecom firm MTNL and Noida-based HCL Infosystems.