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

**MINISTRY OF URBAN
DEVELOPMENT**

**HUNDRED AND EIGHTY-FIFTH
REPORT**



**L.M. SAINI SECRETARIAT
NEW DELHI**

HUNDRED AND EIGHTY-FIFTH REPORT

PUBLIC ACCOUNTS COMMITTEE (1989-90)

(EIGHTH LOK SABHA)

FIVE STAR HOTEL AT INDIRA GANDHI STADIUM
COMPLEX

MINISTRY OF URBAN DEVELOPMENT

[Action Taken on 98th Report (8th Lok Sabha)]



Presented in Lok Sabha on 13-10-1989

Laid in Rajya Sabha on 13-10-1989

LOK SABHA SECRETARIAT
NEW DELHI

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PUBLIC ACCOUNTS COMMITTEE
(1989-90)

CHAIRMAN

Shri P. Kolandaivelu

MEMBERS

Lok Sabha

2. Shri Abdul Hannan Ansari
3. Shri Chhitubhai Gamit
4. Shri M. Y. Ghorpade
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Rajya Sabha

- **16. Shri Pawan Kumar Bansal
17. Shri Jagesh Desai
- **18. Shri R. T. Gopalan
- **19. Shri Ghulam Rasool Matto
20. Shri Surender Singh
21. Shri P. N. Sukul
22. Shri Rameshwar Thakur

* Elected w.e.f. 3-8-1989 vice Sarvashri Bh. Vijay Kumar Raju, S. Jaipal Reddy and Saifuddin Chowdhary resigned from the Committee.

** Nominated w.e.f. 18-8-89 vice Sarvashri Parvathaneni Upendra, Virendra Verma and Jaswant Singh resigned from the Committee.

(iv)

SECRETARIAT

1. Shri G. L. Batra—*Joint Secretary*
2. Shri K. K. Sharma—*Director*
3. Shri A. Subramanian—*Senior Financial Committee Officer*
4. Shri N. M. Jain—*Under Secretary*

INTRODUCTION

1. I, the Chairman of the Public Accounts Committee as authorised by the Committee do present on their behalf this Hundred and Eighty Fifth Report on Action Taken by Government on the recommendations/observations of the Public Accounts Committee contained in their Ninety-Eighth Report (8th Lok Sabha) on Five Star Hotel at Indira Gandhi Stadium Complex.

2. In their earlier Report, the Committee had observed that indecisiveness and ambivalence on the part of Government resulted into considerable delay in utilising the building for any productive use. There was total lack of realisation of value of time besides no foresight and planning. The Committee have expressed their unhappiness over the explanation given by the Ministry for delay in construction and utilisation of the building and have reiterated their earlier observation that proper planning at the highest level would have ensured the use of the building as a hotel from the very inception and money spent on one of the other hotels could have been profitably utilized on housing or other developmental needs of Delhi. The Committee also desired that proper watch will be kept by the concerned authorities to ensure that work of establishing a 600 bedded hospital is completed and hospital becomes operational by target date so that medical care to weaker sections of the society is provided at the earliest.

3. The Committee considered and adopted the Report at their sitting held on 12 October, 1989. Minutes of the sitting form Part II of the Report.

4. For reference facility and convenience the Recommendations/observations of the Committee have been printed in thick type in the body of the Report.

5. The Committee 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;
13 October, 1989
21 Ashvina, 1911 (Saka)

P. KOLANDAIVELU,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by Government on the recommendations/observations contained in the 98th Report of Public Accounts Committee (Eighth Lok Sabha) 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 Five Star Hotel at Indira Gandhi Stadium Complex.

2. The Report contained 8 recommendations and observations. Action Taken Notes have been received in respect of all the recommendations/observations have been broadly categorised in Appendix-I.

3. The Committee will now deal with the action taken on some of their recommendations.

Blocking of funds due to lack of judicious and timely planning for proper utilisation of the building

(Sl. Nos. 6, 7—Para 39, 40)

4. In their earlier report the Committee observed that there had been incomprehensible indecisiveness and ambivalence on the part of the Government right from the inception of the project which resulted in non-completion of the building and considerable delay in utilising the building—beginning with the need for players block to serve the immediate sports complex requirement of Asiad 82 (consisting of Practice Halls, and residential accommodation for 120 players plus connected facilities), subsequently changed to limited facilities (Badminton practice court, Gymnastic practice court and one Volleyball practice court), invitation of tenders for the first time from hoteliers wherein the space offered excluded office-cum-shopping arcade comprising 47 units, later on revision by inclusion of the arcade leading to invitation of fresh offers and acceptance of the offer of M/s. ITC Ltd. to run the hotel. However, re-thinking by Government to transfer the ground floor of the hotel to Sports Authority of India for management, maintenance and utilisation for practice facilities of sports resulted in consuming precious time leading to backing out by M/s. ITC Ltd. Even after re-invitation of the tenders in June 1984 Government again started thinking alternate uses of the building and the proposal to use the venue hotel for

the purpose of office accommodation was not accepted by the Government and instead it was decided to invite open offers from professionally sound and experienced parties for a hospital. As a result of all these vacillations on the part of the Government, the building constructed at a cost of Rs. 5.3 crores was not put to any productive use. Apart from blocking of these funds there is a loss of interest charges of Rs. 63.60 lakhs each year at the rate of 12 per cent per annum on the blocked amount besides the cost of land and an expenditure of Rs. 6,000 per month on its watch and ward. There was total lack of realisation of the value of time besides no foresight and planning.

5. The Committee also noted 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 need of hotels in Delhi, a decision could have been taken to use the building as a hotel from the very inception and money spent on one of the other hotels would have been avoided.

6. The Ministry of Urban Development in its action taken reply stated that the players block which is now referred to as 'venue hotel' was to be a Coaching-cum-athletes Block with provision for an annexed Block for residential purposes during the games and after the games, the said block was proposed to be used as a hotel. Later on Ministry's proposal to use the building for meeting the shortage of office accommodation was not approved by the Government and keeping in view the need of a multi-speciality hospital in Delhi as also the need to provide reasonable and good medical facilities to economically weaker sections, the Government decided to convert the "venue hotel" building into a multi-speciality hospital and stated that after follow up action which includes modifications and additions/alternations in the building, the hospital should be operational within a period of 30 months. The Ministry conceded that no doubt all this has taken sometime but it may be appreciated that when valuable assets like this are created it is the duty of Government to ensure that these are put to the best of use.

7. The Committee are not satisfied with the explanation given by the Ministry for delay in construction and utilisation of the building and reiterate their earlier observation that proper planning at the highest level with reference to the total needs of hotel in Delhi would have resulted in the use of the building as a hotel from the very inception and the money spent on one of the other

hotels could have been avoided and the money spent in this way could have been profitably utilised on housing or on other developmental needs of Delhi. The very fact that a building constructed at a cost of more than Rs. 5 crores and intended to be utilised as a Five Star Hotel with all modern facilities is now intended to be used as a Hospital for common man where the space requirements are entirely different is a clear example of absence of any planning, foresightedness and concern for public funds on the part of authorities concerned.

8. The Committee have also noted that the incomplete hotel building has been purchased by Medical Department of Delhi Administration from DDA in March, 1987 and that the work of establishing a 600 bedded hospital promoted jointly by Delhi Administration and M/s. Apollo Hospital Enterprises Ltd. is in the progress from April 1988. The Committee expect that proper watch will be kept by concerned authorities to ensure that the work on this Project is completed and hospital becomes operational by target date, so that medical care to weaker sections of the society is provided at the earliest. The Committee would like to be apprised of the present position regarding the project early.

CHAPTER II

RECOMMENDATIONS AND OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendations

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.

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.

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.

As a result of offers received through press advertisement, the Chairman of the Authority decided to accept the offer of M/s. I.T.G. 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. ITG 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.

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-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.

[Sl. No. 1 to 5, Para No. 34 to 38 of Appendix to the 98th Report of the Public Accounts Committee (8th Lok Sabha)]

Action Taken by the Ministry

Observations/findings of the Public Accounts Committee in Paras 34—38 are factual and do not need any reply.

[M/o Urban Development No. K-22011/2/87-DDVA]

CHAPTER III
RECOMMENDATIONS AND OBSERVATIONS WHICH THE
COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF
THE REPLIES RECEIVED FROM GOVERNMENT

Recommendation

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, Indian Rayon and Hindal Company; and Lakshmiapat 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 per cent 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 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 Govt. 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.

[Sl. No. 8 Para 41 of Appendix to 98th Report of PAC, PLSI]

Action taken by the Ministry

Under the Agreement to be signed with the accepted Party (i.e. Lakshmipat Singhanian Medical Foundation in collaboration with Apollo Hospitals Group) it is envisaged that the licensee shall make suitable alterations in the building, after following the necessary procedure in this regard, subject to the condition that such alterations shall not weaken or otherwise adversely affect the basic frame of the building. Since the building has ultimately to be used for a hospital by the licensee, it was felt that the licensee should be given an option as to the kind of alterations to be made after seeking such expert advice that the licensee may like to.

2. The Committee under the Chairmanship of Lt. Governor, Delhi and having Finance Secretary, Secretary (Expenditure), Secretary (Health), Special Secretary (Urban Development), Government of India as its Members has already examined the various offers and submitted its recommendations, placing the offer of Lakshmipat Singhanian Medical Foundation (in collaboration with Apollo Hospitals Group) as the most competitive. The party has been selected after scrutiny by senior officers of Health Ministry and other Members as well as the Director of Health Services, Delhi Administration. The recommendations were sent to the Prime Minister's Office and accepted.

3. M/s. Lakshmipat Singhanian Medical Foundation in collaboration with Apollo Hospitals, whose offer has already been accepted, have been instructed to submit their collaboration details and subsequent to this, an agreement would be finalised and entered into.

4. DDA has been asked to be careful and ensure proper planning and exercise vigilance and abundant caution in projects involving huge financial outlays, in future.

[Ministry of UD No. K-22011/2/87-DDVA]

CHAPTER IV

RECOMMENDATIONS AND OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND REQUIRE REITERATION

Recommendations

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 31 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 opening the 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 with 30 months from the handing over the building to licences/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 cent 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 development needs of Delhi

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.

[Sl. Nos. 6 and 7, Para Nos. 39, 40 of Appendix to the 98th Report of the Public Accounts Committee (8th Lok Sabha)]

Action taken by the Ministry

The Committee has however commented in para 39-40 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".

2. In this connection it is submitted that the Players' Block, which is now referred to as 'Venue Hotel' was to be a Coaching-cum-Atheletes' Block, wherein provision was also made for an Annexed Block for residential purposes during the games and after the games; the said block was proposed to be used as a hotel. That was the initial thinking. The Committee of Secretaries, however, in their recommendation on 22-8-85, proposed to use the building for meeting the shortage of office accommodation. This was not approved by the Government. Keeping in view the need of a multi-speciality-hospital in Delhi as also the need to provide reasonable and good medical facilities to economically weaker sections, the Government decided to convert the Venue Hotel building into a Multi-Speciality-Hospital. Thereafter, Delhi Administration invited tenders. The offers were gone into by a Committee. The offer of M/s. LakshmiPat Singhania Medical Foundation, in collaboration

with Apollo Hospitals Group, was accepted and after the execution of the agreement, the hospital should be operational within a period of 30 months. No doubt all this has taken some time. It may kindly be appreciated that when valuable assets like this are created, it is the duty of Government to ensure that these are put to the best of use.

[Ministry of Urban Development No. K-22011/2/87-DDVA]

CHAPTER V

**RECOMMENDATIONS AND OBSERVATIONS IN RESPECT OF
WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES**

—NIL—

NEW DELHI;
October, 1989.

Asvina, 1911 (Saka).

P. KOLANDAIVELU,
Chairman,
Public Accounts Committee.

PART II

MINUTES OF THE 14TH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 12-10-1989

The Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Shri P. Kolandaivelu—*Chairman*

MEMBERS

2. Shri Chhitubhaj Gamit
3. Shri Y. S. Mahajan
4. Maj. Gen. R. S. Sparrow
5. Dr. Chandra Shekhar Tripathi
6. Shri Vir Sen
7. Shri G. S. Rajhans
8. Shri Rameshwar Thakur
9. Shri Jagesh Desai
10. Shri Surender Singh
11. Shri Ghulam Rasool Matto

SECRETARIAT

1. Shri G. L. Batra—*Joint Secretary*
2. Shri K. K. Sharma—*Director*
3. Shri A. Subramanian—*Senior Financial Committee Officer*
4. Shri N. M. Jain—*Under Secretary*

REPRESENTATIVES OF AUDIT

1. Shri R. Parameswar—*ADAI (Rlys.)*
2. Shri S. B. Krishnan—*Director (Reprts)*

3. Shri A. H. Jung—Director of Audit CR-II

4. Shri K. Jayaraman—Dy. Director (Rly.)

The Committee considered and adopted the following Draft Action Taken Reports:

(i) * * * *

(ii) On the recommendations contained in 98th Report of PAC (8th Lok Sabha) regarding Five Star Hotel at Indira Gandhi Stadium Complex.

The Committee authorised the Chairman to finalise the Draft Report in the light of verbal and consequential changes arising out of factual verification by audit and present the same to the House.

* * * *

The Committee then adjourned.

APPENDIX I

Statement showing classification of Action Taken Notes received from Government

- (i) Recommendations/observations which have been accepted by Government;

Sl. Nos. 1, 2, 3, 4, 5.

- (ii) Recommendations and observations which the Committee do not desire to pursue in the light of the replies received from Government;

Sl. No. 8.

- (iii) Recommendations and observations replies to which have not been accepted by the Committee and which require reiteration;

Sl. Nos. 6 and 7.

- (iv) Recommendations in respect of which Government have furnished interim replies;

NIL.

APPENDIX II

Conclusions/Recommendations of the Committee

Sl. No.	Para No.	Conclusions/Recommendations
1	2	3
1	7	The Committee are not satisfied with the explanation given by the Ministry for delay in construction and utilisation of the building and reiterate their earlier observation that proper planning at the highest level with reference to the total needs of hotel in Delhi would have resulted in the use of the building as a hotel from the very inception and the money spent on one of the other hotels could have been avoided and the money spent in this way could have been profitably utilised on housing or on other developmental needs of Delhi. The very fact that a building constructed at a cost of more than Rs. 5 crores and intended to be utilised as a Five Star Hotel with all modern facilities is now intended to be used as a Hospital for common man where the space requirements are entirely different is a clear example of absence of any planning, foresightedness and concern for public funds on the part of authorities concerned.
2	8	The Committee have also noted that the incomplete hotel building has been purchased by Medical Department of Delhi Administration from DDA in March, 1987 and that the work of establishing a 600 bedded hospital promoted

1

2

3

jointly by Delhi Administration and M/s. Apollo Hospital Enterprises Ltd. is in progress from April 1988. The Committee expect that proper watch will be kept by concerned authorities to ensure that the work on this project is completed and hospital becomes operational by target date, so that medical care to weaker sections of the society is provided at the earliest. The Committee would like to be apprised of the present position regarding the project early.
