

Agenda Item No.1

Confirmation of the Minutes of the 60th meeting of the Finance Committee (FC) of Sports Authority of India (SAI) held on 30th March, 2012

The Minutes of the 60th Meeting of Finance Committee of SAI were circulated vide Circular No. 6(28)/SAI/B&F/60th FC/2011-12/237 dated 10th May 2012 (**as per the annexure enclosed**) and no comments were received.

Finance Committee may kindly confirmed the minutes.

Agenda Item No. 2

Action Taken Report on the decisions taken in the 60th Meeting of the Finance Committee of Sports Authority of India (SAI) held on 30th March 2012 (Friday) at 1230 hrs under the Chairmanship of Hon'ble Minister of State for Youth Affairs & Sports (Independent Charge)

Agenda Item No.	Item	Decision	Action Taken
3	Action taken report on the decisions taken in the 59 th Meeting of the Finance Committee (FC) of the Sports Authority of India (SAI) held on September 19, 2011 under the Chairmanship of Hon'ble Minister of State for Youth Affairs & Sports (Independent Charge) in the Conference Room, 1 st Floor, SAI Head Office, Lodhi Road, New Delhi	The action taken for agenda item No. 8 "Implementation of the 'Come & Play' Scheme" was discussed. It was decided that as in the year 2010-11, the duration of Diploma Course in Sports Coaching may be revised from 10 months to 12 months with 2 months of paid practical training from the academic session 2011-12. During the paid practical training period of 2 months, the trainees would be provided with free lodging, a sports kit for a maximum of Rs. 1,000/- and a stipend of Rs. 10,000/- per month. Since there is a requirement of coaches for the "Come & Play" Scheme, those coaches who successfully complete Diploma Course and are willing to continue to train the "Come & Play" trainees, may be engaged on contract basis for the next six months and they may be provided free lodging and a remuneration of Rs. 14,000/- per month. It was also decided that starting from academic session 2012-13, the duration of the Diploma Course in Sports Coaching may be increased from 10 months to 18 months. 8 months would be devoted to practical training and the trainees would be on internship during the period. During the period of internship, they would be provided free lodging in SAI Centres and a monthly stipend of Rs. 10,000/-.	Necessary instructions have been issued.

5	Construction of 200M – 6 lane and 400M - 1 lane (on the periphery of 200 M track) Synthetic Athletic Track (Full Pur) at High Altitude Training Centre, Shillaroo through CPWD at an estimated cost of Rs. 454.00 lakh (civil & electrical works)	<p>(a) A detailed presentation may be made by ED (Academics), SAI NSNIS, Patiala on the facilities available at HATC, Shillaroo and the further requirements so as to make the Centre fully equipped for High Altitude training.</p> <p>(b) One set of Gymnasium / Fitness equipment may be provided immediately.</p> <p>(c) Regarding construction of 200M – 6 lane and 400M – 1 lane synthetic athletic track, the various options may again be presented in the next meeting for a final decision.</p>	<p>a) ED (A) will be give detailed presentation in next meetings.</p> <p>b) The process of procurement of fitness equipment is underway. One set would be provided to HATC Shillaroo once procurement is finalized.</p> <p>c) On the construction of Synthetic Athletic Track differing views have been expressed by athletes. It has been decided, this issue be examined by an Expert Committee.</p>
6	Status of on-going Capital Projects/Works	The status was noted.	The funds amounting to Rs. 1191.76 lakhs and Rs. 1475.68 lakhs have been released for various ongoing capital projects under Plan and Plan (NER) respectively during the FY 2012-13 upto 18 th July, 2012.
7	Fixing of tariff/rental/charges for booking of Weightlifting Auditorium at J.N. Stadium (JNS) Complex, New Delhi	Concurred for the approval of the Governing Body.	The matter would be placed before the Governing Body for approval in its next meeting.

Supplementary Item No.1	Proposal for enhancement of monthly remuneration of coaches working on contract basis in Sports Authority of India (SAI)	Concurred for the approval of the Governing Body.	The matter would be placed before the Governing Body for approval in its next meeting.
Supplementary Item No.2	Revision of wages of contract/casual employees working in Sports Authority of India (SAI)	(a) Concurred for the approval of Governing Body. (b) A comparison may also be made on the wages being paid in other autonomous bodies within the Ministry of Youth Affairs & Sports.	The matter would be placed before the Governing Body for approval in its next meeting.

Agenda Item No.3

APPROVAL OF ANNUAL ACCOUNTS AND FINANCIAL STATEMENT (2011-12) OF SPORTS AUTHORITY OF INDIA (SAI)

1. Sports Authority of India (SAI), a registered society and a fully funded Central autonomous body under Ministry of Youth Affairs & Sports, is required to present its Annual Accounts in the format prescribed for Central Autonomous Bodies. As per schedule prescribed under the Rules, the Annual Accounts are to be finalized thereafter it is to be submitted to DGACR for audit.
2. The annual accounts of SAI for 2011-12 have been finalized and are now placed before the Finance Committee for approval (*Details provided in enclosed Annexure*):
 - a) Balance sheet for the FY 2011-12 Annexure-A
 - b) Income & Expenditure Statement for the period Annexure-B
 - c) Schedule to the above Financial Statements Annexure-C
 - d) Significant Accounting Policies Annexure-D
 - e) Notes on Accounts Annexure-E
 - f) Receipt and payment for the period. Annexure-F
3. The funds available juxtaposed against the previous year is as under:

(Rs. in Crores)

Sr. No.	Items of Expenditure	2011-12	2010-11
1	Opening balance	283.95	199.92
2	Block Grants for SAI	307.08	422.58
3	Grants for Agency Schemes		
	CWG 2010	1.98	49.18
	For Renovation	-	280.40
	Others	118.07	45.76
4	Internal Receipts of SAI.	* 54.55	** 20.89
	TOTAL	765.63	1018.73

Details of Receipt during the year is as under:-

	<u>Rs in crores</u>	
	*	**
	<u>2011-12</u>	<u>2010-11</u>
Income on Investment	28.05	
Less:-TDS deducted by bank	<u>2.34</u>	12.32
Receipts from Stadia/Building	6.10	3.09
Receipt of Lodging Charges for NCC	17.38	
Fees/Subscription	1.04	-
Receipts from Publications/journals	0.09	0.06
Books / Ties/ Badges etc.		
Receipt from Donation	0.04	-
Miscellaneous Receipts	0.69	1.95
Refund of Loans & Advances	<u>3.50</u>	<u>3.47</u>
Total:	<u>54.55</u>	<u>20.89</u>

4. Expenditure Pattern over 3 years for SAI

A comparative statement of Plan expenditure of SAI in the last three years is as detailed as under. As is evident, there has been an increasing trend in the utilization of grants allocated. In the current year, the performance with regard to utilization of grant is more than 99.63% of the total allocation for the year. Close monitoring, throughout the year has resulted in optimum use of the fiscal resources.

Expenditure on SAI Plan Schemes

(Rs. in Crores)

Sr. No.	Year	Allocation during the year	Expenditure	Percentage of expenditure over allocation
1	2009-10	206.65*	200.46	97.01%
2	2010-11	347.01 **	326.72	94.15%
3	2011-12	250.90	249.96	99.63%

* This includes Rs.35.64 crores for Plan and Rs.6.51 crores for Plan (NER) sanctioned in 2009-2010 but received in 2010-2011.

** This includes Rs.16.01 crores for Plan (NER) sanctioned in 2010-11 but received in 2011-12

1. Plan (2011-12)

(Rs. in Crores)

Sr. No.	Details	Amount of fund received	Utilization	Percentage of fund utilization
1	Plan (other than NER)	235.90	213.77	90.62%
2	Plan (NER)	15.00	36.19*	241.27%
Total		250.90	249.96	99.63%

* The excess payment is made from funds sanctioned in 2010-11 but actually received in 2011-12 and opening balance available as on 1.4.2011.

2. Non Plan (2011-12)

(Rs. in Crores)

Details	Amount of Fund received	Expenditure	Balance	Percentage of Fund utilized
Opening	0.41			
Budgetary Support	40.17			
Internal Receipt	54.55			
	95.12	65.82	29.30 *	69.20%

*Against the above balance, there is an outstanding liability on account of bills etc is Rs.5.53 crores and Rs.25.60 crores for Pension, Gratuity and Leave Encashment under Non Plan which has also been shown in the Balance Sheet as on 31.3.12.

3. CWG-2010 & Ministry Schemes

(Rs. in Crores)

Ministry's Schemes	Opening Balance	Receipts	Expenditure	Closing Balance
Sponsored/Other Schemes of MYA&S	103.99	120.05	133.68	90.36
TOTAL	103.99	120.05	133.68	90.36

4. Comments on Income and Expenditure statement

Following are the highlights-

- i) From the year 2008-2009, in compliance with the observations of DGACR and the format for Central Autonomous Bodies, provision for actuarial liabilities for retirement benefits on annual basis have been prepared and incorporated.
- ii) In the current year, income from miscellaneous receipts has gone increase to Rs.54.55 crores mainly on account of receipt of Lodging charges for National Coaching Camp amounting to Rs.17.38 crores and Interest on investment
- iii) Depreciation has also been reflected in the Income & Expenditure Account and also in the Fixed Assets in the Assets Side of Balance Sheet.

5. Comments on Balance Sheet:

- Provision for Pension, Gratuity and Leave Encashment accrued during the year 2011-12 amounting to Rs.34.10 Crores has been made during the Current Year. This is the forth time that a provision on actuarial basis for retirement benefits has been made. This is in conformity with the provisions contained in the Performa provided for Central Autonomous Bodies by Ministry of Finance. Rs.70.00 crores was invested in the shape of FDR during 2010-11 for Plan. During 2011-12 Interest earned on investment has also been invested against Pension, Gratuity and Leave Encashment.
- Income Tax Department has recovered Rs.68.18 crores as outstanding dues. This has been reflected in the Balance Sheet separately, as observed by DGACE.
- Against the balance for renovation of Stadia amounting to Rs.172.40 crores, Rs.50.00 crores has been released to the CPWD during 2011-12.
- On remarks of Audit Authority of DGACE, the following notes has been noted in the Notes on accounts enclosed with the Annual Accounts:-

- Sports Authority of India is the custodian of the 05 Stadias located at Delhi which are owned by Ministry of Youth Affairs and Sports, Govt of India.
- The accounts of the GPF and GSLIS have been segregated from the main accounts and the same has been enclosed separately with the consolidated accounts.
- The changes as suggested by the Governing Body have been incorporated while preparing Annual Accounts for the year 2011-12 subject to that depreciation on fixed assets has been recalculated w.e.f. 2000-2001 (previously it was being done w.e.f. 2004-2005) and has been shown in the accounts accordingly.
- The unspent balance of Plan Grant including Plan, NER has been shown in the Balance Sheet.

The approval of the Finance Committee is sought before the Accounts are submitted to DGACE. Finance Committee may kindly concur and recommend approval of Annual Accounts 2011-12 to the Governing Body.

Agenda Item No. 4

Approval of Budget Allocation of SAI for the financial year 2012-2013

The following Budget Estimates for the year 2012-2013 were submitted to the Ministry of Youth Affairs & Sports:

			(Rs in Lakhs)
1	Non-Plan	Gross Requirement	Rs. 8800
		Less: Anticipated Receipts	Rs. 3000
		Net Requirement	Rs. 5800
2	Plan		Rs. 42544
3	Schemes/Project in North East Region		Rs. 9500

2.0 Against the above projections, the Ministry has provided the following Budget Allocation for the financial year 2012-13:

			(Rs. in Lakhs)
Sr. No.	Heads	Total	
1	Non-Plan	4305.10	
2	Plan (other than NE States)	25800.00	
3	Plan(Schemes/Projects in North Eastern States)	3000.00	

3.0 Based on the allocation provided by the Ministry for 2012-13 and keeping in view the expenditure trend for the year 2011-2012, the Major Head wise/scheme-wise allocation for the year 2012-13 is proposed as follows:

Major Head-wise/scheme-wise allocation for the financial year 2012-13

NON PLAN

Sr. No.	Name of the Scheme	Amount (Rs. in Lakhs)
1	Establishment and other Misc. expenses	4700.00
2	Pension	3400.00
3	Loans & Advances to SAI employees	200.00
4	Operation and Maintenance of Staff Houses	40.00
5	Computerized Sports Data Bank	100.00
6	Total	8440.00
7	Less: Anticipated Receipts(including opening balance)	4134.90
8	Net Allocation provided by MYA&S	4305.10

Plan Allocation (2012-13)

Sr. No	Name of the Scheme	Amount (Rs. in Lakhs)
1	National Sports Talent Contest (NSTC)	185.00
2	Army Boys Sports Companies (ABSC)	525.00
3	Special Area Games (SAG)	900.00
4	SAI Training Centres(STC)	2450.00
5	Centre of Excellence (COX)	140.00
	Total of SAI Sports Promotional Schemes	4200.00
6	Coaches salaries & other misc. expenses	10100.00
7	Salaries & other misc. expenses of establishment and field staff including publicity	4135.00
8	Sports Science/Medical Centre	110.83
9	Equipment Support	1400.00
10	Operation and Maintenance of SAI Stadia/building including publicity at a)Delhi b)Regional Centres, LNCPE & NSNIS Patiala	4800.00 2000.00
11	Academic Programme a)LNCPE, Thiruvananthapuram b)NSNIS Patiala	70.00 100.00
12	Capital Projects/Construction Works	3008.17
13	Total expenditure requirement	29924.00
	AVAILABILITY OF FUND	
1	Budgetary Support provided by MoYAS	25800.00
2	Out of unspent receipt available as on 01.04.2012	4124.00
3	Total funds available matches Sl.No.13	29924.00

Plan allocation for North East Region (2012-13)

Sr. No	Name of the Scheme	Amount (Rs. in Lakhs)
1	National Sports Talent Contest (NSTC)	15.00
2	Army Boys Sports Companies (ABSC)	50.00
3	Special Area Games (SAG)	670.00
4	SAI Training Centres(STC)	425.00
5	Centre of Excellence (COX)	40.00
	Total of SAI Sports Promotional Schemes	1200.00
6	Coaches salaries & other misc. expenses	900.00
7	Salaries & other misc. expenses of establishment and field staff including publicity	400.00
8	Sports Science/Medical Centre	13.00
9	Equipment Support	----
10	Operation and Maintenance of SAI Stadia/building including publicity at a)Delhi b)Regional Centres, LNCPE & NSNIS Patiala	80.00
11	Academic Programme a)LNCPE, Thiruvananthapuram b)NSNIS Patiala	----
12	Capital Projects/Construction Works	1347.00
13	Total expenditure requirement	3940.00
	AVAILABILITY OF FUND	
1	Budgetary Support provided by MoYAS	3000.00
2	Out of unspent receipt available as on 01.04.2012	940.00
3	Total funds available matches Sl.No.13	3940.00

*Rs. 9.40 Crores will be made available for capital projects out of the unspent balance of receipts available as on 01.04.2012.

Concurrence of Finance Committee is solicited for

Major Head-wise/ Scheme-wise Budget Allocation for the year 2012-13 under Non-Plan, Plan and Schemes/Projects in North Eastern Region as per details given in the agenda note.
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Agenda Item No.5

Report on the Meeting regarding rationalization of booking of expenditure in SAI Books of Accounts held under the Chairpersonship of Additional Secretary (Expenditure), Ministry of Finance

The Governing Body of SAI in its 39th Meeting held on November 25, 2011 resolved that a Committee comprising of Additional Secretary (Expenditure), Ministry of Finance, DG (SAI) and Director (Finance), MoYAS as member may suggest rationalization of booking of expenditure.

Accordingly, a meeting was held on February 8, 2012 under the Chairpersonship of Additional Secretary (Expenditure), Ministry of Finance, Department of Expenditure. The minutes of the same are enclosed as annexure for kind consideration of Finance Committee.

It is recommended that the recommendations of the Committee may be implemented from the financial year 2012-2013.

Agenda Item No.6

Settlement of outstanding dues of M/s Nelco(India) Pvt. Ltd., Merrut(Firm) towards supply of Pole Vaults(UCs) as Preferred Articles to Sports Authority of India

1. BACKGROUND: Import of Pole Vaults by SAI

- (i) The matter related to the import of Pole Vaults for use of National campers was discussed during the Long Term Development Plan (LTDP) meeting. Thereafter the Athletic Federation of India had requested SAI for providing Pole Vaults, (Brand: UCS/Pacers) in different sizes for preparation of Indian team for International competitions. The National Coach for Athletics had recommended for the brand UCS as a first choice. Over, ten years SAI had not purchased vaulting poles for the national campers.
- (ii) Subsequently, the recommendations of the renowned athletes and the Athletics Federation of India along-with Proprietary Article Certificate for importing the Pole Vaults from M/s UCS Inc., USA were received.
- (iii) It was decided in April, 2006 with the approval of the then DG, SAI to obtain Proforma Invoice from Manufacturer/Sole Distributor. Thereafter, M/s UCS Inc., USA were requested by SAI to quote their rates and to send the Proforma Invoice thereof for import of Pole Vaults (Men & Women) in the requisite sizes.
- (iv) In response to the letter of 24.8.2006 to M/s UCS Inc., USA (OEM), the offer dated 18.9.2006 amounting to Rs. 48,83,750/- plus Central Sales Tax(CST) @ 2% was received from M/s Nelco India Pvt. Ltd., Meerut alongwith letter of 14.9.2006 from the OEM stating that they (M/s Nelco India Pvt. Ltd., Meerut) are the authorised dealer of UCS equipment in India (**Annexure-I**).
- (v) Thereafter, Supply Order No. No.6-21/2005-2006/ES/535 dated 28.11.2006 (**Annexure-II**) was placed on M/s Nelco India Pvt. Ltd., Meerut. The Customs Duty Exemption Certificates as per details given below were issued by SAI, in March, 2007, in accordance with the payment terms agreed to:
 - (a) CDEC No.6-21/2005-2006-ES dated 6.3.2007 with CIF value US\$ 42,112/- towards import of 71 Nos. Vaulting Poles and 10 Nos. Pole Bags.
 - (b) CDEC No.6-21/2005-2006-ES dated 19.3.2007 with CIF value US\$ 34,131.99 towards import of 56 Nos. Vaulting Poles.
- (vi) The subject equipment were received on 28.3.2007 and the firm requested SAI vide its letter of 28.3.2007 for releasing 85% of the payment against their Invoice No.986 dated 28.11.2006 for Rs.49,81,792.20 (including CST @ 2%), as per payment terms.
- (vii) A Committee was proposed to be constituted for inspection of the consignment consisting of 127 Nos. Vaulting Poles (UCS) and 10 Nos. Pole Bags prior to the release of payment.
- (viii) **OBSERVATIONS MADE BY THE FORMER SECRETARY, SAI:**

The following observations dated 26.04.2007 were made by the then Secretary, SAI vide page 15-16/N in File No.6-2/2005-ES marked to the then Dy. Director (ES):-

 - (a) Although the administrative approval is granted by the DG, SAI but ensure that Nelco is the sole distributor in India.

- (b) We should inspect items only as per the quantity mentioned in the Custom Duty Exemption Certificate.
- (c) If the payment has to be made from SAI in rupee or anyway then the delegation of powers should be kept in mind.
- (d) If the Dy. Director (ES) has any clarity to be sought then Mr. Roque Dias can be called and Dy. Director (ES) may discuss with him and ensure that the file is put up in a way that there is no procedural lapse. This is a stage when we should be very thorough and clear in every aspect. Also suggest if any legal opinion has to be taken then we can do that.

“Please clarify all these points and put up. No payment can be made without Inspection.”

- (ix) Meanwhile, the file was sent on 30.04.2007 to JS (YA&S) and the then CVO, MYAS in compliance of their orders. However, the firm kept on reminding SAI for release of their payment and the matter was followed up with MYAS.
- (x) After receipt of the file from MYAS/CVO in February, 2009, a Committee was constituted by SAI in February, 2009 for inspection of the equipment. The Committee in its Inspection Report dated February, 2009 stated that the poles are in good condition and the same are as per specifications in the Supply Order. (**Annexure – III**).
- (xi) The Vigilance Cell, SAI intimated in June, 2009 that the matter is still under examination with the Vigilance Branch, MYAS. As such it was decided by SAI not to make payment till the investigation is complete. Since the firm was pressing hard for release of its payment, the matter was taken up with the Legal Adviser, SAI, in July, 2009 for advice. The Legal Adviser, SAI, in his opinion dated 2.7.2009 has observed that the two issues of taking actions against individual and the other regarding making payment are separate. The Supplier is entitled for the payment, if the goods have been accepted unless some defect or conspiracy has been noted (**Annexure - IV**).
- (xii) Based on the opinion of the Legal Adviser, pending completion of investigation and vigilance actions, process for release of payment was initiated in August, 2009 and the approval of DG, SAI was sought for release of payment of Rs.49.82 Lacs.
- (xiii) In November, 2009, the firm sent a Legal Notice and had also sought information under the RTI Act in December, 2009.

2. EARLIER DECISION OF THE FINANCE COMMITTEE:

- (i) Since the amount involved was beyond the delegated financial powers of DG, SAI at that time, and the proposal required sanction of the Governing Body, SAI, **the matter was placed before the Finance Committee in its 57th meeting held on 11th and 22nd June, 2010. It was decided by the Finance Committee that the proposal may be referred to Ministry of Youth Affairs & Sports (MYAS) on file for decision.**
- (ii) Accordingly, the matter was taken up with MYAS vide letter of 27.10.2010 (**Annexure-V**) followed by letters of 04.11.2010 and 01.02.2011.

3. DECISION OF MYA&S:

The letter of 09.12.2010 from Under Secretary, MYAS addressed to DG, SAI in response to SAI's letters states as under:-

- (a) In the instant case, the then Secretary, SAI who had placed the order on M/s Nelco India Pvt. Ltd. had himself raised certain queries on the procurement procedure and eligibility of the supplier and stopped the payment, Under these circumstances, the correct option would be to clear those issues before considering release of payment to the supplier. Alternatively, SAI should consider returning the items to the supplier, which could have been done even at that time.
- (b) With regard to the legal opinion furnished by SAI, it may kindly be noted that the payment to the supplier, who is aggrieved party, was stopped by the officer who had placed the order, due to doubts about their credentials. Moreover, a vigilance enquiry is pending in the matter in which one of the allegations relates to the dubious credentials of the supplier.
- (c) Under these circumstances, the MYAS is not in a position to give any authorization to SAI for release of the payment. SAI may consider the two options given in point – (a) above.

4. FILING OF CLAIM PETITION BY THE FIRM:

While the matter was under consideration of MYAS, a Claim Petition No.19/2010 dated 18.2.2010 was filed by the firm with the UP State Micro & Small Enterprises Facilitation Council, (UPSMSEFC), Kanpur against non-payment of their dues by SAI. This was followed up by the firm vide its rejoinder dated 21.02.2011.

5. FOLLOWUP ACTION BY SAI ON THE DECISION OF MYAS:

(i) After receipt of reply from MYAS as indicated above (refer point 3), following stand was taken by SAI on 13.12.2010:-

- In the first instance the firm may take away the consignment on as and where is basis without any extra cost to SAI since the equipment has not been utilized by SAI and is still in a packed condition.
- The main issue of placing of supply order with the firm is under vigilance investigation. The then Secretary, SAI had made observations on the procurement file raising doubts on the issue and stalling payment. The matter was examined by the Vigilance Establishment of MYAS and has now been remanded to the Vigilance Establishment of SAI. As the vigilance examination involves fairly complicated issues and could probably involve investigation into conspiracy angle, the Hon'ble Council may be requested to grant some more time to decide the payment issue in consultation with MYAS.
- The copy of the letter of 09.12.2010 of MYAS may also be placed before the Hon'ble Council. SAI is a grantee organization of MYAS.

(ii) Thereafter, the matter was taken up by SAI with the firm vide its letter of 22nd December, 2010 requesting them “to take away the supplies made on as and where is basis from SAI stores at I.G. Stadium, without any extra cost to SAI since the equipment has not been utilized by SAI and is still in packed condition (**Annexure - VI**). The Vigilance Department is in a process of investigating the matter.” A copy of

the letter was also endorsed to the Under Secretary, MYAS. The letter in question was issued with the concurrence of the Finance Division and the Legal Advisor, SAI. However, the Firm neither contacted nor sent any communication to the ES Division in this regard.

- (iii) During hearing of the case held by the Council on 17th January, 2011, the Petitioner had informed that they are not filing a Rejoinder as they have already submitted the Claim Petition.

6. SUBMISSION OF THE REPORT BY CVO, SAI AND DECISION OF MYAS, THEREOF:

- (i) The Vigilance Report in this case was submitted by CVO to Secretary (Sports), MYAS/DG, SAI. Thereafter, MYAS was requested by SAI vide letter of 1st February, 2011 to convey its decision in continuation to its earlier decision vide letter of 9th December, 2010 so that a detailed reply in this case could be filed by SAI with the Council.
- (ii) CVO, SAI has observed that “procedural irregularities were noticed in the procurement of Pole Vaults for which regular departmental action has been initiated against the erring officials. The disciplinary proceedings are underway.”
- (iii) **MYAS conveyed its decision vide letter of 2nd February, 2011 stating that Ministry’s views have already been conveyed vide letter of 09.12.2010 and SAI may consult their Legal Counsel for further action.**

7. REPLY FILED BY SAI TO THE CLAIM PETITION OF THE FIRM (REFERRED TO IN PARA F ABOVE) AND STATUS THEREOF :

- (i) SAI filed a reply raising preliminary objections on maintainability of Petition in the Council on 05.02.2011 along with Vakalatnama of Shri Rajendra Singh, Advocate, High Court Allahabad, Judicature at Lucknow Bench, Lucknow and Central Government Counsel. The reply filed by SAI with the Council inter alia states as under:-
 - (a) That the present Claim Petition filed by the firm is not maintainable before this Hon’ble Tribunal as the dispute between the Claimant and Sports Authority of India is not covered under the parameters of the Micro, Small and Medium Enterprises Development Act, 2006.
 - (b) That the firm is not a manufacturer of Vaulting Poles and it was M/s UCS Inc., USA who is the actual manufacturer of these equipments and M/s UCS being the overseas manufacturer is not covered under the provisions of The Micro, Small and Medium Enterprises Development Act, 2006.
 - (c) That the Memorandum filed and Certificate issued under Section 8 of the said Act in favour of the firm is only in relation to manufacturing of goods and not in relation to service provider as the firm is registered as manufacturer. In the present Claim Petition, the firm acts only an agent of M/s. UCS to supply Vaulting Poles to Sports Authority of India on behalf of original/principal manufacturer i.e. M/s UCS.

- (d) The firm is not in any way covered under the said Act and should not be allowed to take benefit of the provisions of the said Act.
 - (e) That the firm is guilty of concealing the said facts from this Hon'ble Tribunal/Council and trying to take benefit of the provisions of the said Act though it is not covered under the said Act.
 - (f) That vide letter of 22.12.2010 the firm was requested to take away the supplies made to Sports Authority of India i.e. the equipments supplied by them as a dealer of M/s UCS without any extra cost to Sports Authority of India since the equipments were not utilized by Sports Authority of India and were lying in packed condition. However, neither any response was received from the firm nor they have contacted the Equipments Support Division in this regard.
- (ii) The firm filed a Rejoinder dated 21.2.2011 in the Council. It was observed by the Legal Cell that prima-facie most of the averments submitted by the firm appear to be against non-payment by SAI on one pretext or the other.
 - (iii) The Central Government Counsel appointed by SAI in this case pleaded the case before the Council (Hon'ble Commissioner/Chairman, UP State Micro and Small Scale Enterprises, Kanpur) on 25.4.2011 and the opposite party was asked by the Council to prove that they are the manufacturers.
 - (iv) The Director Incharge/Regional Director, SAI Sub-Centre, Lucknow and the Asstt. Director (Legal) from SAI Head Office has been pursuing the case with the Council on behalf of SAI in coordination with all concerned. The last date of hearing in this case by the Council was 14.09.2011.

8. CONSTITUTION OF COMMITTEE BY DG, SAI FOR ASSESSING THE QUANTUM OF AMOUNT TO BE PAID TO M/S NELCO AND RECOMMENDATIONS THEREOF – REPLY FROM M/S NELCO

- (i) Subsequent to the vigilance enquiry, it was noticed that two custom duty exemption certificates were issued by SAI in March, 2007 against Proforma Invoices received from the OEM i.e. M/s UCS Inc., USA. The rupee equivalent import value of the said certificates comes to Rs.32.00 Lacs approx. [US\$ 76,243.99 x Rs.42/- (equivalent to US\$1)]. It is also seen that the bills against which the supply order was given by the Indian agent i.e. M/s Nelco amounts to about Rs.49.00 Lacs. Since the mark up between the imported value and the payment demanded by the Indian agent is extremely high and approximately 50%, a two member Committee comprising Director(ES), SAI and Director(F), SAI was constituted by DG, SAI on 26.7.2011 for re-examining the quantum of the payment that could be made to the firm.
- (ii) The above Committee met on 4.8.2011 and 10.8.2011. Shri Amber Anand, Director, the firm, who met the Committee on 10.8.2011 was asked to give the justifications of huge difference in the value of the Bill raised/Supply Order value of Rs.49.00 Lacs and Rupee equivalent of Import value of the Proforma Invoices of Rs.32.00 Lacs approx. [US\$ 76,243.99 x Rs.42/- (equivalent to US\$1)]. Shri Anand, however, requested for a formal letter to be sent to them in this regard. Accordingly, a letter of 25.8.2011 was issued by Director (ES) to the firm (**Annexure-VII**) and a copy of the above letter was also submitted to the Council.
- (iii) In response to the above letter SAI was informed by the firm vide its letter of 03.09.2011 from Shri Amber Anand, Director, the firm to Director(ES) that it is for

the first time that the value of the equipment has been said to be high. Moreover, the said matter is sub-judice. However, it would be appreciated, if a draft for admitted value with interest is submitted before the Council at the earliest to enable them to consider the same in order to sum up the matter and to maintain the cordial relations. A copy of the said letter is placed at **Annexure-VIII**

- (iv) After receipt of the reply from the firm, the above Committee met again on 15.9.2011 and observed that:
- a. SAI can place an agenda before its Finance Committee to consider to pay M/s Nelco as per Proforma Invoices of the principal amounting to US\$ 76,243.99 which is as per currency conversion rates prevailing at that time as per records (US\$ 1 = Rs.32/-) comes to Rs.32,02,248/-. This is in line with the order dated 14.09.2011 passed by Hon'ble Council. (Para (9) refers)
 - b. Before releasing Rs.32,02,248/- to M/s Nelco India Pvt. Ltd., a certificate may be obtained from them that this will be the full and final payment due in subject contract and they will not claim any other payment subsequently relating to this contract including interest for delay in payment.

9. DECISION OF THE COUNCIL(UPSMSEFC):

- (i) In response to Claim Petition No. 19/2010 between M/s Nelco India Pvt. Ltd., Meerut Vs Sports Authority of India filed with the U.P. State Micro & Small Enterprises facilitation Council (Directorate of Industries, U.P.) Kanpur relating to settlement of outstanding dues, the Hon'ble Council after hearing both the parties on 14.09.2011 conveyed its decision vide letter of Nil (received in SAI on 17.10.2011) as under: (**Annexure-IX**)

“SAI would place an Agenda note before its Finance Committee, seeking its approval for an amount of Rs.32,02,248/- to be paid to M/s Nelco India Pvt. Ltd, Meerut by 31.10.2011 and M/s Nelco have no objection to it if the amount of Rs. 32,02,248/- is paid to them by the said date (31.10.2011).”

- (ii) Since the meeting of the Finance Committee could not be held before 31.10.2011, a letter of 31.10.2011 was sent to M/s Nelco by ES Division, SAI in consultation with the Legal Advisor, SAI (**Annexure-X**).

10. PROPOSAL FOR CONSIDERATION BY THE FINANCE COMMITTEE:

- (i) In view of the foregoing and taking into account the totality of the facts vis-à-vis decision of the MYAS vide its letter of 9.12.2010 & 2.2.2011 and other developments indicated in the preceding paras, the Finance Committee may take a decision regarding settlement of outstanding dues of M/s Nelco India Pvt. Ltd., Meerut towards supply of 127 Nos. Vaulting Poles (UCS) and 10 Nos. Pole Bags in response to the subject Supply Order No.6-21/2005-2006/ES/535 dated 28.11.2006, so that the status position in the matter could be placed before the Council in compliance with its Order Sheet dated 14.9.2011.

Agenda Item No.7

Reporting of Demurrage charges paid towards procurement of Sports goods/equipment and Sports Science equipment for CWG-2010

The procurement of some Sports Equipment/Sports Science Equipment/goods for the CWG/Asian Games-2010 was made by SAI after approval of the Finance Committee in its 56th meeting held on 11th & 16th June 2009 and subsequent approval by the Governing Body SAI in its 37th meeting held on 24th July 2009. These sports Goods/Equipment and sports science equipment for the CWG - 2010 were procured at a total cost of Rs. 42.45 Crores as per details given below:

- a) Sports goods/equipment for CWG-2010 (29 Contracts) - Rs. 39.82 Crores
b) Sports Science equipment for CWG-2010(24 (contracts) - Rs. 2.63 Crores

Rs. 42.45 Crores

2.0 On import of equipment, demurrage charges were paid in eight cases. The extract of serial 5 of the delegation of powers pertaining to demurrage charges issued vide HQ Office Order No. 510/2009 dated 25.9.2009 of SAI is as follows :-

S. No.	Nature of powers	Powers of DG	Powers delegated to JS & SO (CWG) in the grade of Joint Secretary to the Govt. of India
5.	Demurrage Wharfage charges	Full powers <u>subject to a report being submitted to the Governing Body through Finance Committee.</u>	Upto Rs. 50,000/- per annum

3.0 While procuring goods/equipment mentioned in para 1 above, a sum of Rs. 2,49,919.60 was paid to M/s Group A Logistics, New Delhi, Custom House Agent, SAI towards demurrage charges payable to customs authorities as per details indicated below:

S. No.	Name of the Discipline and Supplier	Amount of Procurement Contract	Demurrage Charges	
			paid	Financial Power of JS & SO (CWG) (Rs. 50,000/- p.a.)
1.	Athletics (UCS Inc.)	Rs. 84,84,440.00	Rs. 10,405.00	-
2.	Athletics (Nemeth)	Rs. 17,04,933.00	Rs. 1,465.00	-
3.	Gymnastics at Patiala (Gymnova)	Rs. 1,67,38,562.61	Rs. 22,164.00	-
4.	Gymnastic at Pune (Gymnova)		-	Rs. 1,74,494.60
5.	Lawn Bowling (Henselite)	Rs. 49,11,574.00	-	Rs. 27,630.00
6.	Ammunition (H & N sport)	Rs. 2,82,459.00	Rs. 5,171.00	-

7.	Heart Rate Monitors (Polar)	Rs. 7,04,250.00	Rs. 295.00	-
8.	Anthropometry (Sports Science Equipment)	Rs. 68,70,000.00	Rs. 8,295.00	-
	Total	Rs. 3,96,96,218.61	Rs. 47,795.00	Rs. 2,02,124.60
	GRAND TOTAL		Rs. 2,49,919.60	

4.0 The reasons for levy of demurrage charges were beyond the control of SAI HQ. It is attributed to various reasons as detailed below:

- i) Amendments asked by Foreign Principal or Beneficiary Bank (Foreign Principal or Beneficiary Bank) in LC. The LC amendments require the approval of Competent Authority alongwith concurrence of Finance Division. The bank issues BRO (Bank Release Order) for custom clearance only after confirmation of LC Clauses by OEM/Beneficiary Bank. However, such cases were processed on top priority by SAI HQ.
- ii) Import of high security items (like guns/ammunition/shooting range equipments etc.) require arrangement of special/secured transportation arrangement involving Delhi Police.
- iii) Weekends/Holidays etc.

5.0 In view of the foregoing the payment of demurrage charges amounting to Rs. 2,49,919.60 to custom authorities towards clearance of the Sports Goods/Equipment and Sports Science Equipment for CWG-2010 is placed for reporting to the Finance Committee.

Agenda Item No.8

NAME OF WORK : **Construction of 200-Bedded Hostel at SAI Campus, Northern Regional Centre, Village - Joshi Chauhan, Distt. – Bahalgarh, Sonapat, including internal electric installation**

LOCATION : SAI, NRC, Sonapat

ORIGINAL COST : Rs. 944.71 Lacs

REVISED COST : Rs.1038.78 Lacs

JUSTIFICATION : The details of the project are as follows: -:

Name of the Scheme/Work	Ref. of approval of Finance Committee	Approved cost (Rs. in lacs)	Funds released by SAI HQ (Rs. in Lacs)	Approval sought for revised cost and additional funds (Rs. in Lacs)	Present Status
Construction of 200-Bedded Hostel at SAI Campus, NRC, Village - Joshi Chauhan, Distt. – Bahalgarh, Sonapat, including internal electrical installation	52 nd FCM (14.12.2007) 34 th GB (11.01.2008)	944.71	944.71	1038.78 94.07	100% (work completed) and taken over by SAI

1.0 Reason for Revision:

1.1 The revised estimate of Rs.1038.78 Lacs has been submitted by CPWD for approval.

1.2 This revised estimate amounting to Rs. 10,38,78,489/- including contingencies has been framed to cover the additional cost of above cited work. The original estimate for Rs.944.71 Lacs was based on Plinth Area Rates applicable on 01.10.92 with Cost Index 257%. The revision in cost has to be done since the tender was based on the Plinth Area rate applicable on 01.01.07. There was also modification in drawing. The work has been completed and the revised estimate is restricted to Actual Expenditure.

1.3 Para 2.3.5 of CPWD Works Manual – 2007 (duly concurred and vetted by the Finance and Law Ministry) provides that, ***“Excess up to 10% of the amount of the administrative approval may be authorized by Officers of the CPWD, up to their respective powers of technical sanction. In case it exceeds this limit, a revised administrative approval must be obtained from the authority competent to approve the cost so enhanced. No revised administrative approval is, however, necessary if the excess is covered by the requisite expenditure sanction.”***

1.4 The Finance Committee of SAI had considered the issue of revision of cost estimate within 10% of original cost as provided in the CPWD Manual in its 55th Meeting held on 21.01.09 & 12.02.09 and decided that the concurrence of Finance Committee is to be taken on a case to case basis.

2.0 Financial Implication:

The additional financial implication is Rs. 94.07 Lacs (Rs. 1038.78 Lacs – Rs. 944.71 Lacs).

3.0 The administrative approval and expenditure sanction of Finance Committee is solicited for:

Sr. No.	Approval and Sanction required for	Amount (Rs. in Lacs)
1.	Construction of 200 Bedded Hostel at SAI Campus, Northern Regional Centre, Village - Joshi Chauhan, Distt. - Bahalgarh, Sonapat including internal electrical installation.	1038.78

4.0 The case is thus placed for consideration and approval of the Finance Committee.

Agenda Item No. 9

NAME OF WORK : Construction of Modern Fitness Centre at SAG Centre, Alleppey

LOCATION : SAI SAG Centre, Alleppey

ORIGINAL COST : Rs. 84.69 Lacs

REVISED COST : Rs. 153.18 Lacs

RE-REVISED COST : Rs. 269.92 Lacs

JUSTIFICATION : The details of the project are as under:

Name of the Scheme/Work	Ref. of approval of Finance Committee	Approved cost (Rs. in lacs)	Funds released by SAI HQs (Rs. in lacs)	Approval sought for additional funds (Rs. in lacs)	Present Status
Construction of Modern Fitness Centre at SAI SAG Centre, Alleppey	50 th FCM dt. 27.02.07 (Rs.84.69) & Revised 55 th FCM dt. 22.01.09 & 12.02.09	153.18	153.18	116.74	80% completed. Completion awaiting sanction of Revised Estimates.

Reasons for Revision:

1.1 CPWD has provided the justification for revision.

1.2 The total increase in the estimate is Rs. 116.74 Lacs. The itemized reasons for this increase are as follows:

Sr. No.	Reasons for increase in amount	Financial implications (Rs. in Lacs)
1.	Change in the requirement, modification in the drawing, increase in plinth area at ground floor of proposed building now 500 Sqm. against the earlier provision of 435 Sqm. = 65 Sqm.	21.62
2.	Increase in floor height structure from 4.5 m to 5.00 m	1.81
3.	Increase in Cost Index (Cost Index was 122 as on January 01, 2008 at the time of revised estimate. It was 174 as on April 01, 2009).	78.88
4.	Addition on account of Kerala State VAT on works contract @4% and labour welfare cess at @1% which were inadvertently left out in the earlier estimate	12.71
5.	Contingencies	01.72
	Total	116.74

1.3 A meeting was also held to discuss the justification for revised cost estimates with Executive Engineer, CPWD, Kottayam Division, on April 16, 2012. The meeting was taken by DG, SAI and was also attended by the Principal, LNCPE, Thiruvananthapuram.

2.0 **Financial Implication:**

The additional financial implication is Rs.116.74 Lacs (Rs. 269.92 Lacs – 153.18 Lacs).

3.0 **The Administrative Approval and Expenditure Sanction of the Finance Committee is solicited for:**

S.No.	Approval and Sanction required for	Amount (Rs. in Lacs)
1.	Revised estimate for construction of Modern Fitness Centre at SAI SAG Centre, Alleppey through CPWD	269.92

4.0 The proposal is placed for consideration and approval of the Finance Committee.

Agenda Item No. 10

NAME OF WORK: Construction of 100 Bedded Hostel (60 Boys & 40 Girls) at SAI SAG Centre, Jagatpur(Odisha)

LOCATION : SAI SAG Centre

ORIGINAL COST : Rs.383.00 Lacs

REVISED COST : Rs.551.57 Lacs

RE-REVISED COST : Rs.681.43 Lacs

JUSTIFICATION: The details of project are as under:

Name of the Scheme/ Work	Ref. of approval of Finance Committee	Approved cost (Rs. in lacs)	Funds released by SAI HQs	Approval sought for cost and balance release of funds (Rs. in Lacs)	Present Status
Construction of 100-Bedded hostel at SAI SAG Centre, Jagatpur	50 th FCM dt. 27.02.07 & 54 th FCM dt. 28.06.08	383.00 551.57 (Revised)	551.57	681.43 129.86	96% completed. Completion awaiting sanction of revised estimates.

(1) Justification for Revision:

1.1 CPWD has provided the justification for revision.

1.2 While the increase in cost estimates from the original Rs. 383.00 Lacs to Rs. 551.57 Lacs was due to increase in the cost index, the revision now proposed from Rs. 551.57 Lacs to Rs. 681.43 Lacs is due to the change in foundation of the structure from isolated footing to under-reamed pile foundation.

1.3 After award of the work to the contractor, re-demarcation of the plot was carried out. During the re-demarcation, the location of the building had shifted from the original plan. The location of the building is on Borehole No. 02 and 03 of the soil test report. At these boreholes, the soil is highly plastic and expansive clay upto a depth of 10 mtr. with very poor N value. Accordingly, it was decided to provide under-reamed pile foundation instead of isolated footing for structural safety and stability of the building. Further, the plot originally was in water-logged low lying area and plinth was raised almost by 3.5 mtr. from the existing ground level to bring it above the road level to avoid flooding during rainy season. These were the basis for change in foundation from normal foundation to pile foundation and accordingly, RPE sent by CPWD contains provision for pile foundation which was not in the sanctioned A/A & E/S amount of Rs. 551.57 Lacs.

1.4 CPWD have also submitted a copy of the soil report in which the pile foundation has been recommended.

1.5 A meeting was also held to discuss the justification for increase in the cost estimates with Executive Engineer, CPWD, Bhubaneshwar Division, on April 16, 2012. The meeting was taken by DG, SAI and was also attended by the Regional Director, SAI Eastern Centre, Kolkata. In the meeting, the detailed reasons of escalation were explained by the CPWD officials.

2.0 Financial Implication:

The additional financial implication is Rs.129.86 Lacs (Rs. 681.43 Lacs – 551.57 Lacs.)

3.0 The administrative approval and expenditure sanction of Finance Committee is solicited for:

Sr. No.	Approval and Sanction required for	Amount (Rs. in Lacs)
1.	Revised estimate for construction of 100-bedded hostel at SAG Centre, Jagatpur,(Odisha) through CPWD	681.43

4.0 The proposal is placed for consideration and approval of the Finance Committee.

Agenda Item No. 11

NAME OF WORK: Construction of Boundary Wall I/C 2 Nos. gates over the whole Plot for SAI SAG Centre, Jagatpur (Odisha)

LOCATION: SAI SAG Centre, Jagatpur, (Odisha)

ORIGINAL COST: Rs. 69.64 Lacs

REVISED COST: Rs. 148.49 Lacs

JUSTIFICATION: The details of project are as under:

Name of the Scheme/Work	Ref. of approval of Finance Committee	Approved cost (Rs. in Lacs)	Funds released by SAI HQ (Rs. In Lacs)	Approval sought for cost and balance release of funds (Rs. in Lacs)	Present Status
Construction of Compound wall and 2 Nos. Gates	54 th FCM dt. 28.8.06	69.64	69.64	148.49 Lacs 78.85 Lacs	Part completed. Balance work would be taken up on sanction of revised estimates.

1.0 Justification for Revision:

1.1 CPWD has provided the justification for revision.

1.2 The land of the SAI Centre was under dispute. The Construction of the boundary wall in the undisputed area had been completed and the agreement closed as remaining site was not available for prolonged period due to land dispute and court order directive. Now the construction of boundary wall in the balance portion of the plot is to be taken up and hence revised A/A & E/S is necessary for completion of the work and accordingly this revised estimated has been framed.

1.3 The scope of the work has been modified with construction of boundary wall in RCC work and brick work around the buildings and construction of fencing with barbed wired in rest portion of the plot as per the attached drawings (**Annexure**). Accordingly, modified RPE has been submitted.

1.4 In the original P.E., 515.00m with 1.8m height of brick work and 0.8m M.S. grill over isolated footings with columns and grade beams was considered. However, as per actual conditions at the site due to water logged area and poor soil conditions, it was decided to raise the plinth of the building above the existing road. Accordingly to cater to high filling of low lying area upto height of 3.5 m and poor soil conditions, boundary wall was constructed on pile foundation with grade beam of size 900 x 300 to act as pile cap. Over the grade beam, brick retaining wall has been done to take earth pressure as per the technical drawings.

1.5 Total length for the whole plot is 1179m approximately. Out of which 247.50m length has been completed in all respects and in 183.20m, pile and grade bream has been completed but other works in this length was not taken up due to court order. The work in the incomplete portion is to be taken up as per cross section A-A and B-B of approved drawings around the main building and remaining length with barbed wire fencing as per attached sketch. The construction of boundary wall in view of safety and security of the inmates of the building.

1.6 The following provisions have been kept in this estimate:-

- i. Boundary wall with height of 1.20m, 0.6m and 1.8m above the formation level on the pile foundation and pile cap of size 800 x 300 mm and 600 x 300 mm and brick retaining walls.
- ii. M. S. Grills of variable height as per section over the compound wall.
- iii. RCC copping over brick work.
- iv. Acrylic weather coal paint on the compound wall.
- v. Synthetic enamel painting on the grills.
- vi. Barbed wire fencing with RCC post in the same portion.
- vii. Barbed wire fencing with RCC post on 600 mm height brick work in other portion.

1.7 A meeting was also held to discuss the justification for revised cost estimates with Executive Engineer, CPWD, Bhubaneshwar Division, on April 16, 2012. The meeting was taken by DG, SAI and was also attended by the Regional Director, SAI Eastern Centre, Kolkata. While the original proposal submitted by CPWD provided for a revised estimate of Rs. 235.58 Lacs, after discussions in the meeting, a portion of the boundary wall was modified from pile foundation to barbed wire fencing with RCC work. Due to these changes, the estimate has been reduced from Rs. 235.58 Lacs to Rs. 148.49 Lacs.

2.0 Financial Implications:

The additional financial implication is Rs.78.85 Lacs (Rs.148.49 Lacs – Rs. 69.64 Lacs).

3.0 The administrative approval and expenditure sanction of Finance Committee is solicited for:

S.No.	Approval and Sanction required for	Amount (Rs. in Lacs)
1.	Construction of Compound Wall and 2 Nos. Gates	148.49

4.0 The proposal is placed for consideration and approval of the Finance Committee.