



PRESS RELEASE

Commonwealth Games Expenditure: How many times Rs. 1,620 crore?

New Delhi, June 15, 2010: Officials of the Organising Committee of the Commonwealth Games in India have consistently asserted benefits of the Games not just for Delhi but for the entire country. Claims that the Games will leave a positive legacy have dominated the rhetoric of Games-driven publicity, while the real colossal costs of this mega event have been concealed and denied. In a May 29, 2010 opinion piece titled “Benefits of Games Will be Felt for More than 15 Days,” Mr. Suresh Kalmadi, Chairman of the Organising Committee (OC) states that the cost of the 2010 Commonwealth Games is only Rs. 1,620 crore.

A recent report by the Housing and Land Rights Network (HLRN), Delhi, titled: **The 2010 Commonwealth Games: Whose Wealth? Whose Commons?** brings to light various dimensions of the Games, including the social, economic and environmental costs. Mr. Kalmadi in his May 29 article attempts to counter the evidence presented in this report, which is based on extensive research, Right to Information (RTI) applications and government data. It is important to set the record straight.

1. The truth is that no one knows how much the Commonwealth Games (CWG) are going to cost. What is evident, however, is that the cost is already many times Rs. 1,620 crore. This figure is just the loan taken by the OC for ‘operational expenses on conduct of the Games.’ The total cost of the CWG for India, however, includes expenditures of the Delhi government, the central government, and other bodies, and is going to be a huge multiple of 1,620 crore.
 - Just three months ago, in March 2010, Mr. Kalmadi’s colleague, V.K. Verma, Director General of the Commonwealth Games, cited a figure of Rs. 10,000 crore as the total cost of the Games (*Source: PTI, March 24, 2010*).
 - The Ministry of Youth Affairs and Sports (MYAS) has provided a break-up of an estimated total cost of Rs. 11,494 crore on its website (<http://yas.nic.in/commonwealth/financial.pdf>).
 - The MYAS allocation for CWG in the Union Budget for the years 2005-06 to 2010-11 is Rs. 6,423.5 crore (*Source: Union Government, Expenditure Budgets*).
 - Delhi Finance Minister A.K. Walia, in his budget speech in March 2010 announced that Delhi government expenditure on infrastructure for the Games has been Rs. 15,000 crore.

The OC has adopted a very narrow view in its approach to the cost of hosting the CWG. Just the confirmed direct costs, including stadiums, the CWG village, media centre, rent of OC headquarters, catering, and accommodation would amount to around Rs. 30,000 crore, as asserted in the HLRN report. Mr. Kalmadi calls this a ‘mind-boggling figure’ which it is. If expenditure on several unknowns, including security, city beautification, health benefits for sportspersons, free trip to the Taj Mahal (budgeted at Rs. 1.71 crore), and luxury transport in Delhi for participants, is factored in, the total is likely to be much higher.

2. Mr. Kalmadi talks about ‘sports and city infrastructure that will make Delhi a more classy megapolis.’ Shivani Chaudhry, Associate Director, HLRN, and co-author of the report, asks, “Who is this ‘classy city’ being built for, and at what cost? What explains the human rights violations and grave social and environmental impacts that this has entailed? The Games are instead likely to create a more segregated, inequitable, and inaccessible Delhi.” Mr. Kalmadi asserts that, ‘Delhi’s citizens have taken to the Games admirably.’ He is obviously speaking about a minority of elite citizens. Already several thousand families have been displaced for the Games. ‘Beggars’ and homeless citizens are being arrested and detained. Construction workers on CWG sites are being exploited and the urban poor are losing livelihoods. Respiratory problems in Delhi are on the rise due to CWG construction. Most citizens are unlikely to benefit from the CWG or view them ‘admirably.’
3. While publicising the purported benefits of the Games for Delhi’s citizens, how does the government explain the diversion of Rs. 571 crore from Delhi’s *Scheduled Caste Sub Plan* (Special Component Plan) to the Commonwealth Games for the years 2006-07 to 2009-10?

4. Mr. Kalmadi's claims about sporting infrastructure and legacy due to the CWG are not corroborated by Delhi's experience of the 1982 Asian Games. Studies reveal that majority of the stadiums were unused, badly maintained, and rented out for weddings and Bollywood events. According to Shalini Mishra, co-author of the HLRN report, "The 'spanking new facilities' and stadiums that Mr. Kalmadi talks about are probably not going to be accessible to deserving, especially low-income, sportspersons and students. If we're really concerned about building a sports culture in India, why invest thousands of crores on a 12-day event in Delhi instead of providing sporting facilities around the country?" Around Rs. 3,500 crore has been spent just on stadiums compared to an initial projection of Rs. 150 crore.
5. Mr. Kalmadi denies that Delhi will experience any negative financial legacy due to the Games. The Delhi government, however, in March 2010 declared it is 'broke' because of excessive expenditure on the Games. Delhi residents are already paying higher taxes and prices. Recent reports reveal that the Delhi government will lose Rs. 65 crore due to tax waivers to the hospitality industry. The closure of markets on the first and last day of the Games is likely to cost traders Rs. 500 crore.
6. The OC claims that the Rs. 1,620 crore loan will be repaid from revenues earned from sale of broadcast rights, sponsorships, tickets and merchandising. As of now, sponsorships amount to only Rs. 243 crore, while ticket sales stand at Rs. 2 crore; the maximum possible revenue from tickets is Rs. 70 crore. Advertising is unlikely to contribute much. This gives rise to the question of how the deficit will be met.
7. International experience has shown that most mega sporting events, even those considered profitable have made long-run financial losses, including the Athens, Montreal and Beijing Olympics. According to Miloon Kothari, Executive Director, HLRN, and former UN Special Rapporteur on adequate housing, "The South Africa World Cup, despite the hype, is likely to incur a loss, as revenues will not cover the US\$ 15 billion spent by the country. India should learn from other countries and not compromise social sector spending, including poverty reduction programmes, and burden the public exchequer with this huge debt of the CWG, which will probably take decades to repay."
8. Delhi's new airport, metro, fly-overs, and roads are cited as long-lasting benefits of the CWG, but a city should not need a mega event to build its infrastructure. This should be constructed in accordance with Master Plans and equitable, participatory, and environmentally sound planning processes. Most of the CWG projects, however, have been hurried and have contravened planning and institutional norms, including those of the Delhi Urban Art Commission and Archaeological Survey of India.
9. The repeated claim that 2.5 million jobs have been created in Delhi due to the CWG is not substantiated. While 1.5 million migrant labourers are working on CWG sites, the critical question is who provides them employment and housing after the Games? The run-up to the Games is likely to see around 10,000 *dhabas* (eateries) being shut down and rickshaw pullers, vendors, hawkers and waste-pickers losing jobs. Forty-four informal settlements (JJ clusters) are listed for demolition before the Games, which would result in almost 200,000 persons losing their homes, and many families losing their livelihoods since resettlement is woefully inadequate and on city outskirts.

How does the OC justify an inflation in the cost of the Games of almost 1500% in a country with the world's highest rates of child malnourishment, infant mortality and hunger, and in a city in which almost 50% of the population lives in slums and does not have access to basic services? The key question to the Organising Committee, the government, and all those promoting the 2010 Games is, how does the majority of the city's population benefit from the CWG? What kind of legacy do the Games leave behind for them?

[Note: 1 crore rupees = Rs. 10,000,000 = around US \$ 240,000]

The HLRN report is available at: www.hic-sarp.org

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