

CHAPTER VIII: MINISTRY OF TOURISM

Institute of Hotel Management Catering Technology & Applied Nutrition

8.1 Unfruitful expenditure on creation of infrastructure of Executive Development Centre

Executive Development Centre constructed by Institute of Hotel Management Catering Technology and Applied Nutrition, Gwalior, remained mostly idle since completion and failed to serve its objectives.

The Institute of Hotel Management Catering Technology and Applied Nutrition, Gwalior (IHM) had constructed an Executive Development Centre (EDC) in its premises during 2013-14 with the objective of providing training to the students of the IHM, Gwalior and to generate surplus revenue for the Institute. In this regard, the idea for EDC was mooted by National Council for Hotel Management (NCHM) in February 2005 and Ministry of Tourism (MoT) issued (30 March 2007), an administrative sanction with a Central Financial Assistance (CFA) of ₹3 crore, revised to ₹3.90 crore (November 2009), for setting up of the EDC, which was planned to have 20 rooms to provide on-hand training to the students of the Institute.

The Institute executed the construction work (April 2010 to March 2014) of EDC through Madhya Pradesh State Tourism Development Corporation (MPSTDC), and the EDC was handed over to IHM during September 2013 to March 2014. Out of grant of ₹3.60 crore received and interest earned thereon (₹0.34 crore), IHM, incurred expenditure of ₹3.65 crore towards construction cost during April 2010 to May 2013 including the departmental charges of MPSTDC, and surrendered the balance fund of ₹0.29 crore to the MoT in August 2014. Besides this, the Institute incurred further expenditure of ₹0.67¹ crore towards procurement of furniture and equipment for the EDC. Thus, a total of ₹4.32 crore was incurred by the Institute for the EDC.

Audit noticed the following deficiencies in planning and execution of the project:

¹ This expenditure was incurred to the extent of ₹2.32 lakh against a sanction (July 2012) of ₹1.09 crore made for furniture and equipment from MoT. Expenditure of ₹64.47 lakh was incurred during 2017-18 against a provisional sanction, which was reflected as loan to GoI, MoT in the books of IHM.

- The EDC was initially proposed (September 2005) to be operated by some established hotel chain on Build, Operate and Transfer (BOT) basis for 30 years. However, considering the report of the consultant (M/s Aakrti Consultancy) stating that the project may not be feasible on BOT basis, the Institute approached NCHM (October 2005) to allow the Institute to build the EDC itself which was approved by MoT (March 2007). However, no feasibility study was conducted by the Institute to assess the viability of the project on self-sustainable basis before start of the construction work. It was only in November 2012 (i.e., after 34 months of award of construction work) when the Board of Governors of the Institute instructed the Principal of the Institute to get a feasibility study done by a professional agency. The idea of feasibility study was, however, dropped later (24 August 2013) by the Board in view of exorbitant rates quoted by the bidders.
- In August 2014, the Institute, while seeking operational support (i.e., sales and marketing) for EDC from the MoT, itself accepted that sustenance of the EDC is very challenging, if not impossible, as it is located in the outskirts of the city and could not attract guests without proper marketing indicating that chances of the EDC becoming operational were remote right from the conception stage.
- EDC was yet to be fully operational as financial assistance for ₹1.33 crore sought from MoT for equipment and furniture was still pending. Further, there were recurring expenditure on security, gardening, electricity/ DG set/ housekeeping/ water charges, municipal tax etc. on the EDC. The Institute incurred an expenditure of ₹0.28 crore during April 2014 to July 2019 towards security, gardening and rest of expenditure could not be ascertained separately as the same was accounted for by the Institute as a whole.
- Audit also noticed that the trainings planned by the Institute during 2014-15 and 2015-16 were not adequate since only two batches for a total of 50 participants were planned during each of these two years. Further, no training was planned from 2016-17 onwards and the EDC remained mostly idle.

The Institute in its reply (July 2019) and subsequent clarifications (August 2019) accepted that no feasibility study to assess the viability of the project was conducted before start of the project. The Institute further stated that they had made efforts to collaborate with hotels like MPSTDC, Ginger Hoteliers, OYO, Treebo etc. and also approached Government/ Private institutes, Government Departments, Public Sector

Banks, Association for organising their functions and events. It further stated that the students are sent for housekeeping practical training to EDC as per routine.

The fact remains that EDC was constructed without conducting any feasibility study for its viability towards imparting training and generating surplus revenue for the Institute. Resultantly, the EDC, constructed at a cost of ₹4.32 crore remained mostly idle since completion and failed to serve its objectives despite the efforts made by the Institute subsequently.

The matter was referred to the Ministry in December 2019; their reply was awaited (May 2020).



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