

**REVISED**  
**GUIDELINES FOR**  
**IMPLEMENTATION**  
**OF**  
**THE SCHEME**  
**FOR**  
**CENTRAL FINANCIAL**  
**ASSISTANCE TO**  
**IHM<sub>s</sub>/FCI<sub>s</sub>/IITTM/ICI/NCHMCT/  
PSUS**

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Government of India  
Ministry of Tourism  
(HRD Division)**

**Sub: Scheme of Financial Assistance to the IHMs/FCIs/IITTM/ICI/NCHMCT/PSUs.**

The following broad guidelines are prescribed for grant of Central Financial Assistance by the Ministry of Tourism for projects under the Scheme of Financial Assistance to the Institute of Hotel Management (IHMs)/Food Craft Institutes (FCIs)/Indian Institute of Tourism & Travel Management (IITTM)/Indian Culinary Institute (ICI)/National Council for Hotel Management & Catering Technology (NCHMCT)/Public Sector Undertakings (PSUs)

**I. Scope:**

The Ministry of Tourism, under the Scheme of Financial Assistance to the IHMs/FCIs/IITTM/ICI/NCHMCT/PSUs extends central financial assistance for the following:

- i) Setting up of Central/State Institutes of Hotel Management & Catering Technology & Applied Nutrition (IHMs) including Hostels, Principal's residence and staff quarters, Campus development works etc.
- ii) Expansion/Addition & Alteration of building and replacement/upgradation of equipment of Central IHMs
- iii) Setting up of Food Crafts Institutes (FCI) including Hostels.
- iv) Setting up new Centres/branches of Indian Institute of Tourism & Travel Management including National Institute of Water Sports along with Hostels and staff quarters, Campus development work etc.
- v) Expansion/Addition & Alteration of building and replacement/upgradation of equipment of Centres of IITTM.
- vi) Expansion//Addition & Alteration of existing building and replacement/upgradation of equipment of National Council for Hotel Management & Catering Technology.
- vii) Setting up of Indian Culinary Institute and its Centres/Branches including Hostels, and staff quarters.

- viii) Expansion//Addition &Alteration of existing building and replacement/upgradation of equipment of ICI Centres.
- ix) To PSUs for broad-basing of hospitality education.
- x) For upgrading Food Craft Institutes into State Institutes of Hotel Management.
- xi) Any other Institutions/centers to be set up under the administrative control of the Ministry of Tourism for imparting education, capacity building training, incubation center, innovation center in the field of Tourism, Hospitality and Allied Sector.
- xii) Any other institutions to be set up by the State Government for imparting education/training in the field of Tourism, Hospitality and Allied Sector, provided the Project Appraisal Committee satisfies that the Institution to be set up is broadly covered under the Scheme

## **II. Eligibility**

A Society formed by the Central/State Government/ UT Administration registered under the Societies Registration Act 1860 to manage an IHM/FCI etc. shall be eligible for Central Financial Assistance. The autonomous societies formed by the Central Government, namely the Indian Institute of Tourism & Travel Management, National Council of Hotel Management & Catering Technology, Indian Culinary Institute etc. are covered under the Scheme.

### **Section A - (I) Central Financial Assistance for setting up new IHMs.**

- i. Central Financial Assistance for setting up an IHM will be considered only after registration of the IHM Society under the Societies Registration Act 1860 by the Central Government /State Government/ UT Administration. IHM Society registration and land transfer documents in the name of IHM Society should accompany the proposal. Wherever, it is not possible to transfer the land in the name of Society, the land should be clearly demarcated for IHM and at least in the possession of the State Government/UT Administration concerned, in the name of Tourism Department. The reasons for difficulties to transfer the land to the Society should be recorded in writing and it should be acceptable to the Central Govt.
- ii. Assistance shall be considered for the setting up of an IHM proposed by a State Government / UT Administration to run the Institutions by the State Government Society/UT Administration Society only after the State Government/UT Administration concerned has transferred a piece of developed land, free from all encumbrances, necessary for the purpose, measuring not less than five acres and has

also committed to provide basic services/utilities like electricity, water supply, provision of sewerage etc.” In the case of Central IHM also, the state government/UT Administration concerned has to provide the land with all basic facilities as in the case of State IHM to the Society.

- iii. In hilly areas and in the six cities classified as large (UA), namely Mumbai, Bengaluru, Hyderabad, Chennai, Kolkata and Delhi, a piece of developed land, free from all encumbrances, measuring not less than 2 (two) acres would be considered as adequate for the setting up of a SIHM. This special dispensation would, however, be subject to a very strict adherence to the norms of affiliation related to academic and equipment infrastructure including the covered areas.
- iv. Central Financial Assistance shall be limited to the maximum ceiling of Rs. 1250 lakh for the setting up of a new IHM run by State Government/UT Administration. If the cost of the project exceeds the amount of assistance granted by the Ministry, the remaining expenditure shall be met by the State Government/UT Administration concerned.
- v. The utilization of assistance to a new State IHM proposed by the State Govt. / UT Administration shall be subject to further ceilings of Rs. 1000 lakh on construction and Rs. 250 lakh on purchase of equipment.
- vi. Additional financial assistance of up to Rs.400 lakh is given for construction of hostel Block.
- vii. Inter-component adjustments of assistance ceilings, subject to a maximum of 10%, prescribed for construction of academic block, construction of Hostels and purchase of equipment will be allowed on case-to-case basis as a pre-sanction dispensation and no flexibility will be allowed after the sanction of the project.
- viii. There shall be no ceiling on quantum of assistance for the setting up of a Central IHM by the Ministry of Tourism, Government of India, or for Expansion/Addition & Alteration of building and replacement/upgradation of equipment covered under Grants for Creation of Capital Assets for Central IHMs. In the matter of land, the State Government should transfer the required land free of cost in the name of Society of Central IHM.
- ix. All proposals for opening of new central institutes and construction of new buildings/campuses of existing central institutes will be taken up separately and will be funded additionally in consultation with Department of Expenditure.

**Section – A (II) Central Financial Assistance for setting up SIHM in an existing Building:**

- i. Central financial assistance shall also be considered for the setting up of a State IHM in an existing building by the State Government/UT Administration concerned for the purpose, provided the building is suitable for housing the IHM. The central financial assistance will be limited to Rs.6.00 crore or 75% of the cost of construction, whichever is less, for the academic block in the existing buildings. The maximum financial assistance of Rs.2.00 crore for construction of hostel and Rs.2.00 crore for purchase of equipment will be provided.
- ii. The grant of CFA for the project shall be further subject to the other conditions as stipulated in the case of setting up of IHM as detailed at Section A(I).

**Section–A (III) Central Financial Assistance for setting up SIHM by upgradation of existing FCI:**

- (i) Central Financial Assistance shall be admissible for upgradation of an existing FCI into SIHM provided the proposal is justified and found feasible by the Central Government. Such proposals shall be considered subject to the following:
- (ii) The State Government shall dissolve the existing FCI Society and form a new Society in the name of SIHM and register the same under the Societies Registration Act 1860.
- (iii) CFA released earlier will be adjusted for upgradation for overall ceiling against each component, provided in the scheme guidelines.
- (iv) The grant of CFA for the project shall be further subject to the other conditions as stipulated in the case of setting up of IHM as detailed at Section A(I).

**Section-B(I) Central Financial Assistance for Setting up new FCIs**

- i) Central Financial Assistance may be granted for setting up of FCI by the Central Government or by a State Government / UT Administration.
- ii) Central Financial Assistance for setting up FCI will be considered only after registration of the FCI Society under the Societies Registration Act 1860 by the State Government Society registration in the name of FCI Society and land transfer documents in favour of FCI Society should accompany the proposal. Wherever, it is not possible to transfer the land in the name of Society, the land should be clearly demarcated for FCI and at least in the possession of the State Government/UT Administration concerned, in the name of Tourism Department. The reasons for

difficulties to transfer the land to the Society should be recorded in writing and it should be acceptable to the Central Govt. Assistance shall be considered for the setting up of an FCI proposed by a State Government / UT Administration only after the State Government/ UT Administration concerned has transferred in the name of the FCI Society, a piece of developed land, free from all encumbrances, necessary for the purpose, measuring not less than three acres and has also committed to provide basic services/utilities like electricity, water supply, provision of sewerage etc.

- iii) In hilly areas and the six cities classified as large (UA), namely Mumbai, Bengaluru, Hyderabad, Chennai, Kolkata and Delhi, a developed piece of land, free from all encumbrances, measuring not less than 1 (one) acre would be considered as adequate for the setting up of a FCI. This special above dispensation would, however, be subject to a very strict adherence to the norms of affiliation related to academic and equipment infrastructures including the covered areas.
- iv) The Central financial assistance to an existing FCI to be set up by the State Govt. / UT Administration shall be limited to over-all ceiling of Rs. 550 lakh, out of which Rs. 435 lakh will be for construction of building and Rs. 115 lakh for equipments.
- v) If the cost of the project exceeds the amount of assistance granted by the Ministry, the remaining cost shall be borne by the State Government/UT Administration concerned.
- vi) Inter-component adjustments of assistance ceilings, subject to a maximum of 10%, prescribed for construction of academic block, construction of Hostels and purchase of equipments will be allowed on case-to-case basis as a pre-sanction dispensation and no flexibility will be allowed after the sanction of the project.
- vii) An additional financial assistance of upto Rs.200 lakh is provided in case the same is intended to meet the cost of hostel facilities.

**Section –B (II) Central Financial Assistance for setting up FCI in existing Building:**

- i) Assistance may also be granted for the setting up FCI in an existing building offered free-of-cost by the State Government/UT Administration concerned for the purpose provided the building is suitable for housing the FCI and the proposal is otherwise feasible.
- ii) The central financial assistance will however be limited to Rs.280 lakh or 75% of the construction cost, whichever is less, for construction of academic block in the existing building.

- iii) In addition to above, the financial assistance upto Rs. 115 lakh on purchase of equipment will be provided.

**Section-C Central Financial Assistance for setting up new Centres of IITTM,ICI, NCHMCT etc.:**

- i) Central Financial Assistance shall be admissible for setting up new Centres of IITTM, ICI, NCHMCT or any other similar new Central Government Institutions, to be run by Societies.
- ii) Proposal for setting up of a new Centre of IITTM/ICI/NCHMCT etc. can be mooted by the State Government or by the Ministry of Tourism or by the Institute.
- iii) In all cases, Central Financial Assistance shall be considered for the setting up of Centre/Institution only after the State Government/UT Administration concerned has transferred a piece of developed land, free from all encumbrances, necessary for the purpose, measuring not less than five acres and has also committed to provide basic services/utilities like electricity, water supply, provision of sewerage etc. or adequate land is already available in the possession of Societies of Central Government Institution.
- iv) In hilly areas and in the six cities classified as large (UA), namely Mumbai, Bengaluru, Hyderabad, Chennai, Kolkata and Delhi, a piece of developed land, free from all encumbrances, measuring not less than 2 (two) acres would be considered as adequate for the setting up of a Centre of IITTM/ICI/NCHMCT. This special dispensation would, however, be subject to a very strict adherence to the norms of affiliation related to academic and equipment infrastructure including the covered areas.
- v) There will be no limit on the extent of Financial Assistance for setting up/ Expansion/Addition & Alteration of existing building and replacement/upgradation of equipment covered under Grants for Creation of Capital Assets for IITTM,ICI,NCHMCT etc. or any other similar Central Government Institutions.
- vi) New Central Institutes face difficulties to run the Institutes in the initial years mainly due to non-receipt/availability of adequate fund to meet the recurring expenditure. In addition to this, existing Central institutes located in the difficult areas and those facing financial difficulties primarily due to their geographic location and under utilization of their intake capacity, financial assistance in the form of grant-in-aid general will be provided to the newly set up central Institutes and those institutes located in the difficult areas. However, the provision for recurring grant will be limited for only initial 2 years for new central institutes not covering under difficult areas. It will be applicable to only Central Autonomous Bodies under the Ministry of Tourism.

## **Section D - Applied Training Centre (ATC)**

- i) Assistance up to a maximum of Rs 500 lakh would be provided to the Central IHMs for construction of Applied Training Centre (ATC) attached to the Institute. Expenditure over and above this limit would be borne by the Institutes themselves.
- ii) Proposals for setting up of ATC with CFA shall be considered only if 2 acres of surplus land is already available with the Institute or the State Government has provided the additional land required for the purpose.
- iii) However, CFA would be extended only to such Institutes where there are no Hotels in a distance of 2km.

### **III. Other general conditions/norms**

- i) In respect of all projects to be executed under the Scheme of Financial Assistance to IHMs/FCIs/IITTM/ICI/NCHMCT, etc. a Detailed Project Report should be submitted by the State Government.
- ii) The suitability of the building for the purpose of setting up IHM shall be certified by NCHMCT after inspection of the site by its representative/s. The decision regarding setting up the SIHM in the proposed building will be finally taken by the Ministry of Tourism.
- iii) The proposed site for financial assistance should preferably be selected through the challenge method guidelines of the Cabinet Secretariat. However, while deciding the site, priority will be given to those states which don't have adequate numbers of institutions in the Tourism and Hospitality Education.
- iv) In respect of projects undertaken exclusively with Financial Assistance from the Government of India, no additional work or fresh components should be included in the project without the prior approval of the Ministry of Tourism.
- v) Proposals for additions/alterations/new components, with complete details along with cost on each component, duly approved by the Building Committee and BoG should be referred to the Ministry for approval in respect of projects to be undertaken with CFA from Ministry of Tourism.
- vi) The construction work should be undertaken through CPWD/PWD or other Central/State Government Agency having experience in the field of construction, after following the due procedure.



- vii) Proper Agreement should be entered with the Executing Agency elaborating the terms and conditions, the cost of construction, the starting and completion date of the project and with penalty clauses for delay incompletion.
- viii) Cost escalation in respect of projects executed through CFA should be within the prescribed limits. Proposals for additional funds due to cost escalation should be sent to the Ministry for approval with proper justification with the approval of the Building Committee & BoG without delay.
- ix) CFA will not be admissible for general Maintenance/ repairs of buildings and equipments and expenditure on such work should be met by the Institute from its own resources. However, major repairs/renovation of the building, where the estimated expenditure is above Rs. 20.00 lakh (Rupees Twenty lakh only) would be sanctioned by the Ministry, after due examination. Fresh request for CFA for major maintenance/ renovation will be entertained only after a period of five years from the date of sanctioning of the previous grant for purpose.
- x) The Central Financial Assistance shall, in no circumstances, be utilized for meeting recurring and establishment expenditure of the Institute, unless specifically sanctioned for the purpose.
- xi) First installment of grant will be released only after transfer of land in the name of society as per conditions stipulated at Section-A(I) (i) and award of contract by the implementing agency. Subsequent instalments of CFA will be released only after Utilization Certificate of at least 75% of the previous installment/s is furnished. UCs should be submitted with supporting documents like physical progress, expenditure statement, audited accounts.
- xii) For release of funds, NCHMCT will be the Central Nodal Agency(CNA) having Bank Account in the State bank of India(SBI). The implementing agency designated as sub-agency will open a zero balance account in SBI. The Implementing Agency is to deposit all unspent balances lying with them in the CNA's Account with regard to the implementation of sanctioned projects under Schemes
- xiii) The Implementing agency would be able to draw the fund to the extent of authorization given by the Ministry from CNA's account on real time basis, as and when payments are to be made to beneficiaries, vendors etc only after the process of depositing the unspent balance is completed.
- xiv) The available drawing limit will get reduced by the extent of utilization. Similarly, the interest accrued on the fund already released by the Ministry needs to be deposited to the Consolidated Fund of India simultaneously.

xv) Funds will be released as under:

(a) Maximum CFA up to Rs. 10 lakhs shall be provided immediately on sanction of the project to meet the expenditure for preparatory activities.

(b) Once the tender process is completed, first instalment of fund i.e. 40% of the sanctioned amount would be released after adjusting the preparatory fund of Rs 10 lakh.

(C) Balance amount would be released in different tranches of 40% and 15%.

(d) The final instalment of 5% would be released only after completion of all civil works and submission of required documents like completion certificate, display of credit etc. to Ministry.

xvi) In no case 25% of the available budget would be released to CNAs with upper ceiling to utilize the fund by the sub-agencies would be made based on size of the sanctioned project and its pace of the implementation

#### **IV. Academic Tie Up:**

IHMs/FCIs shall follow the academic/admission norms prescribed by the NCHMCT. Admissions to IHMs shall be on the basis of a joint entrance examination. An undertaking to this effect shall be given by the State Government/UT Administration concerned before funds are sanctioned for setting up an IHM. However, a State IHM set up with Central Financial Assistance from the Ministry of Tourism under the aegis of a university will be allowed to award the degree of that university. This will be subject to the condition that the curriculum of the concerned university matches the NCHMCT/IGNOU syllabus and the university is recognised by UGC.

#### **V. Promotional initiatives (For Broad-basing)**

The Ministry of Tourism may consider, on being approached, grant of one-time Central Financial Assistance, not exceeding Rs. 240 lakh, for facilitating development of institutional infrastructure to a Public Sector Undertaking .The grant of CFA would be subject to the conditions that the Ministry may impose on a case to case basis.

#### **Amount of CFA admissible:**

(i) For expenditure on civil works, equipment, furniture and fixtures etc. is subject to a maximum of Rs. 240.00lakh.

(ii) CFA for Civil works: Central Financial Assistance will be limited to Rs 60.00lakh.

(iii) Heavy & Small Equipment, Furniture & Fixtures etc. the CFA admissible is  
Rs 180.00Lakh

## **VI. Implementation and monitoring of the programme at Central Level.**

1. There will be a Technical Support Group (TSG) for project appraisal at National Level. The Technical Support Group will be established with appointment of consultants on contractual basis as per rules and as per the requirements. In order to facilitate effective monitoring and operational support for the scheme, the TSG will also act as a Monitoring and Operational Support Unit. The management costs approved for this scheme at Central level will be utilized for engaging the Consultants and establishing the monitoring and operational support unit. The operational support unit will work very closely with programme division in the Ministry. The Management cost at Central level will be to the tune of maximum 5% of the Annual Budget Estimates of the scheme.
2. In consultation with NCHMCT, a format for submitting the project proposal with norms is being developed to facilitate State/UT Governments for preparation of viable and complete proposals in respect of setting up of new IHMs/FCIs.
3. The society which has been formed to run the new institutions/existing institutions will constitute a Project Construction Committee (PCC) before work is executed for implementation and monitoring of the project at ground level. Composition of the PCC will be decided by the concerned society in consultation with the Ministry of Tourism.
4. For effective monitoring of the programme, an online Management Information System (MIS) is being developed.

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