

## College: Shree Mahalaxmiji Mahila Homoeopathic Medical College, Vadodara

As per directions of the Hon'ble Supreme Court in the case of Islamic Academic Education & another v/s State of Karnataka & Others on 14<sup>th</sup> August 2003, the Government of Gujarat has set up a Committee vide GR No. SCF/2003/CC-59/S dated 26<sup>th</sup> December 2003, under the Chairmanship of Justice (Retd.) Shri R.J. Shah (hereinafter called "The Committee") to give effect of the judgement in TMA Pai's case.

### Background:

- As per the directions in the said judgment, each educational institution must place before this Committee well in advance of the academic year its proposed fee structure. Along with the proposed fee structure, all documents and Books of Accounts must also be produced before the Committee for their scrutiny. The Committee shall then decide whether the fees proposed by the institute are not profiteering or charging capitation fee. **The Committee will be at liberty to approve the submitted fee structure or to propose some other which can be charged by the institute.** The fee fixed by the Committee shall be binding for a period of 3 years, at the end of which the institute would be at liberty to apply for a revision.
- Accordingly the Committee had approved for the first time in June 2004, the fee structure of all the Medical Colleges within the State of Gujarat for the academic years 2003-04, 2004-05 and 2005-06. As per the directions in the said judgment, a revision in the fee structure was due for a further period of 3 years from 2006-07 to 2008-09.

### Approach and Methodology:

In the month of December 2005, the Committee has requested all the unaided institutions imparting professional education in medical and allied sciences in the State of Gujarat to submit their proposed fee structure for scrutiny of the Committee, along with the details as per the detailed questionnaire submitted to each of the institutes.

- The data was then analyzed to arrive at the broad view of the facilities, infrastructure, capital investments made by the college in last 3 years, plans for development on hand and for future, compliance of the requirements concerning the staff etc.
- This was followed by personal visit to all the colleges by the Committee consisting of the member of the fee committee, an eminent Doctor and a member of the team of Chartered Accountants, to verify the facilities and infra-structure, adequacy of staff and to have clarifications and further information on some of the issues arising out of the analysis of the data.

- During the visit, the Committee held discussions with a few of the students and staff in private to get their feedback on specific issues concerning fees, facilities, quality of education etc. The committee also visited the affiliated hospitals wherever they existed, to check for the quality of service and care provided to the patients.
- The committee also gave a public hearing to the students, parents association as well as the management of the colleges on 11<sup>th</sup> and 12<sup>th</sup> May 2006.

**Guiding principles:**

In discharging its functions, the Committee has kept in mind the following observations contained in the said judgment of Islamic Academy, which have been reaffirmed recently in the case of P.A. Inamdar & Others v/s State of Maharashtra & Others, on August 12, 2005.

- (a) So far as the question of fee fixation is concerned, the judgment has categorically emphasized that there can be no fixing of rigid fee structure by the Government.
- (b) Each institute will be entitled to have its own fee structure. The fee structure for each institute must be fixed keeping in mind the infrastructure and facilities available, investments made, salary paid to the teaching and other staff, future plans for expansion and/or betterment of the institute etc.
- (c) They must be able to generate surplus which must be used for the betterment and growth of the educational institution. Similar observations in the TMA Pai case provides for reasonable surplus for furtherance of education. (Para 69).
- (d) There can be no profiteering and capitation fee cannot be charged.

**Issues arising and responses:**

During the exercise for revision of the fees, two major issues came up for consideration before the committee:

- (a) Whether the proposed fee structure should be applicable to all the students on roll as of the applicable date or should be applicable to new batch of students to be enrolled from the year 2006-07 ?

- (b) Application of accepted accounting and costing principles and practices for treatment of cost of running a free bed hospital and provision for reasonable surplus for betterment and growth.

The Committee's views are as under:

(a) Application of revision in the fee structure.

- Since the judgment in Islamic Academy provides for revision of fee every 3 years, it implies that the fees can be revised based on the cost escalation and provision of additional facilities and infrastructure at regular interval of course not earlier than 3 years, if the concerned institution has applied for a revision.
- In any exercise of price fixation which is based on cost, the revision is applicable to all the beneficiaries, for whom the cost is being incurred. In the case of Medical colleges, for instance the fees are fixed based on normal recurring cost of revenue nature to education. Since this cost is subject to inflation, a periodic revision becomes necessary, and when the cost is revised, it should be applicable to all the beneficiaries on a given date.
- In case a contrary view is taken to apply the revised fee structure only to the new batch, the fee structure would be enormously high as only one batch of the students will be subjected to bear the additional cost that is being incurred for all the batches at any given point of time. This will put the new students in a disadvantageous position.
- As such the Committee thought it just and fair to apply the proposed fee structure to all the students on roll during the period of 3 years from 2006-07 to 2008-09 irrespective of the year in which they were enrolled. In addition, the Committee has also borne in mind the directive of the Supreme Court in T.M.A. Pai's case that there cannot be any cross subsidization of fee in any institution.

(b) Treatment of Hospital Cost

- In the matter of treatment of hospital cost, the Committee has appreciated the need to have a teaching hospital as prescribed by the concerned regulatory authority. However, in the views of the Committee, it is unfair to recover the entire deficit of running the hospital from the students only.
- In the past, one of the private medical colleges has undertaken a costing exercise from a reputed firm, namely S.B. Billimoria & Company, Chartered Accountants, in support of their proposal for the revision in the fee structure. The said report contains analysis of total cost of medical education.

- The Committee has studied the said Billimoria report in detail and found merit in the treatment of some of the costs related to education in general and treatment of hospital cost in particular. As such the Committee has followed the same rationale for all the medical colleges so far as treatment of hospital cost is concerned, which is summarized as under :
  - Excluding the cost of medicine, the expenses related to treatment and blood bank expenses which can be considered as variable expenses specific to patients, the remaining items can be considered as fixed expenses arising from the maintenance of the teaching hospital.
  - For the purposes of this exercise, we have assumed that *this fixed cost may fairly be allocated in equal proportion between the cost of medical care and the cost of medical education.*
  - Since on an average students spend almost 50% of their time in the hospital, only 50% of hospital expenditure is allocated to medical education.
  - Like wise, since the teaching staff spent almost 50% time in the hospital, we have considered that 50% of the cost of manpower (teaching) can be treated as part of cost of medical care.
  - The cost of medical education may therefore be considered as the direct cost of medical education (as reduced by manpower (teaching) cost allocated to medical care) plus the share of medical care allocated to medical education.
  - The sharing of hospital cost does not arise where the educational institution has a tie up with any other hospital to take their services at a fixed price per student. In such case, the committee has allowed actual amount paid per student to such hospital in determination of the fee structure.

**(c) Reasonable Surplus:**

- So far as the provision for development and reasonable surplus is concerned, the Committee has appreciated the need for the same. The committee has allowed the same through depreciation allowance and development allowance.
- Whatever may be the source of initial investments, the committee is seized of the fact that the replacement of the facilities over a period need to happen through collection of fees. As such the committee has considered economic depreciation as part of education cost even though it is a non cash item.
- In addition, the Committee has allowed reasonable allowance for growth and betterment in the form of development allowance based on the history of capital investments made by the institute during past 3 years and definite investment plans for growth and development projected by it for next 3 years.

### **General Order dated 29<sup>th</sup> June, 2006**

Taking into consideration approach and methodology as given above, Fee Committee approved fee structure for the colleges for the year 2006-07 vide General Order dated 29<sup>th</sup> June, 2006. The said order provided for revision of fee structure for the year 2007-08 and then for 2008-09 to allow for inflation and development based on the actual numbers.

Meanwhile, the High Court of Gujarat vide its order dated 7<sup>th</sup> December, 2006 in the SCA 13887/06 and related matters has quashed the order of the Fee Committee for the 10 colleges that had challenged the order of the Fee Committee. In accordance with the directions of the Hon'ble High Court of Gujarat, the Committee, thereafter, has passed necessary orders in respect of the said 10 colleges.

As regards colleges not covered by the above orders of the High Court of Gujarat, the Committee addressed to them letters dated 27<sup>th</sup> June, 2007 asking them to propose fee structure for the year 2007-08 and 2008-09 as directed by the High Court along with the information in the format provided together with the audited accounts and justification of the revision latest by 30<sup>th</sup> June, 2007. Accordingly, the information has been submitted by the Shree Mahalaxmi Mahila Homoeopathic Medical College, Vadodara to the Fee Committee. The college has not asked for the hearing before the Committee.

The Committee has reviewed all the papers, documents, cost estimates, past performance and future projections submitted by the college. Based on the review and inter college comparison, the Committee has noted as under:

- a. Almost all the colleges in Homoeopathic have proposed a steep rise based merely on the projections for next two years. It is evident from the individual analysis reported to the concerned college by a separate annexure that there is a wide difference between the latest audited numbers as recast and the cost estimates in support of the proposed fee scale.
- b. In the light of what is stated above, the Committee has felt it proper to continue to discount the projections made by the college that are not based on facts and ground realities. Some of the expenses claimed by the college have been scrutinized and moderated or deleted, as the case may be, for which reasons are given in a separate annexure referred to in paragraph (e) herein below.
- c. In its earlier general order dated 29/06/2006, the Committee had briefly explained the findings and observations in support of the reduced fee structure. The college has accepted the fees fixed by the Committee for 2006-07.
- d. The College has proposed fee of Rs.35,000/- for 2007-08 and 2008-09. The Committee has gone to actual costing exercise together with the projection of inflation and development surplus. Based on the actual cost for the year 2007-07, the Committee finds that the hike the college has proposed is on the higher side.

- e. After the review, the Committee finds it necessary to provide full analysis of the accounts, other relevant information and rationale for not accepting the proposed fee structure. The detailed reasoning for the college for working out the base fees has been given in **Annexure A**.
- f. Since the structure for the year 2006-07 has already been approved and accepted by the college, the Committee now recommends a revised fee structure that is valid for the years 2007-08 and 2008-09. The college is now not expected to approach the Committee on year to year basis. The students would also know the amount of fees they have to pay for next two years.
- g. In fixing the fees for the period of two years as indicated above, the Committee has considered moderate increase for inflation as well as development based on norms framed in light of past history of the college, compliance with statutory requirements as to staff and other infrastructure, growth plans on hand etc. Accordingly, the Committee has fixed the fees for each year separately instead of a common fee for both the years.
- h. So far as the applicability of the revised fee structure to the students enrolled during 2003-04, 2004-05 and 2005-06 is concerned, the Committee has made its view clear that the revised fees are applicable to all the students on roll as on date. This stand has been upheld by the High Court in its interim order dated 20<sup>th</sup> September 2006. Paragraph 14.3 of the said order reads as under :
- "i. Prima facie I am however, unable to accept the contention of learned advocate for the petitioners that the revised fee should be made applicable only to new students and students who are already studying should be spared such revision. Accepting for such a contention would put additional burden on fresh students. All students, therefore, will bear equal burden of revised fee."
- i. Other issues raised by the students during the original hearing pertain to treatment of hospital cost, collection of fees and charges in different forms, demand for bank guarantee etc. The rationale behind consideration of the hospital cost has been explained in full here in above. In the matter of other issues, necessary instructions are given hereunder in the concluding part of the order.
- j. In final analysis, the Committee recommends following fee structure,
- |     |              |              |
|-----|--------------|--------------|
| i)  | Year 2007-08 | Rs. 27,000/- |
| ii. | Year 2008-09 | Rs. 28,000/- |

- The college will not take fees for the full course at the time of admission. The fees should be collected per semester.
- The college will not ask for any bank guarantee or security of any kind from students or their parents.
- The college will not take any other fee, deposit, charge or advance in the name of gymkhana, computer center, internet facility laboratory, library, sports, recreation, self development etc.
- The college will be free to fix fees for NRI students up to 15% of the intake capacity subject to intimation of the same to the Fee Committee. All additional fees from NRI students in whatever form will be utilized for the benefit of students such as from economically weaker section of the society as per the directions given by the Supreme Court in its judgment in the case of P. A. Inamdar and Others v/s State of Maharashtra and Others.

- 3 OCT 2007

October 3, 2007



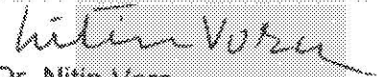
Hon'ble Justice R. J. Shah (Retd)  
Chairman



Smt. Rila Teatofia, IAS  
Member Secretary,



Manubhai G. Patel,  
Member



Dr. Nitin Vora,  
Member.



Suresh Soni  
Member

## Annexure A

**SHREE MAHALAXIJI MAHILA HOMOEOPATHIC MEDICAL COLLEGE****VADODARA**

Cost Statement prepared by the college and recast by us as per the Guiding Principles prescribed for determination of cost & fee structure of SFIs.

Existing Fees Rs. 18,000/-		Fees Proposed Rs. 35,000/-					
		(Rs. In lac)					
		2006-07	2006-07	2007-08	2007-08	2008-09	2008-09
Expenses		Actual/ Audited	Recast/ Audited	Projected	Recast	Projected	Recast
1	Salary including retiral benefits						
	Teaching Staff						
	Non-teaching Staff						
1A	Sub Total	39.85	36.00	43.68	39.00	47.12	42.00
2	Power & Electricity	1.85	1.85	2.64	2.00	2.78	2.25
3	Post, Telephones, faxes	0.80	0.80	1.06	1.06	1.34	1.34
4	Repairs & Maintenance						
	Building						
	Equipments	1.47	1.47	2.78	1.50	2.94	2.00
	Others						
4A	Sub Total	1.47	1.47	2.78	1.50	2.94	2.00
5	Administrative Expenses	7.18	6.96	9.10	7.50	10.14	10.14
6	Rent and Taxes to outsider	0.78	0.78	0.78	0.78	0.78	0.78
7	Other Expenses (Specify)	13.66	1.65	8.06	1.65	9.26	2.00
8	Depreciation on SLM basis						
	Building						
	Furniture & Equipments						
	Computers						
	Other (Specify)						
8A	Sub Total	6.90	6.90	6.90	6.90	6.90	6.90
9	Grand Total	72.49	56.41	75.00	60.39	81.26	67.41
10	Add: 5% Development Allowance		2.82		3.02		3.37
11	Total cost including Development Allowance		59.23		63.41		70.78
A	Number of students on roll on date on normative basis	229	229	238	238	251	251
B	Salary cost per student p.a (1A/A)	0.17	0.16	0.18	0.16	0.19	0.17
C	Total Cost per student p.a. (9/A)	0.32	0.26	0.32	0.27	0.32	0.28

**2006-07****(Actual/Audited)**

- 1 Legal Fees Rs. 0.22 lacs included in Admn. Exp. is not considered.
- 2 Finance cost Rs. 12.01 lacs included in Other exp. is not considered.
- 3 Depreciation claimed by the college is considered proper as per the separate working
- 4 Salary being excessive is moderated.

**2007-08 & 2008-09 Projections)**

- 1 Projections of salary, Power, repairs, administrative exp. and other expenses are excessive hence the same marginally moderated on the basis of actual/audited of 2006-07 taking into consideration inflation.
- 2 A separate 5% development allowance is considered looking to the proposed addition in infrastructure and track record of the college.