

**FEE REGULATORY COMMITTEE(MEDICAL)  
GUJARAT STATE**

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No: FRC/<sup>666</sup>6/2016

Date : 10/08/2016

**Fee fixation order of C.U. Shah Medical College, (U.G.-MBBS Course), Surendranagar**

1. The Fee Regulatory Committee (Medical) (hereinafter referred to as "the Committee") has been constituted under section-9 of **the Gujarat Professional Medical Educational Colleges or Institutions (Regulation of Admission and Fixation of Fees) Act, 2007, Act 3 of 2008** (hereinafter referred to as "the Act") enacted by the State Government to make special provision, inter-alia, for fixation of fees in professional medical education colleges or institutions and matters connected therewith or incidental thereto and also to regulate the admission of the students to such colleges or institutions.

2. In pursuance of the powers conferred upon it u/s 10(2) of the Act, the Committee in December, 2015 invited the proposal of fee structure together with required audited accounts and other details from C.U. Shah Medical College, (U.G.-MBBS Course), Surendranagar ("the institution" for short) vide its letter dated 24.12.2014 for determining its fee structure for the period of 3 years viz. 2015-16, 2016-17 and 2017-18.

3. In response to the intimation of the Committee to furnish the proposal, the institution forwarded its fee proposal together with relevant financial data for the U.G.-MBBS Course. The institution proposed to charge Rs.5.45 Lakhs as fees for the said course.

4. The Committee upon receiving the requisite data carried out the scrutiny of the record and Books of Accounts submitted by the management of the institution. Thereafter the Committee keeping in view all the relevant factors for determining the fee structure, fixed the fee of the institution by its order dated 17.7.2015. The details of the factors kept in view including the fiscal aspects are mentioned in the Committee's said order.
5. For the block period of aforesaid 3 years the fee structure determined by the Committee for the U.G.-MBBS Course is Rs.3.75 for the year 2015-16, Rs.3.75 for the year 2016-17 and Rs.3.75 for the year 2017-18. The order fixing the fee was duly communicated to the institution.
6. The institution not being satisfied with the fee structure determined by the Committee, requested the Committee vide its letter dated 27.07.2015 to grant hearing and to review the aforesaid order. Subsequently it also made application under Right to Information Act dated 17<sup>th</sup> August, 2015 making inquiry as to what action was taken by the Committee on the said letter. In response to the same the Committee vide its letter dated 14<sup>th</sup> September, 2015 informed the institution that it had re-checked all financial data of the institution submitted by it alongwith its proposal and come to conclusion that there was no need to alter order dated 17.07.2015. The institution was also informed that the Committee would take decision regarding grant of hearing to the institution in its next meeting.
7. The institution thereafter filed petition dated 8<sup>th</sup> December, 2015 before Hon'ble the High Court of Gujarat being Special Civil Application No.20322/2015. Amongst other grounds the main contention that was raised before the Hon'ble High Court was that the Committee had not followed the principles of natural

justice by not granting it hearing though demanded. It prayed for quashing and setting aside order dated 17.07.2015. The Committee contested the petition by filing reply. The Hon'ble High Court took into consideration the fact that the institution was not heard and therefore, by its order dated 7.04.2016 it permitted the institution to appear before the Committee and directed the Committee to pass fresh order after hearing the institution. The Hon'ble High Court also clarified that its order cannot be considered and cited as precedent in light of the communication dated 27<sup>th</sup> July, 2015. With these directions the Hon'ble High Court disposed of the petition.

8. Thereafter the Institution wrote letter dated 2.5.2016 addressed to the Member Secretary of the Committee requesting the Committee to fix an early date of hearing pursuant to and in compliance of the order of the Hon'ble High Court dated 7.4.2016. Copy of the order was enclosed with the said letter. The Committee in turn wrote letter dated 9.6.2016 to Trustee/Secretary of the institution intimating that hearing was fixed on 13.06.2016 at 5.30 p.m. in the office of the Committee. On 13.06.2016 a team of authorized representatives of the institution comprising two members of the trust, one Accountant of the institution and the Consultant Chartered Accountant remained present. During hearing the representatives submitted a compilation naming it as the presentation along with forwarding letter dated 12.6.2016. Over and above furnishing the compilation, the Chartered Accountant as well as the Accountant of the institution made oral submissions which were based on documents contained in the compilation. The submissions related to both the courses viz. U.G.-MBBS course and P.G. course. Their main submissions were with regard to expenditure concerning the salary component and the stipend given to the P.G. students as well as development expenditure from

excess NRI fees. According to them, the Committee had not properly taken these expenses into account while determining the fee structure and that had resulted into fixing inadequate fee for the U.G.-MBBS Course. No other contentions were raised. The hearing concluded on the same day.

9. Subsequently the Chartered Accountants of the Committee upon scrutiny of the material furnished by the institution in light of the submissions made by its representatives, found certain information common for both the courses wanting and therefore, the Committee called for the necessary details by its letter dated 15.6.2016 to be furnished within five days. Broadly stating the details that were called for were break-up of development expenses from the excess NRI fees, break-up of the Hospital income, and break-up of the stipend paid to the P.G. students for the period between 2011-12 to 2014-15. By its letter dated 19.6.2016 the institution sought more time to furnish the details. On 29.06.2016 the Committee received the aforesaid details submitted by the institution with its forwarding letter dated 25.06.2016. Upon further scrutiny of the material submitted by the institution, the Chartered Accountants of the Committee found that the details submitted by the institution were still not adequate and therefore, by letter dated 5.7.2016 the Committee called for additional documents and information mentioned in the said letter. They were furnished by the institution with its letter dated 7<sup>th</sup> July, 2016.


10. Upon receipt of required information, the Chartered Accountants of the Committee carried out the detailed exercise and made fresh assessment of the Accounts of the institution for revising the fee structure, if necessary. Over and above the compilation submitted at the hearing, the material that was presented by them even during such scrutiny was examined and taken into

consideration if found relevant for reassessment of the fee structure for the present block period of 3 years. The Chartered Accountant found that the argument of the institution that it made development expenses from the excess collection of NRI fees was not supported by the documents furnished by it and hence it was not tenable. So far as the salary component is concerned, audited accounts 2014-15 are taken into consideration. Thereafter, the Standard Operative Procedure of the Committee has been applied and on that basis the Committee has considered salary expenditure. By that procedure increase of compounding 8% per annum is given for the years 2015-16, 2016-17 and 2017-18.

It is pertinent to note here that while going through the balance sheet of the institution it was found that it had appropriated/transferred amount from income in the Profit and Loss Account towards "Development Fund" of Rs.375.18 lakhs, Rs.426.16 lakhs, Rs.526.31 lakhs and Rs.586.86 lakhs for 2011-12, 2012-13, 2013-14 and 2014-15 respectively and because of this appropriation/transfer from Profit and Loss Account of the institution shows excess of expenses over income (loss) instead of excess of income over expenditure (profit). The appropriation/transfer of Development Fund is Reserved and not Actual Expense. It is merely a Book entry which created development fund under the head reserve & surplus.

However, even while taking all the relevant expenditures into consideration without putting the institution at any disadvantage on any count and assuming all other relevant factors in favour of it and then determining the figure for fixing of fee such figure does not exceed the fees already fixed by the

Committee by its order dated. 17.7.2015. The fee demanded by the institution is therefore, without any justification and it cannot be granted. Hence, there is no reason whatsoever for the Committee to revise its order dated 17.7.2015.

  
**Member Secretary**

To,

**The Dean, C.U. Shah Medical College, Surendranagar.**

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**Copy Submitted To:**

1. **The Principal Secretary, Health & Family Welfare Department, Gandhinagar.**
2. **The Additional Director, Medical Education & Research, Gandhinagar.**
3. **The Chairman, Admission Committee for Professional Medical Educational Courses, B.J. Medical College, Ahmedabad.**