

Sub: Finalization of fee structure for the period of 3 year from 2006-07 to 2008-09 for the Post Graduation Courses.

As per directions of the Hon'ble Supreme Court in the case of Islamic Academic Education & Others v/s State of Karnataka & Others on 14th August 2003, the Government of Gujarat has set up a Committee vide GR No. SCF/2003/CC-59/S dated 26th 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 judgement, 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 fair and rational. The Committee will be at liberty to approve the submitted fee structure or to propose an alternate fee structure to 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 for the under graduate courses run by all the Medical Colleges within the State of Gujarat for the years 2003-04, 2004-05 and 2005-06. As per the directions in the said judgement, a revision in the fee structure was due for a further period of 3 years from 2006-07 to 2008-09 which has now been notified.
- However for the PG Courses, the Committee had not fixed the fees for the said years. Thus the fee structure for PG Courses has been submitted to the Committee for its approval for the first time.

Approach and Methodology:

- The Committee has requested all the Medical Colleges running all types of courses 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 institute in December 2005.

- The data was then analyzed to arrive at the broad view of the facilities, infrastructure, capital investments made by the college in the 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 a member of the fee committee, an eminent Doctor and a member of the team of Chartered Accountants, to verify the facilities and infrastructure, adequacy of staff and to have clarifications 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, occupancy of beds in the hospital, quality of education etc. The committee also visited the hospitals 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 11th and 12th May 2006.

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

Issues arising and responses:

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

- (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.

- 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.
- 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, the fees are fixed based on normal recurring cost of revenue nature which is directly related 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 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 the entire duration 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.

(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 MCI as a precondition to set up a Medical college. However, in the view of the Committee, it is unfair to recover the deficits of running the hospital from the students only. In the earlier exercise also, the Committee has suggested sharing of hospital cost between medical care and medical education.
- This year one of the private colleges has undertaken a costing exercise from a reputed firm, namely S.B. Billimoria & Co., in support of the proposal for the revision in the fee structure. The said report contains analysis of total cost of medical education which has been overseen by Shri Y.H. Malegam, one of the most respected and experienced Chartered Accountants in the country today.

- The Committee has studied the said report in detail and found merit in the treatment of some of the costs related to education in general and treatment of hospital costs in particular. As such the Committee has followed the same rationale for all the medical colleges so far as treatment of hospital costs 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 proportions 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, teaching staff spend almost 50% time in the hospital, therefore 50% of the cost of manpower (teaching) has been 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 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 as far 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.
- Though the initial investments are made through donations, 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 some allowance for growth and betterment in the form of development allowance based on the history of capital investment by the institute during the past 3 years and definite investment plans for growth and development for next 3 years. However instead of accepting the projections for next 3 years immediately for the purpose of fee fixation, the Committee has thought it wise to allow revision in the fee structure on annual basis for the year 2007-08 and 2008-09.

Based on these criteria, the cost of medical education for the Post Graduation Courses run by Chautar Arogya Mandal as per audited accounts for the year 2005-06 and the fees to be charged works out as under.

1. The distinction has been made between clinical and para-clinical / pre-clinical courses in fixing the fees for each course.
2. The total cost of education consists of medical education as well as medical care cost.
3. While the medical education cost has been allocated over all the courses, the medical care cost has been allocated over clinical courses only as advised by the MCI representative member of the Committee.
4. Total number of students at any time has been assumed to be 130 as under.

a. Clinical Degree	63 (21 x 3)
b. Clinical Diploma	40 (20 x 2)
c. Para Clinical Degree	15 (5 x 3)
d. Para Clinical Diploma	6 (3 x 2)
e. Pre-clinical Degree	6 (2 x 3)
5. As explained above, the medical education cost is allocated over 130 students, the medical care cost is allocated over only 103 students of clinical courses.
6. Taking audited accounts for the year 2005-06 Rs. 148 lacs has been considered as medical education cost and Rs. 209 lacs has been taken as medical care cost.
7. In the final analysis, the per student cost for clinical courses comes to Rs. 3.17 lacs and the same for other courses comes to Rs. 1.14 lacs
8. Based on the past history of the College, the Committee has considered 12% increase to take care of inflation and development.

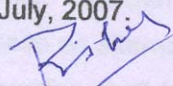
9. Accordingly the fees for the period of 3 years is recommended as under.

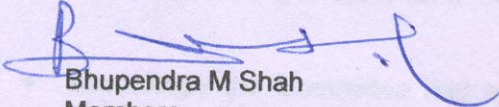
Course	Rs in lacs.		
	2006-07	2007-08	2008-09
Clinical	3.17	3.55	3.98
Para / Pre Clinical	1.14	1.28	1.43

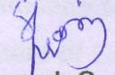
Other conditions to apply:


- The college will not take fees for the full course at the time of admission. The fees should be collected per term.
- 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.

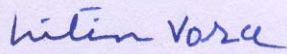
17th July, 2007.


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


Bhupendra M Shah
Members


Suresh Soni
Member


Smt. Rita Teatota, IAS
Member Secretary


Dr. Nitin Vora
Member