

**Instructions:**

1. Information as per this format along with any additional information in support of the proposed fee structure should reach latest by \_\_\_\_\_ to:

**The Member Secretary,  
Fee Regulatory Committee (Medical)  
Nr. Five Bunglows, National Park Society, B/h Polytechnic,  
Gulbai Tekra, Ambawadi, Ahmedabad 380 015**

2. This Information Memorandum should be supported by

- a. Copy of the Audited accounts of the Institution up to the year ended 31-03-2020/31-03-2021.
- b. Separate fee proposal should be submitted for each programme run by the trust. In case of a fee proposal of PG program, separate audited/provisional accounts of PG program should be submitted.
- c. A note justifying the fee structure proposed for three years period 2021-22 to 2023-24.
- d. A copy of the printed brochure / information leaflet highlighting all the courses run by the Institution / Trust / Society along with Photographs / CD / Pen Drive of the campus, buildings, supporting infrastructure and other facilities at the discretion of the institution.
- e. Status of the Institution recognition / approval / accreditation along with a copy of the latest report together with its compliance.
- f. Copy of latest approval from governing body for approved intake.
- g. Demand Draft of processing fees in favour of "Fee Regulatory Committee(Medical), Ahmedabad"

3. **All amounts need to be mentioned as Rs in lac up to two decimal points.**

4. Section 11 (1) of the Act provides for the factors to be considered by the Committee in fixation of the fees of each institution. Accordingly, the Committee will take into consideration all these factors in dealing with the fee structure proposed by the concerned college / institution.

5. More particularly, the Committee would like to draw attention of the College / Institution to the treatment of major expenses as under:

**a. SALARY:**

Salary should include all payments in the forms of remuneration, allowances, perquisites or any other payments by whatever name called, paid or payable only to teaching and non-teaching staff duly appointed as per applicable norms. Arrears of the past years if not paid should not be considered. (Also arrears of the past years paid in CY should not be consider if it is already considered in past year) If any provision for salary etc. are made and are not proved to have been subsequently paid, the same shall not allowed.

**b. FIXED ASSETS & DEPRECIATION:**

Payments made for purchase of fixed assets like Land, Building, Furniture, Equipments, Computers, Vehicles, Heavy Repairs and Renovation are considered as Capital Expenditure and therefore should not be included in recurring expenses. The

rates of depreciation on the fixed assets on the Straight Line Method (SLM) will be as under:

- Building: 5%
- Furniture & Equipments: 15%
- Computers: 33%
- Books: 33%
- Vehicles & Other: 15%

Depreciation will be allowed even if the assets are owned by the Trust or Governing Body so long as the assets are exclusively used by the institution for the educational purposes. (List of Fixed assets course wise in particular trust must be given separately. Also CA certificate (with UDIN) for course wise depreciation in one sheet. There shall be clear cut demarcation of building, furniture, equipments, labs, computers, vehicles with supporting documents. If any item is used for more than one program, the expenses would be bifurcated between the courses accordingly.

However physical verification and review of other compliances as the case may be would be considered for the final calculations.

**c. RENT:**

Rent for the building will be considered only if it is paid to outsiders. Any rent paid or payable to the Trust/Society running the institution or any other institution run by the trust will be excluded from cost being a notional cost. Instead depreciation will be allowed on such assets as mentioned above.

**d. HOSPITAL EXPENSES:**

Hospital expenses / net deficit are not to be recovered from the students as part of the fees. In case the services for the hospital are outsourced, the same may be considered as part of the fees if it seems reasonable and justifiable keeping in view the relevance of the services to study course.

However if the Hospital is maintained by the Institution or the Trust and the services and staff is shared between the college and hospital, rationale for allocation of medical care cost for education need to be explained along with appropriate justification based on the guidelines from MCI, DCI or any other concerned regulatory body. Keeping the same in view, the Committee will work out appropriate charge to be recovered from the students towards the cost of teaching hospital. The income / revenue generated from various departments of hospital i.e. outdoor, indoor, ICU, OT, Investigations, pharmacy, canteen fees for training etc. would also be viewed for the fees fixation.



**e. HOSTEL EXPENSES:**

Since the Fee Committee has to approve the fees for education only, the expenses incurred and income realized from running and maintenance of the Hostels should not be included in the cost sheet. As such the expenses incurred on Hostel depreciation, Hostel rent, supply of food, water, electricity, telephone, salary, wages, maintenance and the like need not form part of cost sheet. This shall be applicable where separate hostel fees being collected from students. Clear cut expenses for the individual course/programme to be mentioned. It is to be seen that common utilization is not going on.

**f. INTEREST AND OTHER FINANCE COST:**

Interest paid or payable to any financial institutions, banks, or trust governing the institute or any other person/(s) for the fund borrowed by the institute for the capital expenditure will be considered as cost of education provided the same are genuinely and exclusively borrowed for such purposes. Even 'Notional Interest' for return on investment is to be excluded from the cost components of education cost. Any interest on any statutory dues paid to government will not be considered as cost of education. However utilisation of funds for the specific program or more than one program and for common services would be reviewed accordingly.

**g. TRANSFER TO DEVELOPMENT FUND:**

The claim of development and other reserves is not an actual outgo but an appropriation of Surplus. Appropriate surplus for development is allowed on the basis of KYC Score. Therefore, the claim of Development and Other Reserves is not considered as relevant expense. However, reasonable surplus for growth and development will be considered by the Committee based on the actual investments made by the concerned institution in last three years on case to case basis. Submission by authorised person or professional reflecting the development and growth for the institute year wise would be mandatory. However the final consideration would be after physical verification and review of the other compliances by the FRC.

**h. GENERAL:**

- FRC will consider only those costs that are directly related to imparting education to students.

- Any audited Financial Statement / Reports / Cost Sheet if found incorrect / misleading / misrepresented or fraudulent shall be strictly dealt with which will include levy of penalty and strict action as FRC decides.

**I. SCHOLARSHIP:**

Scholarship given to students will be considered as cost on actual basis.

**J. DEVELOPMENT EXPENSE:**

Development expense not being an actual expense but an appropriation of surplus will not be considered as cost.

**k. INCOME REDUCTION:**

The colleges are earning Income from Testing & Consultancy, recovery of past salary, seminar workshop training and other income over and above tuition fee income from students. Such incomes are considered as recovery of expenditure incurred for the running and maintenance of infrastructure and other facilities of the college. Accordingly such income so received shall be reduced while determining the cost of education.

**I. AMORTISATION OF EXPENSES:**

Extremely heavy / exorbitant expenses though apparently debited and claimed as revenue expenditure, should be amortised over the period of its usage / benefit instead of charging completely in the year of payment.



## FEE REGULATORY COMMITTEE-MEDICAL

### STANDARD OPERATING PROCEDURES

The committee would like to draw the attention of all the Self Finance Medical, Dental, Physiotherapy, Homeopathy, Ayurveda, Nursing, Optometry & Naturopathy Institutions of Gujarat State that the following SOP shall be in forced for determination of fees for ensuing terms commencing from FY 2020-21 & thereafter college/ institution to the treatment of major expenses as under :

1. Figures in Cost Sheet must tally with respective institute's Audited Accounts.
2. In cases of difference in figures as shown in institute's cost sheet visa-vis figures found out in Audit Report, then such discrepancies clarification / reconciliation should be obtained from the Trust / Chartered Accountant who has certified the cost sheet.
3. If more than one courses are being carried out under the banner of one single trust, or in one premises, then CA certified consolidated cost sheet and course wise cost sheet including that of Depreciation must be furnished separately certified by CA.
4. For one trust all running course details mention here.

**(Below mentioned increase is the maximum increase which MAY be considered by FRC subject to physical verification and other compliances as called for by the FRC )**

Sr. No.	Name of Expenses	From F. Y. 2019-2020	From F. Y. 2020-2021
1	Salary: (Please refer Annexure-A for allowability of salary in case of MBBS & MD/MS course)	As per Audited Balance Sheet / Report	<b>For Old Institutes</b> Upto 8% rise of previous recast.  <b>For New institutes</b> All projection allowed upto completion of duration of the course.
2	Electric, Postage, Repairs	As per Audited	<b>For Old Institutes</b> Upto

	etc.	Balance Sheet / Report	10% rise previous recast.  <b>For New institutes</b> All projection allowed upto completion of duration of the course.
3	Rent (Allowed only if paid to Outsider or paid to Parent Trust if Educational Institute does not have Building)	As per Audited Balance Sheet / Report	<b>For Old Institutes</b> Upto 6% rise of previous recast.  <b>For New institutes</b> All projection allowed upto completion of duration of the course.
4	Repairs	As per Audited Balance Sheet / Report (10% of Capital Investments)	Upto 5% rise of previous recast.
5	Administrative expenses	As per Audited Balance Sheet / Report	<b>For Old Institutes</b> Upto 10% rise of previous recast.  <b>For New institutes</b> All projection allowed upto completion of duration of the course.
6	Share of Teaching Hospital:	Please refer Annexure B for method of calculation.	
7	NRI fees	Out of total collection of excess NRI fees only 25% of excess NRI fees taken into income of the institute.	



## Other General Points

1. Obtain the Trial Balance to have the full list of expense and income in detail.
2. Rent or Depreciation to be obtained course wise. If more than one course are being carried out by one trust, the total of the same should be matched with the consolidated financial statement of the trust.
3. Specification related to hospital area and bed is given to verify whether the hospital run as per the regulation of the medical council or otherwise.
4. Some of the expenses not in the nature of imparting education are illustrated below. The same should not be considered in finalizing the fee structure.

Sr. No.	Name of the Expenses
1	Scholarship Expenses (See para 9)
2	Diet Expenses
3	Mess Expenses excluding Staff
4	Bus / Transportation Expenses (For Student)
5	Any type of Development Expenses
6	Any amount transferred to Fund
7	Gardening Expenses (Other than normal)
8	Publicity Expenses
9	Litigation Expenses
10	Cultural activity expenses

5. Instead of filling physical data to the FRC, all the institutes shall also upload complete data on the online portal the digital signature of the Trustees / Authorised person and that of CA is compulsory.

If there is gross negligence found out in certifying the Audited Accounts / Cost Sheet on the part of any CA, the committee shall refer the case to Disciplinary Committee of ICAI.

