

ADMISSION AND FEE REGULATORY COMMITTEE

FRAMEWORK FOR FEE REGULATION OF TECHNICAL EDUCATION INSTITUTIONS

The framework for fee regulation has been prepared keeping in view the guiding principles provided by 'The Madhya Pradesh Niji Vyavsayik Shikshan Sanstha (Pravesh Ka Viniyaman Avam Shulk Ka Nirdharan) Adhiniyam, 2007 (hereinafter referred to as the Act) and governing rules published on 15-4-2008 and subsequent amendment in the Act on 12 Sept. 2013.

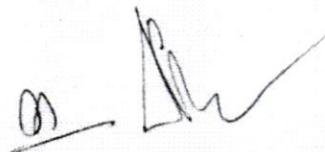
In accordance with the Act the AFRC (in short Committee) shall consider proposed fee by individual Institutions and prescribe a reasonable fee structure for each one of them.

It is also appreciated by the Committee that each Institution being unaided shall have the freedom to propose its own fee structure taking into consideration the need to generate funds to run the Institution and to provide facilities necessary for the benefit of the students. Therefore, fee chargeable from the students seeking admission for each Institute must be considered keeping in mind the infrastructure and facilities available, the investment made, salaries paid to teachers and staff and future plans for expansion and / or betterment of the Institution etc.

Charging of capitation fee shall be treated as illegal as provided in the act. Again, commercialization of education is prohibited and profiteering in any form is not permitted.

1. METHODOLOGY

- 1.1 After careful deliberations and keeping in view the provisions of the Act, a amended format has been devised which is to be used for obtaining the desired information through online and the same has been already approved by the committee.
- 1.2 It was thought necessary to obtain an Affidavit certifying the accuracy of the data submitted therein from the competent authority of the Institutions so that the incidence of submitting any wrong or incorrect information may be minimized and penal action may be initiated against the Institution submitting any wrong or incorrect information. This affidavit has been made a part of the above said format.
- 1.3 As a further measure for obtaining correct and complete information, it was mandated that the information submitted by the Institutions should be certified by the Chartered Accountant.
- 1.4 It was also thought necessary to obtain information about the Society / Trust running various Institutions as well as the Institutions & Course individually. For this purpose the above said format was devised in two parts namely Part A, Part B and Part C. Part A relates to the parent body while part B and Part C relates to the Institution and the course being offered. All these parts i.e. A,B & C of the proforma is available online on the portal.
- 1.5 In case data is received from an Institution which does not fall within the parameters as defined by the Act then it will not be considered for allowing the same for the fee chargeable from the students.



- 1.6 In case it is found that the required Proforma is incomplete or that the required information has not been submitted or that the required documents are missing or incomplete or not submitted or without processing fee, Committee may reject the said application or may ask for submission of required document/data/fee within a specified period and on failure to submit the same, committee may not allow the same in the fee chargeable from the students with suitable assumptions for the said Institution.
- 1.7 The committee reserves the right to amend and consider the information / data / submissions by the Institutions in its correct context if any error is apparent from the record.
- 1.8 In order to arrive at the figure of fee to be considered by the Committee, actual expenditure for 2019-20/2020-21/2021-22 as per audited statements or proforma or latest available audited final accounts will be taken and will be adjusted for allowable / disallowable expenditure / income in terms of the framework, explanatory notes and addendum, as the case may be. This would be further adjusted with Growth and Development Fee in the same way to arrive at the final fee figure for consideration of the Committee. Further, it is clarified that audited final accounts include Balance Sheet and Income & Expenditure Accounts of relevant financial years. Institutions and the Societies would be required to submit all key financial statements i.e. (a) Balance Sheet (b) Income and Expenditure Account for the Course, institution as well as for the Society for financial year. Annual Report of the Trust/Society providing details of all its activities will be provided by Institution.
- 1.9 Final accounts as mentioned in the point no.1.8 of Methodology are required to be submitted by New Institutions to the extent available.
- 1.10 Appellant institutions and the Societies would be required to submit Annual Report of the Trust/Society providing details of all its activities.

2. VERIFICATION

- 2.1 For checking various data / information and documents furnished by the Institutions a chartered accountant firm has been appointed and have been asked to perform the under mentioned work.
- 2.2 Proforma for submission of information containing Form A, Form B and Form C shall be checked for arithmetical accuracy, completeness and furnishing of required documents.
- 2.3 The information furnished shall further be cross-checked with reference to various information furnished in the proforma itself as well as documents enclosed therewith.
- 2.4 The information furnished shall also be checked with reference to the Audit Reports submitted therewith as well as the final accounts of the trust / society.
- 2.5 Qualifications and adverse observations in the Audit Reports or Notes to Accounts shall also be considered and necessary adjustment be made in the proposals submitted by the Institutions in accordance therewith.
- 2.6 Special emphasis be given on the apportionment of common cost incurred by the society / trust running more than one institution.

- 2.7 The information / data / documents submitted by the Institutions shall further be checked with reference to the norms established hereunder and wherever necessary adjustments shall be made to the data furnished by the Institutions for arriving at the fee to be charged from the students.
- 2.8 Irregularities found on the basis of the above said scrutiny will be evaluated for their accuracy and wherever necessary the society / trust / institution may be asked to submit its representation in respect of the said irregularity. In case where the committee finds that the irregularity is of such magnitude as will vitiate the process of allowing proposed fee by the institute to be charged it may reject the application and may also proceed to take penal action against such society / trust / institution.
- 2.9 It is also agreed that wherever necessary the Committee shall give an opportunity of hearing to the Institutions and further wherever found necessary the Institutions may be visited for ascertaining the correctness of the information and data submitted by the Institutions.

3. NORMS FOR CHARGEABLE FEE

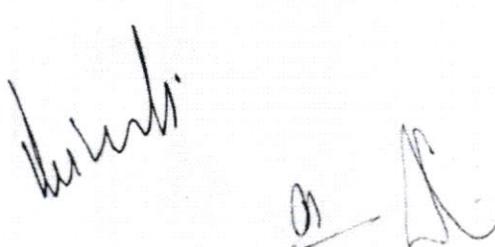
The expenditure on the following broad heads will be considered for fee fixation viz. human resources, learning resources, computer/ IT expenditure, operational/ administrative costs, taxes and miscellaneous running cost.

3.1 Capital Investment/borrowed capital/interest on borrowed capital

It is the considered opinion of the Committee that a student should bear the cost of education only and he should not be burdened with the cost of establishing the Institution initially or subsequent development/ setting up of additional infrastructure. Thus, there can not be any contribution of the students to the capital cost of the Institution at the time of its set-up / getting approval from the regulatory body or subsequent development/ setting up of additional infrastructure. As far as repayment of principle amount is concerned that should be taken care by development fee.

3.2 Depreciation

Again, Depreciation is nothing but a provision for funds needed in future for replacement of the existing fixed assets of the Institution. Societies having sound financial fundamentals should desist from claiming the depreciation and burdening the students. But it is also true that fixed assets have limited life and needs replacement and societies having weaker fundamentals may not be in this position and a compromise to quality education might be only course of action open to such societies. Thus, for making provision for replacement of assets, depreciation would be allowed at the rates prescribed in the Companies Act, 1956 using Straight Line Method. As rate of depreciation for books has not been provided in the Companies Act, hence, as a special case, applicable rate of depreciation for books shall be 10%. In cases where fixed assets have been revalued, depreciation will be allowed on the Gross Block on original cost only.

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3.3 Impact of inflation

Cost generally continues to increase year over year in accordance with the inflationary trend in the economy. Some costs are not directly proportional to such inflation while other costs may be directly proportional. Some other costs may not increase at all with the increase in Wholesale Price Index (WPI).

Considering all these factors, it becomes quite complicated to assess the exact quantum of impact of inflation on various costs. The Institutions have been asked to submit projections and their proposals for fee to be charged. These projections and proposals would definitely consider the impact of such inflation.

- (a) Impact of inflation is taken on the basis of final Wholesale price Index for 'All Commodities' for the month of October, 2020 at 1.48% (as per Government of India Ministry of Commerce & Industry Office of the Economic Adviser) which shall be taken 1.48%.

Existing Average Inflation in methodology @6% = $106+106 \times 1.06+106 \times 1.06 \times 1.06 = 106+112.36+119.10 = 337.4616/3\text{years} = 112.49$ (i.e.12.49%)

Average Inflation @ present WPI @ 1.48% = $101.48+101.48 \times 1.0148+101.48 \times 1.0148 \times 1.0148 = 101.48+102.98+104.51 = 308.9679/3\text{years} = 3\%$

Finally Committee is of the opinion that inflation rate should be maintained at 6%.

- (b) Effect of inflation should be counted only on operating expenses excluding depreciation, interest and any other losses if any.

3.4 Staff and Teacher's Salary

In certain field of education, the salary structure is market driven. Basic essence of any quality education system depends on the quality of teachers employed. Hence, expenditure done on this account will be permitted on actual basis after due verification only. Wherever, the engaged human resource is more then the regulatory body norms and of the nature that does not contribute to quality of education may be disallowed while calculating the cost. This measure will help in stopping the institutions for engaging undesired manpower at the cost of students.

3.5 Ancillary Facilities

- 3.5.1 All expenses not directly connected to the cost of education eg. hostel expenditure, mess expenditure, transport expenditure etc. shall not be considered while allowing reasonable fee structure. Similarly, income on such accounts shall also be excluded from computation of Fees chargeable. Such facilities shall be fixed as mentioned hereunder.
- 3.5.2 For facilities like transportation, hostel, mess and T&P activities fee will be fixed on actual cost and no profit no loss basis subject to a reasonable upper cap fixed by the committee. Such fee shall be charged on optional basis from the user only. Any surplus/deficit shall be adjusted/refunded in next year. Each institution shall maintain a separate account for each such head. On specific complaint and otherwise also Committee may call books of accounts to ascertain that no profit is earned on these heads. In order to assure no profiteering on such activities it is mandated by the committee that a governing council comprising of management of the Institution and students/guardian shall be formed to supervise operations of each such activity and said committee should certify the accounts thereof.

The upper cap of fees for each activity shall as follows:

S. No.	Head	Upper Cap
1	Hostel	Rs. 6000/- per semester
3	Transportation	Rs. 6000/- per semester
4	Training and Placement	Rs. 1000/- per semester in final year.

3.6 Growth and Development Fund

As per the provisions of the act a justifiable amount should be provided for growth and development of institution. Supreme Court has said that this may vary up to 15%. To keep pace with the changing face of the society, professional courses need to be updated regularly and facilities should match with the best. Thus average cost per student per course for all Institutions shall be averaged and 10% thereof shall be allowed to be charged as growth and development fund as approved by Committee.

3.7 Accreditation

Accredited courses shall be allowed a sum equal to the 1.5 times of growth and development fund (i.e. 15%) as determined above as additional growth and development fund subject to NBA accreditation.

3.8 Rent

Rent on hired building shall not be allowed as part of cost wherever it is mandatory as per the norms of the regulatory body that the Societies should have their own infra-structure. Even if rented premises are being allowed by regulatory body, societies may not be allowed to charge rent from the institution for society's building. For a third party building, while allowing rent, depreciation shall be ignored while calculating the fee.

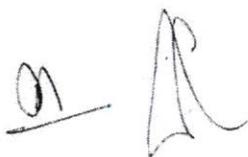
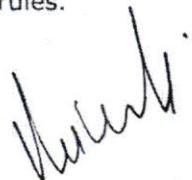
3.9 Segregation between Courses

The expenditure incurred on the lab/practical for the use of the students as per regulatory body norms shall be considered by the Committee while regulating the fee of that course.

Extra facilities (R & D/Training of Staff/Students in institutions of National, International reputed) provided by the institute/society/trust as per regulatory body norms, expenditure done on this account will be permitted by the Committee while regulating the fee.

3.10 Penalty for late fees

Considering wide variation in charges levied by various Institutions for late payment of fees, it has been considered necessary to put a cap on such charges also. It is therefore, mandated that penalty for late payment of fees shall not exceed Rs. 25/- per day or Rs. 500.00 for delay upto one month, Rs.1000.00 for delays for more then one month but not exceeding three months and Rs.2000.00 for delays for more than three months but not exceeding six months. No penalty shall be levied if delay is more than six months with an option that institution may act against such students as per University rules.



3.11 Miscellaneous Issues

- 3.11.1** Caution Money shall not be treated as part of Income and similarly it can not be treated as cost at the time of refund, as it is a refundable deposit. The caution money shall be continued to charge as per existing norms.
- 3.11.2** All common costs should be apportioned on the basis of total sanctioned student strength and duration for each course.
- 3.11.3** In case of new institutions where data for the past years does not exist, Minimum fee shall be fixed for one year.
- 3.11.4** As special incentive, surplus in the income and expenditure account shall be considered in fees determination to the extent of capital expenditure incurred by the Institution.
- 3.11.5** For promoting quality and accelerating growth and development, donations for specific capital expenditure from alumni or others (but not from students) shall be appreciated and shall not be considered as part of regular income.
- 3.11.6** Scholarship expense shall not be allowed as cost as this expenditure should not be borne by other students and should be provided for by the Institution out of its own funds only.
- 3.11.7** Fees will be fixed to be charged in multiples of Rs. 500 only.
- 3.11.8** Immaterial amounts may be ignored for the purposes of regulation of tuition fee.
- 3.11.9** Incomes earned / expenditure incurred by the Society / Trust will not be taken into account for the purposes of calculation of tuition fee.
- 3.11.10** It is also specifically provided that for calculation of tuition fee, various incomes / receipts of the institution except incomes / receipts specifically discussed elsewhere in the framework shall be adjusted to arrive at the net expenditure of the Institution.
- 3.11.11** The Committee is aware that the Institutions are charging fees from students in various names and guise apart from Tuition Fee. In the opinion of the Committee this practice is unhealthy and undesirable. Therefore, the Committee decides that the Institutions should not charge any fee from students other than fee fixed by the Committee except, ofcourse, University Fee in accordance with University Rules.
- 3.11.12** It is clarified that the governing criteria for charging of tuition fee across the board shall be the year of admission whatever be the mode of entry as decided by regulatory body/competent authority.
- 3.11.13** Wherever faculty is over and above the mandatory requirement of the concerned Regulatory Authority, the same shall not be considered and the cases where PAN & Aadhar card has not been given, salary of such faculty shall also not be taken into consideration.

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- 3.11.14** The fee should be calculated by taking sanction students strength. In case institution is running multiple course and no separate accounts have been submitted or maintained, in that case, fee shall be determined uniformly for all the courses taking all the students in the account.
- 3.11.15** If the institute does not provide financial data the fee shall not be regulated.
- 3.11.16** In case of institutions whose fee being regulated first time/ after any gap (except institutes without recognition/zero year by regulatory authority) by AFRC, said institutes shall be treated as new institutes and minimum fee shall be regulated for one year.
- 3.11.17** In case the calculated fee of an institution is found to be less than 10% of existing fee, the existing fee will be retained. In case the calculated fee of an institution is more than 10% of existing fee, fee as per calculation will be awarded. In case the calculated fee of an institution is found to be less than the minimum fee, then minimum fee will be awarded for one year only.
- 3.11.18** If the individual institute file appeal before Appellate Authority, Committee is of the opinion that a fee of Rs. 5000/- should be charged for each Appeal.
- 3.11.19** Committee may take its own decision after looking above-mentioned framework.

(Hishari Daga)

Dr. Rakesh Singhai *Dr. Alok Chauhan*

ADMISSION AND FEE REGULATORY COMMITTEE

FRAMEWORK FOR FEE REGULATION OF MEDICAL INSTITUTIONS

The framework for fee regulation has been prepared keeping in view the guiding principles provided by 'The Madhya Pradesh Niji Vyavsayik Shikshan Sanstha (Pravesh Ka Viniyaman Avam Shulk Ka Nirdharan) Adhiniyam, 2007 (hereinafter referred to as the Act) and governing rules published on 15-4-2008 and subsequent amendment in the Act on 12 Sept. 2013.

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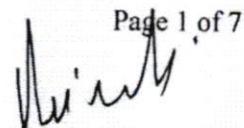
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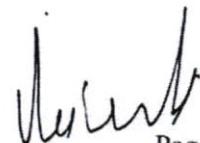
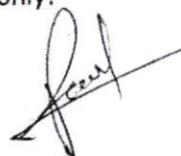
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3.2 Depreciation

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3.3 Impact of inflation

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- (a) Impact of inflation is taken on the basis of final Wholesale price Index for 'All Commodities' for the month of October, 2020 at 1.48% (as per Government of India Ministry of Commerce & Industry Office of the Economic Adviser) which shall be taken 1.48%.

Existing Average Inflation in methodology @6% = $106+106 \times 1.06+106 \times 1.06 \times 1.06=106+112.36+119.10=337.4616/3\text{years}=112.49$ (i.e.12.49%)

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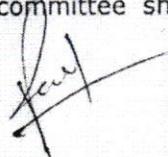
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- 3.5.1 All expenses not directly connected to the cost of education eg. hostel expenditure, mess expenditure, transport expenditure etc. shall not be considered while allowing reasonable fee structure. Similarly, income on such accounts shall also be excluded from computation of Fees chargeable. Such facilities shall be fixed as mentioned hereunder.
- 3.5.2 For facilities like transportation, hostel, mess and T&P activities fee will be fixed on actual cost and no profit no loss basis subject to a reasonable upper cap fixed by the committee. Such fee shall be charged on optional basis from the user only. Any surplus/deficit shall be adjusted/refunded in next year. Each institution shall maintain a separate account for each such head. On specific complaint and otherwise also Committee may call books of accounts to ascertain that no profit is earned on these heads. In order to assure no profiteering on such activities it is mandated by the committee that a governing council comprising of management of the Institution and students/guardian shall be formed to supervise operations of each such activity and said committee should certify the accounts thereof.



The upper cap of fees for each activity shall as follows:

S. No.	Head	Upper Cap
1	Hostel	Rs. 6000/- per semester
3	Transportation	Rs. 6000/- per semester
4	Training and Placement	Rs. 1000/- per semester in final year.

3.6 Management / NRI Quota

Wherever management quota and NRI quota exist with differential fee structure, extra fees received from management/NRI quota students will affect the average fees of open seats during their regulation of chargeable fees. Hence, average extra fees collected in last three years on these account shall be assumed as part of growth and development fund and necessary adjustment will be made therefore.

3.7 Growth and Development Fund

As per the provisions of the act a justifiable amount should be provided for growth and development of institution. Supreme Court has said that this may vary up to 15%. To keep pace with the changing face of the society, professional courses need to be updated regularly and facilities should match with the best. Thus average cost per student per course for all Institutions shall be averaged and 10% thereof shall be allowed to be charged as growth and development fund as approved by Committee.

3.8 Accreditation

Accredited courses shall be allowed a sum equal to the to the 1.5 times of growth and development fund (i.e. 15%) as determined above as additional growth and development fund. Further weightage of 15% accreditation shall be divided in three categories i.e. 5% for institute accreditation, 5% for NABL certificate & 5% for NABH certificate.

3.9 Rent

Rent on hired building shall not be allowed as part of cost wherever it is mandatory as per the norms of the regulatory body that the Societies should have their own infra-structure. Even if rented premises are being allowed by regulatory body, societies may not be allowed to charge rent from the institution for society's building. For a third party building, while allowing rent, depreciation shall be ignored while calculating the fee.

3.10 Segregation between Medical Institution / Hospital

For such medical courses where hospital is a mandatory requirement, the committee is of opinion that revenue from such hospitals should be sufficient enough to meet the expenditure. Any losses in hospital operations shall be allowed to the extent of maintaining/meeting the minimum requirement only such as bed capacity, faculty, etc. prescribed by the regulatory authority such as MCI/DCI/CCIM/CCH/Ayush/INC etc.

In cases of hospitals having bed capacity in excess of regulatory body norms, proportionate expenses for extra beds will not be considered as cost for the purposes of computing chargeable tuition fee.

In the case of Medical Colleges where hospital is treated as a part of the course curriculum, various expenses debited to the Income and Expenditure Account may contain expenses related to hospital. Wherever it is not possible to segregate such expenses between college and hospital then the expenditure will be segregated between the two on the basis of average number of sanctioned student strength over the course period and the bed occupancy of hospital required by the regulatory body norms proportionately.

3.11 Penalty for late fees

Considering wide variation in charges levied by various Institutions for late payment of fees, it has been considered necessary to put a cap on such charges also. It is therefore, mandated that penalty for late payment of fees shall not exceed Rs. 25/- per day or Rs. 500.00 for delay upto one month, Rs.1000.00 for delays for more than one month but not exceeding three months and Rs.2000.00 for delays for more than three months but not exceeding six months. No penalty shall be levied if delay is more than six months with an option that institution may act against such students as per University rules.

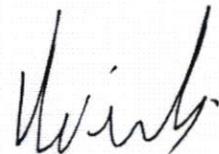
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- 3.12.2** All common costs should be apportioned on the basis of total sanctioned student strength and duration for each course.
- 3.12.3** In case of new institutions where data for the past years does not exist, minimum fee shall be fixed for one year.
- 3.12.4** As special incentive, surplus in the income and expenditure account shall be considered in fees determination to the extent of capital expenditure incurred by the Institution.
- 3.12.5** For promoting quality and accelerating growth and development, donations for specific capital expenditure from alumni or others (but not from students) shall be appreciated and shall not be considered as part of regular income.
- 3.12.6** Scholarship expense shall not be allowed as cost as this expenditure should not be borne by other students and should be provided for by the Institution out of its own funds only.
- 3.12.7** Fees will be fixed to be charged in multiples of Rs. 500 only.
- 3.12.8** Immaterial amounts may be ignored for the purposes of regulation of tuition fee.
- 3.12.9** Incomes earned / expenditure incurred by the Society / Trust will not be taken into account for the purposes of calculation of tuition fee.
- 3.12.10** It is also specifically provided that for calculation of tuition fee, various incomes / receipts of the institution except incomes / receipts specifically discussed elsewhere in the framework shall be adjusted to arrive at the net expenditure of the Institution.

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- 3.12.11** The Committee is aware that the Institutions are charging fees from students in various names and guise apart from Tuition Fee. In the opinion of the Committee this practice is unhealthy and undesirable. Therefore, the Committee decides that the Institutions should not charge any fee from students other than fee fixed by the Committee except, ofcourse, University Fee in accordance with University Rules.
- 3.12.12** It is clarified that the governing criteria for charging of tuition fee across the board shall be the year of admission whatever be the mode of entry whether lateral, direct through diploma or in any other way.
- 3.12.13** Wherever faculty is over and above the mandatory requirement of the concerned Regulatory Authority, the same shall not be considered and the cases where PAN & Aadhar card has not been given, salary of such faculty shall also not be taken into consideration.
- 3.12.14** The fee should be calculated by taking sanction students strength. In case institution is running multiple course and no separate accounts have been submitted or maintained, in that case, fee shall be determined uniformly for all the courses taking all the students in the account.
- 3.12.15** If the institute does not provide financial data the fee shall not be regulated.
- 3.12.16** In case of institutions whose fee being regulated first time/ after any gap (except institutes without recognition/zero year by regulatory authority) by AFRC, said institutes shall be treated as new institutes and minimum fee shall be regulated for one year.
- 3.12.17** In case the calculated fee of an institution is found to be less than 10% of existing fee, the existing fee will be retained. In case the calculated fee of an institution is more than 10% of existing fee, fee as per calculation will be awarded. In case the calculated fee of an institution is found to be less than the minimum fee, then minimum fee will be awarded for one year only.
- 3.12.18** If the individual institute file appeal before Appellate Authority, Committee is of the opinion that a fee of Rs. 5000/- should be charged for each Appeal.
- 3.12.19** Committee may take its own decision after looking above-mentioned framework





ADMISSION AND FEE REGULATORY COMMITTEE

FRAMEWORK FOR FEE REGULATION OF HIGHER EDUCATION INSTITUTIONS

The framework for fee regulation has been prepared keeping in view the guiding principles provided by 'The Madhya Pradesh Niji Vyavsayik Shikshan Sanstha (Pravesh Ka Viniyaman Avam Shulk Ka Nirdharan) Adhiniyam, 2007 (hereinafter referred to as the Act) and governing rules published on 15-4-2008 and subsequent amendment in the Act on 12 Sept. 2013.

In accordance with the Act the AFRC (in short Committee) shall consider proposed fee by individual Institutions and prescribe a reasonable fee structure for each one of them.

It is also appreciated by the Committee that each Institution being unaided shall have the freedom to propose its own fee structure taking into consideration the need to generate funds to run the Institution and to provide facilities necessary for the benefit of the students. Therefore, fee chargeable from the students seeking admission for each Institute must be considered keeping in mind the infrastructure and facilities available, the investment made, salaries paid to teachers and staff and future plans for expansion and / or betterment of the Institution etc.

Charging of capitation fee shall be treated as illegal as provided in the act. Again, commercialization of education is prohibited and profiteering in any form is not permitted.

1. METHODOLOGY

- 1.1 After careful deliberations and keeping in view the provisions of the Act, a amended format has been devised which is to be used for obtaining the desired information through online and the same has been already approved by the committee.
- 1.2 It was thought necessary to obtain an Affidavit certifying the accuracy of the data submitted therein from the competent authority of the Institutions so that the incidence of submitting any wrong or incorrect information may be minimized and penal action may be initiated against the Institution submitting any wrong or incorrect information. This affidavit has been made a part of the above said format.
- 1.3 As a further measure for obtaining correct and complete information, it was mandated that the information submitted by the Institutions should be certified by the Chartered Accountant.
- 1.4 It was also thought necessary to obtain information about the Society / Trust running various Institutions as well as the Institutions & Course individually. For this purpose the above said format was devised in two parts namely Part A, Part B and Part C. Part A relates to the parent body while part B and Part C relates to the Institution and the course being offered. All these part's i.e. A, B & C of the proforma is available online on the portal.
- 1.5 In case data is received from an Institution which does not fall within the parameters as defined by the Act then it will not be considered for allowing the same for the fee chargeable from the students.

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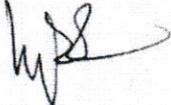
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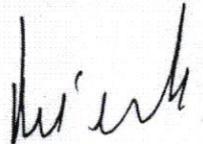
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- 1.6 In case it is found that the required Proforma is incomplete or that the required information has not been submitted or that the required documents are missing or incomplete or not submitted or without processing fee, Committee may reject the said application or may ask for submission of required document/data/fee within a specified period and on failure to submit the same, committee may not allow the same in the fee chargeable from the students with suitable assumptions for the said Institution.
- 1.7 The committee reserves the right to amend and consider the information / data / submissions by the Institutions in its correct context if any error is apparent from the record.
- 1.8 In order to arrive at the figure of fee to be considered by the Committee, actual expenditure for 2019-20/2020-21/2021-22 as per audited statements or proforma or latest available audited final accounts will be taken and will be adjusted for allowable / disallowable expenditure / income in terms of the framework, explanatory notes and addendum, as the case may be. This would be further adjusted with Growth and Development Fee in the same way to arrive at the final fee figure for consideration of the Committee. Further, it is clarified that audited final accounts include Balance Sheet and Income & Expenditure Accounts of relevant financial years. Institutions and the Societies would be required to submit all key financial statements i.e. (a) Balance Sheet and (b) Income and Expenditure Account for the Course, institution as well as for the Society for financial year. Annual Report of the Trust/Society providing details of all its activities will be provided by Institution.
- 1.9 Final accounts as mentioned in the point no.1.8 of Methodology are required to be submitted by New Institutions to the extent available.
- 1.10 Appellant institutions and the Societies would be required to submit Annual Report of the Trust/Society providing details of all its activities.

2. VERIFICATION

- 2.1 For checking various data / information and documents furnished by the Institutions a chartered accountant firm has been appointed and have been asked to perform the under mentioned work.
- 2.2 Proforma for submission of information containing Form A, Form B and Form C shall be checked for arithmetical accuracy, completeness and furnishing of required documents.
- 2.3 The information furnished shall further be cross-checked with reference to various information furnished in the proforma itself as well as documents enclosed therewith.
- 2.4 The information furnished shall also be checked with reference to the Audit Reports submitted therewith as well as the final accounts of the trust / society.
- 2.5 Qualifications and adverse observations in the Audit Reports or Notes to Accounts shall also be considered and necessary adjustment be made in the proposals submitted by the Institutions in accordance therewith.

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- 2.6 Special emphasis be given on the apportionment of common cost incurred by the society / trust running more than one institution.
- 2.7 The information / data / documents submitted by the Institutions shall further be checked with reference to the norms established hereunder and wherever necessary adjustments shall be made to the data furnished by the Institutions for arriving at the fee to be charged from the students.
- 2.8 Irregularities found on the basis of the above said scrutiny will be evaluated for their accuracy and wherever necessary the society / trust / institution may be asked to submit its representation in respect of the said irregularity. In case where the committee finds that the irregularity is of such magnitude as will vitiate the process of allowing proposed fee by the institute to be charged it may reject the application and may also proceed to take penal action against such society / trust / institution.
- 2.9 It is also agreed that wherever necessary the Committee shall give an opportunity of hearing to the Institutions and further wherever found necessary the Institutions may be visited for ascertaining the correctness of the information and data submitted by the Institutions.

3. NORMS FOR CHARGEABLE FEE

The expenditure on the following broad heads will be considered for fee fixation viz. human resources, learning resources, computer/ IT expenditure, operational/ administrative costs, taxes and miscellaneous running cost.

3.1 Capital Investment/borrowed capital/interest on borrowed capital

It is the considered opinion of the Committee that a student should bear the cost of education only and he should not be burdened with the cost of establishing the Institution initially or subsequent development/ setting up of additional infrastructure. Thus, there can not be any contribution of the students to the capital cost of the Institution at the time of its set-up / getting approval from the regulatory body or subsequent development/ setting up of additional infrastructure. As far as repayment of principle amount is concerned that should be taken care by development fee.

3.2 Depreciation

Again, Depreciation is nothing but a provision for funds needed in future for replacement of the existing fixed assets of the Institution. Societies having sound financial fundamentals should desist from claiming the depreciation and burdening the students. But it is also true that fixed assets have limited life and needs replacement and societies having weaker fundamentals may not be in this position and a compromise to quality education might be only course of action open to such societies. Thus, for making provision for replacement of assets, depreciation would be allowed at the rates prescribed in the Companies Act, 1956 using Straight Line Method. As rate of depreciation for books has not been provided in the Companies Act, hence, as a special case, applicable rate of depreciation for books shall be 10%. In cases where fixed assets have been revalued, depreciation will be allowed on the Gross Block on original cost only.

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3.3 Impact of inflation

Cost generally continues to increase year over year in accordance with the inflationary trend in the economy. Some costs are not directly proportional to such inflation while other costs may be directly proportional. Some other costs may not increase at all with the increase in Wholesale Price Index (WPI). Considering all these factors, it becomes quite complicated to assess the exact quantum of impact of inflation on various costs. The Institutions have been asked to submit projections and their proposals for fee to be charged. These projections and proposals would definitely consider the impact of such inflation.

- (a) Impact of inflation is taken on the basis of final Wholesale price Index for 'All Commodities' for the month of October, 2020 at 1.48% (as per Government of India Ministry of Commerce & Industry Office of the Economic Adviser) which shall be taken 1.48%.

Existing Average Inflation in methodology @6% = $106+106 \times 1.06+106 \times 1.06 \times 1.06 = 106+112.36+119.10 = 337.4616/3\text{years} = 112.49$ (i.e. 12.49%)

Average Inflation @ present WPI @ 1.48% =

$101.48+101.48 \times 1.0148+101.48 \times 1.0148 \times 1.0148 = 101.48+102.98+104.51 = 308.9679/3$
years=3%

Finally Committee is of the opinion that inflation rate should be maintained at 6%.

- (b) Effect of inflation should be counted only on operating expenses excluding depreciation, interest and any other losses if any.

3.4 Staff and Teacher's Salary

In certain field of education, the salary structure is market driven. Basic essence of any quality education system depends on the quality of teachers employed. Hence, expenditure done on this account will be permitted on actual basis after due verification only. Wherever, the engaged human resource is more than the regulatory body norms and of the nature that does not contribute to quality of education may be disallowed while calculating the cost. This measure will help in stopping the institutions for engaging undesired manpower at the cost of students.

3.5 Ancillary Facilities

- 3.5.1 All expenses not directly connected to the cost of education eg. hostel expenditure, mess expenditure, transport expenditure etc. shall not be considered while allowing reasonable fee structure. Similarly, income on such accounts shall also be excluded from computation of Fees chargeable. Such facilities shall be fixed as mentioned hereunder.
- 3.5.2 For facilities like transportation, hostel, mess and T&P activities fee will be fixed on actual cost and no profit no loss basis subject to a reasonable upper cap fixed by the committee. Such fee shall be charged on optional basis from the user only. Any surplus/deficit shall be adjusted/refunded in next year. Each institution shall maintain a separate account for each such head. On specific complaint and otherwise also Committee may call books of accounts to ascertain that no profit is earned on these heads. In order to assure no profiteering on such activities it is mandated by the committee that a governing council comprising of management of the Institution and students/guardian shall be formed to supervise operations of each such activity and said committee should certify the accounts thereof.

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The upper cap of fees for each activity shall as follows:

S. No.	Head	Upper Cap
1	Hostel	Rs. 6000/- per semester
3	Transportation	Rs. 6000/- per semester
4	Training and Placement	Rs. 1000/- per semester in final year.

3.6 Growth and Development Fund

As per the provisions of the act a justifiable amount should be provided for growth and development of institution. Supreme Court has said that this may vary up to 15%. To keep pace with the changing face of the society, professional courses need to be updated regularly and facilities should match with the best. Thus average cost per student per course for all Institutions shall be averaged and 10% thereof shall be allowed to be charged as growth and development fund as approved by Committee.

3.7 Accreditation

Accredited courses shall be allowed a sum equal to the 1.5 times of growth and development fund (i.e. 15%) as determined above as additional growth and development fund subject to NAAC accreditation.

3.8 Rent

Rent on hired building shall not be allowed as part of cost wherever it is mandatory as per the norms of the regulatory body that the Societies should have their own infra-structure. Even if rented premises are being allowed by regulatory body, societies may not be allowed to charge rent from the institution for society's building. For a third party building, while allowing rent, depreciation shall be ignored while calculating the fee.

3.9 Segregation between Courses

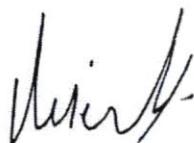
The expenditure incurred on the lab/practical for the use of the students as per regulatory body norms shall be considered by the Committee while regulating the fee of that course.

Extra facilities provided by the institute/society/trust to the students as per regulatory body norms, expenditure done on this account will be permitted by the Committee while regulating the fee.

3.10 Penalty for late fees

Considering wide variation in charges levied by various Institutions for late payment of fees, it has been considered necessary to put a cap on such charges also. It is therefore, mandated that penalty for late payment of fees shall not exceed Rs. 25/- per day or Rs. 500.00 for delay upto one month, Rs.1000.00 for delays for more than one month but not exceeding three months and Rs.2000.00 for delays for more than three months but not exceeding six months. No penalty shall be levied if delay is more than six months with an option that institution may act against such students as per University rules.

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