



Government of Gujarat

## FEE REGULATORY COMMITTEE (TECHNICAL)

Constituted under Section 9(1) of the Gujarat Professional Technical Educational Colleges or Institutions (Regulation of Admission and Fixation of Fees) Act, 2007 (Gujarat Act No. 2 of 2008)

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No. FRC/2018/9187/53966/MBA/261

Date:- 29/12/2018.

### **ORDER OF FEE FIXATION FOR THE YEARS 2017-18, 2018-19**

### **AND 2019-20.**

#### **Institute of Management, Nirma University, Ahmedabad.**

The present order is passed by the Fee Regulatory Committee (Technical) ('the Committee' for short) which is constituted under section-9 of the Gujarat Professional Technical Educational Colleges or Institutions (Regulations of Admission and Fixation of fees) Act, 2007 (Gujarat Act 2 of 2008) ('the Act' for short), in view of the order passed by the Hon'ble High Court of Gujarat dated 10.9.2018 in Special Civil Application No.9187/2018. By the said order the Hon'ble High Court has quashed the fee order dt.21.5.2018 passed by the Committee determining the fee structure of the MBA program in Institute of Management, Nirma University, Ahmedabad; ('the institution' for short) for the Block Period of 3 years viz. 2017-18, 2018-19 and 2019-20. The Hon'ble High Court has directed the Committee to reconsider the case of the institution for the purpose of finding out what should be its reasonable fee structure. In compliance of the said directions of the Hon'ble High Court, the Committee has reconsidered the case of the institution and on the basis thereof the following order is passed.



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1. Nirma University, Ahmedabad (hereinafter referred to as 'the University') is a private University and it has constituted the institution which imparts professional/technical education in the discipline of Management at the level of Post-Graduate on self-financed basis.

2. With a view to determine the fee structure for the MBA program of the institution for the aforesaid period of 3 years, the Committee called for the ON-LINE proposal together with necessary data from the institution on 7.3.2017. In response to that the Institution forwarded proposal together with necessary record to the Committee to enable it to determine the fee structure for the aforesaid period. The institution proposed fee of Rs.6,63,000/- for the year 2017-18, Rs.7,85,000/- for the year 2018-19 and Rs.8,97,000/- for the year 2019-20 per student. The Chartered Accountants of the Committee commenced the scrutiny of the material provided by the institution with a view to arrive at a figure to be considered by the Committee.

3. The practice followed by the Committee while determining the fee structure is that the figure which is arrived at by the team of Chartered Accountants is placed before it. The Committee takes the said figure into consideration in light of the data submitted by the institution, the exercise carried out by the team of Chartered Accountants, the inspection report drawn during the visit of the Committee of Experts and by keeping in view all the relevant factors prescribed under the Act to determine the tentative fee structure for the concerned institutions. This tentative fee structure is







6. Since the Institution was not satisfied with the fee structure determined by the Committee for the MBA Program, it, through the University approached the Hon'ble High Court of Gujarat by filing petition, being Special Civil Application No. 9187/2018 wherein it prayed for quashing the order of the Committee and directing the Committee to revise its fee structure for the said program. In the said petition the main contentions raised by the University were that the Committee had not taken into consideration the impact of implementation of the recommendation of Seventh Pay Commission, the large scale recruitment of faculty; effect of goods and service tax and reasonable provision for surplus. It was also contended that, tentative fee structure was lower than the provisional fee structure. It also raised the technical contentions that only two Members of the Committee viz. the Chairman and CA Member were present when the hearing was conducted; reasons not provided for non-acceptance of the proposed fee and the Committee passing a common order for 114 institutions which caused grave prejudice to the institution. The Committee resisted the petition and supported its order by filing Affidavit-in-Reply wherein it raised various contentions including the contentions based on provisions of section-10(3) of the Act by relying on the judgment of the Hon'ble Supreme Court rendered in the case of Fee Regulatory Committee, appellant v/s. Kalol Institute of Management, etc. Respondents in Civil Appeal No.8543 of 2011 and its cognate Civil Appeals dt.11<sup>th</sup> October, 2011 interpreting the provisions of section 10(3) of the Act.



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7. The Hon'ble High Court of Gujarat in view of the decision rendered by the Hon'ble Supreme Court of India in the case of P.A. Inamdar v/s. State of Maharashtra partly accepted the petition and quashed and set aside the impugned fee order of the Committee dt. 21.05.2018 without entering into the merits of the case. The Hon'ble High Court directed the Committee to consider the case of the petitioner individually for the purpose of what should be the reasonable fee structure for it.

8. In pursuance of the directions of the Hon'ble High Court, the Committee wrote letter dt. 03.11.2018 to the institution requiring it to remain present before the Committee on 27.11.2018 for personal hearing. On that day the authorized representatives of the institution remained present before the Committee and advanced submissions on its behalf. During the hearing its main thrust was on the impact of implementation of the recommendations of the seventh pay commission. According to it, the Committee has to keep in view this impact while determining the fee structure of the institution. It has been implementing the recommendations from 1<sup>st</sup> April, 2017 and the Committee ought to have provided for the probable expenditure and the additional burden on the institution on account of the Seventh Pay Commission's Recommendation. At the request of the Committee the university submitted a common written synopsis of the points raised before the Committee on behalf of its various institutions. So far as the present institution is concerned its submissions revolves



round the implementation of the recommendation of the seventh pay Commission.

**9.** Since the Committee required some more information, it requested the institution by email dt.27.11.2018 to furnish additional information on/or before 30.11.2018. The institution in turn furnished the said information on 03.12.2018. Subsequently also some more clarification was needed and therefore, it was sought vide email dt.10.12.2018 to be provided on/or before 12.12.2018. The institution on 12.12.2018 provided the said clarification.

**10.** The Committee after proper scrutiny of the material furnished by the institution and the data already submitted with the proposal as also keeping in view the submissions made during the personal hearing has now determined afresh its fee structure on the basis of the working stated herein below.

- i) While determining the fee structure the Committee has largely relied on the cost statement submitted by the institution in the prescribed format. The Committee has taken into consideration only those costs that are directly related to imparting education to the students.
- ii) The expense which is not directly related to imparting the education to the students and is not taken in to consideration.
- iii) The Committee has found that in this institution the number of students on roll is almost equal to its normative intake. The Committee has, therefore, taken into consideration the



normative intake for deriving the cost per student and on the basis thereof the cost per student has been worked out by the Committee.

- iv) The Committee has found that in the accounts submitted by it for the year 2017-18, the institution has also included arrears of the year 2015-16 and 2016-17 in relation to the Seventh Pay Commission. However, to determine the present fee structure, the Committee has taken in to consideration the impact of it on the cost for the year 2017-18. So far as the arrears are concerned, the Committee in accordance with the decision of the Hon'ble Supreme Court rendered in the case of Fee Regulatory Committee, v/s. Kalol Institute of Management (supra) will pass appropriate award after scrutinizing the accounts of the concerned years.
- v) The Committee has found that the institution has earned income from sources such as testing and consultancy, recovery of past salary, seminar-workshop-training and some other like sources over and above the tuition fee income from the students. The Committee has treated such income as recovery of expenditure incurred for the running and maintaining the infrastructure and other facilities of the institution. Accordingly the total cost of the education is reduced to the extent of the above incomes.



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- vi) As the institution has been given depreciation on SLM basis on its infrastructure, its claim for heavy repairs and renovation of the building is not admitted by the Committee.
- vii) The claim of development and other reserves is not an actual outgo, but an appropriation of surplus. Therefore, the claim of development and other reserves, as demanded by the institution is not considered as relevant expenditure. However, the Committee has allowed appropriate surplus to the institution for its development on the basis of its good KYC score.
- viii) The Committee has already taken into consideration the cost of salary of existing faculties for determining the fee structure. So far as the submission of the institution that the recruitment of teaching staff in future should also be kept in view while determining the fee structure is concern, the Committee is of the view that it will be only a projection and the Committee cannot fix the fee on the projections which are future and uncertain events and the Committee cannot allow the institution generating the revenue against the projected expenditure which is uncertain. This view is formed by the Committee on the basis of simple principle of costing that the revenue cannot precede the cost. Therefore, The Committee has formed a reasonable basis on which it has relied to determine appropriate cost structure by allowing adequate



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rise for inflation over the cost of last completed year which is very much relevant.

**11.** The institution by its letter dt.12.12.2018 has intimated the Committee to grant further hearing before finalizing its fee structure. However, considering the fact that on 27.11.2018 the representatives of the institution were personally heard, the institution was permitted to produce whatever additional material it wished to submit before the Committee for its consideration, the Committee also during the course of scrutiny of entire material sought institution's clarification on certain aspects and called for written synopsis of its submissions, there was sufficient compliance of the principles of natural justice and there was no need to grant further hearing.

**12.** Even after minutely reconsidering the entire material produced before the Committee and the submissions made by the institution during the hearing, the committee has found that the fee proposal submitted by the institution is on higher side. The Committee has also found that there is no need to change the fee structure determined by it vide its order dt.21.5.2018 and the said fee structure is just, fair and proper and it is required to be maintained. Therefore, the institution's fee structure for the block period of 3 years commencing from 2017-18, 2018-19 and 2019-20 is as under:-

Name of Institute	Name of Course	Maximum Ceiling limit of the Fee determine for the year.		
		2017-18	2018-19	2019-20
Institute of Management, Nirma University, Ahmedabad.	MBA	476000	476000	476000



- 13.** The above fee structure is subject to the following conditions:
- (a) The fee structure determined by the Committee shall be binding for a period of three years. The fee so determined shall be applicable to the students admitted in that academic year and shall not be revised till the completion of his/her professional course in the same institution.
  - (b) As per section 11 (2) of the Act, the fees indicated in this order, include all types and kinds of fees such as Tuition fees, Library fees, Laboratory fees, Computer Fees, Caution Money, Gymkhana, Internet, Sports and Recreation and Self/Personality Centers fee, University Affiliation fees (if any) and the like. As such the institution shall not collect any other fee from the students except the fees as mentioned in this order.
- 14.** The institution shall also comply with following additional conditions:
- i) If the final fee fixed by the committee is more than the provisional fee then the institution is entitled to collect the balance amount from the students and if the final fee is less than the provisional fee the institution shall refund the difference to the students.
  - ii) The institution shall not take fees for the full course at the time of admission. The fees shall be collected per semester or term of 6 (Six) months as the case may be.
  - iii) The institution shall not ask for any bank guarantee or security of any kind from students or their parents.
  - iv) The institution shall not compel any student to avail any facility including hostel and transport as a part of the



condition for admission or its continuity till the end of the full tenure of the course.

- v) The institution shall notify the Fees on its Notice Board and also display copy of this order on its Mandatory Disclosure Link on its official website.
- vi) Additional fees charged from the students admitted under the NRI Quota shall be credited to separate bank account and the same will be used only for the benefits of the students belonging to economically weaker class and/or for increasing infrastructure facilities. The institution shall also furnish all the information pertaining to the utilization of excess fees from the NRI category students in the information memorandum which may be submitted along with the fee proposal for next block of 3 years.

  
**Member Secretary**  


**Copy forwarded to:**

- (1) The Principal of the institution.
- (2) The Principal Secretary (Higher & Technical Education), Education Department, Block No.5, Sachivalaya, Gandhinagar.
- (3) The Director of Technical Education, Block No.2, 6<sup>th</sup> Floor, Karmayogi Bhavan, Sector 10-A, Gandhinagar.
- (4) The Registrar of affiliating University of the institution.