



## FEES REGULATING AUTHORITY

Maharashtra Unaided Private Professional Educational Institutions  
(Regulation of Admissions and Fees)

"शिक्षण-नव्वेव्यवसाय -ज्ञान यज्ञ"

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(Part-II)

### Minutes of Meeting of Authority

Dt.28/08/2024

The Meeting of the Fees Regulating Authority (constituted under section 11(2)(3)(4) of the Maharashtra Unaided Private Professional Educational Institutions (Regulation of Admissions and Fees) Act, 2015 held on **28<sup>th</sup> August, 2024** in the Conference Hall, Room No. 305, Government Polytechnic Building, 49 Kherwadi, Ali Yawar Jung Marg, Bandra (E), Mumbai - 400 051.

The following were present/absent:

1.	Hon'ble Justice V. L. Achliya (Retd.), Chairperson of Fees Regulating Authority	:	Present.
2.	Dr. Vijay Vasant Khole, Ex-Vice-Chancellor, Mumbai University, Member of Fees Regulating Authority	:	Not Present.
3.	Shri. Manoj Damodar Chandak, Chartered Accountant, Member of Fees Regulating Authority	:	Present.
4.	Shri. Nitin Bapurao Chavan, Chartered Accountant, Member of Fees Regulating Authority	:	Present.
5.	Shri. Ratnakar (Shirish) Phadtare, Cost Accountant, Member of Fees Regulating Authority	:	Present.
6.	Shri. Atul Damodar Dharap, Cost Accountant, Member of Fees Regulating Authority	:	Present.
7.	Shri. Adv. Dharmendra Dilip Mishra, Professional Educationist, Member of Fees Regulating Authority	:	Present.
8.	The Director, Technical Education, Mumbai, Ex-Officio Member of Fees Regulating Authority.	:	Absent.
9.	The Director Higher Education, (M.S), Ex-Officio Member of Fees Regulating Authority representative Shri. Harivijay Shinde Jt. Director, Shikshan Shulka Samiti.	:	Present.
10.	Commissioner Medical Education (M.S), Ex-Officio Member of Fees Regulating Authority representative Dr. Sunil Lilani O.S.D, Directorate of Medical Education & Research.	:	Present.



11.	The Director, Directorate of AYUSH, Maharashtra State, Ex-Officio Member of Fees Regulating Authority	:	Absent.
12.	The Member Secretary of the Maharashtra Council of Agriculture Education and Research, Pune, Ex-Officio Member of Fees Regulating Authority.	:	Presence dispensed for a day.
13.	Shri.S.Ramamoorthy, I.A.S., Member Secretary of Fees Regulating Authority.	:	Present .

**Item No.6:**  
(ii)

**Any other subject with the permission of the Chair.**

**To consider and take measures to check the menace of exploitation of the students by making demands and forcing them to pay hefty sum in the name of various deposits, fees, caution money at the time of admissions of the students.**

"Discussed.

The Authority has noticed that inspite of giving repeated directions to the Unaided Private Professional Educational Institutions running the Health Science Courses (i.e. M.B.B.S, M.D / M.S, D.M/M.CH., B.D.S/M.D.S, B.A.M.S, B.A.M.S.P.G, B.H.M.S, B.H.M.S.P.G, B.U.M.S, B.U.M.S.P.G, B.Pth, M.Pth, B.Sc. (Nursing), P.B.Sc. (Nursing) and M.Sc. (Nursing) the Management running such Colleges have not mend their conduct and continued to charge hefty sum in the name of Caution Money, Library Fees/Deposit, Gymkhana Fees/Deposit, Laboratory Fees/Deposit, Hostel Deposit, Mess Deposit, fees of students Association, etc. The students are compelled to pay such amount at the time of taking admissions. The Authority has come across some instances where the Students were denied admissions to meet the exorbitant demand of payment of such extra fees, charges and Caution Money.

The Authority is of the firm view that the demand of Caution Money and Other Deposits can be raised only after the admissions process is completed and the admissions are confirmed. No student can be denied for admission on the ground that he/she has not paid the caution money, deposits including mess and hostel charges. The Authority is also of the view that hostel facility to be provided by the Institute/College should be optional and no student is compelled to take admission in the hostel of the Institutes/colleges. Similar is the position about the mess charges.

On 27/08/2024 while considering the proposal of one of the Medical College running M.B.B.S course for approval of fees for the academic year 2024-2025, the Authority has noticed that the institute has exorbitantly charged and collected huge sum in the name of deposit and various fees. The Institute has collected Rs. 3,00,000/- per students as a caution money & other charges/fees. The Audited Financial Statements of the institute reflect that in the financial year 2022-2023 the institute has collected Rs. 4.5 crores from the students under the head of caution money. The sum of Rs. 15,12,60,633/- shown as deposits and the Institute was earning the interest



income from the deposit collected by way of caution money and other refundable deposits. In the books of account of the Institute the Institute has shown the profit of Rs. 11.32 crores from Hostel activities against the total Hostel income of Rs. 15.32 crores during the financial year 2022-2023 which is astronomically high.

While examining the websites of different institutes/colleges, the Authority has noticed that some of the institutes are collecting hefty sum in the name of various fees other than the fees approved by the Authority such as Association fees, Study material, Caution money deposit, etc. The Authority has directed the Institutes to provide the information of the fees, other deposits and charges they have collected from the students. The subject was earlier discussed in the meeting of the Authority held on 17/03/2021 and the then Authority had resolved as under;

1. *While examining websites of different colleges and institutes, many startling facts involving the collection of excess fees came to the notice of FRA. It has been observed that under the head "Caution Money Deposit", hefty amounts ranging from fifty thousand to two lakh are collected. Under the head "Library Deposit", sums in the range of forty thousand to one lakh are collected. Moreover, deposits are taken under heads such as "Students Association", "Student Welfare", "College Kit", "Security Deposit" and so on.*

2. *One college came up with the novel idea of forming a "Doctors' Club" and has proposed to collect a deposit of one lakh under the said head. Such deposits are retained till completion of the course. The deposits so collected from students pursuing MBBS course are retained by the college, without interest, over a period of 4 1/2 years. In some cases, the students, apart from being required to pay fees of 10 lakh or more, are also required to shell out 3 to 4 lakh more towards deposits. When room rent and mess charges for any year are already collected, deposits there against (hostel deposits, mess deposits) are additionally collected.*

*Examples: (drawn from respective college website):*

- A) *The approved fee structure more than 8 lakh. Additional collection: Library Deposit 10,000, Laboratory Deposit 40,000, Caution Money 2,00,000/- (all refundable). Hostel Fee 1,00,000/- Mess Fee 50,000/-, Hostel Deposit 50,000/-, Mess Deposit 25,000/-, Doctors' Club Lifetime Membership 1,00,000/-. Thus, in addition to the regular fee of a little over 8 lakh, students are required to cough up 5,75,000/-. The college retains 4,25,000 without interest from each student over a period of 4 1/2 years. This is not only a case of profiteering; it is fleecing.*
- B) *The second college has quoted an adhoc fee of 7,25,000 for UG course. There are other charges quoted, like Admission Processing Fee, Library Fee, Hostel Fee, Mess Charges, Laundry Charges, Gymkhana/Indoor Games, Study Material, Administrative Expenses etc. which total up to 6,58,500. They are collected through two separate demand drafts. One is for 7,25,000 and the other is for 3,77,000 (+either 85,000 or 1,25,000 or 2,00,000 depending upon room occupancy). Admission Processing Fees of 1500 is demanded in cash although it is a part of the regular fee and collection in cash is prohibited. That means the student choosing a college having a fee structure of 7, 25,000 is required to additionally pay 3, 77,000, which results in an aggregate fee of 11,02,000. In addition to this, a student has to pay 85,000 or 1,25,000 or 2,00,000 towards room rent. Thus the total amount required to be paid by a student ranges from 11,87,000 to 13,02,000.*
- C) *Yet another, the third, the college has an approved fee structure of 8,30,000. It proposes to collect additional fees like Admission Fee at 1500, Caution Money 1,00,000/- at Library Fee at 50,000, Gymkhana fee at 8,000, Student*



Association at 20,000, Hostel Caution Money at 60,000 and Hostel Fee at 60,000. The following heads namely Admission Fee, Library Fee, Gymkhana Fee are already included in the format of the fee proposal and cannot be charged separately. Further, there is no reason to claim the Student Association fee separately. It should be incorporated in the fees proposal itself. The college has declared that hostel is compulsory for all the admitted students, although MBBS is not a residential course.

- D) The college conducting BAMS course has proposed to collect large sums towards various deposits and also club membership fees of Rs.75,000/-.
- E) The college conducting BDS course proposed caution money of Rs. 1,50,000/- for UG and Rs. 1,55,000/- of the students in PG course.

3. Observations of the Hon'ble Supreme Court in case of P.A. Inamdar (2005) para 140 — which depicts the ground reality are reproduced below .

"Capitation fee cannot be permitted to be charged and no seal can be permitted to be appropriated by payment of capitation fee. "Profession" has to be distinguished from "business" or a mere "occupation". While in business, and to a certain extent in occupation, there is a profit motive, profession is primarily a service to society wherein earning is secondary or incidental. A student who gets a professional degree by payment of capitation fee, once qualified as a professional, is likely to aim more at earning rather than serving and that becomes a bane to society. The charging of capitation fee by unaided minority and nonminority institutions for professional courses is just not permissible. Similarly, profiteering is also not permissible. Despite the legal position, this court cannot shut its eyes to the hard realities of commercialisation of education and evil practices being adopted by many institutions to earn large amounts for their private or selfish ends If capitation fee and profiteering is to be checked the method of admission has to be regulated so that the admissions are based on merit and transparency and the students are not exploited. It is permissible to regulate admission and fee structure for achieving the purpose just stated(emphasis supplied.)

The colleges have been, individually as also generally, put to notice and asked to offer their remarks/justification relating to collecting hefty amounts under different heads, besides regular approved fees.

The gist of the replies is thus —

- a) The amount of caution money is decided by the management. It is towards the security of the college property.
- b) Library and laboratory deposits are collected as security amounts from which the cost of books lost or laboratory equipment damaged at the hands of a student can be recovered.
- c) Amount collected under head Student Association/Welfare Activity is utilized for that purpose.

The term caution money means security deposit. In case of any damage to college property caused by a student, the same can be recovered from the said fund. It seems that even schools/colleges/institutes run by the Government, Semi-Government or Local Authorities collect such deposits; however, they are token or nominal amounts. It is the view of the FRA that deposits under so-called heads are prima facie exorbitant and exploitative. Collecting amounts of 2 to 4 lakh from each student and retaining them till completion of the course without interest is another way of profiteering. While there are no specific rules on this subject, there are no rules either whereunder such acts can be justified. Omission or absence of rules cannot operate as a license to indulge in arbitrariness, placing a heavy financial burden on the students.



The Regulator cannot be a mute spectator to the above state of affairs. The purpose for which regulatory mechanism has been put in place has been explained by the Hon'ble Supreme Court in *Modern Dental College v/s State of Madhya Pradesh (2016)* quoted below .

Para 65: "Thus, in *T.M.A. Pai Foundation, P.A. Inamdar and Unni Krishnan*, profiteering and commercialisation of education has been abhorred. The basic thread of reasoning in the above judgments is that educational activity is essentially charitable in nature and that commercialisation or profiteering through it is impermissible. The said activity subserves the looming larger public interest of ensuring that the nation develops and progresses on the strength of its highly educated citizenry. As such, this Court has been of the view that while balancing the fundamental rights of both minority and non-minority Institutions, it is imperative that high standard of education is available to all meritorious candidates. It has also been felt that the only way to achieve this goal, recognising the private participation in this welfare goal, is to ensure that there is no commercialisation or profiteering by educational institutions

4. The fees is defined under section 2(g) of the Act. It reads as under :

"Fees" means the amount fixed as fee which includes tuition fee, library fee, gymkhana fee, examination fee, development fee or amount payable for any curricular or co-curricular activities, laboratory fee, information brochure fee and any other amount collected from the students, by whatsoever name called, and accepted in whichever manner, that is made payable to a Private Professional Educational Institution for whatever purpose by any candidate admitted to a professional course at such institution, but excludes any charges payable towards use of any optional hostel accommodation, mess charges and Students Insurance Fees"

The words "by whatsoever name called and accepted in whichever manner, that is made payable to a Private Professional Educational Institution, for whatever purpose" indicate that any amount collected by the college from the students for any purpose or under any head falls within the definition of fees. The purpose behind such a provision is to ensure transparency and accountability. While submitting the fees proposal, the college has full liberty to claim the entire student-related expenditure, towards which, 153 heads are provided in the online format. Apart from the 153 heads, there is a residuary head titled 'any other expenses'. Thus, any college has an unfettered choice to claim expenditure. That being so, there should not be any reason to artificially create different heads and thereby indulge in profiteering. The purpose of having one set of fees is to ensure that the entire expenditure incurred under whatever head undergoes scrutiny by the Regulator to preclude the possibility of unjust gain.

5. It has been noticed that the colleges have announced hostel fees. In some cases, they are exorbitant. It is not clarified whether the stay in the hostel is optional or compulsory. Medical Council asserts that they need to maintain a hostel that can accommodate 70% of the students' strength. This does not mean that they can make the stay in the hostel compulsory for the students who are prosecuting a nonresidential course. Collecting in advance, hostel charges and mess charges, for the whole year and asking the students, at the same time, to place substantial sums towards hostel and mess deposits is unfair and unjust.
6. As regards prescribed university fees, the college can collect the same for passing on to the university concerned. While submitting the fees proposal, the amount so collected shall be shown on the income side.



Simultaneously, the said amount can be shown on the expenditure side (having been paid to the university) and thus can be claimed.

7. What emerges from the above is :

The practice followed by Unaided Private Professional Colleges/institutes to collect hefty amounts of deposits under whatever name called and retain it without interest till the completion of the course by students is unfair/unjust and smacks of profiteering. Deposits under the heads like Caution Money, Laboratory, Library and Hostel shall be reasonable and shall in no case exceed double the deposits taken by a government college under the respective head. Taking deposits under any other artificially created head needs to be discouraged.

**It is desired that the colleges/institutes engaged in the noble profession of imparting education should come clean and ensure transparency in the matter of collection of each penny. Let wisdom prevail so that necessary amends are made by them suo-motu obviating coercive steps by the Regulator".**

The above quoted decision which was taken by the Authority after thorough analysis of data obtained from the institutes and information uploaded from the websites of such Institutes/Colleges clearly reflect that some of the Institutes are indulging into act of profiteering by coercive students to pay such hefty amount at the time of admissions. Before taking the decision in the meeting dated 17/03/2021 the Institutes/Colleges were offered opportunity to submit their response to justify the huge collection of amount in the name of various charges and deposits. The responses received from the institute were duly considered & discussed in the meeting of Authority held on 17/03/2021. After considering such responses/replies the above quoted decision was taken to offer suo moto opportunity to Institutes/Colleges to mend their conduct. However, it is unfortunate that inspite of giving clear cut indication that if such Institutes/Colleges not amend their conduct and continue to indulged in such act of charging heavy sum in the name of deposit and other charges then the Authority will be constrained to take strict regulatory measure still some of the institutes/colleges have continued to indulged into the act of profiteering by charging hefty sum in the name of other charges and deposits.

In view of above quoted decision of the then Authority and the direction given by the Authority to the institute/colleges it was expected on their part to act on their own and not to indulge into act of profiteering by charging hefty sum in the name by caution money and various deposits. However, such colleges/institutes have not mend their conduct and continued to charge students heavily under the pretext of various deposits.

The issue of charging hefty sum and the caution money to the tune of Rs.100 crore collected by the Unaided Private Professional Educational Institution not being refunded to students was also raised in the Assembly by one of the Hon'ble Member of the Legislative Assembly.





Vide Memorandum dated 03/02/2022 issued by National Medical Commission (NMC) the directions were issued to institute/colleges to refrain from charging 'exorbitant' deposit from the students. However, some of the Institutes/Colleges have continued to follow the practice to charge hefty sum in the name of Caution Money and other deposit which is evident from the fees structure and other deposit displayed on the website of such Institutes of the academic years 2023-2024 and 2024-2025. The National Medical Commission (NMC) has given specific direction that interest amount earned by colleges on such deposits should be taken into account while calculation of institute expenses. It is further observed that Fees Regulatory Authority to fix a ceiling rates to collect such deposits.

In Para 18, 21 & 22 of the Memorandum the National Medical Commission (NMC) has observed as under:

*"18. Most of the private medical colleges take a security deposit/caution money deposit from the students for meeting any loss caused by them to the college property or equipment. Such deposits are normally refundable and are invested in fixed deposits on which interest is earned. The amount of deposits should not be taken into account for calculating the fee. The amount of such deposits should not be exorbitant. Also, the income earned from the deposits by way of interest may be deducted from the operating costs for arriving at the fee for medical courses. In order to prevent excessive charging, the Fee Regulatory Authority could, at its discretion, ask for information on this subject from a college at the time of determination of its fee structure. The **State Fee Regulatory Authority** could also fix ceiling rates for all such deposits by a college and require a college to post a detailed break-up of such deposits on its website.*

*21. Hostel, mess, transport, library, and examination fees etc. could be arrived at broadly based on the actual expenses incurred for providing these services and the number of students availing these facilities. Expenses which are common and not directly identifiable should be apportioned on equitable basis to different activities for arriving at the cost of providing different facilities. Utilizing the hostel, mess and transport facilities by students is entirely optional and students who do not utilize these facilities are not to be charged for them.*

*22. In respect of hostel rent, it should be left to the State Fee Regulatory Authority to decide whether the hostel rent should not exceed the municipal rental value or fair rental value in that area. However, other facilities like 24 hours security, facilities for sport activities etc. in the hostel could also be considered before coming to a decision".*





In view of the conduct and attitude of some of the Institutes it is high time to stop such activities to collect huge amount under the guise of caution money, other deposits and charges and thereby indulged into act of profiteering. It is therefore necessary to act as per earlier decision taken by the Authority to take coercive measures and act as per directions given by the National Medical Commission (NMC) vide office Memorandum dated 03/02/2022, as some of the Institutes continued to charge hefty sum under the name of caution money deposit etc.

In order to put a cap on collection of amount from the students in the name of caution money, library deposit, laboratory deposit etc., the Authority in its meeting held on 31/08/2023 discussed the subject and requested the Commissioner of Medical Education Government of Maharashtra State to suggest the amount to be considered as reasonable to be charged and collected from the students as a caution money, library deposit, laboratory deposit etc; from the students admitted in Unaided Private Professional Educational Institution running the Health and Sciences courses.

The Commissioner of Medical Education Government of Maharashtra State vide letter dated 12/09/2023 informed the Authority that in the Government Aided College the amount of Rs. 2,000/- is accepted as a one-time deposit at the time of admission and same is to be refunded at the completion of course and amount of Rs. 1,000/- per year charged as library fees. The said amount was decided as per Government resolution dated 01/03/2011. He has also stated that the process of reviewing the said amount is under consideration of the Government. The Commissioner of Medical Education Government of Maharashtra State has also expressed that in terms of the Maharashtra Unaided Private Professional Educational Institutions (Regulation of Admissions and Fees) Act, 2015, (hereinafter referred to as the said 'Act of 2015') the Unaided Institutions are not entitled to charge any fees over and above the fees approved by the Authority and therefore such Institutes may not be allowed to collect any fees over and above the fees approved by the Authority.

In the facts and circumstances mentioned above the Authority is constrained to invoke its power conferred under the provisions of said Act of 2015 and implement the direction given by National Medical Commission (NMC) vide office Memorandum dated 03/02/2022 to put ceiling over the collection of amount from the students as caution money and other deposits/charges in order to stop the exploitation of the students and further prohibit such Institutes/colleges running Health Science courses from indulging into act of profiteering by charging and compelling the students to pay exorbitant amount under the nomenclature of caution money, other deposits/charges, etc; Hence, the following directions are issued to all Un-aided Private Professional Colleges running Health Science courses within the State of Maharashtra and falling under the regulatory jurisdiction of STATE FEES REGULATORY AUTHORITY constituted under the act of 2015.





1. All the Unaided Private Professional Educational Institutions within the Regulatory jurisdiction of State Fees Regulatory Authority of Maharashtra are directed,

- a) not to charge and collect, from any student admitted to Health Science Courses, any amount over and above the fees approved by the Authority as fees defined u/s. 2(g) of the said Act of 2015,
- b) not to charge the Caution Money or deposit in whatsoever name from the students exceeding the upper limit prescribed below;

Sr. No	Name of the course	Upper limit prescribed (Rs.)
1	M.B.B.S	50,000/-
2	M.D/M.S	50,000/-
3	Super Speciality (D.M/M.Ch)	50,000/-
4	B.D.S	40,000/-
5	B.D.S.P.G	40,000/-
6	B.A.M.S	25,000/-
7	B.A.M.S.P.G	25,000/-
8	B.H.M.S	25,000/-
9	B.H.M.S.P.G	25,000/-
10	B.U.M.S	10,000/-
11	B.U.M.S.P.G	10,000/-
12	B.PTH	20,000/-
13	M.PTH	20,000/-
14	B.Sc.(Nursing)	10,000/-
15	M.Sc.(Nursing)	10,000/-
16	P.B.Sc. (Nursing)	10,000/-

- c) the amount collected from the students as refundable caution money shall be kept in separate bank account and be periodically invested with Nationalised Bank. The interest accrued on such deposits to be shown in the accounts of the Institute offered for fee fixation as a separate head of income,
- d) all the amounts collected from the students towards fees, deposit, etc, except development fees, shall be credited in the bank accounts of the Institute and same should be reflected in the books of accounts of the Institutes/Colleges at all times,
- e) no amount collected as caution money or other refundable deposit be transferred to account of the Trust and should be reflected in the balance sheet of the Institute/College,
- f) the refundable amount of deposit collected as caution money or any other refundable amount with whatsoever name should be regularly refunded to individual student after adjusting any amount legally recoverable from such amount within ninety (90) days of completion of the course to such students without insisting to make application for refund of amount,
- g) no student shall be insisted or compelled to pay the amount other than the fees approved by the Authority, such as the Caution Money or




- any other fees, charges /deposit etc. in whatsoever name at the time of taking admission,
- h) the Institute may collect the amount of Caution Money not exceeding the upper limit prescribed by the Authority only after the admission of the student is finalised by providing the reasonable time to deposit such amount,
  - i) the facilities like hostel, mess being optional facilities, no student shall be compelled to pay the fees and deposit relating to hostel, mess and services related to hostel at the time of taking admission,
  - j) the students shall be provided reasonable time after the admission to pay the fees of hostel , mess & services related to hostel if he/she opt to avail such services,
  - k) the amount of hostel rent and mess charges and deposit shall be reasonable and no exorbitant demand to be made from the student,
  - l) the guidelines prescribed by the National Medical Commission vide Memorandum dated 03/02/2022 shall be followed in letter and spirit while fixing the hostel rent and mess charges,
2. The directions given above shall come into force with immediate effect.
  3. The directions given above are mandatory and shall be strictly followed by all the institutes/colleges running Health Sciences Courses. The breach and violation of any such direction would be viewed seriously and the Management running such institution will be liable for action u/s 20 of said Act of 2015.
  4. The copy of the minutes be sent to all the Institutes/colleges for information and implementation.
  5. The copy of the minutes also be forwarded to Registrar, Maharashtra University of Health Sciences (MUHS), Nashik, Commissioner Medical Education , Government of Maharashtra, Commissioner State Common Entrance Test Cell, Mumbai, Secretary Admissions Regulating Authority, Mumbai, to oversee the direction issued by the Authority.
  6. The direction given above shall come into force with immediate effect.

Let the follow up action be taken accordingly”.

**Date: 28<sup>th</sup> August, 2024**

**Place: Mumbai**

  
**S. Ramamoorthy, I.A.S**  
**Member Secretary**  
**Fees Regulating Authority**  
**State of Maharashtra**