



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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STANDARD OPERATING PROCEDURES FOR DETERMINATION OF THE FEES FOR THE PERIOD OF THREE YEARS FROM 2020-21.

The Fee Regulatory Committee (Technical), Gujarat State ("FRC" for short) would like to draw the attention of all the Self Finance BE/B.Tech, ME/M.Tech, B. Pharm, M. Pharm, Diploma Engineering, MBA, MCA, B. Architect, M. Architecture, B. Htm. B. Const Technology, B. Int. Design and B. Planning Institutions of Gujarat State. Further in order to evaluate the fee proposals, the following principles of this SOP shall be in force for determination of fee structure for ensuing terms commencing from FY 2020-21 of institution for the treatment of major expenses as under:

1. 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.

Since, the major cost of imparting quality education is towards manpower, the FRC will give weightage to Salary Cost. This means if the employee cost is lower than other costs, FRC may discount other cost appropriately.

In case any of the employee service is utilized for more than one program, such names shall be shown only in one program for administrative convenience.

2. RENT:

Rent for the building will be considered only if it is paid to outsiders subject to the approval of the rent order issued by the Charity Commissioner is produced. 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 of rent cost, the depreciation will be allowed on such assets as mentioned below. If more than one programs are being carried out in the same premises, then rent expenses will be apportioned among all the programs. A duly certified certificate from the CA is required to be provided for this claim.

3. FIXED ASSETS & DEPRECIATION:

Payments made for purchase of fixed assets like Land, Building, Furniture, Equipments, Computers, etc. 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%
- 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 program wise in particular trust must be given separately). Also CA certificate (with UDIN) for program wise depreciation on basis of SLM in separate sheet shall be provided. Wherever, the same is not received, FRC will not consider the claim of Depreciation.

4. 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 not be considered as cost of education. Any interest/ penalty on any statutory dues paid to government will not be considered as cost of education.

5. HOSTEL AND TRANSPORTATION EXPENSES:

Since FRC has to approve the fee structure for education only, the expenses incurred, for running and maintenance of the Hostels should not be included in the cost sheet.

FRC will not considered the claim of the expenses pertaining to running and maintaining the transportation facilities.

6. SCHOLARSHIP:

Scholarship given to students will not be considered eligible cost as it amounts to cross subsidization. Scholarship to the students should be paid out of the Trust Fund or from the excess fees collected from NRI Students only.



7. 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 based on KYC Score.

8. GENERAL:

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

9. DEVELOPMENT EXPENSE:

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

10. AMORTISATION OF EXPENSES:

Expenses though apparently debited and claimed as revenue expenditure, should be amortized over the period of its usage / benefit instead of charging completely in the year of payment.

11. Since, the total cost per students is to be based on the normative sanctioned/approved intake, for which the infrastructure is created but considering the present scenario of lesser admission, FRC may deem fair that the students are not unduly burden on account of lower admission as well as from the perspective of the management, the cost per student will be calculated as below:-


<u>% of Actual No. of students to normative students</u>	<u>Denomination considered</u>
100% or more	100
Less than 100 %	Avg. of Normative & Actual

12. In case of newly established institution generally the cost structure is higher then the institution established for more than 5 years. In such case cost structure is not truly and fairly indicative of projected cost structure. As a result, FRC shall moderate the same for not unduly burdening the total cost on students of lesser no. of batches.



13. If any unaided professional educational college or institution wants to propose the raise in the fee up to 5% of existing fee of year 2019-20 for the entire fee block up to three years starting from the year 2020-21, or propose any reduction in the existing fees, such institution requires to furnish a prescribed "DECLARATION CUM UNDERTAKING" to be sworn before the Executive Magistrate/Notary Public along with prescribed processing fee as specified per program. Once the institutions submit the required "DECLARATION CUM UNDERTAKING", it cannot be withdrawn.
14. FRC reserve the right to ask for any information, documents, proofs, or evidence in the support of the claim raised by the institution for verification.
15. If the institution furnishes incomplete data or fails to remit the processing fee as prescribed, such proposals will not be considered and ignored.
16. The above-mentioned information is purely for carrying out the determination of the fee structure. However, FRC will exercise its discretion power for best judgment assessment on the case to case basis.

Date:- 18/03/2020


CA Member, FRC(T)

Other General Guidelines.

1. Figures in Cost Statement as entered in Expense Details (Form No.7) in FRC online portal for fee proposal must tally with respective institute's Audited Accounts. 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 statement.
2. As FRC is determining fee structure for different program, institutions are required to submit separate program wise balance sheet rather than Trust Body balance sheet or program wise consolidated balance sheet. In absence of separate program wise balance sheet, allocated cost duly certified by the Chartered Accountant should be submitted separately.
3. Program wise annual statutory financial audited accounts in full details with note of the Final Audited Statements with all schedules, statements for the previous financial years of 2017-18, 2018-19 and 2019-20 along with Form 24Q and 26Q of Income Tax Act should be attached with the fee proposal. However, in case of non-availability of audited balance sheet as on 31/03/2020, cost for imparting education incurred in Audited balance sheet of 31/03/2019 should be inflated by 5% (Five Percent) to arrive at base cost for the year 2019-20.
4. Allowances for Growth and Development will be upto 10% depending upon areas in which institutes is located, KYC Scores etc. Percentage of such allowances may vary from the institute to institute in the above range subject to fees proposed by respective colleges.
5. FRC has a right to direct the presence of Auditor or seek confirmation from him/her and the corresponding costs, if any, shall be met by the Institution concerned. It is the responsibility of the Institution to secure the presence of the auditor whenever required. If there is gross negligence found out in certifying the Audited Accounts/Cost Sheet on the part of any CA, FRC shall refer the case to Disciplinary Committee of ICAI.
6. Any Sponsoring Body/Institution conducting any of the courses/program notified under the Act on self-financed basis and in case of failure of submission of (1) required "DECLARATION CUM UNDERTAKING" or (2) submission of the fee proposal or (3) submission of fee proposal with incomplete data, the institution's fee will not be determined by FRC and such institution will not be allowed to collect any fee from the students for the block period 2020-21 to 2022-23.

