

#### **Section 4. Fixation of fee**

1. *Permitted fee increase for existing students: A recognised school may revise its fee annually for its existing students by itself for each grade/class/level of school equivalent to average percentage per capita increase of monthly salary of teaching staff of previous year , but the fee increase shall not exceed latest available yearly percentage increase in consumer price index + five percent of the fee realized from the student;*

✓✓ *Explanation: At the time of admission, irrespective of the grade/class in which a student is entering the school, the school shall provide to the guardian, the complete fee structure for all grade/class upto grade/class XII applicable to new students for that particular year. This fee structure shall become the base for calculating subsequent annual permitted fee increase on compounding basis for each grade/class to determine the fee applicable to the students for future grade/class:*



*Provided that, in case of the implementation of the pay commission recommendation in any school, in that year the term "but the fee increase shall not exceed the latest available yearly percentage increase in consumer price index + five percent of the fee realised from the students" shall not apply. When pay commission recommendation has been implemented in the school, that year, school may revise its fee annually for its existing students by itself for each grade/class/level of school equivalent to average percentage per capita increase of monthly salary of teaching staff of previous year. This shall be applied from year 2018-2019;*

*In case of implementation of levy of any new cess, it may be charged with proper justification with prior approval of District Fee Regulatory Committee upto the level of impact of that cess;*

*For the previously admitted students, computation of permitted Fee Increase for the first year 2018-19 in accordance with sub-section (1) shall be calculated taking fee structure of 2015-16 as the base year, i.e., taking the fee structure for the year 2015-16 the fee structure for the year 2018-19 shall be computed as per the provision of sub-section (1), The fee to be fixed for year 2018-19 shall be the lower of the fee computed taking base year 2015-16 and computations of fee based on taking 2017-18 as base year and calculated as per provision of sub-section (1);*

*2. Permitted fee fixation for new student: The school shall be free to determine its fee for the new students for any class/grade/level seeking fresh admissions, in a particular academic year subject to guidelines, if any, notified by the Government. Increase in fee for subsequent years for these students shall be in accordance with sub-section(1).*

### **Comments**

Section 4, although heading is "fixation of fee" but actually it is dealing with both aspect-1) increase in fee for existing students and 2) fixation of fee for the new students.

#### **Increase in fee for the existing students section 4(1) and proviso attached to it:**

- Increase in fee of the existing students is directly linked with increase in salary of the teachers. Section 4(1) has prescribed that increment in fee would be lower of the following two:
  - a. average percentage per capita increase of monthly salary of teaching staff of previous year; or
  - b. latest available yearly percentage increase in consumer price index + five percent of the fee realized from the student.

#### **Caution points –**

- Fee can be increased only when there is increase in salary of teaching staff. In the absence of increase in salary of teaching staff, the component (a) mentioned above would be zero and no increase in fee would be allowed.



- In case the component a) mentioned above, i.e. teacher's salary is increased due to applicability of pay commission or levy of any cess etc., fee can be increased upto to average percentage per capita increase of monthly salary of teaching staff of previous year. The condition of limiting the fee increase to the prescribed upper limit of consumer price index + 5% will not be applicable in such case. No approval from DFRC would be required upto that limit.

#### Fixation of fee for new student section 4(2):

- The schools are free to determine the fee for new students;
- The fee determination would be as subject to guidelines<sup>4</sup> if any issued by the Govt.
- Increase in fee would be as per section 4(1) only.

**Caution points** – Although schools are free to decide the fee for new students and currently there is no guidelines prescribed by the Government, following may be taken care of:

- While deciding the fee, overall ceiling as provided in section 3(1) needs to be adhered to. Fixation of fee resulting in collection of fee in excess of that overall framework, may be treated as fee in excess of permissible limits.
- There may be difference in fee even within a same class/grade/level based on its stage of entry in the school. Existing students who are getting promoted from the last class may be paying lower fee as compared to new students getting a fresh admission.
- Cases of re-admission has not be dealt with specifically in the Act and is open to school. It may be treated as "new admission" for the purpose of determination of fee.

#### Increase in fee of the newly admitted student [Explanation to section 4(1)]:

- At the time of new admission, school need to give fee structure not only for the class in which student is getting admitted but for all the classes/grade/levels upto class XII.
- That fee structure would be the base for increase in fee for that student in future years.

#### **Caution points:**

- This explanation is applicable to those students whose original fee was determined u/s 4(2).
- Students in a particular class may end up paying different fee irrespective of fact that all the students are getting same core education and other facilities.

Considering the overall fee structure which a school can have for different students, depending on the class in which they are getting admitted in the school, school may have number of fee structure. To comply with the law in fee determination, school would be requiring a robust system for a) calculating the fee for different students, b) generating the fee invoices and its recording & accounting and c) sharing required details and responding to the queries from regulator.

<sup>4</sup>No guidelines prescribed till 31st December 2019.



### **Transition provisions for academic year 2018-19:**

Fee to be calculated for academic year 2018-19 in similar way as mentioned in section 4(1), but school need to undertake exercise as mentioned in section 4(1) twice - with following two base years for teacher's salary and student fees:

- a. Academic year 2015-16; or
- b. Academic year 2017-18

and lower of those two calculations, would be the fee structure for academic year 2018-19.

Transition from old non-regulated practices to the new regulated practices are never easy and straight and the current Act is not an exception to that as well.

While the base year for the determination of fee is specified, there are certain other underlying activities and caution points to be taken care off.

1. Overall fee structure for academic year 2015-16 and 2017-18 need to be realigned within the component prescribed under the Act. Oranges should be compared with oranges only.
2. Element of reasonable profit: Since the fee for the existing students are to be based on fee charged for academic year 2015-16 or 2017-18, there may be schools which have not charged any reasonable profit during those academic years or might have charged a low amount as compare to their plan. In all those cases they need to approach DFRC for increase.