

Item No. 1: Reduced Inflation and Reduced Incomes as a Result of COVID-19 Pandemic Scaling down of fees for the Financial Year 2020-21 Policy for the next Financial Year 2021-22.

- I. The unprecedented COVID-19 pandemic has wrought havoc on all the strata of Society, including households & economic agents. Even as every concerted effort is being made to first contain & then put an end to the pandemic, entire society is buffeted by the crisis as it enrages, and will doubtless continue to be so affected by its after-effects.

The Central Government imposed a general lockdown in March, 2020 so that it does not spread. The lockdown has deeply damaged the economy. Damage to the Indian economy has been deep and corrosive. According to the official data, Gross Domestic Product of the country has been reduced by 23.9% during the months of April, May & June, 2020. It has become difficult for industries and businesses to survive. Incomes of households have suffered and their capacity to incur expenditure has been affected. Demand for goods and services has gone down for the first time. CRISIL (a leading rating agency in the country) has estimated that reduction in the country's Gross Domestic Product will be highest since 1950.

- II. Households are reducing the current as well as planned expenditure due to reduction of income. There is a trend towards maintaining whatever saving they currently have due to economic uncertainty. The sad part is that many households have means only to barely survive.
- III. The general lockdown in India, which has been severest in the world, has led to closure of educational institutions and colleges across the country. This has led to suspension of several activities conducted by the educational institutions.
- IV. As a result of all the factors mentioned above, inflation-expectation for the Financial Year 2020-21 & the next Financial Year 2021-22 is at the lowest.
- V. 1. FRA builds into the fee structure an inflation factor of 5% per year. The fee-structure approved by the authority for the Financial Year 2020-2021 was thus scaled up by 10 % over the one which was approved for the Financial Year 2018-19. As the full deflationary impact of the COVID-19 pandemic is being experienced during the Financial Year 2020-21, it stands to reason that the increase at 10 % in the said fee-structure should be reversed.
2. There is also a good case for putting on hold, due to the overall distress & muted economic activity, the liberal enhancement in Development Incentive which the FRA has so far been granting year after year. Therefore, the element of Development incentive in the fee-structure for the Financial Year 2020-21 has been negated.

3. Considering the general immobilisation of personnel & students due to the lockdown and its aftereffects, the enhancement in permissible expenditure on meetings, gatherings, sports etc. is no more justifiable. The same is therefore proposed to be reversed.
4. Anticipating inflation in the future years till the completion of course, special hike is given at the entry level under the head "equalizing factor". It is proposed to withdraw the hike under said head received by the college in the fee structure declared for the A.Y. 2020-21. Followed by this, there shall be moratorium on such hike in the next financial year i.e. 2021-22.
- VI. Further, the state of reduced inflation is certain to continue during the Financial Year 2021-22. When this aspect is considered together with the vulnerability of households to the economic disruption, it has been considered necessary to continue the scaled down fee structure as above for the Financial Year 2021-22 also.
- VII. The FRA is hereby calling upon all the educational institutions whose fee-structure it governs to file their responses to the aforesaid proposed decision within seven days of receipt of the instant notification.

The meeting is concluded with thanks to the Chair.

Date : 7th October 2020
Place : Mumbai


CHAIRPERSON
FEES REGULATING AUTHORITY