

PAKISTAN MEDICAL COMMISSION
Mauve Area, G-10/4,
Islamabad



**ORDER IN THE MATTER OF COMPLAINTS AGAINST MUHAMMAD
COLLEGE OF MEDICINE, PESHAWAR REGARDING FIVE YEARS
ADVANCE FEE/BANK GUARANTEE REQUIRED FROM STUDENTS**

1. Numerous complaints have been lodged by the students with Pakistan Medical Commission against Muhammad College of Medicine (previously AL-Razi Medical College), Peshawar (hereinafter referred to as "the College") wherein it has been alleged that the College demanded five years fee as advance or asked them to provide bank guarantees for four years' fee in addition to one year fee.
2. Complaints of students were forwarded to the College to seek comments thereon. The College replied vide letter dated 18-02-2021 that:

"To ensure timely payment of fee and other charge the local applicant qualified for Admission shall submit an irrevocable Bank Guarantee equal to 4 years of tuition fee and other ancillary charges in favor of the college as per format to be provided by the concerned bank of the college along with consideration of annual increase of 7.5% OR an irrevocable Bank Guarantee of Rs 3 million with other conditions as same along with post- dated cheque for the remaining amount (Provided that the Bank Guarantee shall be submitted with the college within 7 days from the date of issuance of "Admission offer" to the candidate)".

3. It was further stated by the Administrator of the College that the College is strictly abiding by this clause of bank guarantee and all interviewed students are to submit bank guarantee for remaining period of MBBS program beside one year fee.
4. It is pertinent to mention here that the similar issues came up hearing on 25-03-2021 before the Peshawar High Court in Writ Petition No. 118-P of 2021 with CM No. 68-P of 2021. The High Court showed serious concerns and observed as follows:

"keeping in view the grievances of the students and the various reports pouring before us in respect of certain medical colleges demanding fees in million and that too in advance from certain students who mostly come from middle class of the society and the passivity displayed by the PMC not to check such tendency, we direct the Director General NAB and Director FIA KPK to be before the court on the next date of hearing. We understand that people who are robbing off the



students or for that matter their parents in the garb of running the medical colleges be made accountable in some manner.”

5. The College was issued a notice on 30-03-2021 to appear for hearing on 05-04-2021 with all the relevant record to clarify its stance to require students seeking admission to provide an irrevocable Bank Guarantee equal to four years of tuition fee and other ancillary charges in favor of the college and payment of advance fee for five years. On the said date, the representatives of Muhammad College of Medicine appeared in person.
6. During the hearing, representatives of the College made following submissions:
 - a. The college being a private limited company duly incorporated under the Companies Ordinance, 1984 (Now the Companies Act, 2017), provides medical education/training to the students in return for a profit, which it generates from the tuition fee it charges its students. If the college does not take measures for its protection, it will not be able to function, operate and meet its expenses and as such will be out of business within a couple of years. Therefore, in order to be able to survive and to make sure that the monies owed to the college are paid on time, the college has required irrevocable bank guarantees from students and parents who are unable to procure bank guarantee should pay the fee lump sum in advance.
 - b. If Regulations 19E is read with Regulation 7 which provides that no college shall be permitted to fill vacant seats falling vacant after the close of sixty days period from the close of admissions. It is only fair that the college charges fee for the entire five year period in lump sum from all its students so as to ensure they will fulfil their commitments with the college and will not quit in the middle of the course and cause financial loss to the college.
 - c. There is no protection policy or mechanism provided in the PMC Admission Regulations 2020-21 for private college. Earlier, sufficient protection was provided to the private colleges. Also, the students were required to provide insurance certificate for payment offer in case of demise of parents/guardian. Due to shortage of time it was impossible for students to procure bank guarantee therefore, they opted to pay fee in lump sum.
7. Submissions of the College heard and record perused. The College has made reference to different provisions of the PMC Admissions Regulations Amended 2020-221. Therefore, it would be relevant to refer to the provisions of the said regulations to clarify the intent of legislation on fee charged by the colleges.
8. It has been spelled out under regulation 26 that no private medical and dental college shall at any time during the complete duration of the program of study (5 years in the case of MBB5



and 4 years in the case of BDS) charge from a student any amount in addition to the maximum charges notified by it to the Commission including the fixed enhanced value.

9. Regulation 27 prescribes that the Commission shall review the maximum fee and charges as proposed by each college and shall provide to each college the reviewed Fixed Fee divided over each year of the program and the Optional Fee. In terms of Regulation 28 the final determined Fixed Fee and Option Fee applicable to students to be enrolled in the 2021 Session for each private medical and dental college shall be notified by each college on its website as communicated by the Commission under Regulation 27.
10. None of the above-mentioned provisions of the PMC Admission Regulations allow a private college to impose such terms and conditions for admission which entitle a college to demand fee for five years in advance or require students to submit an irrevocable bank guarantee for four years in addition to payment of cash fee for first year. If any college seeks refuge under the PMC Admission Regulations to raise such demand, it is completely misplaced.
11. Reliance placed by the College that it is acting within the meaning of Regulations 19E by charging fee for five years in lump sum is totally misconstrued. Regulation 19E specifies that *“the admitted students will pay the fee advertised by the college in advance directly to the college and confirm their admission.”* Stance of the College is that according to Regulation 19E the College is only bound to advertise his fee before opening of admissions and students are required to pay fee in advance.
12. Meaning of the law is clear and the plain language of Regulation 19E requires no other interpretation except that the college has to notify the fee to students seeking admission who will secure their admission by making payment in advance. By no stretch of imagination, language of Regulation 19E can be read to give effect that the College has been give a right to demand five years fee in advance. The Pakistan Medical Commission Act 2020 expressly states under Section 19(7) that

“All medical and dental colleges shall, at least three months prior to initiating the annual admissions process, publicly declare the fixed tuition and all ancillary fee structure on an annual basis for the entire program of study

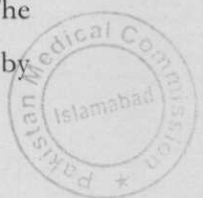
No medical or dental college shall seek, demand or receive from a student or a students family, directly or indirectly, any donation or other payment prior to or at the time of admission or thereafter during the period of the students continuing enrolment at the college whether as consideration for grant of admission or otherwise.”

13. Forcing a student to pay the entire five years, fee in advance would amount to holding the student hostage to the college. A student has the fundamental right to give up medical education in the midst of the program. The student cannot be penalized for this by the college

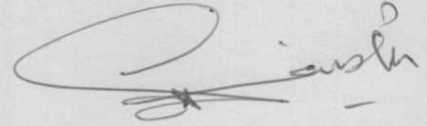


by forcibly paying the entire five years program fee in advance. It would necessarily be an unreasonable burden on the student and a restriction in the exercise of the students right to leave medical education. Additionally, the college simply ignored the fact that having received 5 years advance fee or even a bank guarantee which can be leveraged as a valuable security by the college, the college is obtaining an unfair and unreasonable financial advantage over the student who would otherwise be required to pay the fee on an annual basis. If anything it would be expected that medical colleges will allow students in need to pay their annual fee in quarterly or six monthly installments during a year in view of the high value of the fee rather than trying to charge a five year fee in advance.

14. The College has taken the stance that if the college does not take measures for its protection, it will not be able to function, operate and meet its expenses and as such will be out of business within a couple of years. Therefore, in order to survive and to make sure that the monies owed to the college are paid on time, it demanded five years fee in lump sum or irrevocable bank guarantee from students. This is also to ensure that students will fulfil their commitments with the college and will not quit in the middle of the course and cause financial loss to the college.
15. In this regard, it is clarified that while private medical colleges by and large are admittedly private business for profit, it is for them to make commercial decision as to their viability and sustainability and make suitable arrangements to secure their long term revenues through numerous available financial models such as business revenue insurance etc. However, they cannot be permitted to shift the normal risk of doing business by placing demands on students to insure their business risk. Similarly, as noted earlier every student has right to exit the program freely at any stage. The College cannot make a student hostage to the college till the end of program by placing unreasonable encumbrances such as bank guarantees or advance fee.
16. Seeking advance payment of fee in lumpsum or bank guarantee has been termed as protection policy adopted by the College. This so-called protection policy of the College would cause a significant imbalance in the rights and obligations of parties; students and College. There is nothing to suggest that such demand is reasonably necessary in order to protect the commercial interests of the College. Particularly, when one party who is seeking admission is at a weak bargaining position. Such terms will only be advantaged by the College and would cause detriment to students. An educational institution should be able to retain a student based on the quality of education and services it provides and continues to provide and improve through the entire study term of the student. The student is paying a valuable consideration for such services promised to be rendered by the college. Therefore, if the college fails to provide services of expected quality the student has a right to terminate their contract to continue with the educational program at the end of each academic year. The college cannot under any circumstances be allowed to restrict this right of the student by seeking to obtain advance fee for the entire program period.



17. In view of above, demand of the College to submit an irrevocable Bank Guarantee equal to tuition fee and other ancillary charges for the entire program period in favor of the College or make payment of five years of fee in lump sum are unfair term and conditions imposed upon the students and contrary to the Regulations. Therefore, the College is directed to charge at the maximum only one year fee in advance and return the advance fee for remaining years or any bank guarantees received in this regard and submit the compliance report along with documentary evidence of receipts and the bank statements of the College within fourteen days of receipt of this Order.

A handwritten signature in black ink, appearing to be 'Sush' with a large flourish above it.