

SUPREME COURT OF INDIA

Foundation for Organizational Research and Education fore School of Management
through its Director

Vs.

The All India Council for Technical Education Through the Member Secretary

WP(Civil)No.581 of 2016

(Deepak Gupta and Surya Kant,JJ.,)

21.06.2019

JUDGMENT

Deepak Gupta,J.,

1. The petitioner, Foundation for Organizational Research and Education Fore School of Management is a registered educational institution running courses in management. On 15 th March, 2016, the petitioner applied to the respondent, the All India Council for Technical Education (for short ‘the AICTE’) for extension of approval of existing seats and for increase in seats in certain courses. On 25th April, 2016, the AICTE granted extension of approval to the petitioner for existing seats in the existing courses. However, in this communication nothing was written with regard to the prayer for increase in seats. Correspondence was exchanged between the parties but finally on 22nd June, 2016, the AICTE rejected the request of the petitioner.

2. The petitioner, despite having no permission for increase in seats, admittedly granted permission to students in excess of the seats. Therefore, the petitioner filed a writ petition before this Court for quashing of the letter dated 22nd June, 2016 and also prayed that the petitioner be permitted to continue with the session which had commenced on 6th July, 2016 for the current academic year without jeopardizing the career of the students who had already been admitted. When the matter was taken up by this Court on 25th July, 2016, the petitioner institution was directed to deposit Rs. 2,00,00,000/- (Rupees Two Crore only) and it was noticed that the petitioner had admitted 51 students in the meantime. Thereafter, on 6th September, 2016 another order was passed in which it was recorded that a sum of Rs.2,00,00,000/- (Rupees Two Crore only) in terms of the order dated 25th July, 2016 had been deposited and it was also noticed that admission of 51 students who had been admitted beyond the sanctioned number of seats had been axed without giving any explanation. We may also note that in the order it has been recorded as follows:

“Mr. Khurshid, learned senior counsel, conceded that the sanction strength is 240, but 372 students were admitted; but the Institution had reasons to do so, for the A.I.C.T.E. did not proceed with the approval within the stipulated framework of

time and further the Institution had been experiencing that the students after taking admission, leave the Institution.”

Thereafter, the Court issued the following directions:

(a) “A.I.C.T.E. shall verify who are the students eligible under the norms regard being had to the concept of merit, to continue in the petitioner-Institution.

(b) The Inspection Team of A.I.C.T.E. shall carry out another inspection to find out as to whether the Institution has removed the deficiencies that were pointed out by the inspecting authority.

(c) The petitioner-Institution shall cooperate with the Inspection Team.

(d) The petitioner-Institution shall deposit a further sum of Rs. 2 crores before the Registry of this Court within four weeks hence.”

3. The petitioner deposited another sum of Rs.2,00,00,000/- (Rupees Two Crore only) pursuant to the said direction. Therefore, Rs.4,00,00,000/- (Rupees Four Crore only) stands deposited in this Court. The inspection report was received, according to which the deficiencies earlier pointed out by the AICTE had been removed but the inspection committee pointed out certain other deficiencies.

4. During the pendency of the petition, the AICTE issued notice to the petitioner as to why a penalty should not be imposed upon it. After considering the reply of the petitioner, the AICTE imposed a penalty of Rs.23,10,00,000/- (Rupees Twenty Three Crore Ten Lakhs only) towards the excess admission made of 42 number of students. The petitioner has not cared to amend the writ petition to challenge the order imposing penalty but has filed an application being I.A. No.8 in this regard. Though this may not be technically correct, we are examining this issue also.

5. Mr. Shekhar Naphade, learned senior counsel for the petitioner has drawn our attention to the various communications exchanged between the parties and submits that inaction of the AICTE in not responding to the request of the petitioner for increase in seats was itself an arbitrary action and the reasons given for not permitting increase in the intake in the courses was totally illegal. Mr. Naphade also argued that an affidavit had been submitted clearly setting out that all the deficiencies would be removed before the session commences. Mr. Naphade further urged that the penalty imposed is highly excessive and arbitrary. He further submits that when the Court is seized of the matter, penalty should not have been imposed.

6. On the other hand, Mr. Harish Pandey, learned counsel for the respondent submits that the AICTE had zero deficiency policy especially with regard to the students who have come from abroad. According to the AICTE, statutory committees were not set up by the last date, as provided in the case of Parshvanath Charitable Trust v. AICTE and therefore, the petitioner’s case was rejected. Mr. Pandey further submits that the penalty has been

imposed strictly in accordance with the Approval Process Handbook (2016-2017) of the AICTE.

7. We are not going into the submissions made by Mr. Naphade that the AICTE delayed the grant of permission and acted arbitrarily. Even assuming that the decision of the AICTE was not correct, the petitioner institution had no business to admit students beyond the number permitted by the AICTE. In case the petitioner institution felt that the AICTE was delaying the matter or was not acting fairly, the proper course for the petitioner was to have approached this Court and prayed for appropriate relief. The petitioner could not take the law into its own hand and grant admission to students in excess of the seats permitted by the AICTE. Therefore, we have no doubt in our mind that the action of the petitioner in granting admission to the students beyond the seats sanctioned is totally illegal and contrary to law.

8. Time and again, this Court has noticed that the educational institutions admit students beyond the numbers permitted putting the future of the students at stake. In the present case, we are not setting aside the admission of the students because that action would be too harsh upon the students who should not suffer for the totally illegal action of the petitioner institution.

9. This brings the question as to whether the penalty imposed is proper or not. The Approval Process Handbook (2016-2017) of the AICTE itself provides the penalties in case excess admissions are carried out. Chapter IV deals with Actions in case of Violation of Regulations. Clause 3.1 of Chapter IV of this handbook reads as follows:

“3. Excess admissions

3.1 Excess admissions over the sanctioned intake shall not be allowed under any circumstances. In case any excess admission is reported to/noted by the Council, appropriate penal action will be initiated against the Institution. The Institution shall be liable to following punitive action from any one or more of the following by the Council.

- Penalty for excess admission amounting to five times the total fees collected per student shall be levied against each excess admission
- Suspension of approval for supernumerary seats for one academic year
- Reduction in sanctioned intake
- No admission status in one/more courses for one academic year
- Withdrawal of approval for Program/course
- Withdrawal of approval of the Institution”

10. The AICTE can impose any one or more of the aforesaid prescribed penalties. In this case, the AICTE has only imposed the financial penalty which is the first penalty prescribed. It is the admitted case of the petitioner that it was charging Rs.11,00,000/- as fees for the entire course from each student. In terms of Clause 3.1 of Chapter IV of Approval Process Handbook, 5 times penalty for each student works out to Rs.55,00,000/- and for 42 students it works out to Rs.23,10,00,000/-, which is the penalty imposed by the AICTE. The AICTE has no discretion to award a lesser penalty and, in fact, the petitioner

has been let off lightly since only one penalty has been imposed whereas the AICTE could have imposed more than one penalty prescribed. However, we make it clear that the amount of Rs.4,00,00,000/-, which is deposited, shall be adjusted towards the penalty and the petitioner is directed to deposit the balance amount of Rs.19,10,00,000/- with the AICTE within 8 weeks from today failing which AICTE shall be at liberty to take appropriate action in accordance with law.

11. Having held thus we are also of the considered view that the students who had paid large sums of money should not be made to suffer. They have already completed the course but the degrees have not been awarded to them. We, therefore, direct that the degrees be awarded to the said students.

12. The writ petition is disposed of in the aforesaid terms. All pending application(s) also stand disposed of.