

Modern Dental College vs State of MP (2016): Fee Regulation & Proportionality Explained

Court: Supreme Court of India (Constitution Bench) **Citation:** (2016) 7 SCC 353 **Date:** 02 May, 2016 **Bench:** Anil R. Dave, A.K. Sikri, R.K. Agrawal, Adarsh Kumar Goel and R. Banumathi, JJ.

Facts of the Case

Private unaided professional colleges (dental, medical, engineering) in Madhya Pradesh challenged the Madhya Pradesh Private Professional Educational Institutions (Regulation of Admission and Fixation of Fee) Act, 2007. The Act introduced a common entrance test (CET), common counselling, a fee-regulating committee, and reservation of seats. The institutions argued this violated their Article 19(1)(g) right to carry on the occupation of running an educational institution.

Issues Before the Court

1. Was the 2007 Act within the legislative competence of Madhya Pradesh?
2. Did the common entrance test violate the institutions' fundamental rights?
3. Were the fee-fixing provisions unconstitutional under Article 19(1)(g)?
4. Was seat reservation for certain categories unconstitutional?
5. Were the restrictions reasonable and proportionate?

Arguments

The institutions argued the Act was excessive interference with their autonomy under Article 19(1)(g), not a reasonable restriction under Article 19(6). The State argued the Act was necessary to prevent profiteering, capitation fees and unfair admission practices, and was a proportionate measure serving the public interest, consistent with T.M.A. Pai Foundation and P.A. Inamdar.

Decision of the Court

The Supreme Court upheld the Madhya Pradesh Act of 2007 as constitutionally valid. Fee regulation was held to be a legitimate regulatory measure preventing profiteering, not an unreasonable interference with autonomy. The common entrance test was upheld as ensuring merit and transparency. Seat reservation for SC, ST and OBC categories was upheld as consistent with Article 15. The Court applied the doctrine of proportionality and found the restrictions reasonable under Article 19(6).

Principle of Law

A State law regulating admissions and fees in private unaided professional institutions is a valid, reasonable restriction under Article 19(6) if it satisfies the doctrine of proportionality — pursuing a legitimate aim through means that are necessary and appropriately balanced against the institution's Article 19(1)(g) right.

Important Legal Provisions

Article 19(1)(g) (right to carry on any occupation, trade or business); Article 19(6) (reasonable restrictions in the public interest); Article 15 (special provision for backward classes); Entry 66, List I and Entry 25, List III (legislative competence over education).

Important Observations

The Court distinguished between a business (profit-driven) and a profession like education (primarily a service to society, with earning as secondary). It held that institutional autonomy and State regulation are not opposites — they must work together so that education remains fair, transparent and merit-based rather than becoming purely commercial.

Simple Explanation

Private colleges can run their own affairs, but the State can still step in with fair rules to stop them from overcharging students or running unfair admissions — as long as the rules are proportionate, not excessive.

Teaching Notes

Pair this case with P.A. Inamdar (2005) in revision — both apply the same underlying logic (autonomy plus reasonable regulation) but Modern Dental College is the case where 'proportionality' is named and applied most explicitly. Students often confuse which case introduced the 'triple test' (fair, transparent, non-exploitative) — that is P.A. Inamdar, not this case.

Key Points for Students

- Central legal tool: the doctrine of proportionality.
- Fee regulation upheld — prevents profiteering, preserves institutional proposal rights.
- Common entrance test upheld — protects merit, curbs malpractice.
- Reservation for SC/ST/OBC upheld under Article 15.
- Reaffirms T.M.A. Pai Foundation (2002) and P.A. Inamdar (2005).

Case-Law Video

Watch the video explanation: <https://www.youtube.com/watch?v=IBODRHmuAI0>